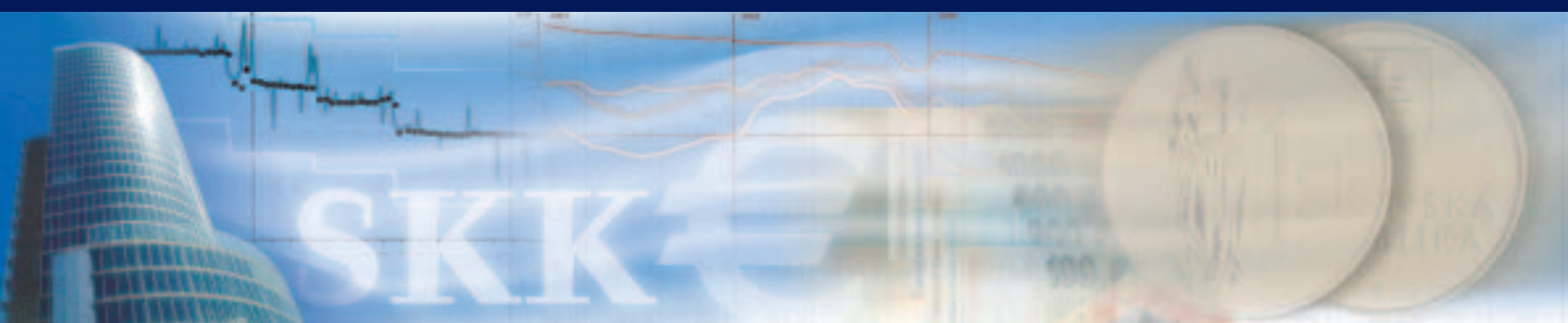




NÁRODNÁ BANKA SLOVENSKA



Annual Report

2003

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Foreword

Macroeconomic and monetary developments in the Slovak Republic in 2003 were affected by the implementation of measures, which were directly or indirectly connected with the forthcoming entry of Slovakia into the European Union. These measures included the elimination of price distortions through adjustments to regulated prices, changes in indirect taxes, and the initiation of consolidation in public finances.

Price developments were determined first and foremost by a marked increase in regulated prices and excise duties, which led to an acceleration in the 12-month inflation rate, from 3.4% in December 2002 to 9.3% in December 2003. Administrative adjustments were responsible for more than 75% of the rise in consumer prices. Due to the absence of demand-based pressures, however, the profound impact of cost factors on price levels produced no marked secondary effects, which is documented by the relatively low level of core inflation (3.0%). In addition to a fall in effective demand, the price increase was also dampened by an appreciation in the exchange rate of the Slovak koruna, especially against the US dollar, but vis-à-vis the euro as well.

The increase in household spending on goods and services with regulated prices, accompanied by a fall in real wages, resulted in a drop in final household consumption. This, coupled with the effect of continuing decline in investment demand, led to a fall in domestic demand. Despite this development, the Slovak economy showed relatively dynamic growth (4.2%), which was, in contrast with the previous year, stimulated exclusively by foreign demand. As a result of export efficiency surpassing import intensity the balance of net exports at constant prices in 2003 improved significantly.

In the balance of payments, the current account deficit as a share of GDP diminished from 8.1% in 2002 to 0.9% in 2003. This development was due primarily to a favourable trend in the trade balance, mainly the dynamic growth in exports, achieved despite a downturn in economic activity in the countries of our most important trading partners. The increase in Slovakia's export efficiency was closely connected with the foreign direct investments made in previous years, with the most dynamic growth in exports being recorded in the automobile industry.

A factor stabilising the Slovak economy in 2003 was the launch of the process of consolidation in public finances, causing the ratio of the public sector deficit to GDP to drop to 3.6%, from 5.7% in 2002. This, together with the preparation of further reforms in health services, the pension system, social security, and tax systems, helped improve the image of Slovakia, which is documented by an increase in the country's credit rating and its growing popularity among foreign investors.

Under conditions of renewed price deregulation and increased indirect tax rates, the objective of the monetary policy of the NBS in 2003 was to prevent, through monetary policy instruments, the afo-

rementioned administrative measures from exerting profound secondary effects. The impact of administrative measures on the level of effective demand in the household sector and the marked excess of growth in labour productivity over growth in real wages, however, hindered the effect of demand-based pressures on prices and imports. The stagnation of private consumption, coupled with a fall in investment demand, led to a decline in domestic demand. In view of the absence of demand-based pressures in the economy and the attempt to maintain the positive trends of development in the Slovak economy (including its balanced growth), the Bank Board of the NBS decided to lower its key interest rates in September and December, equally by 0.25 of a percentage point.

To bring its monetary-policy tools into harmony with those applied by the ECB, the NBS reduced the ratio of required reserves to 3% with effect from 1 January 2003, and with effect from 1 January 2004 to 2%, which corresponds to the reserve ratio used in the euro area.

In 2003, the situation in the banking sector stabilised, due to the results of banks achieved in 2002, when, among other things, the productivity of assets increased, competition on the market for bank products intensified, and the prudential rules and regulations were obeyed. In this area, a qualitative change was made in the calculation of the adequacy of own resources, with the coming into effect of the decree concerning the adequacy of own resources (on 1 January 2003), stipulating that market risks are to be taken into account as well, in addition to the credit risk.

The year 2003 also saw the coming into effect of numerous other decrees, amendments, laws and other regulations, which will certainly improve the work of banking supervision.

With effect from 1 January 2003, a significant change was effected in the interbank payment system of the Slovak Republic. The National Bank of Slovakia took over the operation of the payment system from the National Clearing Centre of Slovakia, and thus became the operator and clearing agent of the SIPS (Slovak Interbank Payment System).

The rationale behind this change was the attempt of the National Bank of Slovakia to increase the effectiveness and security of the payment system by adopting RTGS (Real Time Gross Settlement) based on the latest information technology. The system was put into operation on 1 April 2004. Another reason was the price policy based on the principle of full return on expenditures, which meant, in the final analysis, a substantial multiple reduction in transfer charges for the participants in the SIPS.

To accomplish the tasks in the area of currency circulation, the National Bank of Slovakia ensured the reprinting of banknotes in the nominal value of Sk 5,000 and the minting of coins in the nominal values of 50 haliers, 2 koruna, and 10 koruna. With regard to the low real value and high production

/ processing cost of coins of the two lowest nominal values, 10- and 20-halier coins were withdrawn from circulation and ceased to be used as legal tender with effect from 31 December 2003.

In addition to banknotes and coins, the National Bank of Slovakia issued four types of commemorative coins of precious metals, in order to mark the anniversaries of important personalities and events from Slovak history. Of special importance is a unique set of seven rectangular coins with motifs from the Slovak banknotes, issued to mark the 10th anniversary of the establishment of the National Bank of Slovakia and the birth of the Slovak currency. On this occasion, an exhibition was staged at the head office of the National Bank of Slovakia, where visitors could get acquainted with the history, preparation, and birth of the new Slovak currency.

The construction of branch offices was completed in 2003. The branch offices of the NBS are equipped with the latest technology for the safekeeping of money and the processing of banknotes and coins.

By joining the European Union on 1 May 2004, the Slovak Republic has become a member of the Economic and Monetary Union with the status of a member state with a derogation, i.e. a country which has not yet adopted the euro. In future, after creating conditions for entry into the monetary union in compliance with the convergence criteria, the Slovak Republic is supposed to join the euro area. The adoption of the single European currency is expected to provide a basis for the completion of the process of integration, balanced growth in the Slovak economy, and accelerated convergence towards the more advanced part of the EU.

May 2004



Marián Jusko
Governor



Members of the NBS Bank Board in 2003

First row, from left to right:

Elena Kohútiková, Deputy Governor

Marián Jusko, Governor

Ivan Šramko, Deputy Governor

Second row, from left to right:

Jozef Košnár, Professor at the University of Economy in Bratislava

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

Ján Mathes, Chief Executive Director, Currency Division

A. EXTERNAL ECONOMIC ENVIRONMENT



1. WORLD ECONOMY

Global trends in output and prices

In the first half of 2003, the development of the world economy was adversely affected by geopolitical uncertainties and the consequences of the SARS epidemics, but in the second half of the year the pace of growth accelerated. Rapid growth in industrial production was accompanied by a revival of international trade and restored confidence on the part of businesses and consumers. The global output rose by 3.9% for the year 2003 taken as a whole. Nevertheless, imbalances between individual regions of the global economy deepened in the course of global development. As a major factor, the current account deficit in the United States increased again and the US dollar markedly weakened.

The global recovery resulted from accelerated growth in the United States and Asia, where in addition to a rapid expansion of the Chinese economy, the Japanese economy once again reinstated its growth trajectory. On the contrary, the growth in the euro area continued to decelerate. Also in 2003, the transition economies of Central and Eastern Europe maintained their relatively high growth rate. A considerable acceleration of growth was recorded in Russia.

A general growth factor in global production consisted of expansionist economic policies in place and rapid growth in private consumption. Business investment growth was considerably differentiated in individual regions of the world economy. The global recovery did not put the group of industrially developed countries under any substantial inflationary pressures due to rapid growth in productivity particularly in the US but also because of the persisting under-utilisation of capacities. Consumer prices in this group of countries grew by 1.8% year-on-year, which was just slightly more than in 2002, when they increased by 1.5%.

Geopolitical tensions, the position in the business cycle and supply shocks were reflected in commodity markets. The price of crude oil culminated in April, when it exceeded USD 34 per barrel, and its decline was hampered by a slower-than-expected recovery of oil exploitation in Iraq, but also by low stocks of crude oil and „impeded“ demand, notably in developed countries. It declined more distinctly only in September. On the year average, the price of crude oil increased by 15.8% to USD 28.9 per barrel, with a substantial portion of this increase resulting from a permanent depreciation of the USD. The average prices of non-energy commodities rose by 7.8% annually, with growth being distinctly influenced, apart from the business cycle factor and dollar

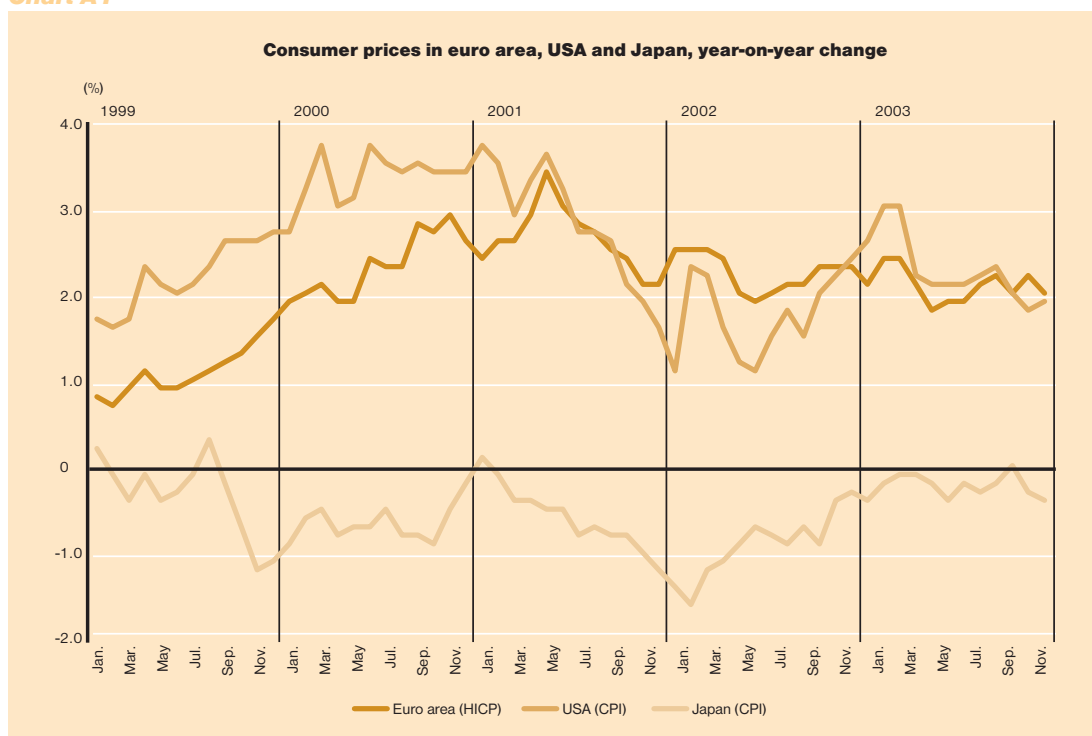
Table A1 Global output (year-on-year growth in %)

	2002	2003	2004 ^{1/}
Global output	3.0	3.9	4.6
Developed economies	1.7	2.1	3.5
USA	2.2	3.1	4.6
Japan	-0.3	2.7	3.4
European Union (EU-15)	1.1	0.8	2.0
Euro area	0.9	0.4	1.7
Emerging Asian markets	5.1	3.0	5.3
Central and Eastern Europe	4.4	4.5	4.5
EU acceding countries (ACC-10)	2.4	3.6	4.0
Russia	4.7	7.3	6.0
China	8.0	9.1	8.5
Brazil	1.9	-0.2	3.5

^{1/} Prognosis.

Source: World Economic Outlook, April 2004; Economic Forecasts Spring 2004, European Economy No. 2, 2004.

Chart A1



exchange rate development, by rapidly increasing demand in China.

International foreign exchange markets saw a continuing tendency in 2003 towards appreciation of the euro against other major currencies. The strongest appreciation was recorded for the euro against the US dollar and currencies of Asian countries tied to the US dollar. The euro also appreciated against the Japanese yen, British pound and Swiss franc, whilst weakening against the Australian dollar. The euro's continuous appreciation was temporarily disrupted in the summer by positively revised market expectations with respect to economic revival in countries outside the euro area. Towards the end of the year, however, the euro strengthened again as a consequence of growing concerns over a disproportionate deepening of global regional imbalances. The main concern, reflected in a distinct year-on-year weakening of the US dollar against the euro, became the issue of financing the US current account deficit. On 30 December 2003, the euro reached the value of USD 1.25, which represented an almost 19.5% appreciation compared to the exchange rate at the beginning of the year. Its average level for 2003 was 32% higher in

comparison with that for 2002. The issue of financing the US current account deficit was at the forefront of G7 group negotiations in Dubai, on which occasion proposals were made to introduce greater flexibility with respect to exchange rates with a view to supporting a smooth and general adaptation of the financial system based on market mechanisms. The Dubai summit was notably reflected in a temporarily strong pressure towards appreciation of the Japanese yen. Also for this reason the appreciation of the euro against the yen was substantially softer than against the US dollar: at the end of 2003, the exchange rate of the Japanese yen against the euro stood at 133.7, which means a year-on-year appreciation by 7.5%; the annual average of the exchange rate of the euro against the yen was 13% higher in 2003 than in 2002.

Global bond markets were marked by considerable yield fluctuation in 2003, but yields on major economies' bonds moved largely in a similar fashion. The volatility of yields was caused by market players' changing views as to the outlook for economic growth, inflation and subsequent monetary policy reactions. In the first half of the year, geopolitical uncertainties provoked sizeable

portfolio shifts from equity markets to bond markets. In the second half of the year, hand in hand with lessening uncertainties and growing signs of recovery in major economies, a partial redirection in flows between the two markets was observed. In the aggregate for 2003, yields on ten-year government bonds of the euro area and ten-year US treasury bonds rose by roughly 10 and 50 basis points, respectively, both reaching 4.3% in the final weeks of the year. Nevertheless, over a prevalent part of the year, yields on US Treasury bonds were lower, compared to yields on long-term euro area bonds. Yields on Japanese long-term bonds moved in approximately the same way as yields on both, the US Treasury bonds and euro area bonds, but at substantially lower levels (reaching their historic low of 0.4% in mid-June). At the end of the year they stood at 1.4%.

Upon the completed correction of high levels dating back to 2000, prices in the major equity markets went up again in 2003. The broadly based equity market indices in the US, euro area and Japan developed almost identically in the course of the year. „The flight“ from shares to bonds, which in addition to geopolitical and economic uncertainties, was also caused by concerns regarding the quality of corporate profits owing to recent accounting scandals, brought about a decline in share prices in the first quarter. In the remaining part of the year, share prices followed an upward trend, stimulated by more favourable prospects for investors. On the whole, the US share prices in 2003, measured by Standard and Poor's 500 index, grew by 26%. Share prices in Japan, measured by the Nikkei 225 index, rose by 24%. With regards to the euro area, the Dow Jones EURO STOXX index went up 18%.

Economic developments in the main currency areas: the United States, Japan and the euro area

The recovery in the **United States** begun in 2002, slowed down at the beginning of 2003 as a consequence of geopolitical uncertainties con-

cerning the Iraq war and the associated adverse development of business and consumer confidence. In the second half of the year, growth in the economy substantially accelerated. In 2003, GDP growth reached 3.1% (2.2% in 2002). Economic growth was mainly driven by a persistently high level of household expenditure, fuelled by tax reductions and favourable mortgage financing terms. Real private consumption grew by 3.1%. The high consumption level persisted despite deteriorating labour market conditions and the unemployment rate reaching 6% (5.8% in 2002). Owing to a strong housing market, real domestic investment rose by 5.1%. After two years of decline, business investment also grew by 4.3%, facilitated by favourable financing terms, growing profits and the prospect of further rising demand. The growth of domestic demand in 2003 was reflected in the further deepening of the current account deficit, which exceeded 5% of GDP. In 2003 the development of consumer and producer prices was marked by accelerated inflation of 2.3%, and 3.2%, respectively, compared with 1.6% and -1.3% in 2002. However, after making adjustments for the effects of energy prices, inflationary pressures were generally negligible due to rapid growth in productivity and the low utilisation of capacities.

After two years of stagnation and even real decline in its performance, the economy of **Japan** took a more distinct growth trajectory in 2003 owing to exports and private investment, with GDP rising by 2.7% as a result. Exports to China accounted for almost half of the total increment in exports, and in terms of commodities, the greatest dynamics was recorded in exports by the mechanical engineering and electrical engineering sector, which was reflected in rapid growth of output in the respective industries. Growth in private investments originated mainly from non-residents. Private consumption spending was relatively low owing to the persistently unfavourable situation on the labour market, with an unemployment rate of 5.3%. Deflationary pressures in price development weakened, but they were not overcome in 2003 either. On the annual average, the consumer

price index dropped by 0.3% (compared to -0.9% in 2002).

On a year-on-year basis, the GDP growth in the **euro area** slowed down again, reaching 0.4% in 2003 (0.9% in 2002). Economic recovery lagged behind expectations. After three quarters of stagnation, the economy began to grow only in the second half of 2003. Positive effects from growing foreign demand for exports from the euro area were to a considerable extent eliminated by the euro's appreciation. Thus, the contribution of net exports to GDP growth, also due to a rapid rise in imports in the last quarter, reached a negative value of 0.6 percentage points. The exclusive share of domestic demand in the growth of GDP in the euro area in 2003 was in particular caused by the replenishment of inventory, the stock of which had been falling for two years. The contribution of a change in the inventory to GDP growth in 2003 reached 0.3 percentage points. Over a major part of the year, final domestic demand was dampened and its contribution to GDP growth was 0.7 percentage points. Fixed capital formation went down, but at a decreasing pace, and in the last quarter it attained a positive

growth rate. On the contrary, private consumption gradually levelled off, compared to a mild growth at the beginning of the year.

In the same way as in other areas of the world economy, uncertainties related to the Iraq war were the main factor of reduced domestic demand in the euro area in the first half of 2003. Fears over future developments outweighed favourable domestic investment and consumer conditions created by a low level of interest rates, and the appreciation of the euro on top of that raised the real income. The growth of GDP in the euro area was mainly attributed to the recovery in the industry in the second half of the year thanks to enlarged export opportunities. The market services sector performance was relatively poor and even lagged behind the level at the time of recession in 1993.

Germany, the largest euro area economy, was in recession for a prevailing part of the year. Signs of a mild recovery were appearing in the second half of the year owing to accelerated export performance. The final domestic demand was on increase only in the segment of capital equipment,

Chart A2



and the halting of several years' decline in construction output was also a stabilising element. Consumption continued to fall, especially due to a considerable drop in retail sales and new registration of cars. Low consumer confidence was caused by sceptical expectations concerning future developments in the pension area after the suspension of certain special payments, but also by fears of the impact of health system reform (a partial transition to paid services) and general uncertainty in connection with other measures to strengthen the effectiveness of social systems. A yearly decrease in GDP growth by 0.1% was the result of a substantial decline in domestic demand, as well as net exports, which was to a considerable extent offset by an increase in inventories.

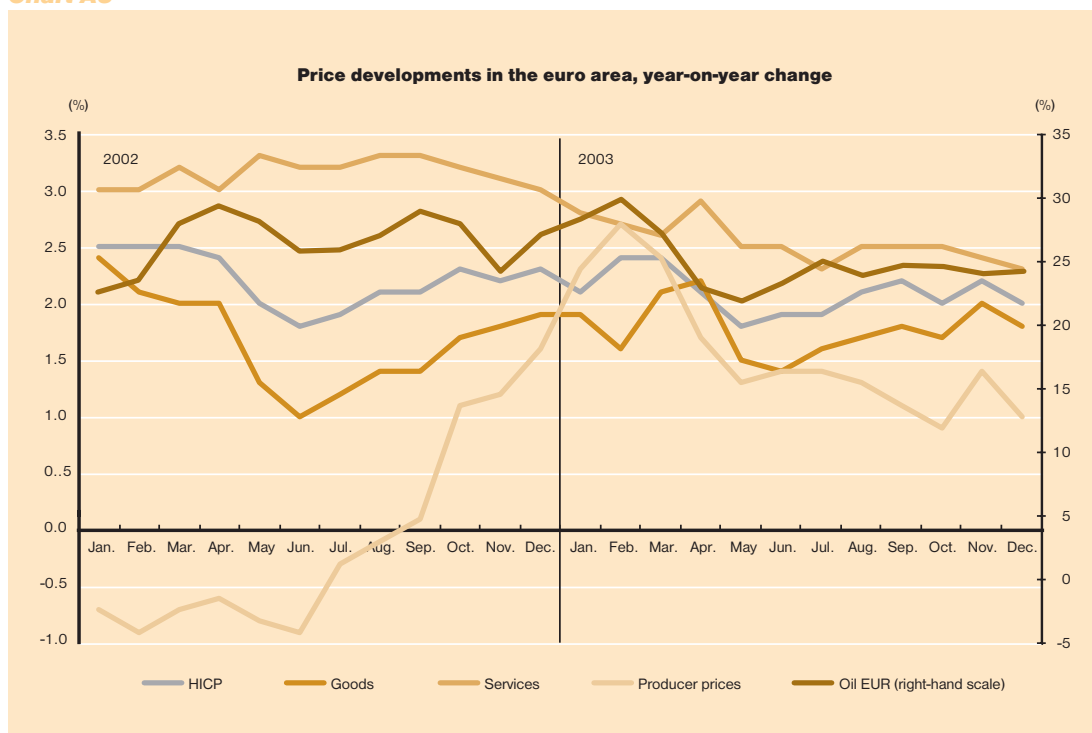
Growth decelerated in the majority of euro area countries in 2003, except for Belgium, Spain and Greece, where the pace of GDP growth somewhat quickened compared to 2002, and Italy, where it remained basically unchanged. The greatest growth was recorded in Greece (4.7%), followed by Spain (2.4%), Finland (1.6%), Ireland and Luxembourg (1.2%), Belgium (1.1%) and

Austria (0.7%). A slightly smaller than average GDP growth for the euro area (0.4%) was recorded in Italy (0.3%); the growth trend was maintained by France (0.2%). Three countries saw a decline in real GDP in absolute terms: Germany (-0.1%), the Netherlands (-0.8%) and Portugal (-1.3%).

The varying pace of economic growth between euro area countries reflected in particular the differences in real domestic demand and real housing prices in individual countries. Whereas in Germany both demand and housing prices stagnated, in Greece, Ireland and Spain they rose. The stated differences were to a certain extent influenced by persisting differences in real interest differentials caused by single level of interest rates in the euro area and different rates of inflation in the Member States.

In 2003 average inflation in the euro area measured by the Harmonised Index of Consumer Prices (HICP) reached 2.1%, falling by 0.2 percentage points compared to the previous year. The slowing down of price increases was primarily caused by the lower average annual price growth

Chart A3



in non-energy industrial goods and services. Movement of the HICP during the year reflected the developments in its more volatile components, i.e. mainly energy and unprocessed food prices. However, growth in crude oil prices denominated in US dollars was dampened by the euro's appreciation. Cost pressures in the course of the year were weak, even though in the first quarter, as a result of a decline in the growth of labour productivity associated with a low level of economic activity, the growth of the unit labour costs accelerated. This trend ceased as the economy recovered.

A relatively distinct increase occurred in the processed foodstuffs group, especially due to increases in the prices of tobacco and indirect taxes in certain countries, which was reflected in the 0.4 percentage points contribution of this component to the headline inflation.

Price development in the euro area in 2003 was characterised by a slowing down in the growth of prices of services, which grew considerably in 2002. The year-on-year increase in prices of services in December 2003 reached 2.3% (3.0% in December 2002). In 2003, the growth of prices of services contributed to the overall HICP inflation by 1 percentage point, making up roughly half of the total. The inflation rate within the group of non-energy industrial goods and services maintained its level of around 0.8% on a year-on-year basis (1.2% in 2002), which means that this group contributed to the overall price index by 0.2 percentage points.

The growth in industrial producer prices (excluding construction) slowed down during 2003, reflecting the effects of exchange rate appreciation of the euro on crude oil prices and other commodities, as well as a low level of economic activity. On a yearly average, producer prices in the euro area increased by 1.6%. The development of wage costs in the main sectors of the economy did not represent any inflation risks either. The growth in compensation per employee in the industry showed a downward trend throughout the year as a result of the low degree of

industrial activity. Wage cost development in the services sector was basically stabilised and, taking into account a higher proportion of labour costs in this sector, this was a factor of relatively even price development in services during the year.

In 2003 the growth of consumer prices (HICP) in respective euro area countries ranged from 1.0% to 4.0%. The highest inflation was experienced in Ireland (4.0%), Greece (3.4%), Portugal (3.3%), Spain (3.1%) and Italy (2.8%). Inflation closer to the euro area average (2.1%) was recorded in Luxembourg (2.5%), France and the Netherlands (2.2%). The countries with the lowest inflation rate were Belgium (1.5%), Finland and Austria (1.3%), and Germany (1.0%).

Despite the decelerated GDP growth rate, the labour market in the euro area saw no substantial fluctuations in 2003. Over the course of the year employment was comparatively stable and, according to preliminary data, rose by 0.1 – 0.2% on the yearly average. Development varied in sectors: industry employment dropped, but was fully absorbed by the creation of new jobs in the services sector. A certain change in the behaviour of the euro area labour market is indicated by a falling number of hours worked per employee. A reduction in the number of hours worked starts to work as a new, more flexible regulator of employment in periods of recession, whereas in the past the growth slow-down was directly reflected in the change of employment. The average unemployment rate in the euro area grew to 8.8% in 2003 (8.4% in 2002). The unemployment rate went up in the majority of euro area countries, with the exception of Italy, where it fell, and Greece, Finland, Austria and Spain, where it remained approximately at the same level as the previous year. The lowest unemployment rate was recorded by Luxembourg and the Netherlands (4.1% and 4.2%), and the highest in the long run is found in Spain (11.3%).

Results of the external sector of the euro area in 2003 are characterised by a current account surplus of EUR 28.1 billion (0.4% of GDP), which,

however, was substantially lower compared to 2002 (EUR 67.1 billion, 0.9% of GDP). The lower surplus resulted from a decline in the balance of trade and an increase in the deficit on the income account (caused mainly by appreciation of the euro). Imports of goods stayed approximately at the 2002 level, as the reduction in the surplus in goods resulted from the decline in the value of goods exported from the euro area. The decline in the value of exports was chiefly caused by a reduction in export prices, by which exporters compensated for price competitiveness losses caused by the appreciation of the euro. The volume of exports went down only in the first quarter, then, hand in hand with an increasing revival in foreign demand, it started to rise again.

In 2003, a net outflow of EUR 9.3 billion was recorded on the financial account of the euro area balance of payments, whilst a net inflow of EUR 61.9 billion was achieved in 2002. This result was caused by a lower net inflow of portfolio investments (by EUR 91.6 billion year-on-year), which was only partially offset by a slower net outflow of direct investments (by EUR 20.3 billion). The development of net portfolio investments was primarily influenced by transactions in debt instruments, where a direction reversal in comparison to the previous year and a net outflow were recorded. Especially in the second half of the year, along with the improving business cycle outlook, foreign investors started to massively reallocate their portfolios from money market instruments to more risky assets. At the same time, the net inflow of investments into bonds was reduced. The ensuing flow of euro area direct and portfolio investment into equity securities in 2003 can be roughly characterised by a balanced position. In the first half of the year, equity investment was hampered by economic and geopolitical uncertainties, as well as the SARS epidemics. With subsiding uncertainties and the revival of share prices, equity investment was gradually activated, whilst foreign direct investment in the euro area remained dampened.

With regards to the three EU states that are not members of the euro area (Denmark, Sweden

and the United Kingdom), they have a commitment under the Maastricht Treaty to apply economic policies, „in matters of common interest.“ They are likewise obligated to abide by fiscal rules of the Stability and Growth Pact. Their national central banks are members of the European System of Central Banks (ESCB), and the operative target for their monetary policy is to maintain price stability. Macroeconomic, fiscal and monetary developments together with exchange rate developments of these countries is therefore subject to regular evaluation by European institutions.

The Danish economy recorded zero GDP growth in 2003 as a result of a decline in real domestic demand, especially demand for investments, as well as in exports. Weak economic activity led to an unemployment rate increase by 1 percentage point, reaching 5.6%. The per annum inflation rate (HICP) dropped to 2% thanks to a reduction in indirect taxes and low energy prices associated with the weakened US dollar. Turning to the fiscal area, Denmark is a country reporting a budgetary surplus. In 2003 this was slightly reduced to 1.5% of GDP as a result of lower tax revenues, but also due to an increase in mandatory social expenditure. Government debt decreased to 45% of GDP year-on-year. Currently, Denmark is the only country whose currency is fixed to the euro within the ERM II, in the agreed mode allowing for fluctuation of the currency around its central parity within a narrow band of $\pm 2.25\%$. In 2003, the Danish crown fluctuated within a narrow band, with a marginal deviation towards appreciation.

Sweden's GDP growth stood at 1.6% in 2003 slowing down on the year-on-year basis, which was the result of a low level of domestic consumption and investment in the first half of the year. Relatively good results were recorded for exports, which contributed more than a half to GDP growth. A mild decline in employment was reflected in a distinct rise in labour productivity, whilst the unemployment rate stood at 5.6%. The average annual inflation (HICP) reached 2.3%, CPI inflation, which is a monetary target of the

Swedish central bank, dropped from 2.4% to 2.1% year-on-year. Public finances recorded an improvement, ending in a budgetary surplus of 0.7% of GDP, government sector debt was reduced to 51.8% of GDP. The Swedish central bank maintains a flexible exchange rate regime and a monetary policy targeting on inflation, with the explicit target of CPI growth at 2% per annum, within the tolerance range of ± 1 percentage point. The Swedish crown fluctuated at the level of around 9.2 SEK/EUR, strengthening to 9.01 SEK/EUR in the last quarter. In a referendum on the introduction of the euro in Sweden held on 14 September 2003, voters rejected the participation of their country in the euro area.

In 2003 the UK economy recorded an accelerated rate of GDP growth of 2.3%. Such accelerated growth resulted from a reduced negative contribution by net exports, which more than offset a decline in the contribution of domestic demand. The distinct reduction in the negative contribution of net exports to GDP growth (from -1.7% in 2002 to -0.5% in 2003) was attributed to improved price competition (owing to weakening of the pound against the euro) and a decline in British imports. Stable labour market conditions were characterised by an unemployment rate of 5.1%. The average HICP inflation rate stabilised at 1.4%. A substantial deterioration occurred in the fiscal area, with the public finance deficit for the year 2003 reaching 3.2% of GDP (1.6% of GDP for the year 2002). Deepening of the budgetary deficit was caused by high primary expenditure and a loss of revenues due to the changed GDP structure. The increased budgetary deficit translated into increased government debt, which stood at 39.8% in 2003.

The British central bank pursues its monetary policy under a flexible exchange rate regime, with an explicit inflation target. The Bank of England changed its key interest rate three times in 2003. After a repeated reduction by 25 basis points in the first half of the year, it made a correction in the reduction made in November, raising the rate by 25 basis points to the final 4%. Such a rise was justified by improving economic development

outlooks, rapid growth in loans and generally rising inflationary expectations. In order to align more strongly inflationary expectations in the domestic economy with those in the euro area, beginning in December 2003 the Bank of England redefined its inflation target from the national CPI to HICP, which is used by the ECB in maintaining price stability in the euro area. The new inflation target has been defined as a 12-month HICP increase of 2%.

In June 2003 the British government announced its decision to postpone a referendum on the introduction of the euro in the United Kingdom, since the results of five economic tests by the Treasury show an unsatisfactory degree of convergence and flexibility in the British economy to be able to handle potential problems in the monetary union.

Monetary policy and public finances

The US interest rates remained at historic lows in 2003. The Federal Open Market Committee (FOMC), motivated in particular by the risk of an undesirable decline in inflation, scaled down the target for the federal funds rate by 25 basis points to 1% in June. It remained at this level until the end of the year. Fiscal policy was further loosened compared to a year ago, which was reflected in a rise in the fiscal deficit from 1.5% of GDP in 2002 to 3.5% of GDP in 2003. This was largely a result of introduced discrete measures, and to a lesser degree it was due to the budget's automatic response to the business cycle.

Amidst the persistent deflationary price development, the monetary policy of Japan's central bank in 2003 continued its special course of quantitative monetary expansion, under which it doubled its target range for balances on current accounts kept at the Bank of Japan during the year. In addition, it decided to temporarily purchase securities backed by assets in order to support the funding of small and medium-sized businesses. In an effort to push through consolidation of the fiscal sector, the government limited

its expenditure for public investment. Nevertheless, the budgetary deficit increased again from a year ago, reaching 8.2% of GDP. Public debt, enormous for a long time, rose to 166.1% of GDP.

ECB monetary policy performance in the first half of 2003 was influenced by geopolitical uncertainties regarding developments in the Middle East, crude oil price growth and worried financial markets. After assessing inflation risks, the yearly inflation rate development and a low level of economic activity, which already in 2001 had fluctuated below the level of potential GDP growth in the euro area, the ECB Governing Council concluded that there was no potential for inflation to jeopardise price stability in the medium term.

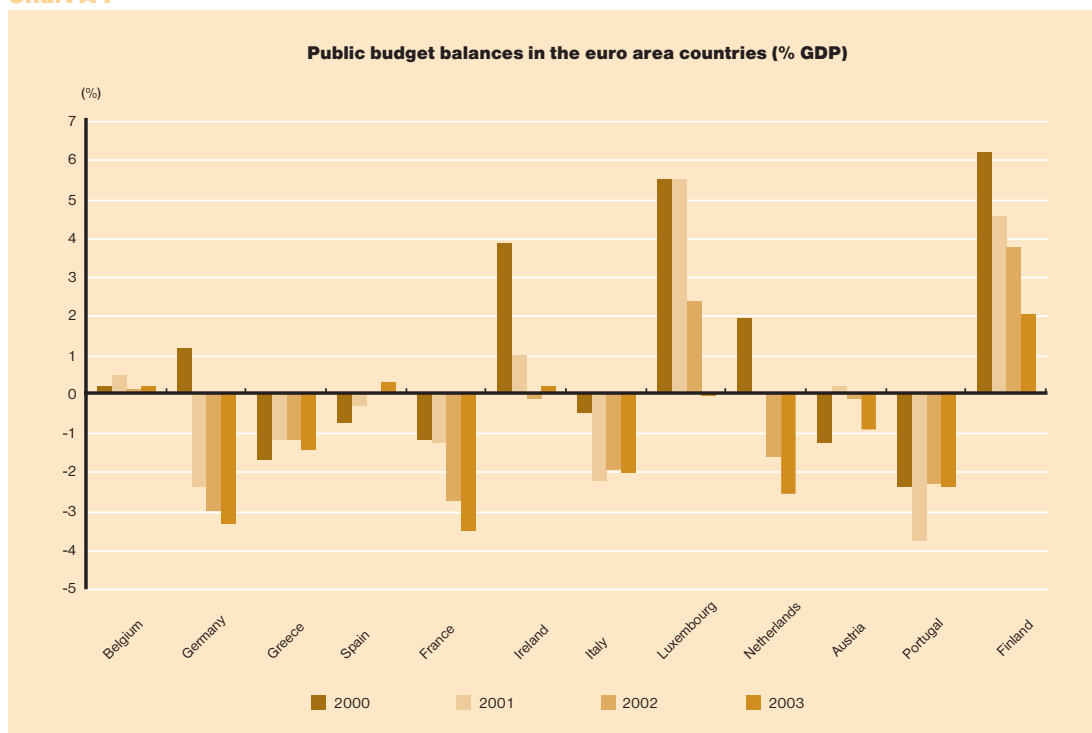
Such positive prospects in respect to price stability were not considered to be threatened by an intense monetary expansion in 2003, which was in part attributed to a high degree of uncertainty in the economy and financial markets and the related massive portfolio shifts to safer short-term liquid assets included in the M3 aggregate. The accumulation of surplus liquidity was therefore regarded as a temporary phenomenon.

In March and June the ECB reduced its key rates by 25 and 50 basis points to the resultant historic low of 2% for main refinancing operations. They remained at this level until the end of 2003, since the price stability outlook remained favourable even under conditions of accelerating recovery and taking into account the ongoing appreciation of the euro.

This was the third year in a row that results from the euro area fiscal sector had worsened. In 2003, the fiscal deficit for the euro area averaged 2.7% of GDP (2.3% of GDP for the year 2002). The deterioration of the fiscal position was primarily affected by the action of automatic stabilisers at the stage of a sluggish economy, which lasted longer than expected. The majority of countries did not manage to accomplish the fiscal targets set in their stability programmes approved at the end of 2002, or at the beginning of 2003.

Fiscal developments aroused concerns especially in those countries that had already recorded considerable fiscal deficits in 2002. Germany and France's deficits approximated, or somewhat exceeded the level of 4% of GDP and, despite

Chart A4



temporary measures, Portugal's deficit closely approached the boundary of 3% of GDP; the deficit of the Netherlands reached 3% of GDP. On the expenditure side, the risen deficits were caused by an increasing volume of social payments and transfers as a result of growing unemployment. On the revenue side, they were due to insufficient growth in tax revenues, caused in particular by poor economic activity.

On 25 November 2003, the Ecofin Council, on a recommendation from the European Commission, decided not to apply sanctions against France and Germany in response to their excessive fiscal deficits. The Ecofin Council issued a recommendation for France, advising it to reduce its cyclically adjusted deficit by 0.8% of GDP in 2004 and by at least 0.6% of GDP in 2005. Such reductions would bring down the overall deficit below 3% of GDP by 2005 at the latest. At the same time, the Ecofin Council made a recommendation to Germany to reduce its cyclically adjusted deficit by 0.6% of GDP in 2004 and by at least 0.5% in 2005, in an attempt to lower its overall deficit below 3% of GDP by no later than 2005.

Adherence to fiscal rules laid down by the Stability and Growth Pact, aimed primarily at achieving balanced or surplus budgets in Member States in the medium term, provides systemic support to the price stability objective in the euro area sought by the ECB's single monetary policy. At the same time, it is a precondition for the effective functioning of national fiscal policies, as the only economic policy tool countries have to eliminate the potential adverse impacts of the single monetary policy exercised by the ECB and other asymmetrical shocks on the conditions of economic development in individual Member States.

The Ecofin Council's decision to suspend the excessive deficit procedure against France and Germany was therefore met with disapproval on the part of the ECB, in whose judgement it, „introduced uncertainty into the future implementation of rules governing fiscal policy in euro area countries“ and constituted, „a precedent of a lax implementation of the excessive deficit procedure that could weaken incentives for consolidation in the future.“

Table A2 Macroeconomic indicators for EU acceding countries (year-on-year change in %)

	GDP			Inflation ^{1/}			Unemployment rate ^{2/}			Current account		
	2002	2003	2004 ^{3/}	2002	2003	2004 ^{3/}	2002	2003	2004 ^{3/}	2002	2003	2004 ^{3/}
Czech Republic	2.0	2.9	2.9	1.4	-0.1	2.8	7.3	7.8	8.2	-5.8	-6.5	-6.8
Hungary	3.5	2.9	3.2	5.2	4.7	6.9	5.6	5.8	5.7	.	-5.7	-5.4
Poland	1.4	3.7	4.6	1.9	0.7	2.3	19.8	19.8	19.6	-2.6	-2.0	-2.3
Slovakia	4.4	4.2	4.0	3.5	8.5	8.2	18.7	17.2	16.5	-8.2	-0.9	-2.5
Slovenia	2.9	2.3	3.2	7.5	5.7	3.6	6.1	6.5	6.4	1.7	0.2	-0.5
Estonia	6.0	4.8	5.4	3.6	1.4	2.8	10.5	10.0	9.7	-12.2	-13.7	-11.5
Lithuania	6.8	8.9	6.9	0.4	-1.1	1.0	13.6	12.7	11.5	-5.4	-6.1	-6.2
Latvia	6.1	7.5	6.2	2.0	2.9	4.0	12.0	10.5	10.3	-7.6	-9.1	-10.1
Cyprus	2.0	2.0	3.4	2.8	4.0	2.2	3.9	4.4	4.1	.	-4.4	-3.7
Malta	1.7	0.4	1.4	.	.	.	7.5	8.2	8.6	.	-3.4	-4.3
Total for 10 countries	2.4	3.6	4.0	2.7	2.1	3.8	14.8	14.3	14.1	.	-3.7	-3.9
Euro area	0.9	0.4	1.7	2.3	2.1	1.8	8.4	8.8	8.8	1.3	0.5	0.7

1/ HICP.

2/ Expressed as % of workforce.

3/ Projection.

Source: Economic Forecasts Spring 2004, European Economy No. 2, 2004.

2. ECONOMIC DEVELOPMENTS IN THE EU ACCEDING COUNTRIES

Summary overview

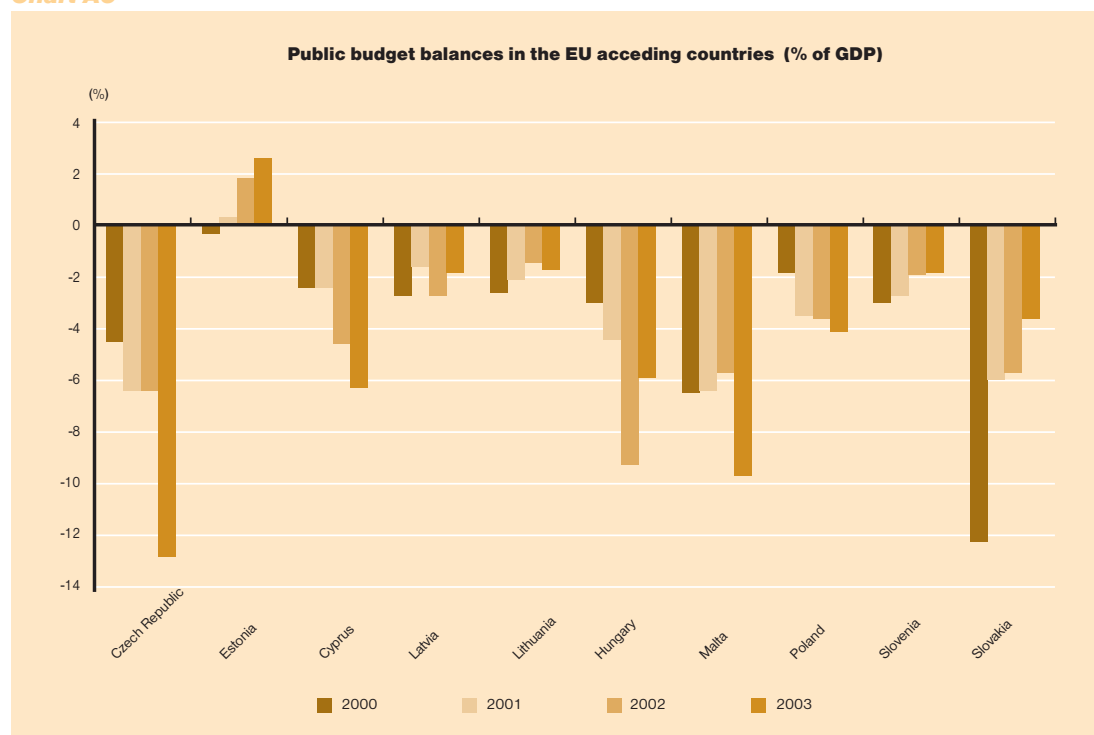
At an informal meeting of the European Council held in Athens on 16 April 2003, ten candidate countries and 15 EU Member States signed the Treaty of Accession. The Treaty of Accession created a framework and conditions for the EU enlargement to 25 members scheduled for 1 May 2004. The Treaty of Accession has been ratified by all future and present EU Member States. As part of the ratification process, national referenda were held in all candidate countries, in which with the exception of Cyprus¹ the public voted in favour of EU accession.

New-accession countries enter the EU with the status of „Member States with derogation“ (as countries not having yet adopted the euro) and their central banks will become part of the ESCB. Once these countries meet Maastricht convergence criteria in a sustainable manner and adopt the euro, their central banks will become part of the Eurosystem. Immediately after accession to

the EU, commitments ensuing from the Maastricht Treaty for all EU members will also be applied to the new Member States. In particular, there is an obligation to carry out an economic and exchange rate policy geared to EU common interests. They will also become fully (except for sanction mechanisms) subject to fiscal rules of the Stability and Growth Pact, including an obligation to submit and regularly update national convergence programmes. In conformity with the ECB's goal of price stability, national central banks will have to direct their monetary policies to enable a gradual alignment of the parameters of the domestic monetary environment with the conditions of the euro area and to create prerequisites for stability of the currency's exchange rate during its functioning under the ERM II. The timing of entry into the euro area is not predetermined by accession to the EU, but the majority of newly-acceded states already began developing their national strategies to introduce the euro in 2003.

Despite sluggish economic activity in the EU and especially the recession in the German economy, which is the main business partner to

Chart A5



¹ As a consequence of the referendum results from April 2004, only the Greek part of the island became an EU Member State

many acceding countries, the economic development of future EU Member States was also marked by a relatively rapid GDP growth in 2003. The rate of growth of 10 acceding countries averaged 3.6%, which was 2.8 percentage points higher than the average growth of 0.8% for 15 EU countries and bolstered the convergence process.

GDP growth particularly in the Czech Republic, Hungary and the Baltic countries was facilitated by a high level of domestic private consumption. Household expenditure was stimulated by a partially higher real disposable income, due to relatively low inflation, which stood at the level similar to that in a number of euro area countries. Another factor of rising household consumption was broader access to debt financing thanks to stabilised banking systems, but also the expenditure made in expectation of accelerated inflation in 2004 associated with raised indirect taxes.

On the contrary, investment activity was poor (except for the Baltic states), reflecting generally unfavourable conditions in the global environment, but also the consequences of as yet incomplete structural reforms taking place in individual economies.

In spite of weakened growth in the EU, export performance retained its generally good level. Exceptionally rapid export growth was attained by Slovakia thanks to new export-oriented production capacities. High export performance was also achieved by Poland, which was substantially aided by the depreciation of the zloty against the euro.

On average, the public budget balance for 10 EU acceding countries in 2003 was marked by a deficit at the level of 6.3% of GDP. There were, however, large differences as to the results of the fiscal sector in individual countries: from a deficit of 12.9% of GDP in the Czech Republic to a surplus of 2.6% of GDP in Estonia. In 2003, the 3% limit of GDP was exceeded by deficits in six countries. Apart from the Czech Republic this included Cyprus, Hungary, Malta, Poland and Slovakia.

Economic and monetary developments in V4 countries

The acceleration of GDP growth in the **Czech Republic** (CR) in 2003 was facilitated by rising domestic private consumption, driven in particular by household consumption amid the stagnation of government sector consumption, but also by an increase in exports. Under the conditions of a growing unemployment rate, caused by restructuring processes in the corporate sector, the growth in household consumption resulted mainly from the combined effect of increased real disposable income and low interest rate levels, which stimulated the expansion of consumer loans. As for price development in the CR, the phenomenon of deflation was recorded for the first time. Since April 2002, the Czech National Bank's inflation target has been undershot, and in 2003 a decline was recorded in respect to the HICP on the yearly average. Despite rapid import growth driven by intense domestic consumer and investment demand, the trade balance deficit was reduced year-on-year thanks to favourable exchange rate development. An increased deficit on the current account in 2003 resulted from a smaller surplus in the balance of services, but was mainly due to the further increase in the deficit of the income account as a result of growing repatriated profits. Almost half of the high public finances deficit in the CR in 2003 was due to imputed sovereign guarantees, since without this operation the budgetary deficit would have reached 6.6% of GDP.

A mild slowdown in economic growth in **Hungary** in 2003 was attributable to low investment activity and the negative contribution of net exports. The achieved growth was, on the contrary, supported by a high level of domestic consumption, fuelled by fiscal expansion and the subsequent excessive growth of wages in both the public and private sectors. The enlarged current account deficit was caused by delayed effects of the loss of competitiveness as a result of the preceding strong appreciation by the forint, as well as high import levels supported by the disbursement of savings in the personal sector

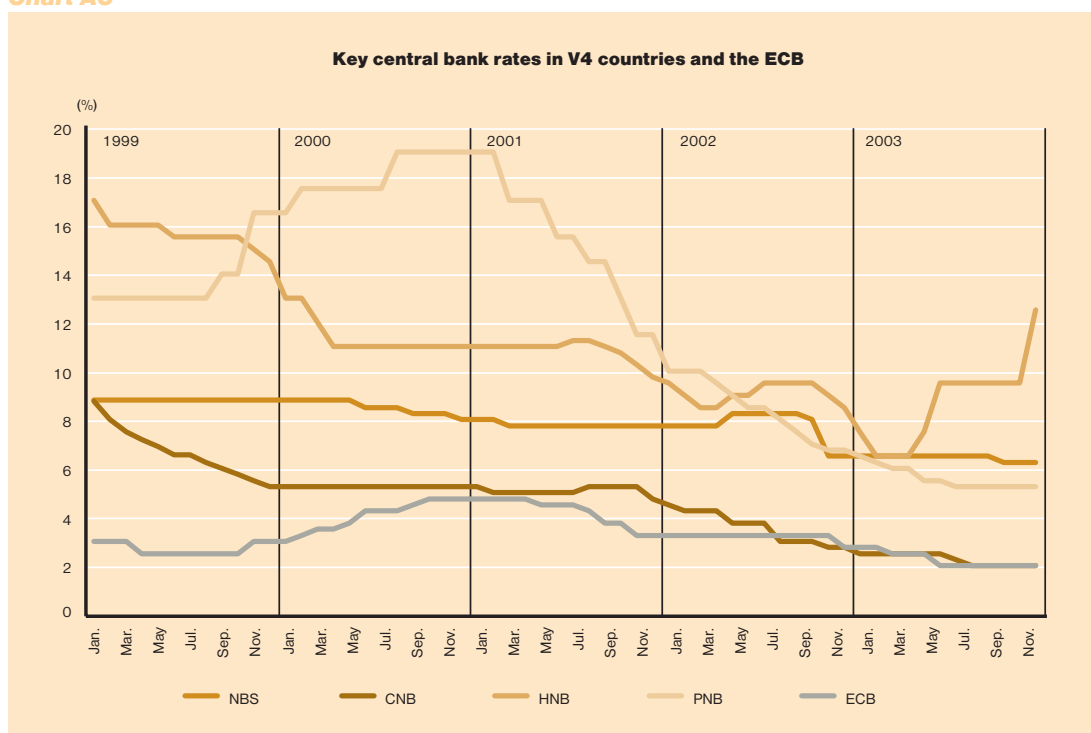
due to the impact of the unsustainable generously subsidised mortgage system to finance housing. On the yearly average, inflation went down, but the favourable trend of several years of disinflation stopped in mid-2003 and inflation started to rise. Also in 2003, the labour market situation was marked by rapidly-growing wages, especially in the public sector, and a slight increase in the unemployment rate, which still remained at a comparatively low level. Hungary did not manage to meet the forecast target in the area of public finances in 2003 either. Fiscal deficit was markedly exceeded especially as a consequence of higher current expenditure, as well as social benefits and interest payments. At the same time, forecasts concerning the revenue side were not met, particularly in both personal and corporate income tax collection.

Following a distinct slowdown in the previous two years, economic growth in **Poland** was accelerated in 2003. The growth momentum was stirred up by net exports, stimulated by a steep decline in the real effective exchange rate of the Polish zloty. Poor growth of real income kept private consumption at a low level, and private investment diminished for the third year in a row.

On the contrary, GDP growth was facilitated by accommodative fiscal policy and favourable monetary conditions created by the loosening of the monetary policy and the depreciation of the currency against the euro. The low level of domestic demand and only mild growth in wages were only reflected in an indistinct price rise. Weakened domestic demand did not raise any pressure on imports, which along with swift export growth, maintained at a low level the deficit on the current account of the balance of payments. The unemployment rate has been high for a long time, and in 2003 it did not decline either, despite accelerated GDP growth. Owing to the ongoing restructuring process in both industry and agriculture, employment growth is hampered by the still high number of terminated jobs. A slight relaxation of fiscal policy was reflected in a year-on-year increase in the public finance deficit, although this was not dramatic.

GDP growth in **Slovakia** in 2003 remained at a relatively high level. On a year-on-year basis it nevertheless mildly slowed down as a consequence of the rapid decline in private consumption, as well as gross fixed capital formation prompted by fiscal restrictions and changes to

Chart A6



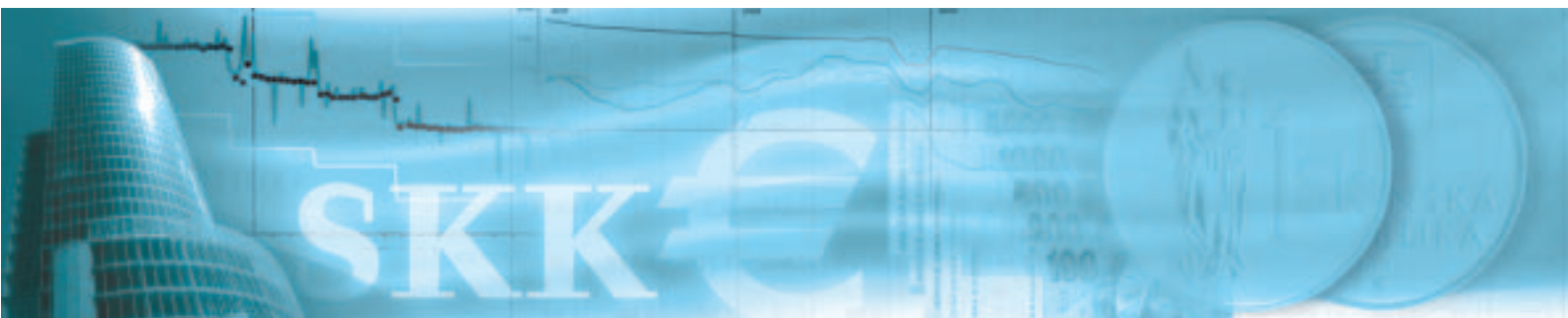
administrated prices. An exceptionally strong expansion of exports enabled by the launch of new pro-export capacities, on a substantially lower import growth, led to a net contribution by the external sector to GDP equalling 6.5% of GDP, and to offsetting losses in domestic demand. The boosted export performance was reflected in a rapid decline in the current account deficit. High year-on-year inflation in 2003 was a result of the most recent adjustments to regulated prices, changes in VAT rates and raised excise taxes. The unemployment rate remained high, but showed a gradual decline. Within the continued restructuring of the corporate sector, a more vigorous government policy in addressing the long-term structural problems of the Slovak labour market became the main factor in its lowering. In 2003 public finances in Slovakia saw a better-than-planned result achieved by fiscal restriction, but in particular by lower spending from the budget chapters of several government departments.

Monetary and exchange rate policies by the central banks of V4 countries are gradually being subordinated to the goal of creating conditions for the introduction of the euro as early as possible after EU accession. At an achieved high standard of harmonisation of monetary policy instruments with the range of instruments used by the ECB, the favourable development of inflation, along with the strengthening of exchange rates, but also room created for certain support to export performance under the conditions of a weakened international boom, led in 2003 to the lowering of

key interest rates by the national central banks of the Czech Republic, Poland and Slovakia, and to the narrowing down of the differential against ECB rates. Towards the end of 2003, the Slovak and Polish central banks' rates were at similar levels, the Czech central bank's rates have been very low for a long time and in 2003 they fluctuated at the level of ECB rates. In the middle of 2003, the Hungarian central bank's (MNB) monetary policy came under pressure from growing inflation on the concurrent depreciation of the currency, prompted by an outflow of short-term capital after the revaluation speculation at the start of the year. The mass closure of investors' forint positions brought the country to the brink of a currency crisis. In an effort to sustain meeting its inflation target, the MNB substantially raised its key interest rates (on the whole by 600 basis points from June until the end of the year). Nevertheless, the exchange rate of the forint against the euro remained throughout 2003 below the level compatible with a risk-free accomplishment of the MNB's inflation target.

Also in 2003, the main risk factor for macroeconomic stability in V4 countries was the development of public finances owing to slowly-advancing structural reforms. The necessity for fiscal consolidation and getting budget development on a sustainable track will be an urgent task with regard to the envisaged early negotiations by these countries as new EU Member States concerning the integration of their currencies in the ERM II, as well as their commitments ensuing from the Stability and Growth Pact.

B. REPORT ON MONETARY DEVELOPMENTS IN THE SR IN 2003



1. ECONOMIC DEVELOPMENTS

Macroeconomic and monetary developments in the Slovak Republic were affected by the implementation of measures, which were directly or indirectly connected with the forthcoming entry of Slovakia into the European Union. These measures included the elimination of price anomalies through adjustments to regulated prices, changes in indirect taxes, and the commencement of consolidation in public finances. The implementation of these measures was to improve the quality of the market environment in the Slovak economy and to create conditions for the gradual achievement of the level of advanced EU countries.

Price developments in 2003 were determined first and foremost by a marked increase in regulated prices and excise duties, which led to an acceleration in the 12-month inflation rate, from 3.4% in December 2002 to 9.3% in December 2003. Administrative adjustments accounted for more than 75% of the rise in consumer prices. Due to the absence of demand-based pressures, however, the profound impact of cost factors on price levels had no marked secondary effects, which is documented by the relatively low level of core inflation (3.0%). In addition to a fall in effective demand, the price increase was also dampened by an appreciation in the exchange rate of Slovak koruna, mainly against the US dollar, but in relation to the euro as well.

The increase in the expenses of household on goods and services with regulated prices, accompanied by a fall in real wages, resulted in a drop in final household consumption. This, coupled with continuing decline in investment demand, led to a fall in domestic demand. Despite this development, the Slovak economy showed relatively dynamic growth (4.2%). The rate of growth was, in contrast with the previous year, determined exclusively by foreign demand. In 2003, the excess of export performance over import intensity led to a marked improvement in the balance of net exports at constant prices.

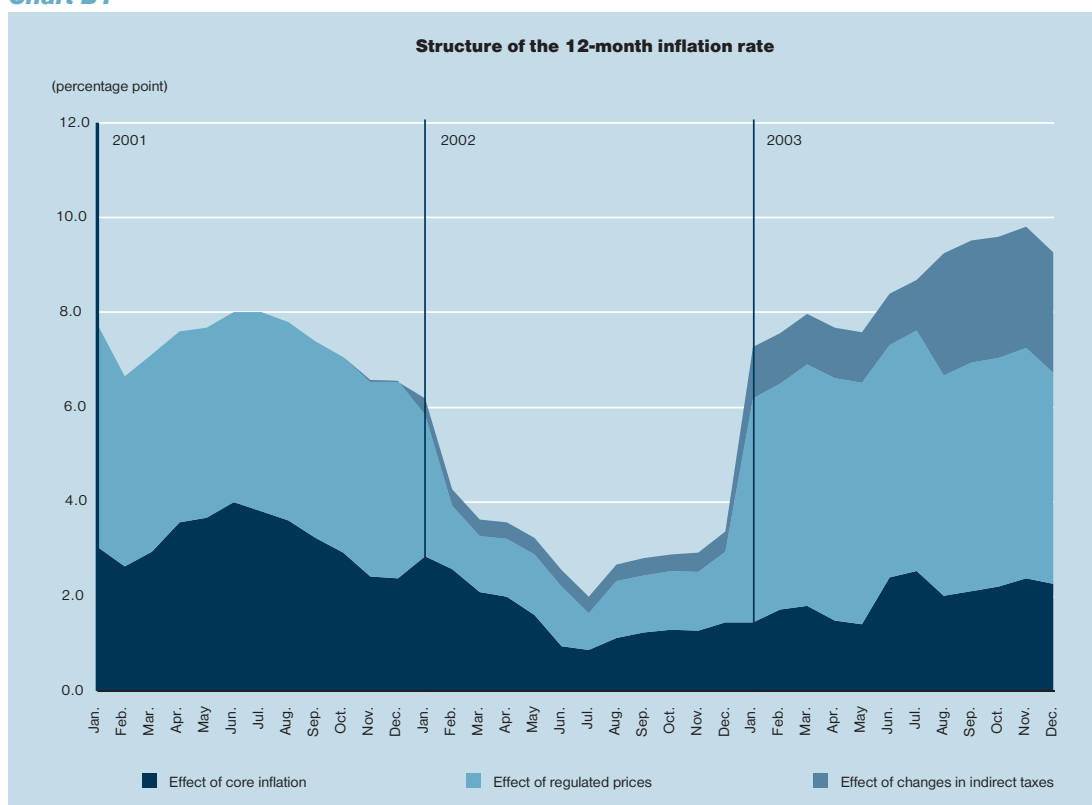
In the balance of payments, the current account deficit as a share of GDP dropped from 8.1% in 2002 to 0.9% in 2003. This development was affected primarily by a favourable trend in the trade balance, mainly a dynamic growth in exports, achieved despite a downturn in economic activity in the countries of our most significant trading partners. The increase in Slovakia's export performance was closely connected with foreign direct investment in previous years, with the most dynamic growth in exports being recorded in the automobile industry.

A stabilising factor of the Slovak economy in 2003 was the launch of the process of consolidation in public finances, when the ratio of their deficit to GDP decreased to 3.6%, from 5.7% in 2002. This, together with the preparation of further reforms in health services, the pension, social security, and tax systems, helped to improve the attractiveness of Slovakia, which was confirmed by an increase in the country's rating and growing interest among foreign investors.

Under conditions of renewed price deregulation and increased indirect tax rates, the task of the Bank's monetary policy in 2003 was to prevent these administrative measures from producing marked secondary effects. The impact of administrative measures on effective demand in the household sector and the marked excess of growth in labour productivity over growth in real wages, however, prevented the emergence of demand-based pressures on prices and imports. The stagnation of private consumption, coupled with a fall in investment demand, led to decline in domestic demand. In view of the absence of demand-based pressures in the economy and with the aim to maintain the positive trends of development in the Slovak economy including its balanced growth, the Bank Board of the NBS decided to lower its key interest rates in September and December, equally by 0.25 percentage point.

In 2003, the National Bank of Slovakia continued harmonising its monetary-policy instruments with those applied by the ECB, by reducing the

Chart B1



ratio of required reserves to 3% (with effect from January 1). With effect from 1 January 2004, the reserve ratio was cut further, to 2%, corresponding to the figure applied in the euro area. At the same time, uniform conditions were set for banks and branches of foreign banks.

1.1. Price developments

Consumer prices

In 2003, consumer prices increased more dynamically than in 2002, with the 12-month inflation rate, expressed in terms of the Consumer Price Index, reaching 9.3% in December (compared with 3.4% in the same period a year earlier). The average rate of consumer-price inflation stood at 8.5% in 2003 (compared with 3.3% in 2002).

The acceleration in the year-on-year rate of consumer price increase in 2003 was caused by an increase in price dynamics in all basic categories of the consumer basket. Of the total increase

in consumer prices, core inflation accounted for 2.27 percentage points. As in previous years, the price increase was due primarily to administrative adjustments, which contributed 4.45 percentage points to the total increase in consumer prices, while changes in indirect tax rates accounted for 2.54 percentage points.

Price developments in 2003 were determined mostly by domestic factors. Price levels were affected by administrative measures, i.e. increases in regulated prices and excise duties in January, coupled with a change in VAT rates and another increase in excise duties in August. Administrative measures accounted for more than 75% of the overall price increase. The measures in the area of regulated prices (especially the increase in energy prices) had a secondary effect in the form of a marked increase in prices for market services. Another domestic factor that affected the price level was an increase in the dynamics of food prices. External factors had a dampening effect on the price increase. The appreciation of the Slovak koruna vis-à-vis the euro and the US dollar was reflected in fuel prices (which fell by

0.5% net of changes in indirect taxes). The exchange rate of the koruna also had an impact on price levels in the form of low imported inflation, which led to a slowdown in the dynamics of tradable goods prices.

Regulated prices

Regulated prices rose year-on-year by 18.7% and accounted for almost half of the overall price increase. January saw an increase in regulated prices for electricity, gas, heating, bus and railway fares, water supply and sewage disposal. Price levels also increased for meals at school canteens and accommodation at university dormitories. The following months saw increases in rents for state-owned and municipal flats, the price of municipal public transport fares, and in prices for health services.

Changes in indirect taxes

With effect from January 2003, excise duties on tobacco, beer, mineral oils, and wine were

increased, while value added tax rates were also adjusted (from 23% to 20% and from 10% to 14%). A further increase in excise duties on tobacco, beer, and mineral oils was effected in August. These changes contributed a total of 2.54 percentage points to the consumer price increase in 2003.

Core inflation

In December 2003, core inflation reached 3.0%, representing an increase of 1.1 percentage points in comparison with the same period in 2002. Its course during the year was characterised on the one hand by an accelerated increase in food and market services prices and, on the other hand, by a slowdown in the dynamics of tradable goods prices, mainly as a result of a marked year-on-year drop in the price of tobacco and tobacco products (by more than 13%). This development probably resulted from the efforts of the producers and distributors of these products to partly offset the impact of increased excise duties. The slowdown in the

Table B1 Consumer price developments (year-on-year change)

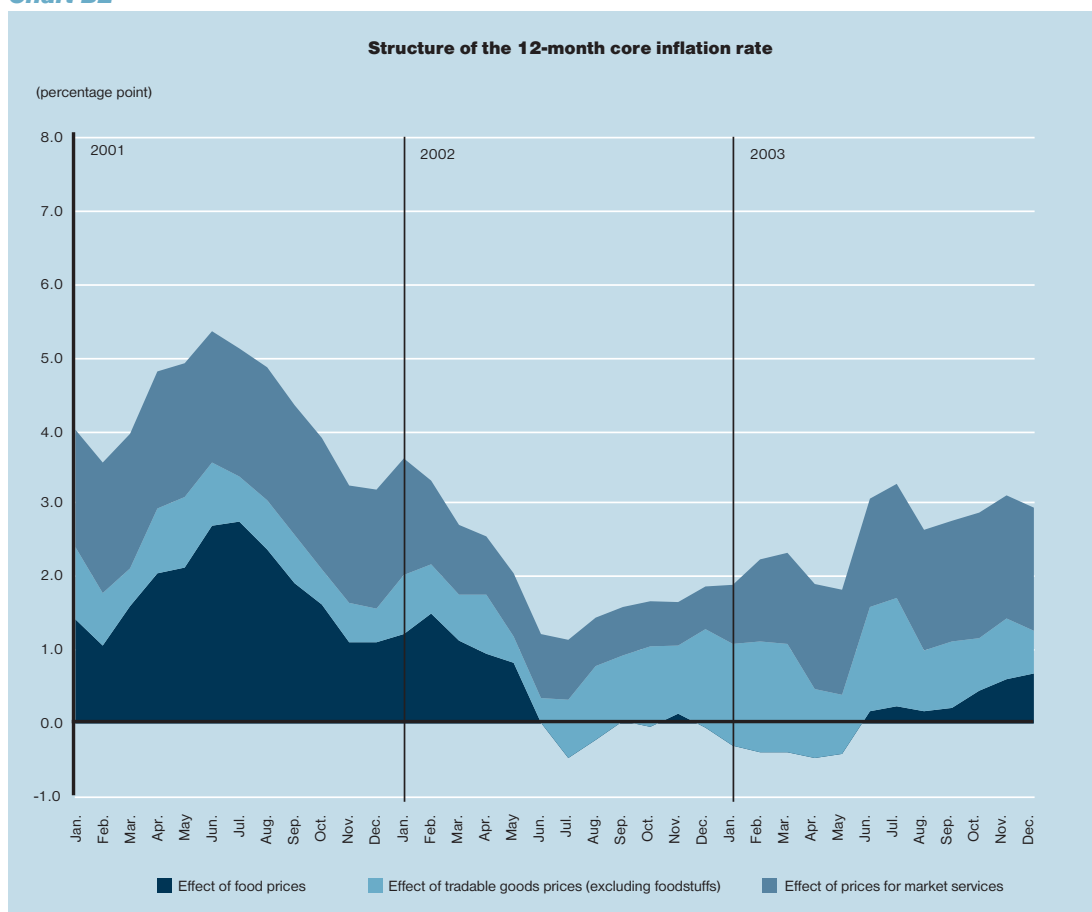
Structure of the consumer basket	2001	2002	2003			
	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.
Total (in %)	6.5	3.4	8.0	8.4	9.5	9.3
Regulated prices (in %)	17.2	6.5	22.0	21.3	20.5	18.7
Share of total, in percentage points	4.17	1.50	5.09	4.92	4.82	4.45
Impact of changes in indirect taxes on non-regulated prices – share of total, in percentage points	-0.03	0.41	1.07	1.07	2.56	2.54
Core inflation (in %)	3.2	1.9	2.4	3.1	2.8	3.0
Share of total, in percentage points	2.39	1.46	1.80	2.40	2.13	2.27
of which:						
Food prices (in %)	3.7	-0.2	-1.4	0.7	0.8	2.6
Share of total, in percentage points	0.83	-0.04	-0.29	0.15	0.16	0.54
Tradable goods (in %) ^{1/}	1.0	2.8	3.1	3.0	1.9	1.2
Share of total, in percentage points ^{1/}	0.35	1.05	1.15	1.10	0.71	0.44
Market services (in %) ^{1/}	7.7	2.5	5.2	6.2	6.8	7.0
Share of total, in percentage points ^{1/}	1.22	0.45	0.96	1.15	1.27	1.30
Net inflation (excluding the impact of changes in indirect taxes) in % ^{1/ 2/}	3.0	2.7	3.8	4.0	3.5	3.1
Share of total, in percentage points ^{1/}	1.56	1.50	2.09	2.25	1.97	1.73

Source: Statistical Office of the Slovak Republic

1/ Estimates of the NBS, based on data from the Statistical Office of the SR.

2/ Net inflation – includes price increases in tradable goods (excluding foods) and market services.

Chart B2



dynamics of tradable goods prices was also affected by the strengthening of the Slovak koruna.

The upward trend in core inflation was connected with the cost stimuli on the input side, mainly the increase in regulated prices (energy prices).

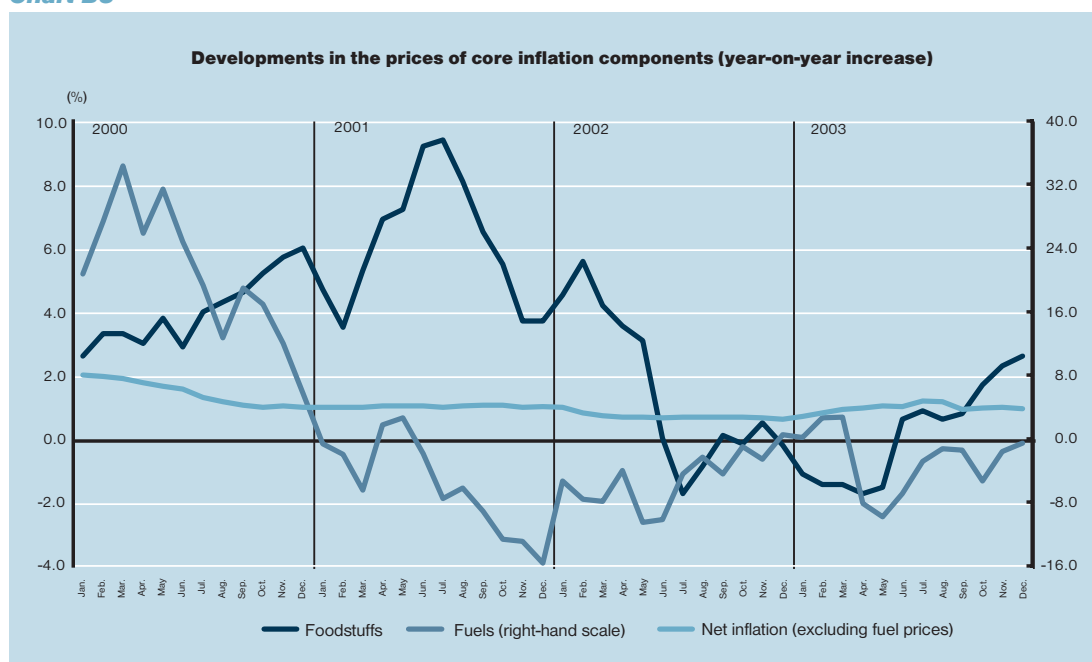
Within the basic structure of core inflation, prices for market services were the determining factor (making the most significant contribution to the rise in core inflation) in the price increase, for they reflected the secondary effects of increase in regulated prices (energy prices in particular).

At the end of 2003, food prices (excluding non-alcoholic beverages) recorded a year-on-year increase of 2.6%, compared with a fall of 0.2% in 2002. This increase was caused, on the one hand, by market-based factors, i.e. the imbalance between the supply of, and demand for, certain agricultural commodities (milk, dairy products, and meat). On the other hand, the increase was

caused by attempts on the part of primary producers to unite (in marketing associations) and exert pressure for an increase in selling prices, and attempts on the part of manufacturers to include the costs incurred in connection with the fulfilment of technological and hygienic standards in line with the EU requirements, in the prices of products. Processed food prices recorded an increase in year-on-year dynamics, especially in the second half of the year.

The rate of core inflation was stabilised by the prices of tradable goods, the year-on-year dynamics of which reached 1.2% in December. The slow rate of price increase in the tradable sector was due to several factors. The severe competition in the retail trade and the slack domestic demand, coupled by a fall in real wages, exerted no upward pressure on the price level. The slow-down in price dynamics in the tradable sector was also supported by the appreciation of the Slovak koruna in relation to the euro and the US dollar.

Chart B3



In the tradable goods sector, certain volatility was recorded in fuel prices, which reacted to the changes in oil prices, the exchange rate of the koruna against the dollar, and to developments in fuel prices on the commodity markets. In the first two months of the year, the price of oil hovered around the level of USD 30/barrel. After the completion of military operations in Iraq, oil prices fell to a level of approximately USD 25/barrel. From June to December, the price of oil increased, above the level of USD 29/barrel in December. The exchange rate of the koruna against the US dollar appreciated throughout the year. Over the course of 2003, except for the first three months, fuel prices declined on a year-on-year basis.

The prices of market services, which were determined mostly by domestic cost factors in the form of increased regulated prices, advanced at a faster rate than prices in other core inflation categories. Prices for market services showed a tendency to rise throughout the year. At the end of 2003, the year-on-year rate of price increase in market services reached 7.0%, which was 4.5 percentage points more than in the same period a year earlier. The steepest increases were recorded in prices in transport, education, and in prices for housing-related services.

Producer prices

Industrial producer prices

Industrial producer price developments in 2003 were affected by growing pressures exerted by domestic and external cost factors. Price developments were dominated by internal factors, when electricity, gas, steam, and hot water prices increased significantly as a result of continued price deregulation. The elimination of price anomalies was more intense than in 2002, which contributed significantly to the dynamic increase in industrial products prices. The prices of mineral raw materials also increased on a year-on-year basis, but to a smaller extent than in the previous year.

The increase in industrial products prices was generated partly by domestic energy prices and partly by the high price of oil on the world markets. They generated price increases mainly in sectors specialising in the processing of energetic raw materials, when the steepest increases were recorded in the price of refined oil products (4.4%) and that of base metals and finished metal products (2.9%).

Prices in the category 'foodstuffs, beverages, and tobacco' also recorded a steep increase

Table B2 Producer price developments (index, same period a year earlier = 100, average for the period)

	2001	2002	2003				
			Q1	Q2	Q3	Q4	Year
Industrial producer prices	106.6	102.1	108.5	108.1	108.1	108.5	108.3
Prices of mineral raw materials	108.5	107.4	106.9	101.3	102.2	105.3	103.9
Prices of industrial products	104.5	100.7	103.6	102.3	101.9	102.3	102.6
Prices of electricity, gas, steam, and hot water	116.6	106.7	116.7	117.7	118.4	118.7	117.9
Construction prices	106.8	105.1	104.9	105.4	105.2	105.2	105.2
Building materials prices	106.8	103.2	103.7	103.6	103.2	103.7	103.6
Agricultural prices	107.8	99.3	93.9	92.1	96.6	97.0	95.2
Prices of plant products	111.2	98.8	96.5	92.9	99.9	102.1	99.7
Prices of animal products	106.6	99.4	93.4	92.0	94.5	94.1	93.5

Same period a year earlier = 100.

(2.8%). Their course was affected by conflicting price developments in the individual groups of processed foods, when the prices of dairy products, beverages, and processed fruit and vegetables increased on a year-on-year basis, while the prices of meat and meat products, flour products, industrially prepared animal fodder, and tobacco dropped.

Construction prices

Construction prices increased year-on-year by 5.2% in 2003, due to a rise in the price of repair and maintenance work in construction (5.5%) and work on new construction, modernisation, and reconstruction projects (5.1%). In new construction projects, the steepest price increases were recorded in civil engineering projects (mainly railways), and the smallest in residential construction.

The cost prices of materials and products used in construction increased in comparison with the previous year by 3.6%, when the price of materials used in repair and maintenance work rose year-on-year by 4.4% and that of materials used in new construction, modernisation, and reconstruction projects increased by 3.4%.

Agricultural prices

Agricultural prices fell in 2003 by an average of 4.8%, due to drops in the prices of both animal and plant products. In animal production, most

products recorded a fall in price, especially the price of pork (18.5% for live animals), the sharp decline of which did not stop even when the Agricultural Intervention Agency intervened through purchase support. The drop in the price of plant products took place exclusively in cereal prices (falling by an average of 1.7%). This was due to the excess of supply over demand, resulting from the fact that manufacturers purchased cereals in smaller amounts, owing to the availability of ample reserves. The prices of other plant products recorded a year-on-year increase (mainly the price of potatoes, which rose by 7.4%).

GDP deflator

The GDP deflator increased in 2003 by 4.7%, compared with 4.0% in 2002. The development of the GDP deflator was connected with the steep increase in consumer and industrial producer prices, accompanied by a modest appreciation in the exchange rate of the Slovak koruna.

The GDP deflator was affected by the deflator of domestic demand and the relationship between the export and import deflators. The increase in the domestic demand deflator (6.4%) was due largely to growth in the deflators of final household consumption and final consumption of the general government. The relatively marked price-related change in final household consumption (7.8%) resulted from adjustments of regulated prices and indirect taxes.

Table B3 GDP deflator

(index, same period a year earlier = 100, average for the period)

	2001	2002	2003				
			Q1	Q2	Q3	Q4	Year
Consumer prices	107.3	103.3	107.6	107.9	109.1	109.5	108.5
Industrial producer prices	106.5	102.1	108.5	108.1	108.1	108.5	108.3
GDP deflator	104.2	104.0	104.7	103.6	104.3	106.1	104.7
Export deflator	105.4	100.7	98.0	97.0	97.1	94.9	96.7
Import deflator	108.4	99.8	97.2	95.6	96.9	96.7	96.6

A downward effect on the GDP deflator was exerted by the development of foreign trade deflators. The export deflator developed in line with the decline in the price index of industrial products for export, which was connected with the appreciation of the Slovak koruna. The fall in import prices was due primarily to exchange rate effects.

1.2. Gross domestic product

In 2003, the dynamic growth in the Slovak economy continued, when gross domestic product (GDP) increased in comparison with the previous year by 4.2% at constant prices (in 2002 by 4.4%). The rate of economic growth slowed slightly on a temporary basis, from 4.1% in the 1st quarter to 3.8% in the 2nd quarter, then accelerated gradually to 4.2% in the 3rd quarter and 4.7% in the final quarter. The volume of GDP

created during the year amounted to Sk 1,195.8 billion (at current prices), which was 9.1% more than a year earlier.

In a breakdown by use, GDP growth was stimulated exclusively by foreign demand, while domestic demand tended to reduce its level (due mainly to changes in inventories). Foreign demand grew year-on-year by 22.6% (at constant prices), representing the most rapid growth since 1994.

Developments of domestic and foreign demand led to growth in aggregate demand (8.5% at constant prices, compared with 4.8% in 2002). Within the structure of aggregate demand, the share of domestic demand decreased year-on-year by 5.6 percentage points (to 51.2%), while the proportion of foreign demand increased in the same measure.

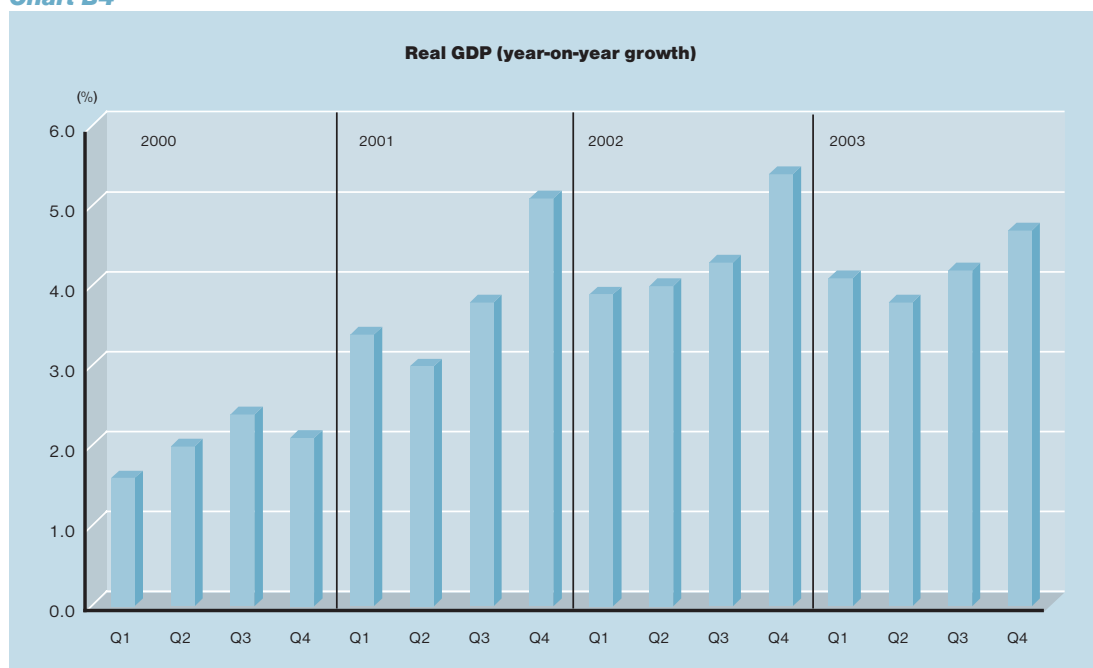
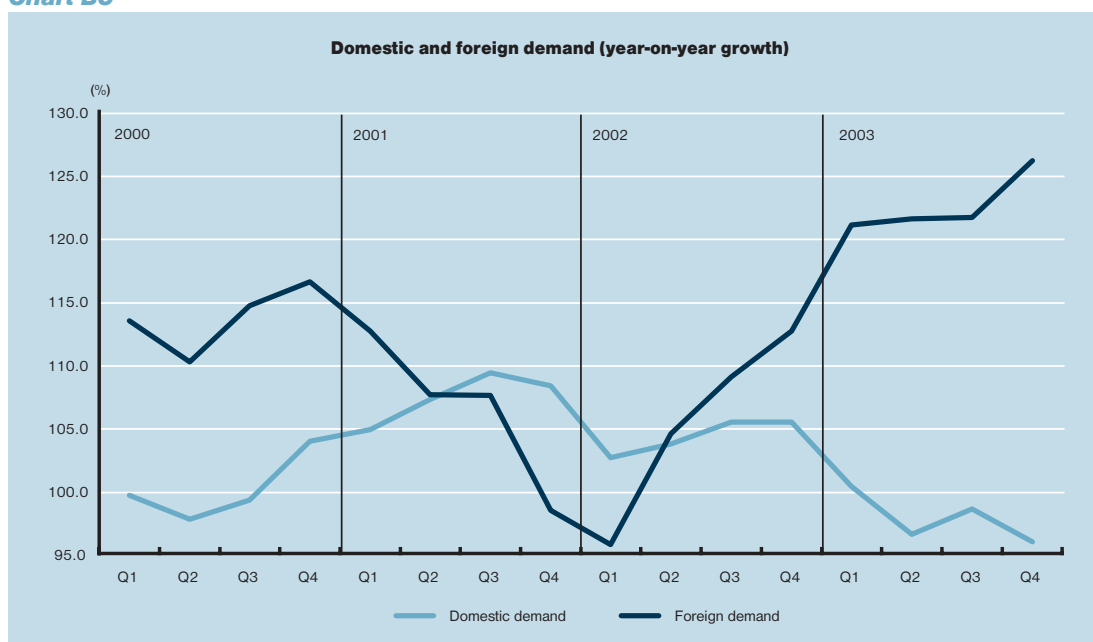
Chart B4

Chart B5**Table B4 Aggregate demand and its coverage****(constant 1995 prices)**

	Volume in billions of Sk			Structure in %		
	2001	2002	2003	2001	2002	2003
Aggregate demand	1,303.6	1,365.9	1,482.6	100.0	100.0	100.0
Domestic demand ^{1/}	744.3	775.8	759.1	57.1	56.8	51.2
Foreign demand	559.3	590.0	723.4	42.9	43.2	48.8
<i>Coverage of aggregate demand</i>						
Domestic supply	716.8	748.4	779.9	55.0	54.8	52.6
Foreign supply	586.8	617.5	702.7	45.0	45.2	47.4

^{1/} Including the statistical discrepancy.**Supply side of GDP**

The creation of value added was affected by growth in output as well as intermediate consumption. The faster real growth in output than in intermediate consumption led to improvement in the structure of the economy, when the share of

added value increased slightly (from 37.9% in 2002 to 38.1% in 2003).

The persistently large share of intermediate consumption is connected with the fact that the dynamic growth in GDP was achieved in an economy, which has a relatively small share of

Table B5 Breakdown of GDP creation by component**(Sk billions, constant 1995 prices)**

	2001	2002	2003	Index ^{1/}		
				2001/00	2002/01	2003/02
Output	1,703.2	1,780.0	1,861.7	104.9	104.5	104.6
Intermediate consumption	1,056.9	1,104.6	1,152.6	104.7	104.5	104.3
Value added	646.3	675.5	709.1	105.1	104.5	105.0
Net taxes on products ^{2/}	70.6	72.9	70.7	92.8	103.3	97.0
Gross domestic product	716.8	748.4	779.9	103.8	104.4	104.2

^{1/} Indices based on figures expressed in millions of Sk.^{2/} Value added tax, excise duties, import taxes, subsidies.

sectors with a high rate of value added in comparison with EU countries. Despite the continued long-term trend of increase in the share of services to the detriment of industry, the share of services in the creation of value added in the SR (62%) is still below the average of EU countries (70%).

In 2003, the services sector created 3.2% more GDP than in 2002 (at constant prices), which was connected with a marked increase in GDP in financial intermediation (29.4%) and in education (17.3%). Modest year-on-year growth was achieved in public administration, defence, social security, other community and social services, and in health care. In trade, GDP creation remained approximately at the level of the previous year. GDP continued to decline in hotels and restaurants, transport and storage, post and telecommunications, and after growing in the previous year, in real estate, leasing, and other business services.

The overall growth in GDP was ensured mainly in industry, construction, and agriculture, where GDP growth exceeded the overall performance of the economy.

The dynamic growth in industry was stimulated by GDP growth in the production and distribution of electricity, gas, and water supply (50.7%) and in manufacturing (6.6%). However, it should be noted that the impressive year-on-year growth in electricity, gas, and water supply was affected, first and foremost, by the low level of value added created in this sector in 2001 and 2002. In manufacturing, a year-on-year increase in value added was recorded in the production of metals and metal goods, machines, electrical equipment, and transport vehicles. On the other hand, the creation of value added diminished in food processing and the production of chemicals, rubber, and plastic products.

Table B6 Gross domestic product by sector (Sk billions, constant 1995 prices)

	2002	2003	Index ^{1/}		Share of GDP in %	
			2002/01	2003/02	2002	2003
Gross domestic product	748.4	779.9	104.4	104.2	100.0	100.0
of which:						
Agriculture, forestry, and fishing	37.4	39.1	98.4	104.4	5.0	5.0
of which: agriculture	33.6	35.5	109.9	105.6	4.5	4.5
Industry in total	191.4	209.6	99.7	109.5	25.6	26.9
Mining and quarrying	5.1	4.3	86.7	85.7	0.7	0.6
Manufacturing	171.2	182.5	98.8	106.6	22.9	23.4
Electricity, gas, and water supply	15.1	22.7	116.6	150.7	2.0	2.9
Construction	25.8	27.5	109.3	106.9	3.4	3.5
Services in total	432.7	446.6	107.7	103.2	57.8	57.3
Wholesale and retail trade, repair	99.5	99.6	97.8	100.1	13.3	12.8
Hotels and restaurants	7.7	6.1	95.3	78.7	1.0	0.8
Transport, storage, post and telecommunications	71.6	68.9	95.7	96.2	9.6	8.8
Financial intermediation	37.7	48.8	147.5	129.4	5.0	6.3
Real estate, leasing, business activity	84.9	84.8	107.8	99.8	11.3	10.9
Public administration, defence, social security	59.3	61.8	110.6	104.2	7.9	7.9
Education	22.3	26.1	120.0	117.3	3.0	3.3
Health and social services	29.5	30.0	124.7	101.7	3.9	3.8
Other community, social, and personal services	20.1	20.5	120.6	101.9	2.7	2.6
Other ^{2/}	61.2	57.1	99.3	93.3	8.2	7.3

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

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

Agriculture

In 2003, the economic results of the agricultural sector were negatively influenced by the adverse weather conditions, which affected the sowing, the vegetation period, and consequently the crop of cereals in particular.

The difficult farming conditions and the opened price scissors between the rising price of inputs and the falling price of agricultural products (persisting for the second consecutive year) caused the growth dynamics of real GDP in agriculture to weaken in comparison with 2002 by 4.3 percentage points, to 5.6%. However, the share of agriculture in GDP creation remained unchanged, at 4.5% as in the previous year (at constant prices).

Despite the difficult conditions, the receipts of agricultural organisations from the sale of own products remained at the level of the previous year (at constant prices). The total volume of receipts was affected by a moderate increase in proceeds from the sale of animal products (they accounted for more than 60% of the receipts) and a fall in proceeds from the sale of plant products as a result of poor crop.

With the exception of fruit and vegetables (in plant products) and pigs (in animal products), the sales of other plant and animal products fell on a year-on-year basis. In 2003, the stocks of cattle and pigs continued to decline. The stocks of poultry and sheep recorded a moderate increase. Milk production declined as result of slack demand among consumers.

Industry

In 2003, the volume of GDP created in industry grew year-on-year by 9.5% at constant prices (after falling by 0.3% in the previous years). The relatively rapid growth was reflected in the increased share of industry in the total volume of real GDP, which reached 26.9% (compared with 25.6% in 2002).

Compared with the previous year, industrial production recorded a moderate slowdown in dynamics in 2003 (from 6.8% to 5.7%), which was caused by a year-on-year decline in production in mining and quarrying, electricity, gas and water supply. On the other hand, industrial production was positively affected by the continuing growth in manufacturing, mainly in export-oriented sectors. This took place in the production of transport vehicles, rubber and plastic goods, electrical and optical equipment, other machines and equipment, and metals and metal products. The fall in domestic demand was reflected mainly in the production of chemicals, chemical fibres, and other chemical goods; foodstuffs, beverages, and tobacco products; and refined oil products and nuclear fuels, the production of which declined in comparison with the previous year.

The continued restructuring of industrial companies led to a reduction in overemployment (mainly in mining and quarrying, electricity, gas and water supply), while the favourable trend in manufacturing had a pro-growth effect on overall employment in industry. The number of employees in industry increased year-on-year by 0.5%, which was less than the average figure for the SR. This development affected the average level of nominal monthly wages in the sector, which rose by 7.3% in 2003 and exceeded the rate of growth in the average nominal wage in the economy as a whole.

Construction

The creation of gross domestic product in the construction sector followed a trend of growth in 2003, with the 12-month dynamics reaching 6.9% at constant prices (compared with 9.3% in 2002). The share of the sector in total GDP was relatively stable and hovered around the level of 3.5%.

The relatively dynamic growth in the sector is documented by data on the volume of construction work, which grew year-on-year by 6% at constant prices (a year earlier by 4.1%). The

output of the construction sector was affected by a modest growth in production in new construction, reconstruction, and modernisation projects (having a dominant share in the output) and a rapid growth in the volume of construction repair and maintenance work. After decline in the previous year, dynamic growth was achieved in construction abroad, but with regard to its small share in total production and the low basis of comparison, it had no significant effect on the total output of the sector.

The increased demand for construction work was reflected in the level of employment, which increased in the construction sector by 4.0% in 2003 and well exceeded the average figure for the SR. This fact was to some extent responsible for the persistent slow growth in nominal wages in construction, which reached 3.9% and remained well behind the average rate of wage growth in Slovakia.

Services

The services sector reacted to the decline in domestic demand with a more than twofold slowdown in the year-on-year growth rate of GDP (at constant prices from 7.7% in 2002 to 3.2% in 2003). As a result, the share of services in the total volume of real GDP decreased against the previous year by 0.5 percentage point, to 57.3%.

The decline in domestic demand in 2003 led to a year-on-year fall in receipts from own-output and goods in all market services sectors. An exception was represented by the receipts of organisations specialising in the sale of motor vehicles and fuels, which increased at constant prices by 1.9%, and receipts in post and telecommunications, which rose by 8.5% at current prices.

In 2003, the level of employment in the services sector rose by 1.1%, after falling in 2002 by 0.1%. This development was connected with a dynamic growth in employment in financial intermediation; public administration, defence, compulsory social security; real estate, leasing, and business services; and in health and social services. Wage developments in services followed a different course: the growth in nominal wages in some sectors remained behind (in health services, real estate, transport, public administration) and/or exceeded (in education, other public services, hotels, financial intermediating) the average growth in the economy as a whole.

Demand side of GDP

In the structure of GDP by use, the 2003 increase in GDP at constant prices was generated exclusively by foreign demand. Its contribution to growth in GDP was greater than in the previous year, i.e. 6.4 percentage points (2002 saw a zero contribution). The contribution of domestic demand changed on a year-on-year basis, from positive to negative, and reduced the rate of GDP growth by 2.4 percentage points in relative terms. This change was caused mainly by a fall in gross capital formation, and a decline in private consumption in real terms.

Domestic demand

In 2003, domestic demand fell year-on-year by 2.3% at constant prices. It increased slightly in the first quarter, but then remained below the level of the previous year in the following quarters. Domestic demand was affected by a decline in both gross capital formation and final household consumption. It followed a volatile course of development during 2003, due to

Table B7 Absolute year-on-year increases in GDP with contributions (constant 1995 prices)

	2001		2002		2003	
	Sk billions	Contribution	Sk billions	Contribution	Sk billions	Contribution
Gross domestic product	26.1	3.8	31.5	4.4	31.5	4.2
Domestic demand	51.6	7.5	32.1	4.5	-17.8	-2.4
Statistical discrepancy	0.0	0.0	-0.6	-0.1	1.1	0.2
Net exports	-25.4	-3.7	0.0	0.0	48.2	6.4

Table B8 Gross domestic product by use

(Sk billions, constant 1995 prices)

	2001	2002	2003		Index ^{1/}	
				2001/00	2002/01	2003/02
Gross domestic product	716.8	748.4	779.9	103.8	104.4	104.2
Domestic demand	744.3	776.4	758.6	107.4	104.3	97.7
of which:						
Final consumption in total	536.5	564.0	566.7	104.7	105.1	100.5
Households	384.4	404.8	402.4	104.9	105.3	99.4
Non-profit institutions	6.2	6.4	7.1	95.7	103.5	111.9
General government	145.9	152.8	157.1	104.6	104.7	102.9
Gross capital formation	207.8	212.4	191.9	115.2	102.2	90.3
Gross fixed capital	201.9	200.1	197.8	113.9	99.1	98.8
Change in inventories	5.9	12.3	-5.9	x	x	x
Net exports	-27.5	-27.5	20.7	x	x	x
Exports of goods/services	559.3	590.0	723.4	106.3	105.5	122.6
Imports of goods/services	586.8	617.5	702.7	111.0	105.2	113.8
Statistical discrepancy	0.0	-0.6	0.6	x	x	x

^{1/} Indices based on figures expressed in millions of Sk.

changes in inventories. The decline in domestic demand was moderated by growth in final consumption of the general government and in non-profit institutions serving households.

The increase in final consumption took place mostly in general government, while final household consumption (71% of consumer demand) declined year-on-year by 0.6%.

Domestic consumer demand

Final consumption in total contributed to GDP growth only slightly in 2003, when its year-on-year dynamics reached 0.5% at constant prices.

In the structure of final household consumption, purchases of foodstuffs (26.4% at constant prices) and expenses on housing, water, electricity, and gas (22.3%) accounted for almost 50% of consumer spending. The most rapid growth

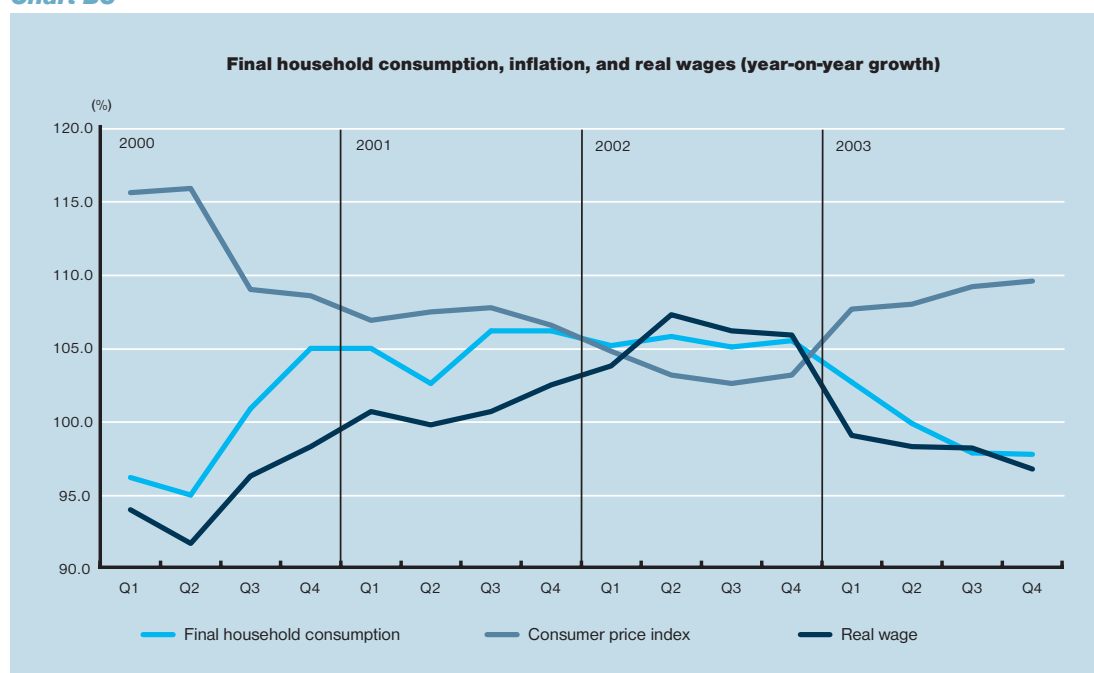
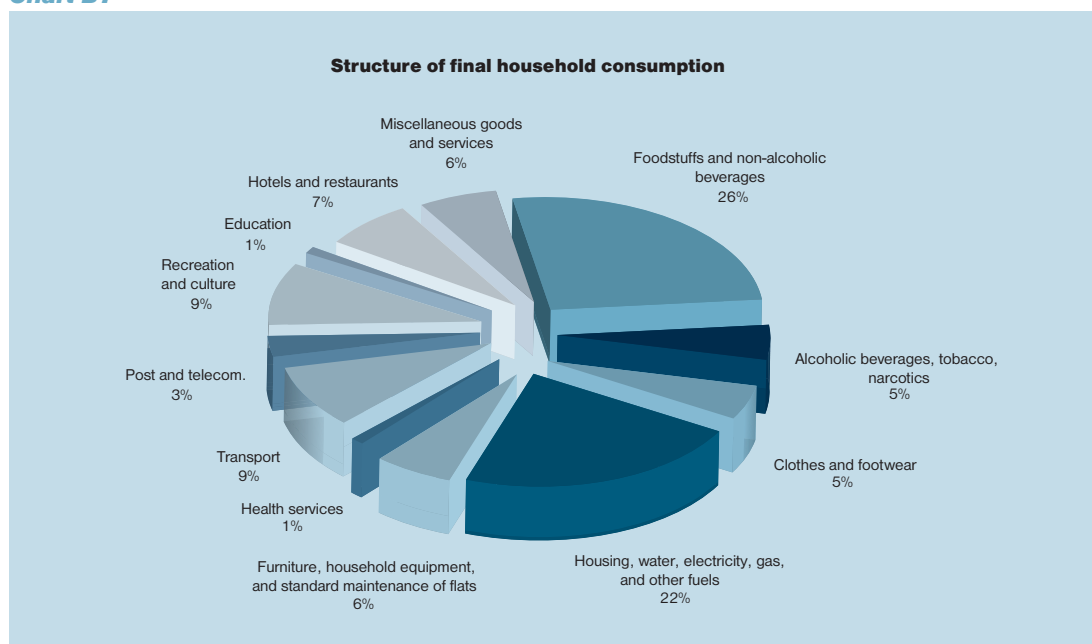
Chart B6

Chart B7



was recorded in spending on health services (12.9%) and education (8.1%), but if we take into account the weights of individual categories of consumer expenses, the most significant increase took place in spending on housing, water, electricity, and gas.

As a result of increased electricity, gas, and water prices and increased indirect taxes, households were probably forced to reallocate their consumer expenditures according to their disposable incomes. The increased expenses on housing and energy were partly offset by a real fall in other expenses, especially in consumer spending on recreation, culture, alcoholic beverages, tobacco, and narcotics.

Final consumption in general government increased year-on-year by 2.9%. The individual quarters saw different trends of development in public consumption: a moderate decline in the first three quarters, followed by dynamic growth in the fourth quarter. This development was caused probably by the lower expenses of budgetary institutions in the first three quarters, compared with the budgeted amounts, and by the postponement of their drawing until the end of the year.

Income and expenditure of households

According to data from the Statistical Office of the SR, the current income of households increased year-on-year in nominal terms by 6.0% in 2003, while falling in real terms by 2.3%. The rate of growth was 2.4 percentage points slower than in 2002. The current expenditure of households (paid to other sectors and not used for direct consumption) increased in nominal terms by 5.5% (a year earlier by 8.5%), representing a slowdown in dynamics. In real terms, current expenditure decreased year-on-year by 2.8%.

The level of current income was affected mainly by an increase in income from work and business activity, when the gross mixed income of households (which includes the receipts of tradesmen spent by their households as well as their business profits) increased by 9.0% (in 2002 by 8.4%) and income from work, i.e. compensation of employees, grew by 5.9% (in 2002 by 8.1%). The fall in the year-on-year dynamics of current income was caused mainly by a slowdown in the rate of growth in gross wages and salaries (due to their large weight).

Table B9 Generation and use of incomes in the household sector (current prices)

	Sk billions		Index ^{1/}		Share in %	
	2002	2003	2002/01	2003/02	2002	2003
Compensation of employees (all sectors)	466.6	494.0	108.1	105.9	51.4	51.3
of which: Gross wages and salaries	348.8	368.3	108.1	105.6	38.4	38.3
Gross mixed income	242.9	264.9	108.4	109.0	26.8	27.5
Income from property – received	32.3	28.1	98.3	87.1	3.6	2.9
Social benefits	134.3	143.9	109.0	107.2	14.8	14.9
Other current transfers – received	31.9	32.0	121.7	100.4	3.5	3.3
Current income in total	908.0	962.9	108.4	106.0	100.0	100.0
Income from property – paid	5.5	6.5	115.9	118.7	2.3	2.6
Current taxes on income, property, etc.	47.8	50.3	112.4	105.2	20.1	20.0
Social security contributions	160.1	170.3	106.6	106.4	67.3	67.8
Other current transfers – paid	24.6	24.1	112.5	97.8	10.4	9.6
Current expenditure in total	238.1	251.3	108.5	105.5	100.0	100.0
Gross disposable income	669.9	711.6	108.3	106.2	100.0	100.0
Adjustment for the change in net equity of households in pension funds	2.7	3.3	139.6	122.2	x	x
Final household consumption	623.1	667.5	107.9	107.1	93.0	93.8
Gross savings of households	49.4	47.4	115.2	96.1	7.4	6.7

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

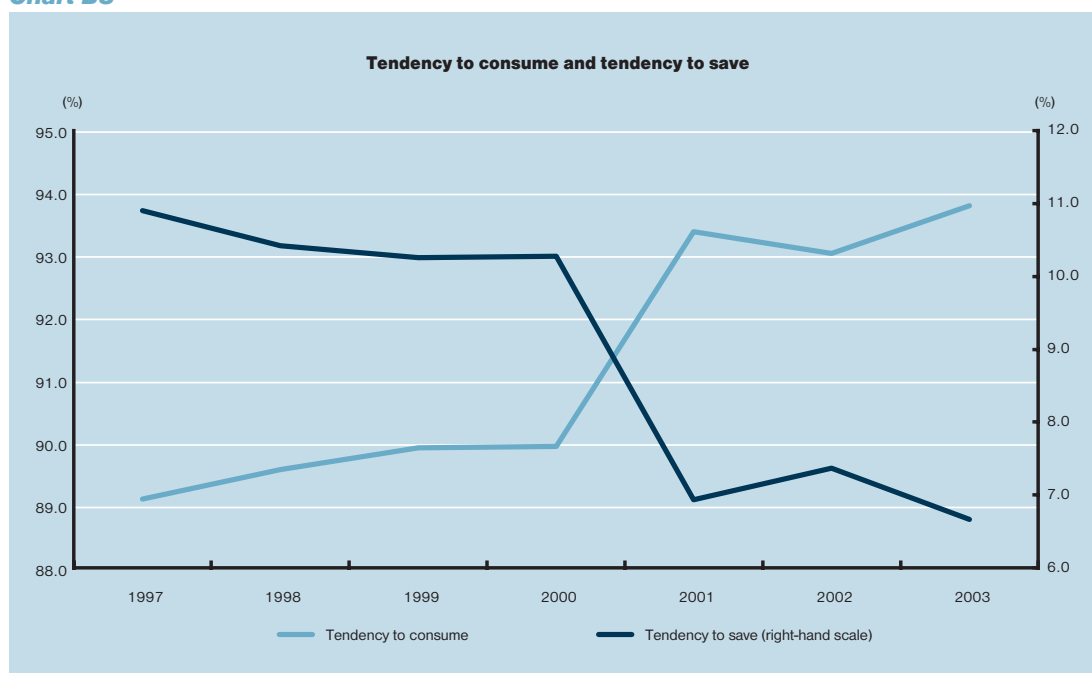
The year-on-year growth in the volume of welfare benefits (pensions, social security benefits, and unemployment benefits) was mainly due to an increase in pensions, which accounted for more than 60% of the total amount paid in welfare benefits. The only income item that recorded a year-on-year decline was income from property (arising from the ownership of financial assets, i.e. deposits, bonds, etc., or the ownership of land, underground resources, etc., if placed by the owner at the disposal of another institutional unit). We may assume that the decline in this income item, persisting since 2000, was affected mainly by the continuing fall in interest rates on household deposits, for interest represents a substantial part of income from property.

Current expenditure was affected mainly by social security contributions and current taxes on income and property, which together accounted for 87.8% of the volume of current expenditure. The weaker dynamics of current expenditure in comparison with the previous year, was probably connected with the relatively slow growth in gross wages and salaries.

Faster growth than a year earlier was recorded only in income from property paid. Its strong dynamics, persisting for the third consecutive year, was apparently due to an increase in charges for the administration of financial assets for households, particularly in bank charges.

The slowdown in the rate of growth in current income and current expenditure in the household sector was reflected in the development of gross disposable income, which represents the difference between current income and current expenditure. Its dynamics diminished in comparison with the previous year by 2.1 percentage points, to 6.2%. Of the gross disposable income of households, Sk 667.5 billion was used for final consumption, the remainder went on gross savings, which include not only the bank deposits of citizens and small entrepreneurs but their investments and supplementary annuity insurance as well. They fell in volume by 3.9% year-on-year and their share in gross disposable income (the rate of gross household savings) reached 6.7%, representing a decrease of 0.7 percentage point in comparison with the figure for 2002. In the long term, the tendency of households to

Chart B8



consume is on the increase, while their tendency to save is in decline.

Domestic investment demand

Gross capital formation (including a change in inventories) declined in 2003 by 9.7% at constant prices. Its development was affected first and foremost by a fall in the volume of inventories (by Sk 5.9 billion) The lower level of inventories in the Slovak economy may be connected with the attempt of enterprises to improve their efficiency and to increase exports. The decline in gross investment was caused in part by gross fixed capital formation, which fell on a year-on-year basis for the second successive year (in 2003 by 1.2%).

In 2003, the share of domestic funds in the financing of investment demand increased, since the gap between gross domestic savings, i.e.

unconsumed part of GDP, and gross investments narrowed. There were more than 90 hellers worth of gross savings in the national economy for one koruna worth of gross investments in 2003, compared with approximately 70 hellers in previous years.

Gross fixed capital formation declined in almost all sectors in 2003. An exception was constituted by households, which invested heavily in the construction of flats and houses. Within the structure of investments in construction, investment in residential buildings increased, due to the availability of new forms of financing (mortgage loans, home saving, and government loans). Despite intense investment activity on the part of household, the total volume of investment in structures declined year-on-year by 4.2%, due to a downturn in investment in other structures (halls and buildings for production and services,

Table B10 Investments and savings

(%, current prices)

	2001	2002	2003
Rate of savings ^{1/}	21.8	22.3	23.3
Rate of gross fixed investments ^{2/}	30.0	29.3	25.3
Rate of fixed fixed investments ^{3/}	28.8	27.4	25.8
Coverage of investments by savings ^{4/}	72.8	76.2	92.1

1/ Share of gross domestic savings (GDP less final consumption in total) in GDP.

2/ Share of gross capital formation in GDP.

3/ Share of gross capital formation in GDP.

4/ Share of gross domestic savings in gross investments.

Table B11 Structure of gross fixed capital formation in 2003

	Gross fixed capital formation (Sk millions)	Share in the Slovak economy (%)	Index 2003/02
Economy of the SR in total:	308,404	100.0	98.8
of which (by production):			
Structures	103,978	33.7	95.8
Residential buildings	19,144	6.2	101.1
Other structures	84,834	27.5	94.7
Machinery	182,983	59.3	100.9
Metal products and machinery	135,388	43.9	99.4
Transport equipment	47,595	15.4	105.4
of which (by sector):			
Non-financial corporations	182,259	59.1	99.0
Financial corporations	43,107	14.0	97.6
General government	30,597	9.9	96.8
Households	51,830	16.8	101.0
Non-profit institutions serving households	611	0.2	72.1

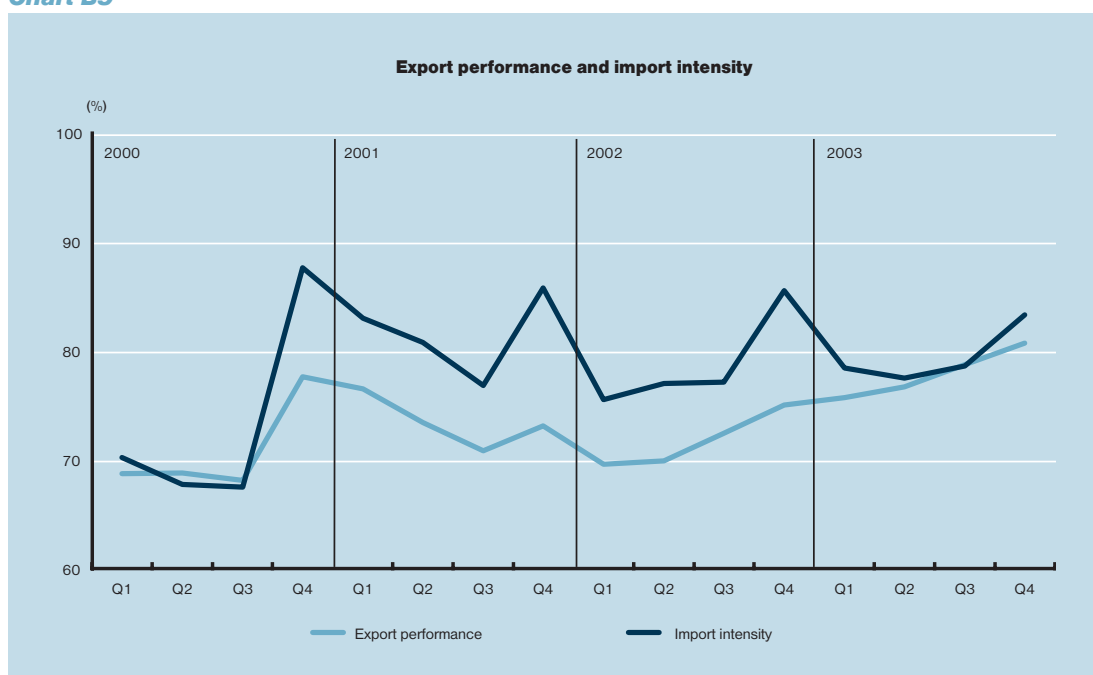
Note: The volumes are at current prices, the indices at constant 1995 prices.

other industrial facilities, bridges, roads, and other civil engineering works, flood control dykes, and other water engineering structures). Investment in machinery increased somewhat on a year-on-year basis (by 0.9%) as a result of investments in the category 'transport equipment'.

Net exports

The growth in the exports of goods and services in 2003, accompanied by a moderate growth in imports, led to improvement in the trade balance. The deficit in net exports at current prices reached Sk 17.9 billion in 2003, representing an improvement of Sk 60 billion compared with the previous year. Including the negative year-on-year increa-

Chart B9



ses in the deflators of foreign trade (caused mainly by exchange rate developments), net exports at constant prices, including a statistical estimate of the unregistered economy, resulted in a surplus of Sk 20.7 billion (compared with a deficit of Sk 27.5 billion in 2002).

The improvement in foreign trade resulted partly from the trend of year-on-year convergence between the functional openness indicators of the economy in 2003. Export performance, expressed in terms of the exports of goods and services as a share of GDP (at current prices), increased year-on-year by 6.2 percentage points, to 78.0%. The increased share of exports in GDP was primarily a consequence of growth in the exports of transport equipment. The increase in export dynamics led to growth in the import-intensity of the economy. Import demand increased year-on-year by 0.6 percentage point, with the volume of imported goods and services accounting for 79.5% of GDP.

with, demographic factors, which were responsible for the smaller increases in the number of economically active population, and administrative measures in the registration of job applicants. In 2003, employment maintained an upward trend for the third consecutive year. According to statistical records, there were 2,025,000 employees in the Slovak economy (on average), which represented a year-on-year increase of 0.8% and an acceleration of 0.7 percentage point in the rate of growth in comparison with 2002.

The increase in employment took place mostly in financial intermediating (an increase of 5.5%), construction (4.0%), public administration, defence, and compulsory social insurance (3.9%), and in real estate, leasing, and business services (3.2%). On the other hand, the level of employment fell in agriculture, hunting, and forestry, and in transport, storage, post and telecommunications.

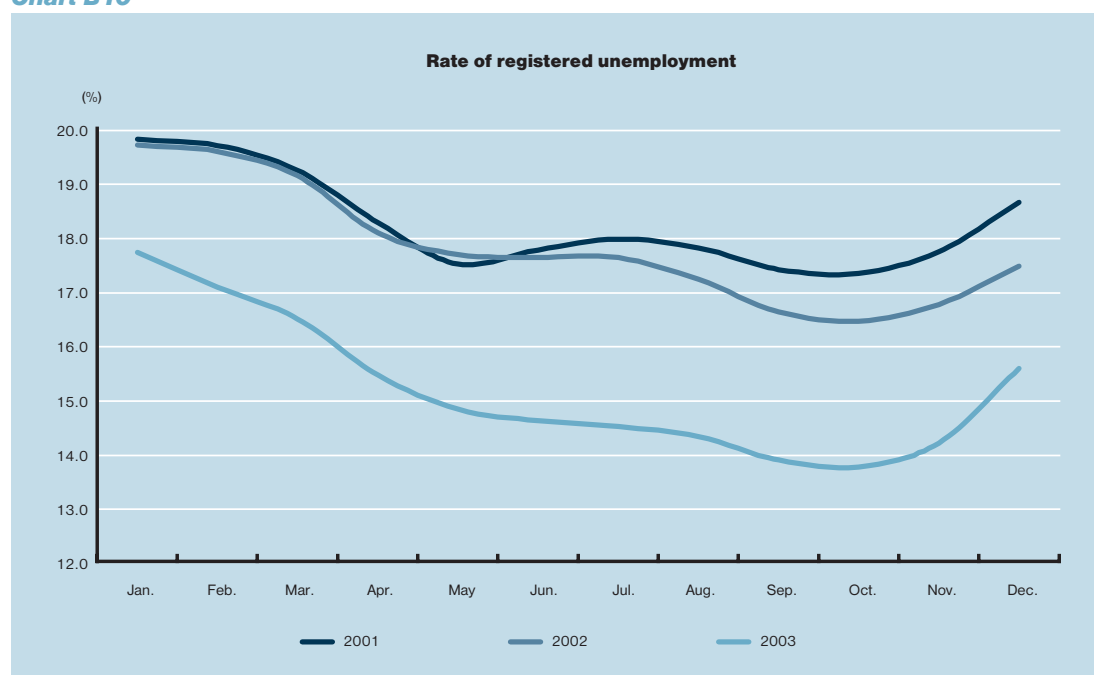
1.3. Labour market developments

Employment and unemployment

The main factors determining the level of employment and unemployment were economic gro-

Unemployment showed a tendency to fall over the course of 2003. At the end of the year, the number of unemployed registered at labour offices stood at 452,000 (compared with 504,000 in 2002). Compared with December 2002, the rate of unemployment, based on the number of registered unemployed, dropped by 1.9 percentage

Chart B10



points, to 15.6%. The average figure for 2003 dropped year-on-year by 2.6 percentage points, to 15.2%, representing the lowest figure in the last five years.

The course of unemployment during the year was affected mostly by the adoption of administrative measures and the enactment of an amendment to the Act on Employment with effect from January 2003, which tightened the conditions for the registration of job seekers and placed them under the obligation to contact the labour office at biweekly intervals with some evidence of active co-operation. This fact was reflected in the falling rate of unemployment, from January to October. In November and December, the unemployment rate again increased, which was connected with the re-registration of persons who had been excluded from the registers of labour offices at the beginning of the year due to unwillingness to co-operate, and with the absence of seasonal work.

Over the course of the year, more than 402,000 new job applicants signed on at labour offices, while almost 455,000 persons were deleted from the registers. During the same period, more than 297,000 registered unemployed were placed into jobs.

The other indicators also showed a favourable tendency: the average number of job seekers per vacancy dropped to 23 in 2003, from 34 a year earlier. In 2003, the average period of registration

was reduced to 15.2 months, from 17.8 months in 2002.

Wages and labour productivity

In 2003, the average monthly nominal wage in the Slovak economy reached Sk 14,365, representing a year-on-year increase of 6.3%. The rate of growth was 3 percentage points slower than in 2002. Wage developments, mainly in the 4th quarter, were probably affected by the shift of the flexible part of wages to 2004 in connection with the implementation of the tax reform with effect from 1 January 2004. Real wages fell year-on-year by 2.0%, after increasing in 2002 by 5.8%. The fall in real wages was caused by a slowdown in the rate of growth in nominal wages and a rise in average consumer prices, the dynamics of which increased from 3.3% in 2002 to 8.5% in 2003.

A slowdown in the year-on-year dynamics of nominal wages and a fall in real wages were recorded in most sectors. The slowest nominal wage growth occurred in trade and repair services (2.4%), health and social services (3.4%), and construction (3.9%), while the steepest increases were recorded in education (9.6%), other community and social services (8.8%), and in hotels and restaurants (7.5%). Nominal wages in industry grew at the same rate as in 2002 (7.3%). The slowdown in wage dynamics in numerous non-market services sectors was a result of the low basis of compari-

Table B 12 Labour market indicators

(same period a year earlier = 100)

	2002	2003				
		Q1	Q2	Q3	Q4	Year
Nominal wage (Sk)	13,511	13,082	14,118	14,066	16,180	14,365
Nominal wage (index)	109.3	106.5	105.9	107.0	106.0	106.3
Labour productivity of GDP (index, curr. prices)	108.4	108.0	106.0	108.3	110.4	108.2
Nominal wage (index)	105.8	99.0	98.2	98.1	96.7	98.0
Labour productivity of GDP (index, const. prices)	104.3	103.1	102.4	103.9	104.1	103.4
Wage minus productivity (percent. points)	1.5	-4.1	-4.2	-5.8	-7.4	-5.4
Employment (index) ^{1/}	100.1	100.9	101.4	100.3	100.6	100.8
Rate of registered unemployment (%) ^{2/}	17.8	17.1	15.0	14.2	14.5	15.2
Consumer prices (average index)	103.3	107.6	107.9	109.1	109.6	108.5

1/ According to quarterly statistical records.

2/ Of the disposable number of unemployed, average for the period (NBS estimate).

Chart B11



son in the previous year, when wages increased significantly in public services in accordance with the new Acts on civil and public services.

Wages levels in the individual sectors continued to show relatively marked differences. The highest average monthly nominal wage (Sk 29,088 recorded in financial intermediating) was 2.66 times higher than the lowest wage (Sk 10,942 in agriculture), compared with 2.65 times a year earlier. As in the previous year, wages remained below the average wage in the Slovak economy in five sectors.

Labour productivity maintained relatively strong dynamics in 2003, in both nominal and real terms. At current prices, labour productivity grew by 8.2% and exceeded the dynamics of nominal wages by 1.9 percentage points. The dynamics of real productivity reached 3.4%, which represented an excess of 5.4 percentage points over real wages, which fell during the year.

1.4. Financial results of corporations

According to preliminary data from the Statistical Office of the SR, financial and non-financial corporations reached different financial results in 2003.

Financial corporations (banks, including the NBS, insurance companies, other financial intermediaries) recorded, as in the previous year, a negative financial result. The total loss amounted to Sk 15.1 billion and was affected primarily by the financial performance of the NBS, which resulted in a loss of Sk 31.4 billion in 2003. The deepening negative financial result can be ascribed to the loss of financial institutions (which grew by 59.7% compared with 2002), offset partly by an increase in the earnings of insurance companies (by 104%) and the profits of other financial intermediaries.

According to preliminary data, non-financial corporations generated a gross profit of Sk 153.1 billion, which was 9.9% more than a year earlier. In terms of volume, the largest profits were achieved in industrial production; electricity, gas, and water supply; and in trade. The only loss-making sector was agriculture, fishing, and forestry.

The relatively steep year-on-year increase in profits took place predominantly in transport; post and telecommunications; electricity, gas, and water supply; and in industrial production, where the largest increases in profits were achieved in the production of machines and equipment, metals and metal articles, rubber and plastic goods, and electrical and optical equipment.

Table B13 Financial results of corporations**(current prices)**

	Sk millions		Index
	2002	2003	2003/02
Financial result (before taxation)			
Non-financial and financial corporations in total	133,685	138,023	103.1
Non-financial corporations	139,138	153,145	109.9
Financial corporations	-5,453	-15,122	277.3
Number of non-financial corporations (with 20 or more employees)			
Non-financial corporations in total	6,127	5,849	-278
Non-loss-making corporations	4,426	3,919	-507
Loss-making corporations	1,701	1,930	229

Source: Statistical report on the basic trends of development in the economy of the SR in 2003.

Within the structure of non-financial corporations, a substantial part of the profit (52.9%) was generated by large companies, while medium-sized companies accounted for 15.9% and small companies 31.2% of the total profit. The year-on-year growth in earnings in the non-financial sector was affected by a marked increase in the profits of large companies (with 1,000 and more employees), while the profits of small and medium-sized enterprises remained below the level of the previous year.

2. BALANCE OF PAYMENTS

2.1. Current account

In 2003, the balance of payments on current account resulted in a deficit of Sk 10.2 billion, which was Sk 77.1 billion less than in the previous year. This development was mainly due to a year-on-year improvement in the trade balance. The upturn in export activity, mainly in relation to EU countries, led to a year-on-year growth of Sk 151.0 billion in exports.

The marked improvement in the trade balance caused the ratio of the current account deficit to

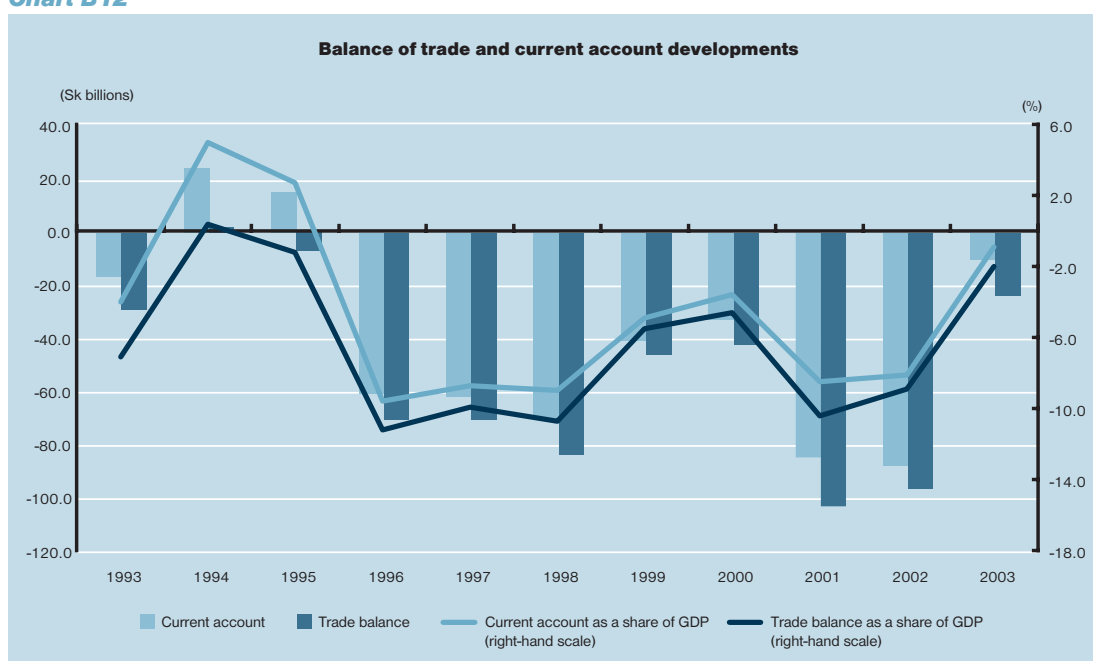
Chart B12

Table B14 Balance of payments on current account**(Sk billions)**

	2003		2002
Balance of trade	-23.6	(-23.6)	-96.0
Services balance ^{1/}	8.6	(14.4)	20.7
Income balance ^{1/}	-4.4	(-18.8)	-20.7
Current transfers	9.2	(11.8)	8.8
Current account in total	-10.2	(-16.2)	-87.2
Current account as a share of GDP in %	-0.9	(-1.4)	-8.1

1/ The methodology applied for determining the compensation of employees was changed with effect from 2003. In contrast with the original methodology (which was based exclusively on banking statistics), the new methodology also applies data estimated or calculated by of the Statistical Office of the SR (number of employees abroad, average wage, expenses of employees abroad, etc.). Since the change in methodology affects not only the income balance (the compensation of employees is part of the income balance) but tourism (the expenses of Slovak workers abroad are included in payments within the scope of tourism) and in part the balance of current transfers as well (part of the compensation of employees received is delivered through the transfers of natural persons), the information value of the comparison of 2003 with the previous year decreases (the said change caused the current account deficit to improve by Sk 6.0 billion). Figures according to the original methodology are presented in brackets.

GDP to drop to 0.9% (the best value since 1995, when the current account generated a surplus). The trade deficit as a share of GDP diminished to 2.2%.

Balance of trade

The trade balance resulted in a deficit of Sk 23.6 billion, representing a year-on-year improvement of Sk 72.4 billion. The improvement was mainly a result of faster growth in the physical volume of exports than in the volume of imports, despite the persistence of low demand on the world markets. The result of foreign trade in 2003 was also supported by the exchange relations affected by a fall in the overall import price index, a rise in the export price index, and a year-on-year appreciation in the nominal exchange rate of the koruna against the major currencies.

From a geographical point of view, the balance of trade improved substantially with EU countries, especially with Germany and partly with Austria and Great Britain. The share of EU member states, including the accession countries, reached 86% of total exports and 75% of total imports. In relation to other advanced market economies (except the European Union and CEFTA countries), the deficit changed into a surplus as a result of improvement in the trade balance with the USA in 2003, when the export of automobiles to that region significantly increased.

According to preliminary data from the Statistical Office of the SR, goods were exported over the course of 2003 in the total amount of Sk 803.0 billion, which was 23.2% more than in the same period of the previous year (51.8% in USD and 26.8% in EUR).

Table B15

Year-on-year changes in Slovak exports and the contributions of individual components

	Exports in billions of Sk		Contribution in %	
	2003	2002	2003	2002
Raw materials	2.5	-1.0	0.4	-0.2
Chemical goods and semi-products	14.8	8.6	2.3	1.5
Machines and transport equipment	124.0	21.5	19.0	3.5
of which: Machines	28.7	3.3	4.4	0.5
Transport equipment	95.3	18.2	14.6	3.0
Finished products	9.7	11.6	1.5	1.9
Exports in total	151.0	40.7	23.2	6.7

Table B16**Year-on-year changes in Slovak imports and the contributions of individual components**

	Imports in billions of Sk		Contribution in %	
	2003	2002	2003	2002
Raw materials	-1.5	-11.1	-0.2	-1.6
Chemicals and semi-finished goods	20.2	19.7	2.7	2.8
Machines and transport equipment	49.1	15.4	6.5	2.2
Finished products	10.9	9.9	1.5	1.3
of which:				
Agricultural and industrial products	2.4	7.9	0.4	1.1
Automobiles	1.4	-0.4	0.2	-0.1
Machines and electrical-engineering consumables	7.1	2.4	0.9	0.3
Imports in total	78.7	33.9	10.5	4.7

In the structure of exports by commodity, the share of machines and transport equipment increased in 2003. This category was the only one to achieve an above-average growth on a year-on-year basis (46.4%). Slovak exports were completely dominated by the automobile industry. Of the total year-on-year increase in exports, the exports of automobiles and automobile components accounted for 66.3%.

Automobile components include automobile seats, the exports of which increased by 60% in 2003. Automobile seats were the main source of growth in furniture exports, which are included in the category 'finished products'. In addition, increased export activity was recorded in footwear, while the exports of clothes and other industrial products declined.

Foreign direct investment was one of the main stimuli to growth in the exports of machines and electrical instruments. The year-on-year growth in exports in this category took place in automatic data processing machines, white technology, videophones, bearings, mechanical instruments, electrical transformers, integrated circuits, neon tubes, and cables, etc.

Year-on-year increases were also recorded in the exports of certain semi-finished goods, such as iron and steel, iron and steel products, rubber, metal articles, and selected wood products. Year-

on-year decline in exports was recorded in chemical products, mainly organic chemicals, pharmaceuticals, and cleaning agents (the exports of these products declined mainly as a result of a fall in prices, and developments in the exchange rate of the koruna against the US dollar).

The volume of goods imported in 2003 totalled Sk 826.6 billion, representing a year-on-year increase of 10.5% (corresponding to 36.3% in USD and 13.7% in EUR).

In imports, as in exports, the share of machines and transport equipment increased slightly in 2003. Imports in this category grew by 20.7%, exceeding the rate of overall year-on-year growth. Imports were concentrated in the automobile industry, which led to growth in the imports of vehicle components and selected machine engineering products (e.g. engines, etc.). On the other hand, a slight decline was recorded in the imports of machines and equipment for industry, mainly printing, metallurgy, and the textile industry, and in the imports of office machines, machines used in construction, agriculture, etc. The decline in the import of machines and equipment, which may be classified as import of technological equipment for the national economy, was connected with the fall in investment demand.

The import of finished products, which grew at a faster rate than in 2002, was driven mostly by

the growing imports of consumer electronics. In addition to household goods, a modest increase in imports was also recorded in footwear, clothes, toys, sporting goods, and automobiles, while the imports of most foodstuffs and beverages declined.

Year-on-year decline in imports was also recorded in the category 'mineral fuels'. The fall in the Sk price of oil, resulting from the favourable trend in the exchange rate of the Slovak koruna against the US dollar, is responsible for the fact that oil imports declined, despite a certain increase in both volume and price (in USD), by 5.8%. Of other raw materials, a certain decline was recorded in gas imports, where the fall in volume exceeded the increase in price not only in dollars but in koruna as well. Within the category 'raw materials', the decline in gas and oil imports in koruna terms was offset partly by a growth in the import of electrical energy.

In 2003, trade in services generated a surplus of Sk 8.6 billion, which was Sk 12.1 billion less than a year earlier (without the change in methodology, Sk 6.3 billion would be achieved). Receipts from the exports of services fell by Sk 5.7 billion, while payments for imported services increased by Sk 6.4 billion. The decrease in the services balance surplus took place in all components. While receipts from the exports of services fell most significantly in 'other services in total', payments for imports increased mostly in 'transport services'.

Table B17 Balance of services (Sk billions)

	2003	2002
Balance of services	8.6	20.7
Transport	18.7	25.5
Tourism	10.7	12.8
Other services in total	-20.8	-17.6

Receipts from the international transport of goods and persons amounted to Sk 51.6 billion (a year-on-year fall of Sk 0.9 billion) and expenses totalled Sk 32.9 billion (an increase of Sk 5.8 billion). In terms of volume, the largest item in transport services was still income from the transport of gas and oil, which reached Sk 27.8

billion (54% of the total receipts from transport). Transit charges paid in the form of gas supply from Russia fell by Sk 3.5 billion, in connection with the depreciation of the US dollar.

In international road, railway, and water-borne transport services, as well as in other services directly related to transport, the deficit increased by almost Sk 3.0 billion. The increase in the deficit was generated by increased payments to foreign transporters for the transport of goods, mainly by road and to a lesser extent by rail, as a result of accelerated growth in foreign trade.

The positive balance of foreign tourism diminished year-on-year by Sk 2.1 billion. Foreign exchange receipts from foreign tourism reached Sk 31.7 billion (96.7% of the figure for 2002). The lower receipts from active tourism can be explained partly by the smaller number of foreign visitors and partly by the smaller number of days they spent in Slovakia. While the number of foreign visitors and the number of nights spent in Slovakia increased slightly in the first half of the year, the annual values of these indicators for 2003 remained below the level of 2002. The second reason was the appreciation of the Slovak koruna against the three basic currencies (the Czech koruna, the euro, and the US dollar). If we assume that the dollar accounted for 40% of the total receipts from tourism, the appreciation of the koruna caused a more than Sk 3.5 billion fall in receipts (according to quarterly statements of foreign exchange receipts and payments by region, more than 50% of the receipts from tourism came from visitors from European countries).

The expenses of Slovak citizens on foreign travel reached Sk 21.0 billion, which was Sk 1.0 billion more than in 2002. With effect from 2003, these expenses are to be increased, in accordance with the methodology of national accounts and the balance of payments manual of the IMF (5th edition), by the expenses of citizens on goods and services in the countries where they work (for this reason, expenses on foreign travel were increased by Sk 5.8 billion in 2003). Excluding this amount, the amount of foreign exchange

drawn by Slovak citizens for travel abroad would fall by more than 25%.

The balance of 'other services in total' (telecommunications, construction, insurance, financial, leasing, computer engineering, advertising, business, and technical services, etc.) produced a massive deficit as in previous years. The deficit in 'other services in total' amounted to Sk 20.8 billion (a year-on-year increase of Sk 3.2 billion).

Compared with 2002, the sharpest fall in receipts was recorded in legal, accounting, and consulting services. The pronounced fall in receipts from the exports of these services was, however, accompanied by a higher fall in payments for their import, which led to a year-on-year decrease in the deficit by Sk 1.0 billion. The fall in receipts from financial services exported and growth in payments for the import of such services resulted in an increase of Sk 1.2 billion in the deficit in this category. In addition to financial services, an increase in payments was also recorded in insurance and computer engineering services, with the deficit increasing in both cases by more than Sk 1.0 billion.

A positive balance was also recorded, as in the previous year, in construction and telecommunications services, due to the excess of receipts from exports over payments for imports. While the faster growth in exports than in imports resulted in an increased surplus in construction services, the faster growth in imports in telecommunications services caused a moderate decrease in the positive balance in comparison with 2002.

The income balance resulted in a deficit of Sk 4.4 billion, representing a year-on-year improvement of Sk 16.3 billion. The improvement was caused mainly by a change in the methodology applied for determining the compensation of employees, which takes into account not only data from bank statements but also the incomes of Slovak citizens working abroad, as estimated by the Statistical Office of the SR (Sk 14.5 billion was added for 2003).

The balance of income from investment resulted in a deficit of Sk 19.5 billion, representing an improvement of Sk 1.8 billion compared with the figure for 2002. In 2003, the steepest increase took place in income from the reserve assets of the NBS, mainly in the form of interest on portfolio investments. As opposed to the NBS, the banking sector recorded a drop in receipts from deposits abroad, which fell in volume by more than Sk 13 billion.

The year-on-year growth on the income side was accompanied by a moderate increase on the expenditure side. The structure of interest and yield payments abroad was dominated by interest paid to non-residents within the scope of investment in domestic securities. Compared with 2002, interest payments abroad increased by Sk 5.5 billion, while 75% of the increase took place in government bonds in Slovak koruna.

In 2003, the balance of current transfers resulted in a surplus of Sk 9.2 billion, representing a year-on-year improvement of Sk 0.4 billion. The increase in the positive balance of current transfers was affected by a decline in transfers abroad, in the form of gifts and transfers by legal entities.

2.2. Capital and financial account

The capital and financial account resulted in a surplus of Sk 64.6 billion, which was Sk 169.7 billion less than in the same period a year earlier. The surplus in the capital and financial account as a share of GDP dropped from 20% to 5.4%. The structure of financial inflows also changed: the share of foreign direct investment decreased, mainly in the official sector, and that of short-term capital increased substantially, due to strong demand in the banking sector for short-term funds.

The capital account, which comprises foreign assistance of investment nature granted by foreign governments and non-governmental entities and the purchases / sales of patents, licences, and copyrights, resulted in a surplus of Sk 3.7 billion, representing a moderate fall in comparison

Table B18 Capital and financial account of the balance of payments (Sk billions)

	2003	2002
Capital account	3.7	4.9
Direct investment	21.3	181.7
SR abroad	-0.5	-0.2
In the SR	21.8	181.9
Portfolio investment and financial derivatives	-22.2	25.1
SR abroad	-30.5	12.4
In the SR	8.3	12.7
Other long-term investment	-13.0	-5.0
Assets	7.0	12.5
Liabilities	-20.0	-17.5
Short-term investment	74.8	27.6
Assets	-11.2	19.8
Liabilities	86.0	7.8
Capital and financial account in total	64.6	234.3

with 2002. A substantial part of this amount (85%) was made up of funds that came to Slovakia (to the accounts of the Ministry of Finance at the NBS) via the PHARE, ISPA, SAPARD, and similar programmes.

The marked decline in foreign direct investment (FDI) in comparison with 2002 was connected mainly with the different activities of the Government in the area of privatisation. After the Government had privatised property via the National Property Fund in the amount of more than Sk 150 billion in 2002, the process of privatisation slowed down in 2003, with privatisation proceeds totalling Sk 10.4 billion (Sk 5.4 billion for the privatisation of the Eastern Slovakia Power Company, Sk 0.3 billion for Banka Slovakia, and additional payments for the privatisation of the Slovak Gas Industry accounted for Sk 2.6 billion, the Western Slovakia Power Company Sk 1.4 billion, and the Central Slovakia Power Company Sk 0.7 billion).

The inflow of FDI into the Slovak economy, destined for increases in equity capital of foreign investors in companies and banks based in the SR (which belongs to the second category of FDI) reached Sk 20.5 billion, representing a year-on-year decline of Sk 8.4 billion. This decline was caused mainly by a downturn in FDI in the banking sector and retail trade. In 2003, however,

more capital was invested in industrial production than in 2002. In 2003, almost 56% of the non-privatisation funds was invested in industry, mostly in the production of coke, refined oil products, and nuclear fuels; the production of metal structures, and in food processing (in 2002, 37% of the non-privatisation FDI took place in industry).

In the area of portfolio investment, there was increased demand among domestic portfolio investors for foreign securities throughout the year. Among the major investors in 2003 were domestic banks, which invested mostly in long-term bonds. Non-bank entities also took an active part in trading in foreign securities. Apart from investing in bonds, the corporate sector also made use of the possibility of purchasing shares in foreign companies, up to 10%. In 2003, the outflow of funds for the purchase of foreign securities reached almost Sk 29 billion, which represented a change in trend in comparison with 2002, when foreign securities were sold mostly by commercial banks.

Foreign investors increased their holdings of domestic debt securities by Sk 6.1 billion. Their structure was dominated by government bonds. Koruna-denominated government securities, which were purchased by foreign investors via securities dealers in Slovakia, showed considerable volatility over the course of the year. In 2003,

trading in Sk-denominated government securities ended with an excess of purchases over sales on the part of non-residents in the amount Sk 4.0 billion, which was slightly less than in 2002.

In 2003, the Government issued eurobonds on foreign markets in the amount of Sk 30.8 billion, while its liabilities arising from the maturity of eurobonds issued in 1998 amounted to Sk 31.5 billion.

Other investments resulted in an inflow of funds from abroad in the amount of Sk 61.8 billion. The increased inflow in comparison with 2002 took place in the banking sector and official sector (NBS), while the corporate sector recorded an increased outflow of capital.

Other long-term investments recorded an outflow of funds in the amount of Sk 13.0 billion. The outflow of long-term capital was caused mainly by the excess of repayments over drawings of financial credits, which took place in the government (including the NBS) and corporate sectors, in roughly equal measure.

Government loans were drawn in the amount of Sk 3.7 billion, which was somewhat more than in 2002 as a result of a loan drawn from the World Bank in the last quarter of 2003. Long-term transactions in the government sector, including government agencies and the NBS, were connected mostly with the repayment of loans drawn in previous years, which reached almost Sk 15.0 billion. The increased loan repayments in this sector were also affected by the early repayment by the NBS of a loan received from the Japan Bank for International Cooperation.

The drawings of corporate loans reached Sk 23.7 billion, which was 20% more than in 2002. The increased borrowing was connected with the renewal of interest in using foreign funds in the production and distribution of electricity, gas, and water. This sector absorbed 27% of the total volume of foreign funds and became second to 'trade and business services' (30%), where increased borrowing had been recorded since

2001. The inflow of credit resources into the individual industries (20%) took place in smaller amounts, while significant borrowing activity was recorded only in the production of machines and equipment. In comparison with the previous year, the repayment of financial credits in the corporate sector increased by 17%, to Sk 34.9 billion.

Short-term capital, which showed increased volatility during the year (on both sides of the balance sheet), recorded an inflow of Sk 74.8 billion.

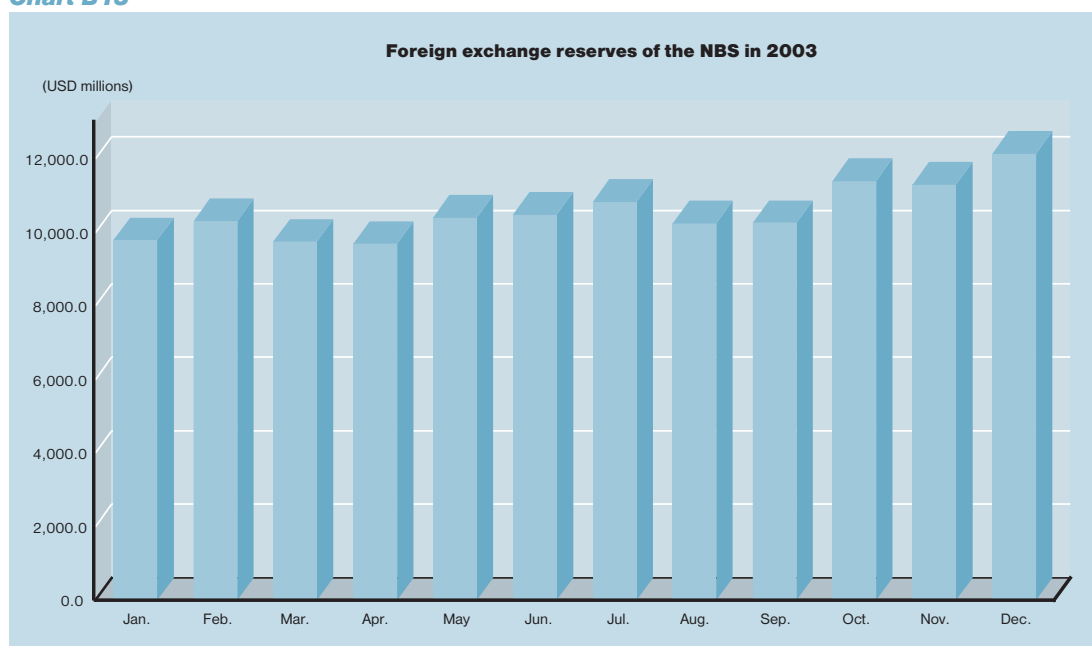
The volume of short-term liabilities was affected substantially (an increase of Sk 86.0 billion) by commercial banks (Sk 50.0 billion), which recorded increased capital inflows from parent banks based abroad. The inflow of short-term capital into the government sector, including the NBS (Sk 31.0 billion), was affected by repo operations conducted within the scope of foreign exchange reserve control by the NBS. The activities of the corporate sector in the area of short-term capital (Sk 5.0 billion) were connected mainly with the drawing of short-term trade credits.

A major role on the short-term assets side (an increase of Sk 11.2 billion) was played by the corporate sector. The outflow of short-term corporate capital took place in large part via increased lending abroad in connection with the export of goods. As the corporate sector, commercial banks also increased their lending activity in relation to non-residents in 2003. On the other hand, commercial bank deposits abroad declined in 2003, when banks converted these funds into more profitable assets, especially bonds.

2.3. Foreign exchange reserves

At the end of 2003, the foreign exchange reserves of the NBS reached USD 12.1 billion (EUR 9.7 billion), representing an increase of USD 3.0 billion (EUR 0.9 billion) since the beginning of the year. The key factors positively affecting revenues were the lending activities of the

Chart B13



Government, proceeds from the privatisation activities of the Government, and central bank interventions. Expenditures were determined mainly by debt service payments effected on behalf of the Government. The Bank's foreign exchange reserves were also affected during the year by the exchange rates of fully convertible currencies on international financial markets. The surplus in the balance of revenues and expenditures in 2003 (USD 1.4 billion) was accompanied by positive exchange rate differentials (USD 1.6 billion), which resulted from the strengthening of fully convertible currencies (especially the euro) in relation to the US dollar on international financial markets.

The expenditure side of foreign exchange reserves was affected in 2003 by:

- proceeds from the privatisation activities of the Government in the amount of USD 0.3 billion;
- yields from deposits and securities held in the portfolio of the NBS in the amount of USD 0.3 billion;
- the drawing of government loans from foreign financial institutions in the amount of USD 1.0 billion, of which the issue of eurobonds accounted for USD 0.9 billion;
- receipts from interventions and direct transactions on the interbank foreign exchange market in the amount of USD 0.7 billion;

- net receipts of the Central Bank from repo operations in the amount of USD 0.8 billion;
- other revenues of the NBS in the amount of USD 0.2 billion.

The expenditure side of foreign exchange reserves was affected in 2003 by:

- debt service payments by the Government in the amount of USD 1.3 billion, of which the payment of principal and interest on government eurobonds issued in previous years accounted for USD 1.1 billion;
- debt service payments by the NBS in the amount of USD 0.3 billion;
- other expenditures of the NBS in the amount of USD 0.3 billion, incurred mostly in connection with the realisation of cross-border payments for NBS clients (USD 0.2 billion).

At the end of 2003, the foreign exchange reserves of the NBS were 5.7 times greater than the volume of average monthly imports of goods and services to Slovakia in 2003.

2.4. External debt of the SR

On 31 December 2003, the total external debt of the SR stood at USD 18.3 billion (EUR 14.7

Table B19 External debt of the SR

	USD millions		EUR millions	
	1 Jan. 2003	31 Dec. 2003	1 Jan. 2003	31 Dec. 2003
Total external debt of the SR	13,107.3	18,322.3	12,577.5	14,654.0
Long-term external debt	8,870.7	10,287.9	8,512.1	8,228.1
Government and the NBS ^{1/}	3,740.2	4,347.7	3,589.1	3,477.2
Commercial banks	164.8	322.2	158.1	257.7
Entrepreneurial entities	4,965.6	5,618.0	4,764.9	4,493.2
Short-term external debt	4,236.6	8,034.4	4,065.4	6,425.9
Government and the NBS	0.0	915.5	0.0	732.2
Commercial banks	1,289.5	2,951.2	1,237.4	2,360.4
Entrepreneurial entities	2,947.1	4,167.7	2,828.0	3,333.3
Foreign assets	14,127.4	18,907.5	13,556.5	15,122.0
Net external debt	-1,020.2	-585.2	-979.0	-468.0
SKK/USD and SKK/EUR exchange rates:	40.036	30.920	41.722	41.161
EUR/USD cross exchange rate:	1.042	1.250	x	x

1/ Including government agencies and municipalities.

billion), representing an increase of USD 5.2 billion (EUR 2.0 billion) compared with the end of 2002. The increase in the level of debt was caused in large part by developments in the cross rate of the euro against the US dollar.

The debt arising from long-term foreign liabilities increased by USD 1.4 billion. The increase in the long-term external debt of the Government and the NBS was generated exclusively by the exchange rate of the dollar, while repayments exceeded drawings by Sk 0.4 billion in 2003. The year-on-year depreciation of the dollar also generated an increase in the long-term liabilities of the commercial sector, mainly the corporate sector.

Total short-term debt increased year-on-year by USD 3.8 billion. The increase in short-term debt took place in part in the government sector (almost 24%) as a result of NBS repo operations, which had an upward effect on the level of NBS foreign exchange reserves. The level of short-term debt in the commercial sector was determined by commercial banks, whose liabilities increased, mainly in relation to parent banks based abroad. The share of short-term debt in the

country's total gross external debt increased to 43.9%.

At the end of 2003, Slovakia's per-capita gross external debt reached USD 3,406 and total gross external debt as a share of GDP 47.4% (compared with 48.2% in 2002).

Net external debt – expressed as the difference between gross foreign debt, i.e. USD 18.3 billion (liabilities of the Government, the NBS, commercial banks, and the corporate sector – except for capital participation), and foreign assets, i.e. USD 18.9 billion (foreign exchange reserves of the NBS, foreign assets of commercial banks and the corporate sector – except for capital participation), reached USD 0.6 billion (creditor position) at the end of 2003.

Table B20 Structure of investment by country

Country	Number of permits	Investment (in thousands of \$k)
Ukraine	6	29,828
Croatia	6	4,563
Russia	1	168
Total	13	34,559

2.5. Licensing activity of the NBS

In 2003, the licensing activity of the NBS took place in accordance with the country's foreign exchange regulations, which included provisions liberalising certain operations in financial derivatives as opposed to the previous year.

By 31 December 2003, foreign exchange permits and licences had been issued as follows:

- foreign exchange permits: 108 permits and 13 extensions;
- foreign exchange licences: 37 licences and 39 extensions.

Foreign exchange permits

Investment abroad

In 2003, the NBS issued 13 foreign exchange permits for direct investment in countries that are not members of the OECD or the European Economic Area (EEA), in the amount of Sk 34,559 thousand. Direct investment in OECD and EEA countries has been liberalised.

Opening of foreign-currency accounts at foreign banks

The NBS issued:

- 47 foreign exchange permits and 8 extensions for the opening of accounts at foreign banks, for the purpose of covering necessary expenses incurred in connection with construction, assembly, and repair work abroad, in the total amount of Sk 1,829.6 million (estimated on the basis of contracts);
- 21 foreign exchange permits and 1 extension for the opening of accounts for residents at foreign banks and for exemption from the transfer requirement in connection with the acceptance of financial credits from non-residents, in the amount of Sk 10,139.1 million, for payments for goods and services abroad, the construction of shopping centres in the SR, and in connection with the repayment of these

credits from receipts abroad (1 foreign exchange permit and 1 extension were issued for the purpose of obtaining a bank guarantee in connection with a public tender abroad);

- 1 permit for the receipt of compensation for damage to health abroad, 1 permit for the receipt of charges from Czech customers; 3 foreign exchange permits for the opening of an account abroad in connection with the provision of services abroad; 3 permits and 1 extension for participation in the system of financing through cash pooling; 1 permit for the assumption of a foreign company's debt; and 6 foreign exchange permits for participation in an employee programme launched by a foreign investor;
- 4 foreign exchange permits and 1 extension for the placement of funds in accounts abroad due to involvement in the system of financing applied within a specific group of companies, 6 foreign exchange permits for the placement of funds in an account abroad in connection with the purchase of employee shares, and 1 permit and 1 extension for trade in financial derivatives.

Foreign exchange licences

The NBS issued:

- 34 foreign exchange licences and 36 extensions for trading in foreign currencies and traveller's cheques (non-bank exchange offices);
- 1 foreign exchange licence for transactions in financial derivatives (for dealers in securities), plus 2 licences and 3 extensions for the provision of financial services to and from abroad.

3. PUBLIC SECTOR

Budgetary performance

Budgetary performance in 2003 was regulated by Act No. 750/2002 on the State Budget, with total revenue projected in the amount of Sk

235.4 billion and total expenditure estimated at Sk 291.4 billion. In accordance with this law, the budget deficit was set at Sk 56 billion for 2003.

In the State Budget for 2003, the cost of bank restructuring was not specified separately (as it was in 2002) within the scope of the programme to increase the transparency of budgetary relations. This means that this cost, budgeted in the amount of Sk 10.7 billion for 2003, was a direct component of the budget expenditure.

At the end of 2003, the State Budget resulted in a deficit of Sk 56.0 billion, which corresponded to the budgeted figure.

Budget revenue reached Sk 233.1 billion (99% of the figure budgeted for 2003), representing an increase of Sk 12.7 billion in comparison with 2002.

Tax revenues totalled Sk 200.1 billion in 2003 (fulfilling the budget to 92.8%), which was Sk 11.3 billion more than a year earlier. The shortfall in tax revenues amounted to more than Sk 15 billion, which took place predominantly in value added tax. This was due mainly to an amendment to the VAT law, which modified the VAT rate. Despite exceeding the level of 2002 by Sk 1.5 billion, VAT revenue (Sk 83.8 billion) reached only about 84% of the figure budgeted for 2003. In addition to the aforementioned one-off effect, this development was affected by the lower level of consumption and the overestimation of the impact of change in VAT rates. Revenue from excise duties (Sk 38 billion) exceeded the budgeted level by 5%, and was Sk 6 billion higher than a year earlier. This was a result of the August increase in excise duties on mineral oils, tobacco products, and beer, which was effected by the Government in the interest of maintaining the deficit within the planned limits. Corporate income tax revenue reached Sk 29.1 billion at the end of 2003, fulfilling the budget to 99.2% and exceeding the previous year's level by Sk 1.2 billion. Personal income tax revenue reached Sk 31.9 billion (a year-on-year increase of Sk 2.1 billion) and fulfilled the budget to 95.5%.

Non-tax revenues recorded a decline in comparison with the previous year. They reached Sk 19.2 billion in 2003, exceeding the figure budgeted for the year by Sk 7.1 billion. Other revenues totalled Sk 13.8 billion (an increase of Sk 3.5 billion in comparison with 2002).

In terms of dynamics, the drawing of budget expenditures corresponded roughly to the drawing of revenues. By the end of the year, expenditures had reached Sk 289.1 billion (a year-on-year increase of approximately Sk 17 billion) and fulfilled the annual budget to 99.2%.

In general terms, the budget deficit was maintained at the projected level in 2003. The shortfall in tax revenues was high, mainly in VAT and personal income tax. The shortfall in tax revenues was offset partly by increased non-tax revenues, including other revenues from grants and transfers. The increase in these revenues took place in State financial assets, National Property Fund (NPF) funds obtained from privatisation, funds from the unblocking of government loans, and funds from the payment of excise duty on mineral oil supplies stored by the Administration of State Material Reserves of the SR.

Government guarantees

The provision of government guarantees in 2003 was governed strictly by Act No. 386/2002 on government debt and government guarantees, according to which government guarantees may be granted in a given year up to the limit of Sk 6.7 billion, for the purposes specified by law. This limit was utilised only up to the amount of Sk 0.6 billion. Of this amount, the Government of the SR granted guarantees for loans to Slovenská záručná a rozvojová banka, a. s. (Slovak Guarantee and Development Bank, plc.) and Slovenské lodenice Komárno, a. s. (Slovak Shipyards Komárno, plc.). The estimated amount of guarantee payment from NPF in 2003 was Sk 7.0 billion, of which only Sk 2.8 billion had to be used for the repayment of a loan on behalf of Železnice SR (Slovak Railways).

Relationship between the NBS and the State Budget of the SR

On the basis of an agreement signed between the Ministry of Finance of the SR and the National Bank of Slovakia, interest on the credit balance of the summary memorandum account of the Slovak Republic was paid on a quarterly basis, at a rate corresponding to the overnight sterilisation rate of the NBS.

Interest accrued on the balance of the summary memorandum account of the Slovak Republic held by the NBS, reached Sk 459.1 million during the year, and the Ministry of Finance earned Sk 287.6 million in interest on time deposits.

During 2003, funds obtained from the privatisation of SPP (Slovak Gas Industry) were deposited in a special one-year account at the NBS, maintained for the pension reform. With the interest accrued being capitalised, the interest costs of the NBS reached Sk 4.6 billion.

In the State Budget for 2003, no income was budgeted from the transfer of the remaining profit of the NBS, and with regard to the loss sustained, no transfer was made.

State financial assets and liabilities

State financial assets in the form of deposits with the NBS amounted to Sk 7.4 billion at the end of 2003, representing a fall of Sk 1.4 billion in comparison with the beginning of the year.

In the course of the year, marked changes were recorded mainly as a result of the receipt of funds from repayment of a revolving loan provided to ČSOB. At the end of January, Sk 4 billion (the second loan instalment) was deposited in the account of State financial accounts at the NBS, thus the loan was repaid in full (Sk 10 billion). In February, the funds were transferred to a short-term time deposit account of the Ministry of Finance of the SR (MF SR) with the proviso that they may be used on an ad hoc basis, according to the

actual financial needs of the MF SR. The following months saw mutual accounting transfers of these funds between the time deposit account of the MF SR and the account of State financial assets.

During December, the MF SR gradually transferred all the funds held on the short-term time deposit account of the MF SR at the NBS to the account of State financial assets (Sk 10 billion). On 23 December, part of these funds was released (Sk 2.2 billion) in accordance with relevant decision of the Government to strengthen the revenue side of the State Budget. A total of Sk 400 million was used for the remission of the Slovak Television's debts (discharge of liabilities from previous years).

State financial liabilities (liabilities of the State vis-à-vis the NBS) reached a zero value at the end of 2003.

State funds

In 2003, there were two State funds operating in the Slovak Republic: the State Housing Development Fund and the State Fund for the Liquidation of Nuclear Power Engineering Facilities and the Handling of Spent Fuels and Radioactive Waste.

In developing and improving the housing fund, the State rendered assistance via the State Housing Development Fund. The State Fund for the Liquidation of Nuclear Power Engineering Facilities accumulated funds for the putting of nuclear engineering facilities out of operation and for the handling of spent fuels and radioactive waste.

On 31 December 2003, the balance on the accounts of State funds totalled Sk 12.3 billion, including funds which had been allocated to specific entities but remained unused. Interest accrued on the accounts of State funds held at the NBS reached Sk 631.1 million during the year, while State funds earned Sk 562.4 million in interest on time deposits.

The budgetary performance of State funds, with the overall balance being adjusted for funds remaining from the previous year and total expenditure for loan repayments, resulted in a surplus of Sk 2.9 billion in 2003.

The National Property Fund

In 2003, the budgetary performance of the National Property Fund (FNM) resulted in a surplus of Sk 3.1 billion (according to the so-called cash principle), but according to the ESA 95 methodology, a deficit of Sk 9.8 billion was recorded. Of the total income (Sk 20.4 billion), privatisation proceeds accounted for Sk 11.7 billion (domestic and foreign proceeds in total) and funds from previous years for Sk 3.6 billion (according to ESA 95, these funds are to be excluded from the income). Receipts from dividends amounted to Sk 4.0 billion. Expenses totalled Sk 17.3 billion and were mostly in the form of transfers to State financial assets (Sk 7.3 billion); transfer to Veriteľ, a. s., (Sk 3.4 billion); and transfer to the State Budget for the repayment of a realised government guarantee (Sk 2.8 billion).

Budgetary performance in public finances according to the ESA 95 methodology¹

In 2003, budgetary performance in the government sector resulted in a net borrowings of Sk 41.5 billion (3.5% of GDP according to the notification of March 2004). This result was negatively affected mainly by the deficits in the State Budget (Sk 49.9 billion) and the budget of the NPF SR (Sk 9.8 billion). The local government sector recorded a deficit in budgetary performance, amounting to Sk 2.1 billion. The shortfall in public finances was positively affected by the budgetary performance of State funds (Sk 5.4

billion); the company Veriteľ, a. s. (Sk 3.4 billion); Slovak Consolidation Agency (Sk 2.1 billion); and State financial assets (Sk 1.0 billion). The marked surplus in the budgetary performance of social security funds (Sk 10.3 billion) contributed to the reduction in the overall deficit in the government sector. In comparison with the public budget for 2003, which had expected a net deficit of Sk 57.5 billion (4.9% of GDP), the actual situation was far more favourable, due mainly to improved budgetary performance in the individual components of the State Budget, State funds, and social security funds.

4. MONETARY POLICY AND MONETARY DEVELOPMENTS

In 2003, the NBS implemented its monetary policy in an environment marked by rising inflation, favourable developments in the balance of trade, persistent economic growth, falling unemployment rate, and appreciation of the exchange rate of the Slovak koruna against the euro, especially in the second half of the year.

The course of inflation in 2003 corresponded to the assumptions of the NBS and its year-end value was within the range projected in the revised monetary programme. Price level was determined by administrative price adjustments, mainly by the increase in regulated prices and by the changes in indirect taxes. Administrative measures accounted for approximately three quarters of the overall price increase. Whereas price levels increased as a result of growth in the cost factors, the NBS did not react by adjusting its interest rates.

In 2003, the current account deficit reached a 0.9% share in GDP, representing a marked improvement in comparison with the projected figure. The improvement in the current account

¹ The ESA 95 methodology uses data on the accrual principle, according to which a transaction is recorded at the moment the contract is signed and not at the time when it is actually concluded. In addition, financial transactions are excluded from the balance of income and expenditure. These two things are the principal differences against the recording of the budget deficit in general government on the cash principle. According to the ESA 95 methodology, the deficit in public finances provides a basis for the assessment whether the convergence criterion is fulfilled or not.

was caused for the most part by the trade balance, the favourable development of which was a result of dynamic growth in exports. Differences between the expected and actual rates of growth in exports (11.2% projected in the revised monetary programme and 23.1% in reality) were recorded mainly in the category 'machines and transport equipment'. In connection with the increased production and export of higher-priced types of vehicles and other components, including car-bodies, the category 'transport vehicles' recorded increased exports in comparison with the figure projected in the revised monetary programme (by more than 40%).

Despite the favourable trend in the trade balance, the NBS actively intervened in the interbank foreign exchange market with the aim to moderate the nominal appreciation of the Slovak koruna to a level corresponding with the stance of the economy. The prevailing pressure for appreciation of the Slovak koruna resulted to a certain extent from the existing positive interest rate differential, which has been attractive to short-term foreign investors. During the year, the NBS absorbed EUR 658 million from the foreign exchange market via interventions, and thus influenced the average annual appreciation of the Slovak koruna (2.8%). Based on the industrial producer price index, the koruna appreciated in real terms on average by 13.2%, and on the basis of the industrial products price index (excluding the price of energy and mineral raw materials) by 7.2%.

Over the course of the year, the Bank Board of the NBS changed its key interest rates twice.

At its meeting on 25 September 2003, the Bank Board stated that neither price developments nor the level of final consumption, domestic demand, or imports indicated the presence of demand-based pressures or a potential risk of such pressures arising in future. The adjustments to regulated prices and increases in excise duties led to a marked rise in the 12-month overall inflation rate, but on the other hand, their impact on effective demand in the household sector and the favourable relationship between the growth in la-

bour productivity and real wages had a dampening effect on the formation of demand-based pressures. To maintain the positive trends of development in the economy and to eliminate the potential risks, the Bank Board of the NBS decided to lower its key interest rates by 0.25 percentage point, to 6.25% for two-week repo tenders, 4.75% for overnight sterilisation operations, and 7.75% for overnight refinancing transactions.

At its meeting on 19 December 2003, the Bank Board of the NBS acknowledged that, despite a relatively dynamic growth in labour productivity and decline in investment demand, price developments and imports confirmed the absence of demand-based pressures in the economy and the fact that there were no signs of such pressures being formed in future. The 12-month inflation rate in 2004 will be again determined by administrative measures, which will have a dampening effect on the level of effective demand. The year 2004 is also expected to see a further reduction in the fiscal deficit, thus developments in public finances and real wages are not expected to stimulate significant growth in domestic demand. The dynamic growth in exports is not expected to continue in 2004; this may lead to a slowdown in the rate of economic growth if the current trend in domestic demand continues. Thus the persistence of these trends in future may cause a downturn in economic activity and exert excessive pressure for a fall in prices, as a result of which the Bank Board of the NBS again moved to lower the key interest rates by 0.25 percentage point.

In 2003, the level of interbank rates fell more significantly than in the previous year, which was caused in large part by a sharp drop in interest rates at the end of 2002, rather than by changes in interest rates in 2003 (which took place in the last quarter of 2003 and represented a reduction of 0.5 percentage point in cumulative terms).

To bring its monetary policy instruments into harmony with those applied by the ECB, the NBS reduced the ratio of required reserves from

4% to 3% (with effect from 1 January 2003), which corresponded to the reserve ratio set for home savings banks. The base for the calculation of the amount of reserves, the system of interest payment, and the period of reserve requirement fulfilment remained unchanged.

The monetary policy of the NBS maintained its sterilisation nature in 2003. Compared with 2002, when the sterilisation position was increased significantly by the use of funds obtained from the privatisation of the State's property holdings (mainly in the second half of the year), however, sterilisation followed a relatively balanced course in 2003. During the year, there were no marked fluctuations in the volume of sterilisation resources and the annual volume of sterilisation reached Sk 162.7 billion in average.

A major factor of liquidity inflow in 2003 represented NBS interventions in the foreign exchange market against the excessive appreciation of the Slovak koruna. The liquidity of the banking sector was most significantly affected by foreign exchange interventions in January (Sk 8.2 billion) and May (Sk 16.8 billion), while their annual volume reached approximately Sk 27 billion in cumulative terms.

The liquid assets of commercial banks recorded a one-off increase, caused by the January reduction in the ratio of required reserves for the banking sector (by 1 percentage point). The volume of excess liquidity resulting from this reduction amounted to Sk 6.5 billion.

The reserves of the banking sector were also increased during the year by the release of funds obtained from privatisation and held on a special account of the NPF at the NBS. However, with regard to the fact that the privatisation process slowed down in 2003, the use of privatisation proceeds had only a modest effect on the level of liquidity in comparison with 2002. Proceeds from privatisation (including additional payments for assets privatised last year) amounted to ca. Sk 10.4 billion. Of this amount, approximately Sk 6 billion flow to the banking sector, while most payments were intended for the needs of the Ministry of Health, Ministry of Transport, and for the realization of government guarantees on behalf of Slovak Railways.

The increase in liquidity was also influenced by the deficit in the State Budget and the standard release of funds from selected balance sheet accounts held at the NBS, on a more or less regular basis.

Chart B14

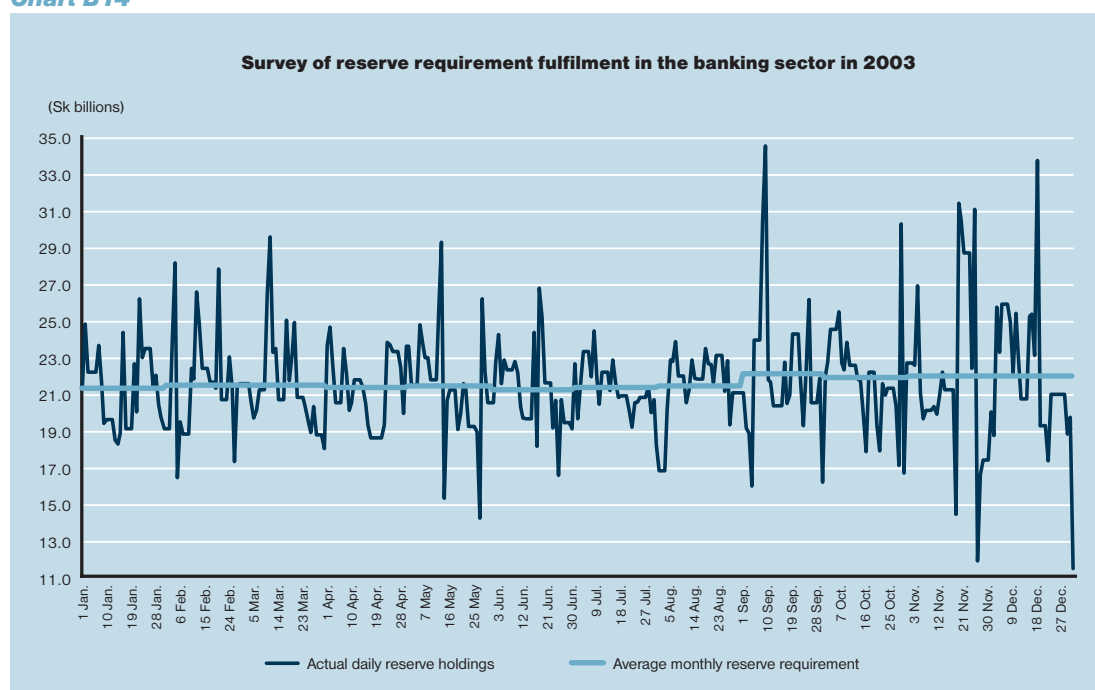


Table B21 Fulfilment of reserve requirements in 2003**(Sk billions, %)**

	Required reserves	Actual reserve requirement fulfilment		
		Average	Fulfilment in %	Standard deviation
January	21.28	21.32	100.19	2.24
February	21.44	21.60	100.76	2.98
March	21.41	21.44	100.12	2.78
April	21.32	21.37	100.23	1.77
May	21.40	21.43	100.15	3.39
June	21.20	21.22	100.10	2.43
July	21.31	21.34	100.11	1.35
August	21.40	21.46	100.31	1.60
September	22.06	22.09	100.14	4.24
October	21.86	21.91	100.20	2.89
November	21.93	22.03	100.44	5.34
December	21.95	22.00	100.26	4.38

A counterbalance to the inflow of liquidity from the above-mentioned sources was the securities sector, which withdrew liquidity from the banking sector (through issues of government securities in excess of repayments) in the amount of ca Sk 50 billion. The excess was also influenced, to some extent, by the increased issuing activity of the Ministry of Finance in connection with the acquisition of funds for the repayment of part of a Government foreign debt in the amount of USD 300 million in the domestic market and/or its conversion into an internal debt. Part of the liquidity was absorbed by a growth in the volume of currency in circulation (Sk 8.7 billion in cumulative terms).

Under these conditions, the sterilisation position of the NBS vis-à-vis the banking sector increased during the year, from Sk 144 billion (on 1 January 2003) to Sk 176 billion (on 31 December 2003), i.e. by Sk 32 billion. The average annual sterilisation position increased, from Sk 91.5 billion in 2002 to Sk 162.7 billion in 2003, i.e. by Sk 71.2 billion.

As a result of the cut in the reserve ratio, the average level of required minimum reserves fell by Sk 5.7 billion. The reserve requirements were fulfilled throughout the banking sector in 2003. In the conditions of a marked surplus of liquidity and continued NBS interventions for sterilisation

purposes, the prescribed amount of required reserves was achieved in each month and was not exceeded to a significant extent. After NBS interventions, the average excess reserves ranged from Sk 0.02 billion to Sk 0.16 billion.

On average, the maximum changes in the daily reserve holdings ranged from a surplus of Sk 7.0 billion to a shortage of Sk 5.4 billion.

4.1. Monetary aggregates

The M2 money supply (at fixed 1993 exchange rates) increased in comparison with the beginning of the year by Sk 43.6 billion, to Sk 730.0 billion at the end of 2003. The rate of growth in M2 accelerated to 6.4% (comparing to 4.7% in 2002), but its annual average (7.3%) was 1.2 percentage points lower than in 2002.

As far as the sources of the money supply are concerned, the growth in M2 was affected, in contrast with the previous year, largely by domestic factors, mainly the continued growth in loans to enterprises and households and the indebtedness of the public sector. With regard to the downturn in the privatisation activity of the Government, the effect of large inflow of funds from abroad, which resulted in an increase net foreign assets in 2002, did not appear again.

Domestic loans grew in comparison with the beginning of the year by a total of Sk 95.2 billion, due to an increase in net credit to general government and loans to enterprises and households in virtually equal measure. The faster growth in domestic loans was not fully reflected in the money supply growth, due to the extensive use of alternative forms of collective investment, which are not part of the M2 aggregate.

The volume of loans to enterprises and households (at fixed 1993 exchange rates) grew in comparison with the beginning of the year by Sk 46.8 billion (14.1%), to Sk 378.0 billion at the end of 2003. The growth took place predominantly in koruna loans, which increased by Sk 30.8 billion, of which loans to households accounted for Sk 23.6 billion. Households showed increased interest in mortgage loans in particular, in an effort to make use of the attractive government support before its reduction in July 2003. The increased government support contributed, in all probability, to the premature and cumulative conclusion of mortgage contracts, which is not expected to continue with the same intensity in future, after the government contribution is reduced.

The increase in loans in foreign currency (Sk 16.0 billion), allocated mostly to the corporate sector, was almost four times greater than in the previous year. Koruna loans to enterprises recorded an upturn in the last two months of the year, while they grew in volume by a total of Sk 7.2 billion during the year.

Net credit to the Government and the NPF (at fixed 1993 exchange rates) increased over the course of the year by Sk 48.4 billion, mainly within the internal debt position.

In the foreign area, the Government converted part of its foreign into domestic debt by using part of the funds obtained from domestic issues of government bonds for the redemption of foreign eurobonds in the amount of USD 0.3 billion (approximately Sk 10.4 billion at the current rate). In addition, the Government issued 2-year eurobonds in the amount of EUR 500 million to replace eurobonds due in the same amount, originally denominated in German marks. Since the Government had increased the May issue by EUR 250 million in November (an equivalent of approximately Sk 10.2 billion) with regard to the

Table B22 Developments in household and corporate deposits

	Year-on-year change in %			Year-on-year change in Sk billions		
	2001	2002	2003	2001	2002	2003
<i>At fixed 1993 exchange rates:</i>						
Household deposits	7.8	1.4	-2.8	26.7	5.1	-10.7
Koruna deposits in total	6.3	0.0	-0.6	19.1	0.1	-1.9
- demand deposits	24.3	8.9	12.0	13.1	6.0	8.9
- time deposits	2.4	-2.3	-4.3	6.0	-5.9	-10.8
In foreign currency	19.0	10.2	-15.8	7.6	5.0	-8.8
Corporate deposits	16.8	11.1	21.1	28.4	22.0	46.7
Koruna deposits	19.7	10.6	22.4	28.1	18.1	43.1
- demand deposits	21.5	10.4	14.6	14.2	8.4	13.0
- time deposits	18.3	10.8	29.2	13.9	9.7	30.1
of which: insurance cos.	9.1	-22.4	-3.0	1.9	-5.1	-0.5
In foreign currency	1.1	14.2	12.4	0.3	3.9	3.6
<i>At current exchange rates:</i>						
Household deposits	8.2	0.1	-4.5	29.6	0.2	-17.8
of which: in foreign currency	18.5	0.2	-22.8	10.5	0.1	-16.0
Corporate deposits	15.8	9.4	19.3	28.4	19.6	44.3
of which: in foreign currency	0.8	4.0	3.3	0.3	1.5	1.2

favourable conditions, the foreign position approached its initial level by the end of 2003.

4.2. Structure of the money supply

In 2003, the M2 money supply (at fixed 1993 exchange rates) increased by Sk 43.6 billion, to Sk 730.0 billion at the end of December. The increase was concentrated in the third and fourth quarters, when the money supply grew in volume by Sk 47.7 billion. The year-on-year dynamics of M2 increased from 4.7% in December 2002 to 6.4% in December 2003.

During the year, the volume of currency in circulation outside banks grew by Sk 7.6 billion, while the year-on-year rate of growth accelerated, from 4.0% in December 2002 to 9.0% in December 2003. The year-on-year dynamics of currency in circulation increased until May, then stabilised at the level of approximately 10%. The increase in dynamics was affected partly by an increase in the average amount of transactions concluded via payment cards in 2003, resulting from the policy of commercial banks in the area of fees and charges.

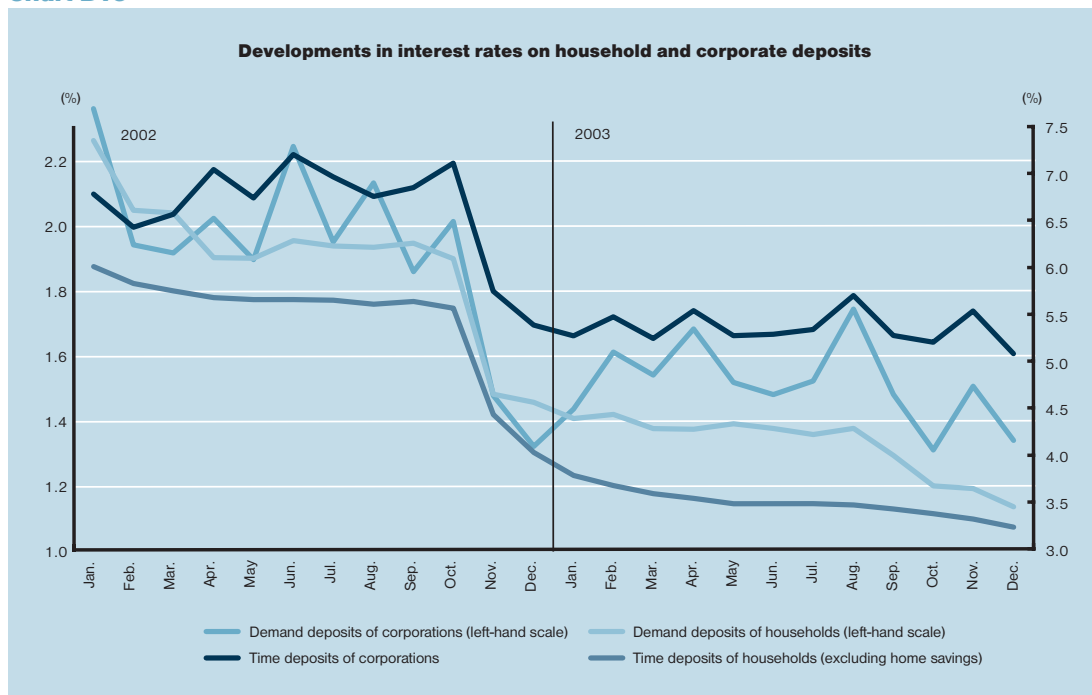
Slovak-koruna deposits (demand and time deposits in total) grew by Sk 41.2 billion from the beginning of the year, and their year-on-year growth dynamics increased from 3.7% in December 2002 to 8.0% in December 2003. The increase in Sk deposits took place in both demand (Sk 21.9 billion) and time deposits (Sk 19.3 billion). The rate of year-on-year growth in demand deposits accelerated by 3.7 points (to 13.4%) and the dynamics of time deposits by 4.3 points (to 5.4%). The year-on-year increase in koruna deposits took place mostly in corporate deposits, while the Sk deposits of households declined.

The development of koruna deposits in 2003 continued to be characterised by a trend of preference for short-term and demand deposits in the individual sectors of the economy. This trend was apparent mainly in the deposits of corporate

entities, of which demand and short-term deposits in total accounted for roughly 99% (their share increased by 1.1 percentage points on a year-on-year basis). Within the structure of corporate deposits, the most significant increases were recorded in time deposits with a maturity of up to one month (Sk 32.0 billion), demand deposits (Sk 13.5 billion), and time deposits with a maturity of up to seven days (Sk 7.4 billion), while three-month deposits fell in volume by Sk 5.6 billion. Deposits with other maturities recorded no marked changes. The interest rate differential between the demand and time deposits (including savings deposits) of corporations diminished by 0.3 percentage point to 3.7 percentage points, with the average rate for time deposits falling by 0.3 percentage point and the rate for demand deposits remaining unchanged.

Household deposits were also characterised by a trend of preference for highly liquid resources, when the share of demand and short-term deposits in total household deposits in Sk increased year-on-year by 0.5 percentage point (to 79.3%), due to an increase in demand deposits. Time deposits fell in volume by Sk 2.6 billion and savings deposits by Sk 8.2 billion in 2003. At the same time, marked changes were recorded in the structure of time and savings deposits (six-month deposits declined by Sk 4.6 billion, seven-day deposits by Sk 3.9 billion, and one-year deposits by Sk 3.8 billion, while one-month deposits increased by Sk 6.2 billion and three-month deposits by Sk 2.5 billion). Within the structure of savings deposits, one-year deposits fell in volume by Sk 7.8 billion and medium-term deposits by Sk 5.2 billion, while three-month deposits grew by Sk 2.7 billion and long-term savings deposits by Sk 2.0 billion (of which home savings deposits increased by Sk 2.5 billion). The interest rate differential, i.e. the difference between interest rates on demand and time deposits for households, diminished by 0.4 percentage point to 2 percentage points as a result of a greater fall in interest rates on time deposits (0.7 percentage point) than on demand deposits (0.3 percentage point).

Chart B15



The development of koruna deposits in the household sector has reflected the changes in the allocation of financial resources. The changes in preferences are connected primarily with the level of yields offered for individual bank products, which, coupled with the effect of falling interest rates, stimulated households to allocate their funds more effectively. This is documented by the growing popularity of investment funds in 2003, when the net value of assets allocated to mutual funds operating on the Slovak financial market increased year-on-year by Sk 22.2 billion, with most funds being invested in open-end funds specialising in Sk-denominated securities (their net assets increased year-on-year by Sk 18.7 billion). At the same time, the diminishing interest rate differential tended to reduce the attractiveness of time deposits in comparison with demand deposits.

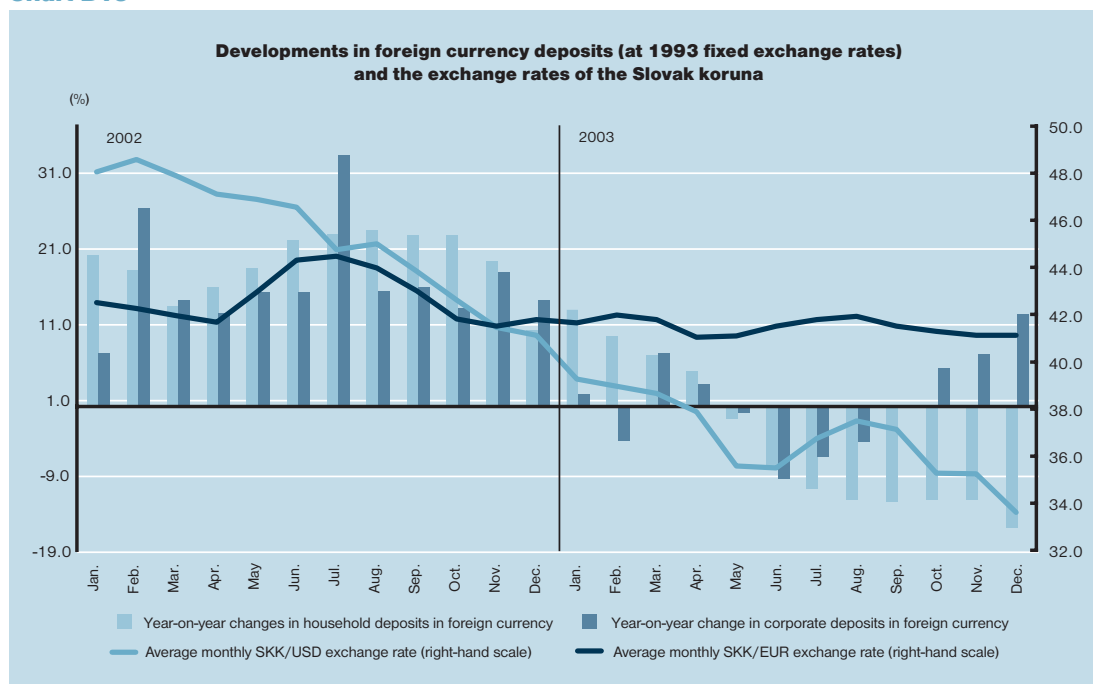
If we compare the rates of interest on household and corporate deposits in Sk, both demand and time deposits showed increased differences in interest levels in 2003. In the case of demand deposits, the interest rate differential gradually increased during the year, while corporate deposits in 2003 attracted an interest rate 0.2 percentage point higher (in 2002, the average rate for corpo-

rate deposits was at virtually the same level). In the case of time deposits (excluding home savings deposits), the differential increased still further, when corporate deposits attracted an interest rate 1.9 percentage points higher than household deposits (the rate in 2002 was 1.2 percentage points higher). The higher interest paid on corporate deposits is probably connected with the larger volume of these deposits.

In 2003, deposits in foreign currency (at fixed 1993 exchange rates) fell in volume by Sk 5.2 billion (6.1%), after growing in 2002 by Sk 8.9 billion (11.6%). The decline took place in household deposits (Sk 8.8 billion), while corporate deposits increased by Sk 3.6 billion. The year-on-year rate of decline in household deposits in foreign currency reached 15.8% (compared with a growth of 10.2% in 2002). The year-on-year growth dynamics of corporate deposits in foreign currency weakened, from 14.2% in December 2002 to 12.4% in December 2003.

With the changes in exchange rates in 2003 (an appreciation of 1.3% against the euro and 17.8% against the US dollar) taken into account, deposits in foreign currency (at current exchange rates) fell in volume by Sk 14.8 billion (13.9%), with house-

Chart B16



hold deposits declining by Sk 16.0 billion (22.8%). At the same time, corporate deposits increased slightly, by Sk 1.2 billion (3.3%).

If we compare the trends in foreign-currency deposits, it is apparent that the strongest reaction to the appreciation of the Slovak koruna in the form of a reduction in deposits held in foreign currency was produced in the household sector.

This is probably connected with the fact that enterprises maintain foreign-currency deposits mainly for financing their trading activities, while households make such deposits as savings. Hence, in the case of currency appreciation and/or expectations of a persistent trend of appreciation, households try to minimise their exchange rate losses by converting these deposits into domestic currency.

Table B23 Absolute changes in the volumes of loans (December 2003)

	Koruna loans		Loans in foreign currency		Total	
	Year-on-year change in Sk billions	Share of loans in %	Year-on-year change in Sk billions	Share of loans in %	Year-on-year change in Sk billions	Share of loans in %
Short-term loans	8.2	31.2	9.0	37.2	17.2	32.5
Medium-term loans	2.3	27.9	6.9	31.6	9.2	28.6
Long-term loans	18.4	40.9	5.8	31.2	24.2	38.9
Total	28.9	100.0	21.7	100.0	50.6	100.0

Table B24 New loans in 2003

(cumulative figures)

	Entrepreneurial sector		Households	
	Volume in Sk billions	Share in %	Volume in Sk billions	Share in %
Short-term loans	847.3	91.8	31.6	44.4
Medium-term loans	60.3	6.5	17.6	24.8
Long-term loans	15.7	1.7	21.8	30.8
Total	923.3	100.0	71.0	100.0

4.3. Lending activities

Loans in total (in Slovak koruna and foreign currency, at current exchange rates), provided to the entrepreneurial sector, households, central and local authorities for extra-budgetary purposes, are loans reported by the banking sector according to the rules of statistical reporting. From a procedural point of view, they are not to be confused with loans to enterprises and households according to the methodology of the monetary survey, which does not include the government sector.

The volume of loans in total grew year-on-year by Sk 50.6 billion, with koruna loans increasing by Sk 28.9 billion and loans in foreign currency by Sk 21.7 billion. At the end of the year, the total volume of loans reached Sk 402.1 billion, of which koruna loans accounted for Sk 320.4 billion and loans in foreign currency Sk 81.7 billion.

Within the structure of loans by sector, the most significant increase in comparison with the end of 2002 was recorded in koruna loans in other sectors (Sk 24.8 billion), accounting for 40.6% of the loans in total. In transport, storage, post and telecommunications, loans increased by a total of Sk 8.0 billion (9.3% of the total volume of loans); in banking and finance by Sk 6.2 billion (7.2%); and in trade, repair of consumer goods and motor vehicles, hotels and restaurants by Sk 1.9 billion (12.7%). The sharpest decline in koruna loans (Sk 8.6 billion) took place in the production and distribution of electricity, gas, and water (accounting for 10.5% of the loans in total) and in industrial production, i.e. Sk 4.4 billion (15.3% of the total), of which Sk 4.0 billion took place in metallurgy and machine engineering.

Within the structure of loans by term, the steepest increase was recorded in long-term koruna loans, due largely to a growth in mortgage loans. The volume of short-term and medium-term loans also increased, due mainly to a growth in other loans and investment loans. The increase in koruna loans was accompanied by a growth in loans in foreign currency, which was probably connected with the expectations of an appreciation in the exchange rate of the Slovak koruna.

Of the total volume of new loans provided in 2003 (Sk 1,005.3 billion in cumulative terms), loans to the entrepreneurial sector accounted for 91.9% and were predominantly under foreign control. New loans in the household sector accounted for 7.1%. Short-term loans had a dominant share in the volume of new loans (88.0%).

4.4. Interest rate developments

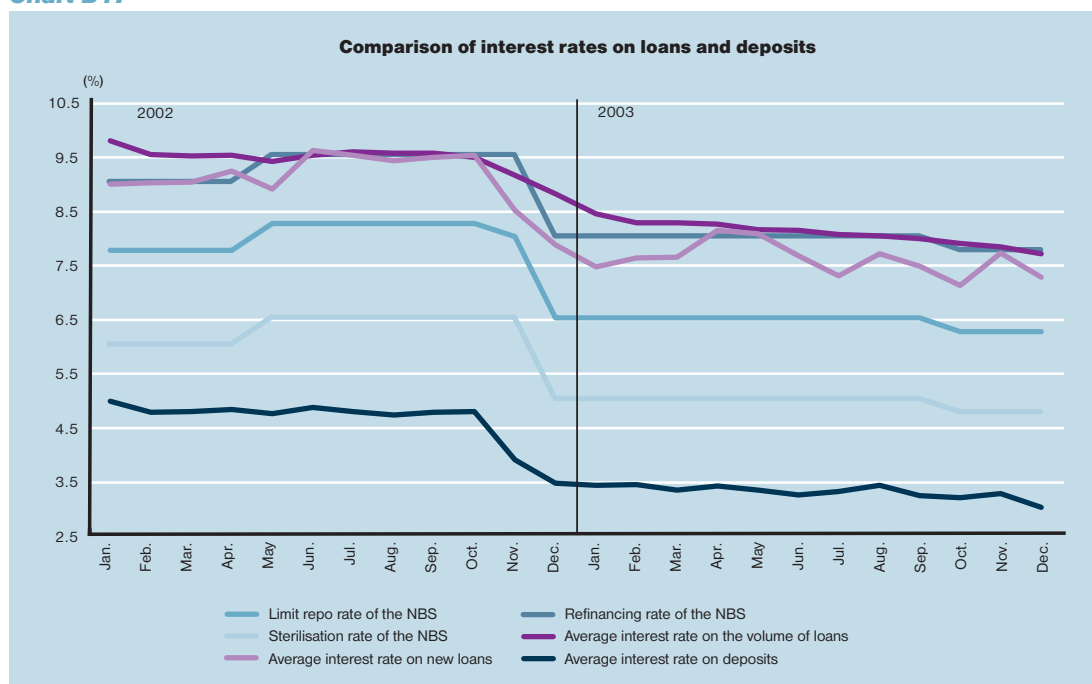
The level of customer interest rates in 2003 was affected significantly by the cut in key NBS interest rates in November 2002. Since this change was reflected in interest rates as early as the end of 2002, the year 2003 saw no significant fall in customer interest rates on a year-on-year basis (in December 2003 compared with December 2002). The downward trend in customer interest rates is evident from the comparison of annual averages for 2003.

In 2003, the Bank Board of the NBS decided to lower its key interest rates in September and December, equally by 0.25 percentage point. The September cut in key NBS rates had no significant impact on the level of customer interest rates. During the year, the average interest rate on new loans hovered around the level of the

Table B25 Developments in selected interest rates

	Average interest rate (%)		Difference (percentage points)
	2002	2003	
BRIBOR 1M	7.6	6.2	-1.4
Volume of loans	8.7	7.6	-1.1
New loans	9.1	7.6	-1.5
Deposits	4.6	3.3	-1.3

Chart B17



refinancing rate, while the average deposit rate maintained a virtually constant difference from the sterilisation rate.

Compared with the end of 2002, the average interest rate on new loans (excluding loans with zero interest rate) fell by 0.6 percentage point, to 7.2% in December 2003. Its course was relatively volatile during the year, especially in April and May, when the average rate for new loans exceeded the level of the refinancing rate. In other months, the price of new loans fell and hovered below the level of the refinancing rate, with some minor deviations in the individual months.

On a year-on-year basis, the average interest rate on new short-term loans fell by 0.3 percentage point (to 7.2%) and substantially affected, through its dominant share in new loans in total (88.0%), the average rate for the total volume of new loans.

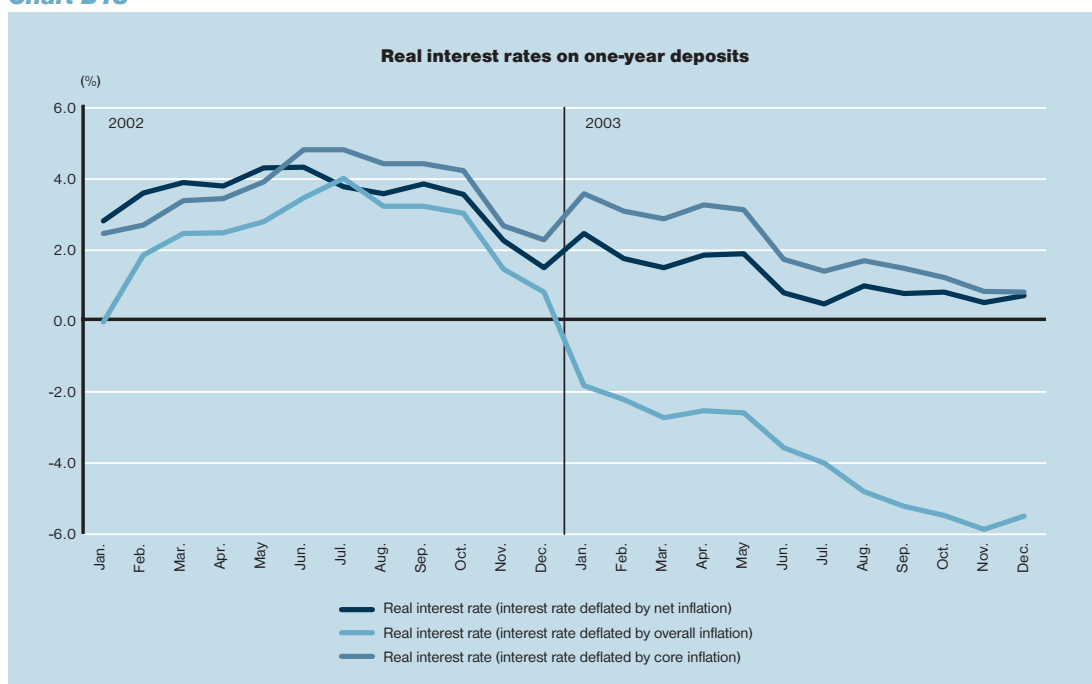
New medium-term loans recorded a fall in the average rate of interest (0.9 percentage point, to 8.6%), while their cumulative share in total new loans was 8.1%. The average interest rate on long-term loans fell by 1.4 percentage points, to

7.0% (due primarily to the increased provision of mortgage loans ²), while the proportion of these loans was only 4.0%.

From the point of view of purpose, bank lending in 2003 was affected by a fall in interest rates, mainly on other loans, which include operating loans, overdraft facilities, development loans, bills-of-exchange loans, housing loans, and mortgage loans (they accounted for 75.9% of the total volume of new loans, in cumulative terms). The average interest rate on other new loans dropped year-on-year by 2.8 percentage points, to 6.5%. In this category, a marked drop was recorded in average interest rates on mortgage loans with government contribution (by 2.8 percentage points, to 5.2%) and mortgage loans without government contribution (by 2.3 percentage points, to 7.7%), while long-term mortgage loans accounted for 32.0% of the total volume of long-term loans at the end of 2003). Another important loan category, which affected the average interest rate on new loans in total was that of current account overdrafts (with a share of 17.7% at the end of the year), where interest rates fell year-on-year by 2.6 percentage points.

² With effect from 1 July 2003, the system of providing government subsidies for mortgage loans was modified (the level of government contribution is not guaranteed for the whole period of loan repayment).

Chart B18



Interest rates on the volume of loans showed a tendency to fall. The average interest rate on the total volume of loans (excluding loans with zero interest rate) fell during the year by 1.1 percentage points, to 7.7%. The average rate for short-term loans fell by 1.2 percentage points (to 7.8%) and that for medium-term loans by 0.7 percentage point (to 8.8%). The price of long-term loans dropped by 1.3 percentage points, to 6.8%.

Average interest rates on deposits fluctuated below the level of the sterilisation rate throughout the year, and were relatively stable with a slight tendency to fall. Compared with December 2002, the average interest rate on deposits fell by 0.4 percentage point, to 3.0% in December 2003. The average rate for demand deposits fell by 0.1 percentage point (to 1.5%) and that for time and savings deposits in total by 0.5 percentage point (to 3.9%).³

Within the structure of time and savings deposits by term, average interest rates on short-term and medium-term deposits dropped, while the rates for long-term deposits increased. Interest

rates on short-term time and savings deposits fell by 0.5 percentage point (to 4.1%), and the price of medium-term deposits dropped by 0.7 percentage point (to 3.1%). Interest rates on long-term deposits rose by 0.1 percentage point, to 3.1%.

By the end of December 2003, the real interest rate on one-year deposits had fallen by 6.3 percentage points in comparison with the end of 2002. As a result of a rise in the 12-month inflation rate (from 3.4% to 9.3%) and a fall in the average rate for one-year deposits (from 4.1% to 3.8%), the real interest rate reached a negative value (-5.5%).

If the rate of interest on one-year deposits is deflated by core and/or net inflation, the value of the real interest rate for December 2003 becomes positive (0.8% and/or 0.7% respectively). In comparison with the end of 2002, the real interest rate fell by 1.5 percentage points (and/or by 0.8 percentage point), due to a fall in the average rate for one-year deposits (0.4 percentage point) and a rise in core and net inflation rates (1.1 and 0.4 percentage points respectively).

³ According to the original methodology (applied until the end of 2002), deposits were divided into demand and time deposits. With effect from 2003, an important change was made in the methodology: savings deposits were excluded from time deposits as a separate group. The structure of time deposits also changed: one-day deposits were excluded from deposits at up to seven days, nine-month deposits were included in deposits with a maturity of up to twelve months, and three- and four-year deposits were included in deposits with a maturity of up to five years.

4.5. Monetary policy instruments

Interest rate policy

a) Basic interest rate of the NBS ⁴ (rate for two-week repo tenders):

from 18 November 2002	6.50%
from 26 September 2003	6.25%
from 22 December 2003	6.00%

b) Interest rate for overnight refinancing operations:

from 18 November 2002	8.00%
from 26 September 2003	7.75%
from 22 December 2003	7.50%

c) Interest rate for overnight sterilisation operations:

from 18 November 2002	5.00%
from 26 September 2003	4.75%
from 22 December 2003	4.50%

d) Structural operations:

Individual transactions – an instrument of the NBS enabling a direct purchase or sale of government securities for or from the NBS portfolio.

e) Foreign exchange swaps:

An instrument for liquidity fine-tuning in the koruna area on a temporary basis, through forward foreign exchange transactions.

Automatic operations (standing facilities)

a) Overnight refinancing operations:

Commercial banks have automatic access to sources of finance (provided they have a sufficiency of acceptable securities) at the announced interest rate.

b) Overnight sterilisation operations:

Commercial banks are allowed to deposit excess funds in the form of non-collateralised deposits, at the announced interest rate.

Monetary policy instruments of the NBS

Open market operations

a) Main instrument:

Standard repo tender with a maturity of two weeks – conducted by the NBS with commercial banks regularly on a weekly basis. The NBS sets an interest rate for such operations (basic interest rate).

b) Instrument for longer-term liquidity control:

Issue of NBS bills for the portfolios of commercial banks – an instrument of the NBS for longer-term liquidity control in the banking sector. Auctions in NBS bills are conducted at least once a month, by using the Dutch auction technique.

c) Fine-tuning instrument:

Quick tender – an instrument used by the NBS for fine-tuning of liquidity of commercial banks on an ad hoc basis.

Other instruments

a) Redistribution loans:

- Traditional: interest rate = rate for two-week repo tenders + 0.5%;
- Soft loans: interest rate = rate for two-week repo tenders - 2% + 0.5%.

b) To maintain a bank's liquidity, the NBS may provide, in exceptional cases, a short-term loan to the bank for a period of up to three months.

Such a loan was not provided in 2003.

Reserve requirements

With effect from 1 January 2003, commercial banks were required to maintain minimum reserves in the amount of 3% of primary koruna and foreign-currency deposits (from residents and non-residents); of koruna and foreign-currency deposits from non-resident banks; of securities

⁴ On 12 December 2002, the Bank Board of the NBS set the basic interest rates of the NBS with effect from 1 January 2003. The basic interest rate of the NBS is identical with the limit rate for standard two-week NBS repo tenders. The term 'discount rate of the National Bank of Slovakia' or 'discount rate of the State Bank of Czechoslovakia', used in generally binding legal regulations, corresponds to the basic interest rate of the National Bank of Slovakia.

issued and other liabilities to non-bank clients. The ratio of required reserves for home savings banks was 3%. Maintained reserves were evaluated in 2003 on a monthly basis. Required minimum reserves attracted an interest rate of 1.5 %, up to the amount set for the given month.

Exchange-rate and foreign-exchange policies

a) Exchange rate system:

The National Bank of Slovakia applied a floating exchange rate regime in 2003. The exchange rate of the Slovak koruna was determined in relation to a reference currency (the euro), and its value depended on the level of supply of, and demand for, the koruna on the foreign exchange market. The National Bank of Slovakia intervened in the foreign exchange market in the event of excessive volatility in the exchange rate of the Slovak koruna and/or if the exchange rate did not correspond to the indicators of macro-economic development.

b) Nominal exchange rate of the SKK:

The nominal exchange rate of the Slovak koruna appreciated against euro during the year by 1.3%, to SKK 41.161/EUR on 31 December 2003. The exchange rate of the koruna against USD appreciated by 17.8%, to SKK 32.920/USD.

c) Nominal and real effective exchange rates of the SKK⁵:

In 2003, the nominal effective exchange rate of the Slovak koruna (NEER) was affected mostly by the marked appreciation of the koruna vis-à-vis the US dollar (18.9%), well exceeding the rate of appreciation in 2002 (6.2%). In that period, the koruna achieved a somewhat higher rate of appreciation in relation to the dollar than the currencies of Slovakia's main trading partners. During 2003, the NEER index appreciated year-on-year most dynamically than a year earlier, with the average rate of appreciation reaching 7.0% (compared with 0.1% in 2002).

The real effective exchange rate of the koruna (REER), calculated on the basis of the producer price index, appreciated year-on-year by an average of 13.2% in 2003 (in 2002 by 1.8%). On the basis of industrial products prices (excluding mineral raw materials and energy prices), the REER index appreciated last year by an average of 7.2% year-on-year, compared with 0.5% in 2002.

d) Evaluation of the currency structure of foreign exchange receipts and payments of the Slovak Republic:

In 2003, the turnover of receipts and payments in convertible currencies in the payment categories 1 to 6 reached Sk 1,536.8 billion (the average monthly turnover

Table B26 Currency structure of foreign exchange receipts and payments

	1999	2000	2001	2002	2003
Total turnover (in billions of Sk)	812.8	1,094.3	1,277.9	1,385.6	1,536.8
of which:					
Euro and former currencies of EMU countries	58.3%	58.5%	61.3%	63.7%	69.8%
Czech koruna	9.3%	7.5%	8.7%	9.3%	7.8%
American dollar	28.4%	30.0%	26.4%	23.2%	19.0%
Other currencies	3.9%	4.0%	3.6%	3.8%	3.3%
Turnover as a share of GDP (at current prices)	96.3%	117.1%	126.5%	126.4%	128.5%

⁵ The IMF calculation methodology of indices of the nominal and real effective exchange rates of the Slovak koruna (NEER and REER) is used. It is established on average monthly exchange rates of the Slovak koruna and the currencies of trade partners against the US dollar, and is based on the producer price index PPI (the prices of industrial manufacturing products PPI) in the initial year 1999 and for the sixteen major trade partners of the Slovak Republic, representing roughly 86 to 89% of the volume of Slovakia's foreign trade in 1993 – 2002: Germany, Czech Republic, Italy, Austria, France, Netherlands, the USA, Great Britain, Switzerland, Poland, Hungary, Ukraine, Russia, Japan, China, and Turkey

was Sk 128.1 billion), representing an increase of 10.9% compared with the previous year. Foreign exchange receipts and payments resulted in a positive balance of Sk 15.8 billion, compared with a negative balance in 2002 (Sk 24.1 billion).

The strengthening trade relations between Slovakia and euro area countries led to growth in the importance of the euro, which was directly reflected in the currency structure of foreign exchange receipts and payments. The turnover took place predominantly in EUR and USD, while the share of the EUR increased during the year by 6.1 percentage points to the detriment of other currencies. The most significant drop occurred in the proportion of the dollar (4.2 percentage points), while the share of the Czech koruna decreased by 1.5 percentage points and that of other currencies by 0.5 percentage point.

4.6. Chronology of monetary developments

January

- Japan's R&I (Rating and Investment Information) agency increased the long-term liability rating of the SR for koruna liabilities, from BBB- to BBB.

March

- Fitch Ratings, the international rating agency, improved its ratings for Slovakia: the rating for long-term foreign exchange debt was raised from BBB- to BBB and that for long-term liabilities in domestic currency from BBB+ to A-.

April

- The NBS granted permission to BASL Beteiligungverwaltungs GmbH of Austria, member of the Meindl Bank Aktiengesellschaft Group, to acquire a 60.1% share in the registered capital of Banka Slovakia, a.s.

- The Government of the SR approved an amendment to the Deposit Protection Act, made in accordance with the relevant laws of the European Communities, with effect from 1 July 2003.

May

- The Bank Board of the NBS approved the Updated Monetary Programme for 2003, in which the year-end inflation rate of 8.4% to 9.7% had been projected. The NBS reduced its predictions for the average and core inflation rates. The original range (2.7 to 5.0%) was lowered and narrowed, to 2.1 to 3.6%. The risks in this forecast were the world price of oil, the exchange rate of the koruna, and the range of administrative measures and their impacts on price developments. The current account deficit was expected to reach 4.5% of GDP, compared with the originally projected 6.2%. The positive change was connected with the increased dynamics of exports, decelerated growth of imports, and the strengthening of the Slovak koruna against the US dollar. Due to the favourable trend in foreign trade, the expected rate of economic growth was increased, from 3.9% to 4.1%.

July

- The Government discussed the Strategy for the Adoption of the Euro in the Slovak Republic, worked out by the Ministry of Finance and the NBS, and ordered that the document be revised by the middle of 2004. At the July session, the Government and the NBS approved a Joint Statement concerning the procedure to be followed in connection with the entry of the SR into the euro area.

August

- The IMF published a Final Report on Economic Developments in Slovakia in 2002, classifying Slovakia as the most reform oriented country among the four Central European states joining the EU with effect from 1 May 2004. In this

report, the monetary policy of the NBS received positive evaluation (especially the Bank's foreign exchange market operations against speculative capital and the reductions in key interest rates). The IMF report also stated that Slovakia's banking sector had strengthened and stabilised, and drew attention to the need for progress in the area of institutional development towards integrated financial market supervision, which is to be constituted within the NBS in 2006.

September

- The Bank Board of the NBS discussed and approved an amendment to the Banking Act and proposed amendments to numerous other laws. The approved amendment to the Banking Act was to enter into force and effect on 1 January 2004.

October

- The National Council of the SR passed a law introducing a flat 19% tax on personal and corporate income, with effect from 1 January 2004.

November

- The international rating agency Fitch Ratings improved the long-term rating outlook of banks in Slovakia, Poland, Lithuania, and Slovenia. This was followed by an increase in the long-term foreign exchange liability ratings of candidate countries for EU membership. As for Slovakia, the long-term rating outlook of banks was changed from stable to positive, and the BBB ratings were confirmed.

December

- The National Council of the SR approved the State Budget for 2004, with a deficit of Sk 78.5 billion. Revenues were budgeted in the amount of Sk 232.2 billion, expenditures in the amount of Sk 310.5 billion. According to the ESA 95 methodology, the deficit in public finances should reach 3.9% of GDP.
- The Bank Board of the NBS approved the Monetary Programme for 2004, with a medium-term outlook for the years 2005-2007.

In the 2004 Monetary Programme, the 12-month overall inflation rate is predicted to reach 5.5 to 7.3% at the end of the year, which corresponds to an average inflation rate of 7.2 to 8.2%.

5. FINANCIAL MARKETS

5.1. Money market

Operations of the NBS on the money market

The monetary policy of the NBS maintained its sterilisation nature over the course of 2003. Commercial banks used standard types of transactions on the open market for liquidity sterilisation, i.e. overnight deposits, two-week repo tenders, and issues of three-month NBS bills. For refinancing purposes, overnight repo transactions were applied. Although the same monetary-policy instruments were applied, the possibility of initiating overnight transactions was optimised through the extension of the time available for the conclusion of overnight transactions with the NBS. On the initiative of banks, a third time zone was opened within the scope of SIPS (Slovak Interbank Payment System), from 13.00 to 13.30, for the transfer of priority payments between the central bank and banks with a system for automatic sterilisation operations (overnight deposits). Thus the NBS made it possible for banks to control the daily level of liquidity more effectively even in the case of unexpected payments from customers. The third time zone for the transfer of priority payments between the central bank and commercial banks, was opened with a view to ensuring compliance with the EU standards. The second change was the extension of the time for the conclusion of overnight refinancing transactions, by 15 minutes (from 12.00 to 12.15). This made the actual situation on bank clearing accounts more transparent in the case of delays in the processing of standard payments.

Table B27**Average monthly effects of NBS transactions on the level of banking sector liquidity (Sk millions)**

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
O/N repos	710	368	240	916	4,945	1,685	100	288	258	453	284	26
O/N deposits	-6,633	-3,724	-3,838	-779	-5,421	-5,208	-3,769	-1,496	-4,494	-2,232	-2,542	-8,419
NBS bills	-44,480	-47,746	-51,402	-52,420	-52,197	-57,698	-55,378	-56,007	-39,925	-44,500	-31,700	-38,258
SRT	-102,267	-106,516	-111,966	-115,382	-107,082	-101,312	-103,783	-112,184	-123,563	-119,146	-124,292	-114,584
Total	-152,670	-157,618	-166,966	-167,665	-159,755	-162,533	-162,830	-169,399	-167,724	-165,425	-158,250	-161,235

+ inflow of liquidity

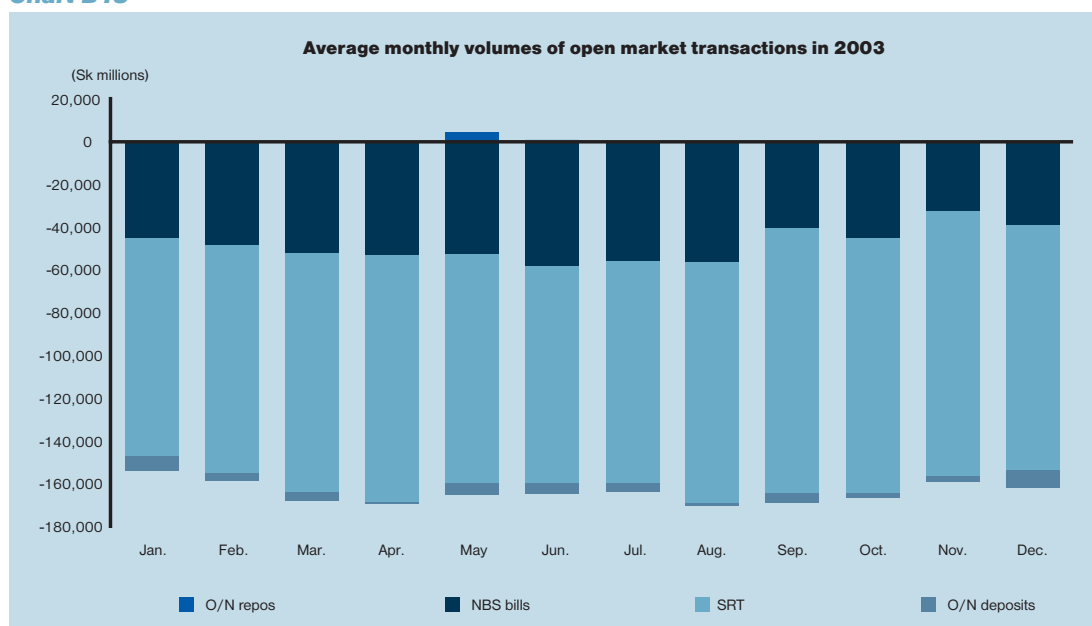
- outflow of liquidity

On a daily basis, the average volume of sterilisation funds in the NBS reached Sk 162.7 billion in 2003 (a year-on-year increase of 77.4%). Most NBS transactions on the money market took place in the form of sterilisation repo tenders; another frequently applied instrument was the issue of three-month NBS bills. For the elimination of deviations in the level of daily liquidity, banks continued to use overnight deposits and, to a lesser extent, overnight refinancing repo operations.

The sterilisation of excess liquidity was dominated by two-week repo tenders, with an average share of 68.7% in 2003. This was 10.7 percentage points less than in 2002. In 2003, the NBS announced 53 repo tenders, which were conducted in American style with a set limit rate. Demand was reduced only in four cases. The amounts accepted ranged from Sk 36.0 billion to Sk 78.6 billion. The minimum interest rate accepted

deviated from the maximum rate by 1 to 20 basis points and, in one case, reached 32 basis points (after the volume accepted had been significantly reduced).

The second most effective instrument was the NBS bill, with a share of 29.3% (a year-on-year increase of 11.1%). Fourteen NBS bill issues were issued for the portfolios of banks (all the auctions were conducted in the Dutch style) in the total amount of Sk 230.6 billion, with a maturity of three months. The NBS reduced the volume of bids only in three cases. Demand was first reduced at the September auction, where banks required an inadequately high yield. In December, the excessive demand at the auction was corrected with regard to the predicted level of interbank liquidity. The reason behind the change in maturity in October (60 days) was the preparation of a change in the taxation of yields on securities. The December

Chart B19

change (73 days) was a result of persistent uncertainty in connection with the approval of the tax reform. The gradual increase in interest in NBS bill auctions in the first half of the year diminished in the second half, mainly as a result of a decrease in the interest rate differential between the expected yield on bills (at the level of the limit yield for repo tenders) and the price of three-month deposits on the interbank market.

Overnight transactions were applied by banks more frequently than in 2002. Overnight refinancing transactions were used during 67 days (compared with 48 days in 2002) and deposits during 270 days (246 days in 2002), including banking holidays. In the use of overnight refinancing transactions, the most intensive activity was recorded in May and June. In May, this was due to an outflow of liquidity from the banking sector (Sk 40.4 billion) after the acceptance of excessive demand at the repo tender, accompanied by the investment of funds in a new issue of government bonds. In June, banks gave preference to investment in NBS bills (investment exceeded the due amount by Sk 9.3 billion) over a short-term liquidity shortage. In deposits, the largest volume achieved was Sk 23.2 billion (compared with Sk 18.6 billion in 2002) and in the case of refinancing repo operations Sk 19.2 billion (Sk 10.8 billion in 2002).

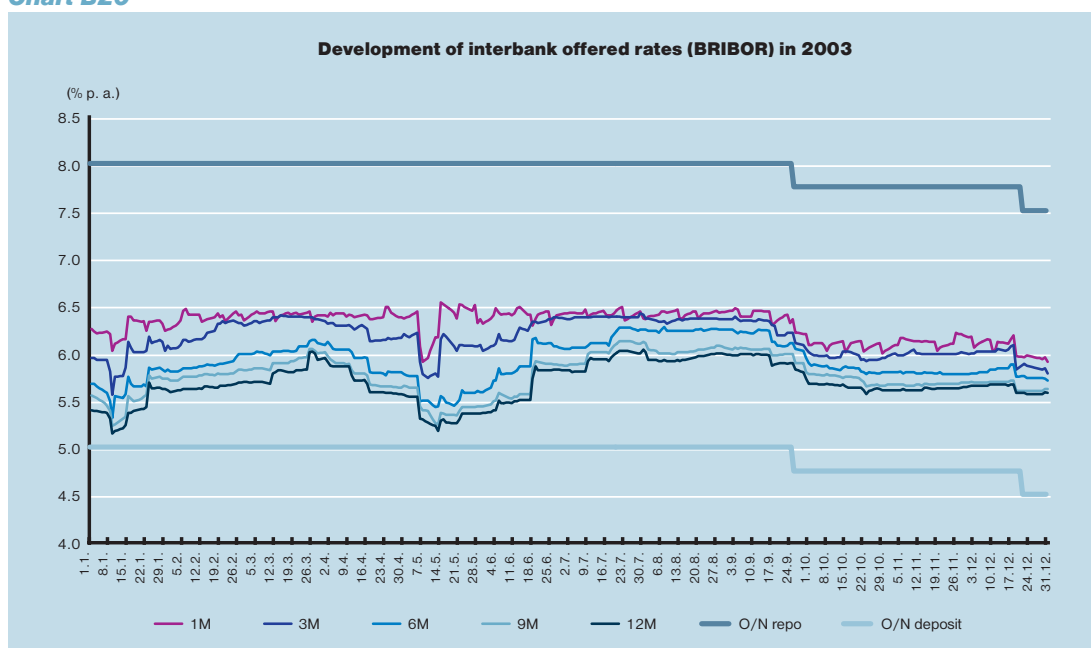
Developments in money market rates

In 2003, money market rates (except overnight rate) fluctuated within the corridor delimited by the rates for overnight deposits and refinancing repo operations. The overnight rate exceeded the level of the refinancing rate four times during the year. By raising the price of short-term deposits, banks attempted to defend themselves against increased interest in these deposits at a time when there was a marked shortage of daily liquidity, due to the transfer of liquidity to accounts held at the NBS. Repeated shortages of daily liquidity were produced by the preference of banks for the conversion of liquid assets into NBS bills, repo tenders, and new issues of government securities.

The rates for maturities over two months fluctuated in the lower part of the corridor and the yield curve maintained an inverse shape throughout the year. Changes were recorded only in the slope of the curve as an indication of changes in expectations concerning the future course of NBS interest rates and/or as a direct reaction to changes in demand for longer-term deposits. One- and two-week rates followed a course with weekly cycles and approached, on auction days, the level of the limit rate for repo tenders from above or from below, depending on the actual level of liquidity in the banking sector. Rates for longer-term maturities were affected by irregular purchases and sales of deposits, but mainly by currency swaps conducted in large part by foreign banks. The restricted possibilities for trading in swaps (owing to the limited foreign exchange holdings of domestic banks at the time speculation against the exchange rate of the Slovak koruna) significantly affected the prices of interbank deposits. Hedging against risks arising from the open positions of foreign banks through interest rates derivatives did not always correspond to the trend in deposit rates, in spite of the fact that derivatives are derived from money market rates.

The marked downward changes in the quotations of short-term rates were affected as early as the beginning of the year by the opening of the koruna positions of foreign banks in connection with the strengthening of the koruna, as a result of which the volume of interbank deposits was increased through currency swaps as well. The fall in the price of deposits was also supported by the fiscal measures adopted in connection with the reform of the pension system, with the aim of reducing the budget deficit. The fall in interest rates was stopped by NBS interventions in the foreign exchange market in January. After the Hungarian central bank repeatedly reduced its key interest rates, foreign banks started to close their positions and left the foreign exchange markets, which had negative consequences for the neighbouring countries as well (including Slovakia). This situation led to a relatively marked increase in BRIBOR rates for three to twelve months. A change occurred at the end of January, when the news

Chart B20



about the selection of Slovakia for the construction of a new plant for PSA Peugeot Citroën was published.

In response to an unsuccessful auction in seven-year government bonds in March (due to the low level of the coupon), nine-month and twelve-month BRIBOR rates increased. The announcement of the plan of the Ministry of Finance to issue eurobonds in the amount of EUR 500 million and twenty-year eurobonds denominated in Slovak koruna for the European Investment Bank in April, led to the placement of deposits through currency swaps and forward rate agreements (FRA), which caused a fall in interest rates for maturities over three months.

Another marked change took place in May, when the NBS reacted to the strengthening of the koruna vis-à-vis the euro by making repeated interventions in the foreign exchange market. The interventions gave rise to increased concern among banks that the NBS may also lower its key interest rates, to which the money market reacted with a fall in the price of interest rates for longer maturities. The fall was stopped at the end of May, when the country's favourable trade results were announced.

The repeated currency depreciation in the neighbouring countries in June made foreign banks to close their positions, which led to increased demand for deposits with longer maturities, followed by a significant rise in their price. An even more pronounced depreciation of the koruna in July motivated domestic and foreign banks to purchase deposits and futures contracts, which led to an immediate rise in the price of deposits with a maturity of over six months. The situation changed in September, when the gradual appreciation of the domestic currency increased the sales of interest rate derivatives and deposits through currency swaps with longer maturities.

The September cut in key NBS interest rates did not meet a strong reaction from money market rates, for the reduction had been expected and was therefore already included in the interbank market rates.

The second cut in key NBS rates in December (by 25 basis points) gave rise to an adequate fall in the yield curve of BRIBOR as a whole. The attempt of banks towards the end of the year to deposit the excess of liquidity in connection with the planned reduction in required reserves with effect from 2004, led to a fall in the price of deposits with a maturity of one to three months.

Table B28**Monthly volumes of purchases and sales on the interbank market****(Sk billions)**

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Deposits	529	482	454	522	410	502	558	495	496	625	454	579
Repos	0	0	0	0	0	0	0	0	0	0	0	0
Swaps	649	594	617	758	696	721	1,157	653	728	764	619	611

Interbank transactions on the money market

The total volume of interbank money market transactions, consisting of deposits, repo operations, and swaps, showed a tendency to grow in 2003 and was 35.0% higher than in the previous year. Although several repo transactions were concluded, their share in the total turnover was very small and, for reporting purposes, negligible. Reference banks accounted for 90.4% of the total turnover. Of the total volume of interbank transactions, trading between domestic banks accounted for 36.0% and transactions between domestic and foreign banks 64.0%. Foreign banks showed increased interest in swaps, which reached a share of 72.4%.

In terms of volume, trading was concentrated in the shortest maturities. Transactions with a maturity of one day to one week accounted for more than 90% of the total volume of transactions. A similar result was recorded in 2002, while 2003 saw a modest increase in the share of transactions with a maturity of up to one week.

The largest share in the volume of interbank transactions in 2003 was reached by swaps: an average of 58.4% (compared with 48.9% in 2002). The stable level of interest rates on the money market created conditions for continued growth in trading with derivatives that are connected to the money market rates, i.e. forward rate agreements (FRA) and interest rate swaps (IRS).

Treasury bills

Primary market

Owing to a sufficiency of other funds in the clearing registration account of the Ministry of

Finance, the current deficit in the State Budget in the 1st half of 2003 was not financed by issues of Treasury bills. In view of the growth in the state budget deficit in the middle of the year and the fact that 18 Treasury-bill issues of 2002 fell due at weekly intervals between July and November (in the amount of Sk 39.5 billion), the Ministry of Finance conducted the first sale of Treasury bills in July 2003.

During 2003, twenty one issues were placed on the market via American-style auction, with unlimited amount of issue rate and price, with maturity in 2004. The maturity was set at 6, 9, and 12 months. One of the auctions was closed with zero acceptance, due to unacceptable interest requirements on the part of investors.

Total sales of SR Treasury bills reached Sk 54.6 billion, representing 38.6% of total demand (Sk 141.6 billion). The average amount per issue was Sk 2.6 billion, and average demand per auction reached Sk 6.4 billion. The high level of demand for Treasury bills was mainly due to a surplus of liquidity and a shortage of other low-risk assets. Of the primary purchase of Treasury bills, foreign investors accounted for 94.5% and domestic banks 5.0%. The share of other domestic investors was negligible.

The average interest yield on primary sales of Treasury bills reached 5.6% in 2003. The yields were below the level of domestic money market rates for comparable maturities throughout the year. On average, SR Treasury bills were placed on the market in 2003 at a rate 33 basis points below the level of the BRIBOR rate.

The yields of Treasury bills followed a trend, alternating between growth and decline. A marked increase was recorded mainly in August and

at the beginning of September, when yields grew by as much as 56 basis points. They were affected mainly by the issuer's increased issuance in connection with the accumulation of large repayments of government securities in that period. In the following period, the situation consolidated and, at the beginning of October, the yields achieved began to show a tendency to fall. This was caused primarily by a change in the key interest rates of the NBS (by 25 basis points). In November and December, the yields began to rise again at a moderate rate. This fact was caused by the shortening of the maturity of these issues to 6 months, which corresponded to the course of the yield curve of the interbank deposit market.

Secondary market

The total amount of transactions on the secondary market for Treasury bills reached Sk 133.9 billion in 2003. Of this amount, transactions with the participation of the NBS accounted for only 2%, because the NBS conducted intervention operations through the NBS bills. Trading activity was concentrated mostly in the second half of the year (95.4% of all transactions), when the issuer placed new issues on the market. The significant increase in the secondary trading in Treasury bills was caused by the exchange of portfolios between investors at the end of the year.

Secondary transactions between banks, and between banks and their clients, were conducted almost exclusively (97.5%) in the form of direct transactions to maturity. The predominant part of these transactions (66.0%) consisted of sales of Treasury bills held by foreign entities to residents on the first or second day following the issue of securities, which was connected with the utilisation of the difference between the tax burdens of domestic and foreign investors.

5.2. Capital market

Primary market

Government bonds

In 2003, the market for government bonds was of historical importance for the issuer in formulating the issuing policy, mainly in setting the level of interest yields. For the first time, the issuer decided to make 6 issues with a zero coupon and unlimited price, and hence set only the total issue-amount. The maturities of the issues were set at 1 to 1.5 years. The second important element on the government-bond market was the setting of maturities. The individual issues were placed more evenly, according to maturity, and this was connected with the requirement of investors that government bonds should make up a complete yield curve.

In total, 13 government bond issues were offered in the total amount of Sk 98.5 billion, representing an increase of 31.2% compared with the same period a year earlier. The issuer cancelled three auctions: two in connection with the low demand (each amounted to Sk 3.0 million) and one at the end of the year due to excessive requirements for yields on the part of investors (up to 5.94% p.a.). At the auctions, yields were accepted between 3.67% and 5.75%. The maximum and minimum yields were recorded at auctions with a zero coupon. Of the total number of issues, five were re-openings through which the issuer created conditions for the extension of tradable issues on the secondary market, even where the expected increase in tradability was met only in part. Four reopening issues had a maximum amount set at Sk 15.0 billion and one issue at Sk 20.0 billion. Demand for these issues oscillated between 38.46% (Issue No. 199) to 173.4% (Issue No. 189).

In terms of maturity, there were three issues of 1-year bonds (14.2%); three 1.5-year bonds (16.8%); two 2-year bonds (15.3%); one 5-year and 7-year bonds (15.2% equally); and three 10-year bonds (23.2%). In 2002, 1-year issues

accounted for 45.8%; 2-year issues 18.4%; 3-year issues 2.1%, 5-year issues 19.5%; and 10-year issues 14.2% of the total issue-amount.

Aggregate demand for government bonds reached Sk 186.3 billion in 2003, representing an increase of 136.4% compared with the figure for 2002 (Sk 78.8 billion). The average issue-amount was Sk 5.5 billion, compared with Sk 2.4 billion in 2002. The increase was influenced by the reopening of government bond issues with the total amount of Sk 68.9 billion, and by zero-coupon issues in the amount of Sk 30.5 billion, and an average issue-amount of Sk 5.3 billion. The strongest demand for government bonds was recorded in the first half of the year, i.e. Sk 168.6 billion (90.5% of total demand), which was connected with the issuer's strategy to concentrate his issuing activity in the first six months.

There was much demand for issues of zero-coupon government bonds and room was created for investors to formulate and enforce their price demands. Demand for these issues fluctuated between Sk 5.6 billion and Sk 18.7 billion (140.0% and 347.3%). The rate of satisfaction was between 26.7% to 71.4%. The increased interest of investors in these issues was connected with the fact that, in the given period, no Treasury bills were issued and there was a significant surplus of liquidity in the banking sector.

At 31 December 2003, there were 24 foreign investors (representing 18.5% of the total number of investors) registered on the primary market for government bonds.

In 2003, twenty-four government-bond issues were repaid in the total amount of Sk 60.5 billion. The biggest share of this amount (46.2%) was repaid for one-year government bonds. The yield on government bonds reached Sk 19.2 billion in 2003 (in 2002 Sk 23.9 billion), of which foreign investors accounted for 66.7% (46.3% in 2002). The share of foreign investors in the total amount of yield paid in 2003 increased by 20.0%.

Non-government bonds

In total, 72 issues were floated in 2003 (4 more than in 2002). The total volume of non-government bonds issued reached Sk 32.6 billion, representing a year-on-year increase of Sk 27.9 billion. In foreign currency, 14 issues were made in the amount of EUR 15.2 million, compared with 7 issues in 2002 (EUR 19.9 million).

Secondary market

As far as the capital market is concerned, Act No. 566/2001 on securities and investment services was amended in 2003 by Act No. 162/2003, which postponed the deadline for the establishment of an over-the-counter (OTC) market until the expiration of 60 days of the grant of membership to the first member of the First Central Depository. The amendment became effective on 1 June 2003.

The new Stock Exchange Rules, which had been brought into harmony with Act No. 429/2002 on the Stock Exchange, came into force on 13 April 2003.

In 2003, during 243 trading days, 62,890 transactions were concluded on the Bratislava Stock Exchange (BCPB), in the total trading amount of Sk 1,097 billion. The highest volume was traded in bonds (Sk 1,072.4 billion) in 3,167 transactions. Compared with 2002, the volume of transactions increased by a total of 70.5%. The number of transactions was almost four times higher than in 2002, which represented an increase of 286.7%.

Foreign investors accounted for 48.1% of the total turnover of the BCPB, of which 51.7% took place in purchases and 44.4% in sales.

Bonds

In 2003, trading in bonds reached an all-time high (Sk 1,072.4 billion) in 3,167 transactions. The volume of transactions increased by 76.3% in comparison with 2002. Electronic order book

transactions recorded a year-on-year increase of 123.0% (to Sk 119.3 billion), while negotiated trade rose by 71.8% (to Sk 953.1 billion). Transactions in public sector bonds (government bonds and bonds of state-owned companies) accounted for 98.3% of the total volume of trading in 2003. The highest volumes were achieved in government bonds, i.e. Issue No. 142 (Sk 253.9 billion), Issue No. 143 (Sk 97.2 billion), and Issue No. 152 (Sk 77.3 billion). Among non-government bonds, the best performers were Poľnobanka III (Sk 3.8 billion) and SE 03 bonds (Sk 3.2 billion). Most transactions (262) were concluded in government bonds, Issue No. 191.

In the market-makers module, the following issues were traded over the course of the year: 8 government-bond issues (No. 131, 133, 147, 166, 174, 187, 188, 189); 3 corporate-bond issues (B.O.F. 04, SHS II, and Železiarne Podbrezová II); and 3 issues of mortgage bonds (HZL VÚB VI, HZL Tatrabanka 01, and HZL Istrobanka I). The volume of transactions in the market-makers module amounted to Sk 654.1 million (in 51 transactions), representing a negligible share (0.6%) of the total volume of electronic order book with bonds.

On the last trading day of the year, the market capitalisation of bonds amounted to Sk 331.9 billion (a year-on-year increase of 14.1%), of which Sk 286.0 billion was in listed issues (an increase of 17.3% in comparison with 2002).

The Slovak Bond Index (SDX) for bank and corporate bonds closed the last trading day of the year with an increase of 7.2%, at 238.9% of the nominal value of its portfolio, with an average yield to maturity of 7.3% and a duration of 1.5 years. The index reached a minimum on 7 January (223.0%) and a maximum on 23 December (238.9%).

As of the end of the year, the average price of the government-bond portfolio in the SDX's base stood at 217.2% (a year-on-year increase of 4.2%), with an average yield amounted to 5.3% and duration 3.5 years. This component recor-

ded a minimum on 7 January (208.2%) and a maximum on 23 December (217.3%).

Shares

In terms of financial volume, trading on the stock market continued to decline in 2003. The total volume of transactions reached Sk 24.3 billion (in 59,723 transactions) and thus remained below the level of the bond market. In a year-on-year comparison, the volume of transactions dropped by 30.2%.

In the market-makers module, two share issues were available for trading during the year (Slovnaft and Slovakofarma). The volume of trading in the market-makers system amounted to Sk 1.3 million (in 11 transactions), representing a negligible share (0.1%) of the total volume of electronic order book transactions in shares.

Year 2003 was one of the most successful years in the history of the Slovak Share Index (SAX): the value of SAX appreciated during the year by 26.9%, from 140.0 to 177.6 points. This development was affected first and foremost by the shares of Slovnaft, the price of which reacted flexibly to the acquisition of Slovnaft by the Hungarian oil refinery MOL Rt. Further factors determining the course of the index in the first quarter were the shares of Slovnaft (an increase of 41.0%) and Nafta (an increase of 38.8%). The SAX index followed a downward trend over the first quarter, then stabilised in the second and third quarters. This development took place in virtually all the basic shares that are included in the index. The last quarter saw an increase in the value of SAX, due mainly to the publication of news about the continued privatisation of Slovnaft. On 26 November, the SAX index reached a yearly and almost five-year maximum, at 149.60 points. In 2003, as opposed to other years, the value of SAX did not fall below its initial level (100 points).

5.3. Foreign exchange market

Operations on the foreign exchange market

During the year, the exchange rate of the Slovak koruna against the euro appreciated by 1.3% (from SKK 41.722/EUR to SKK 41.161/EUR). The average exchange rate was SKK 41.491/EUR.

The total volume of foreign exchange purchases in direct interventions for the weakening of the Slovak koruna reached EUR 250.0 million in 2003 (May 2003). In addition, the National Bank of Slovakia accepted the offers of commercial banks throughout the year and purchased EUR 408.0 million in direct transactions. Thus the NBS purchased a total of EUR 658 million on the interbank foreign exchange market.

Table B29
Changes in the exchange rate of the koruna (%)

	Year-on-year change	Average 2003 Average 2002
Exchange rate of the SKK:		
against the euro	-1.3	-2.8
against the dollar	-17.8	-18.9

The minus sign means an appreciation in the value of the SKK.

Interbank foreign exchange market

The total volume traded on the interbank exchange market (in foreign currency conversion, swap, and forward transactions, excluding foreign exchange interventions by the NBS) reached USD 400.0 billion, representing an increase of 85.9% in comparison with the figure for 2002 (of which transactions in USD accounted for 78.8%, in EUR 13.8%, and in other currencies 7.4%). Within the structure of transactions, currency swaps accounted for 91.0% (compared with 86.7% in 2002), spot operations 8.9% (13.2% in 2002), and forward transactions 0.1% (the same figure as in 2002).

The average daily turnover on the spot market amounted to USD 143.9 million. The market was dominated by trading in EUR, which accounted for 99.1% of the total volume, due to the euro being the reference currency. Trading between domestic banks and between domestic and foreign banks on the spot market confirmed the trend of increased activity on the part of foreign banks on the Slovak foreign exchange market (29.6% of the total turnover was in favour of domestic banks and 70.4% in favour of foreign banks). In 2003, the overall balance of transactions between foreign and domestic banks was positive (USD 192.6 million), i.e. foreign banks purchased mostly foreign currency and sold Slovak koruna. Of this figure, however, it is difficult to draw unambiguous conclusions about the interest of foreign banks in the purchase or sale of Slovak koruna. The customers of foreign banks are not only foreign entities, but domestic banks and companies as well. The market for Slovak koruna is a global one, hence numerous domestic entities use the services of foreign banks, mainly in cases, when they need to convert a larger amount. Therefore, the final balance of transactions between foreign and domestic banks does not reflect the actual inflow or outflow of foreign currency from the domestic exchange market.

The volume of transactions between domestic commercial banks increased by 36.0%, to USD 75.2 billion. Trading took place mostly in US dollars (79.4%; compared with 70.5% in 2002), followed by the euro with a share of 20.0% (28.9% in 2002), and other currencies accounting for 0.5%. Trading between domestic banks accounted for 18.8% (24.9% in 2002) of the total interbank foreign exchange market.

In the structure of transactions, 85.9% of the total volume of trading between domestic banks took place in the form of swap operations (79.9% in 2002) and spot transactions accounted for 14.1 % (20.1% in 2002).

Trading with foreign banks also recorded a marked year-on-year increase (100.3%), to USD 324.9 billion. Most trading took place in US dollars

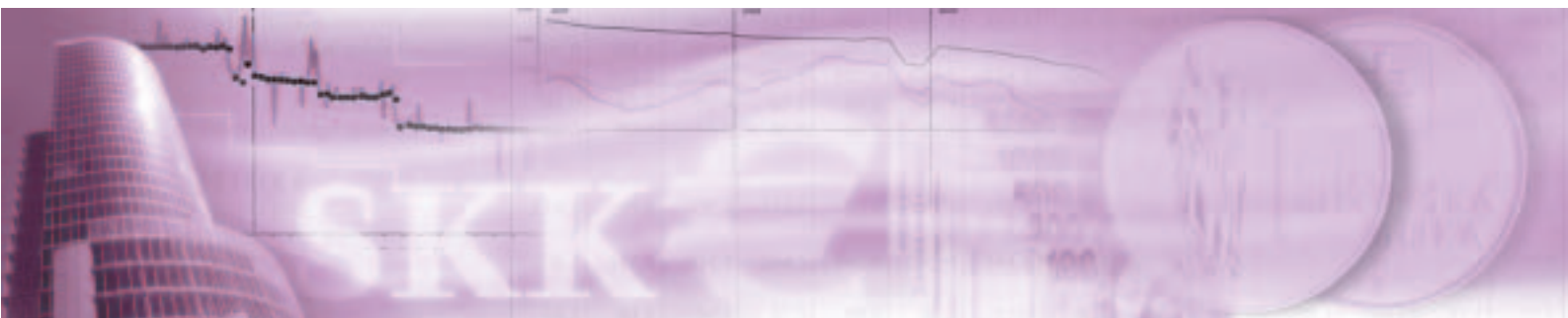
(78.8%, compared with 80.4% in 2002), followed by the euro with a share of 12.1% (17.5% in 2002) and other currencies accounting for 9.0%. The volume of transactions with foreign banks represented a substantial part of the foreign exchange market (i.e. 81.2%).

In the last few years, the interest of foreign investors (banks and their customers) in the Slovak koruna has been on the increase. In the past, Slovakia was perceived as a country using non-standard procedures in the area of domestic policy. At present, Slovakia is considered to be standard functioning economy, the development of which can no longer be changed by current political issues in the long term. Powerful stimuli to growth in the interest of foreign investors in Slovakia was provided by the country's recent achievements in the area of foreign policy (entry into the EU, NATO, OECD), improved credit rating (Slovakia received an investment rating from the leading rating agencies), foreign investments (PGA Peugeot Citroën), and by the adoption of principal structural changes (pension reform, flat tax).

The major factor that discouraged investors from making even larger exposures in Slovak koruna in 2003 was the emergence of problems on the market as a result of unexpected steps taken by the Hungarian central bank, which attempted to resolve problems in the exchange rate area and to achieve its inflation target through radical changes in the key interest rates. Due to interventions and significant interest rate changes in Hungary, foreign banks took a more careful attitude towards the entire region. After a certain time, however, the developments on the Hungarian financial market ceased to have a substantial impact on the volatility of the neighbouring currencies (Czech koruna, Polish zloty, Slovak koruna).

From the point of view of the exchange rate of the koruna against the euro, the growth in liquidity on the foreign exchange market is of substantial importance. The increased daily turnover helps dampen the exchange rate volatility in the event of an increased outflow or inflow of foreign exchange into the sector. The fall in volatility has been apparent since 2000.

C. BANKING SUPERVISION



1. DEVELOPMENT OF THE BANKING SECTOR

In 2003, the situation in Slovakia's banking sector stabilised thanks to results achieved by banks in 2002, when among other things asset profitability improved, competition in the banking product market broadened, and the development of prudential banking indicators made a positive trend.

As of 31 December 2003, twenty one banking entities (eighteen banks and three branch offices of foreign banks) operated in the Slovak banking sector along with eight representative offices of foreign banks. Of these eighteen banks, three are home savings banks: ČSOB stavebná sporiteľňa, a. s., Prvá stavebná sporiteľňa, a. s., and Stavebná sporiteľňa VÚB-Wüstenrot, a. s. Among the fifteen universal banks, nine banks and one branch office of foreign bank hold a mortgage banking license (HVB Bank Slovakia a. s., Dexia banka Slovensko a. s., ISTROBANKA, a. s., ĽUDOVÁ BANKA, a. s., OTP Banka Slovensko, a. s., Slovenská sporiteľňa, a. s., Tatra banka, a. s., UniBanka, a. s., Všeobecná úverová banka, a. s., and Československá obchodní banka, a. s., a branch of a foreign bank in the SR).

The volume of banks' subscribed share capital (excluding the NBS) increased by Sk 1.9 billion

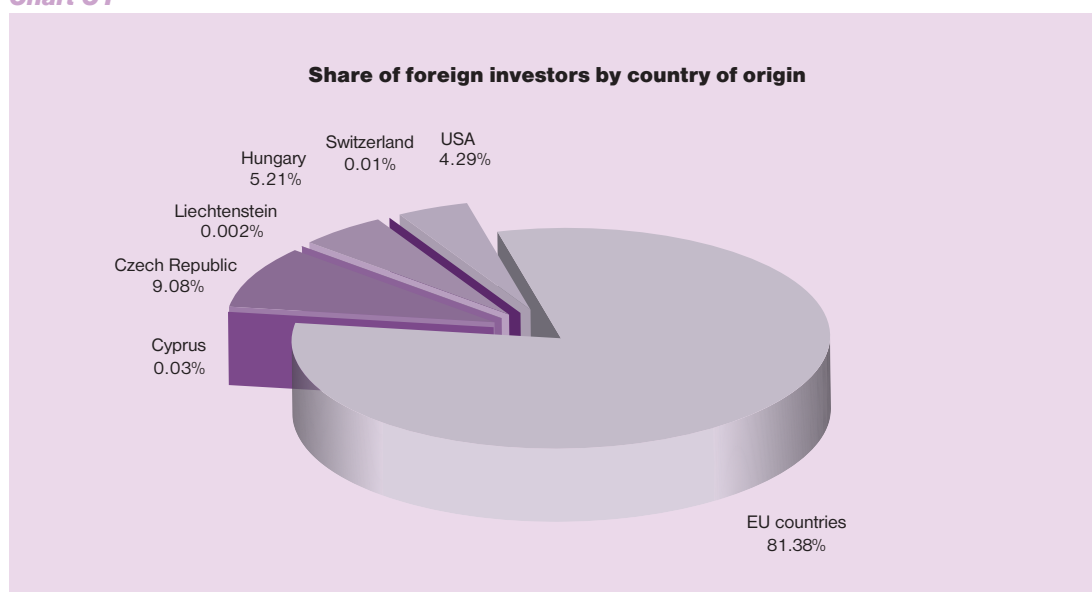
compared to the volume as of 31 December 2002, from Sk 38.5 billion to Sk 40.4 billion. Share capital development was influenced by the subscription of new shares in OTP Banka Slovensko, a. s., PRVÁ KOMUNÁLNA BANKA, a. s., and UniBanka, a. s.

No change has occurred in the funds provided by foreign banks to their branch offices, which as of 31 December 2003 stood at Sk 2.8 billion.

The share of foreign investors in the total subscribed share capital of banks and funds provided by foreign banks to their branch offices continued to increase, from 85.3% (as of 31 December 2002) to 88.9% (as of 31 December 2003). This growth was primarily caused by an increase effected in the share capital of three banks by foreign investors and by the entry of foreign investors, namely MEINL BANK, Aktiengesellschaft into Banka Slovakia, a. s., and of Erste Bank der Österreichischen Sparkassen into Prvá stavebná sporiteľňa, a. s.

By its decision on 28 February 2003, the National Bank of Slovakia revoked the license to operate as a bank from Dopravná banka, a.s., Banská Bystrica. Since 2000 Dopravná banka, a. s. has been classified in the group of banks subject to a special regime; on 1 July 2000 the National Bank of Slovakia imposed forced administration

Chart C1



upon this bank owing to the bank's violation of the Banking Act and generally applicable legislation in its operations. On 22 August 2000, the Regional Court of Banská Bystrica granted a bankruptcy in respect of the company's assets.

On 25 April 2003 the National Bank of Slovakia granted a prior approval to foreign investor MEINL BANK Aktiengesellschaft, Vienna, to acquire a 60.07% interest in the share capital of Banka Slovakia. The transfer of this participating interest from the National Property Fund of the SR to the foreign investor was made on 4 July 2003 (according to an extract from the Securities Central Depository).

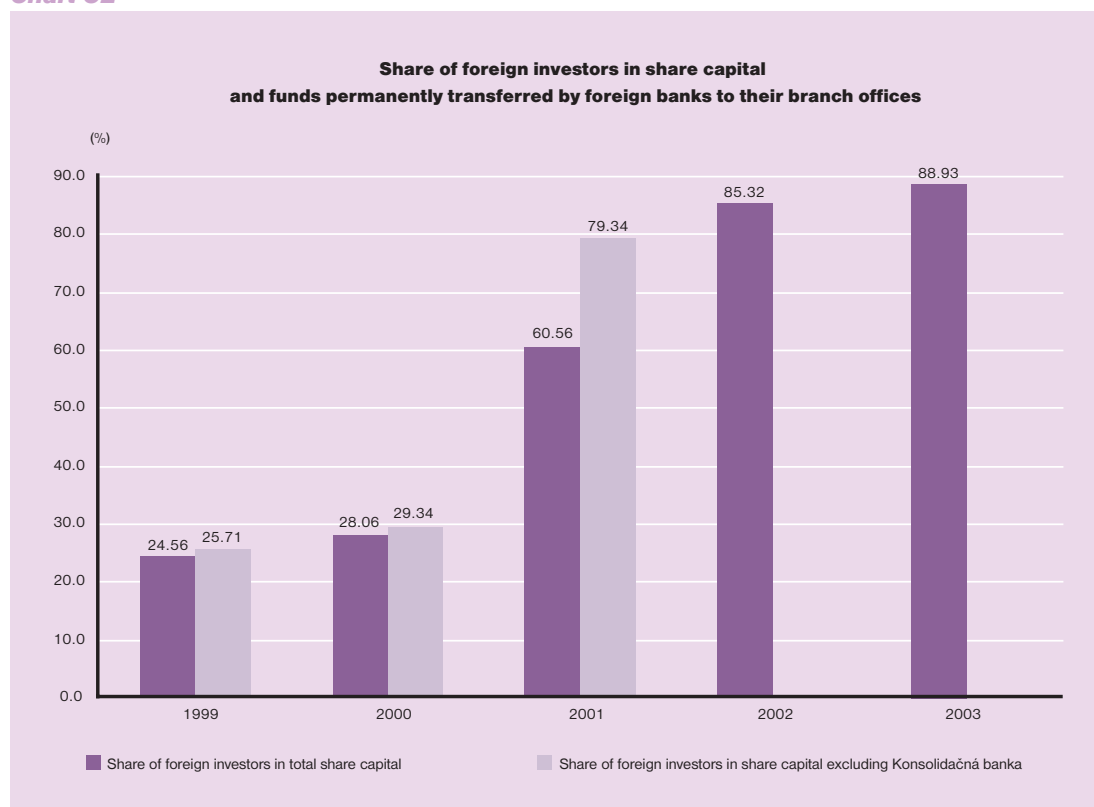
On 5 August 2003 the National Bank of Slovakia issued a decision, whereby it extended the banking licence of Dexia banka Slovensko a. s. for the conduct of mortgage business. The said bank changed its business name (which was originally PRVÁ KOMUNÁLNA BANKA, a. s.) on 1 October 2003.

The National Bank of Slovakia granted a banking license to COMMERZBANK Aktiengesellschaft based in Frankfurt am Main, Germany, on 12 August 2003 to set up a branch office and to carry out banking business via this branch. On 15 December 2003 COMMERZBANK Aktiengesellschaft, a branch office of a foreign bank, Bratislava, commenced authorised banking activities.

On 12 December 2003 Erste Bank der Österreichischen Sparkassen AG, Vienna was given a prior approval by the National Bank of Slovakia for the acquisition of a 25.02% stake in the share capital of Prvá stavebná sporiteľňa, a. s., owned by Slovenská sporiteľňa, a. s., by which the portion of foreign investors in the share capital of this bank rose from 65% to 90.02%.

On 9 June 2003 the National Bank of Slovakia registered Investkredit Bank AG, a representative office in Bratislava, and as of 30 June 2003, Živnostenská banka, a. s., Prague, a representative office in Bratislava, was cancelled. On 2 October 2003 the National Bank of Slovakia registered Waldviertler

Chart C2



Sparkasse von 1842, Waidhofen/Thaya, Austria, a representative office of a foreign bank seated in Bratislava. All in all, eight representative offices of foreign banks were present in Slovakia as of 31 December 2003.

2. FINANCIAL PERFORMANCE OF THE BANKING SECTOR

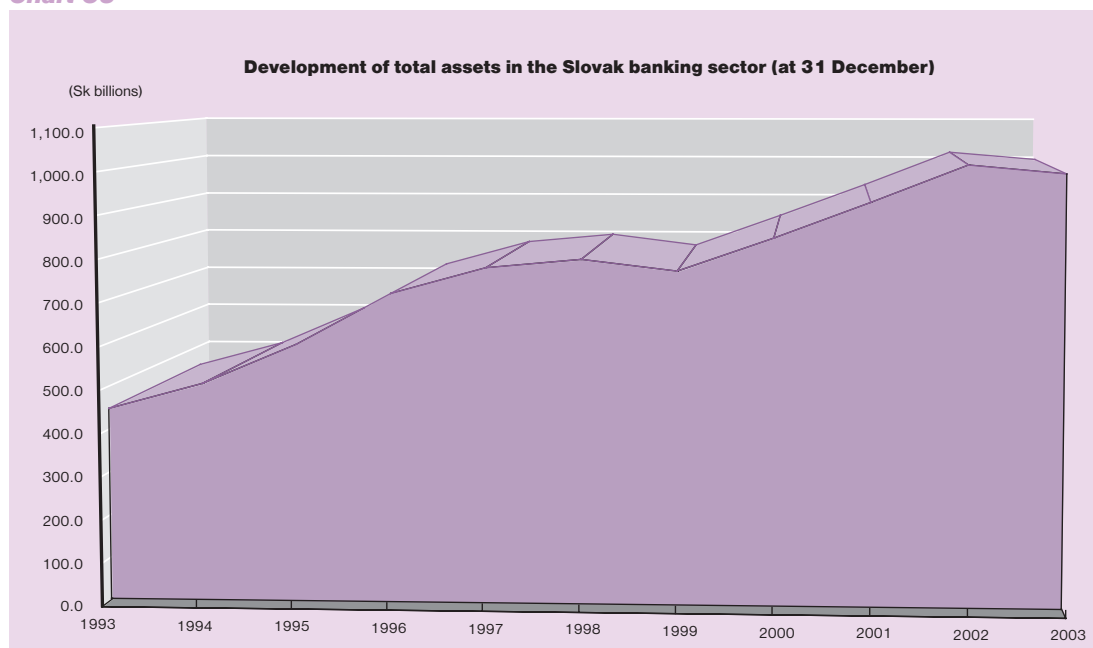
At the end of the year, the balance sheet amount (the sum total of net value of assets) of the Slovak banking sector dropped by Sk 28.6 billion (2.82%) to the volume of Sk 985.4 billion. The development of the banking sector's total assets was in particular influenced by a decrease in secondary funds of Sk 93.2 billion (by 49.15%) to the volume of Sk 96.5 billion, while an increase was recorded in primary funds of Sk 22.0 billion (by 3.20%) to the volume of Sk 708.3 billion.

This development in the banking sector's secondary funds within was particularly influenced by a decrease in short-term deposits of other banks, which at the end of 2003 dropped by Sk 83.1 billion (49.67%), mainly as a result of changed accounting treatment for REPO operations.

The development of primary funds in the banking sector was influenced by an increase in current accounts (especially those of businesses) of Sk 59.9 billion (by 34.52%), time deposits of Sk 14.5 billion (by 4.91%) and general government accounts of Sk 3.9 billion (by 10.09%), on a concurrent decrease in savings deposits by Sk 44.1 billion (29.20%), designated-purpose deposits of Sk 5.8 billion (by 98.82%) and other payables to clients of Sk 12.8 billion (by 50.65%). As of the end of the year, sector primary funds rose by Sk 22.0 billion, with the volume of non-anonymous deposits growing by Sk 5.8 billion (1.45%) to Sk 708.3 billion. The volume of non-anonymous deposits of the Slovak banking sector at the year-end equalled Sk 405.8 billion.

At the end of the year earning assets in the banking sector decreased by Sk 19.4 billion (2.09%) to Sk 908.6 billion. Their decline was mainly due to a fall in interbank assets by Sk 95.5 billion, an increase in the volume of the securities portfolio by Sk 58.8 billion, standard claims on loans by Sk 52.8 billion (especially on long-term loans) and an increase in foreign exchange assets by Sk 14.0 billion. The share of income earning assets in the banking sector in total assets grew from the beginning of the year because of a major decline in the volume of total assets, from 91.52% to 92.20%.

Chart C3



Banks reported net profits of Sk 11.3 billion for the period ending 31 December 2003. Compared to one year ago, this indicates a decline by Sk 0.5 billion (i. e. by 4.22%), whereby two banks in particular have undergone the most distinctive changes. Two banks reported losses for the period ending 31 December 2003 (compared to three banks reporting losses as of 31 December 2002).

The year-on-year development of economic results was, along with a decrease in net income from financial operations (by Sk 2.5 billion), also influenced by a higher annual growth of the costs of financial operations by Sk 70.4 billion, i. e. by 45.38%, with revenues from financial operations rising by Sk 67.9 billion, i. e. by 34.41%.

An important task of banking supervision is to monitor and evaluate the risks taken by banks in the pursuit of banking business. Regardless of the particular line of business conducted, each business entity is exposed to common risks related to the current economic and legal environment, as well as to expectations. Specific risks banks are exposed to arise directly in conjunction with banking operations as a result of internal conditions in the given industry, types of deals, clientele, mode of technology, etc. The main risks associated with banking operations include, in particular, credit risk, market risks (exchange rate-currency risk, interest rate risk, equity price risk, commodity risk), liquidity risk and country risk.

3. PERFORMANCE OF BANKING SUPERVISION

Banking supervision is also performed pursuant to lower-level standards laws, namely through licensing and prudential banking decrees. In 2003 the Banking Supervision Division issued four decrees, an amendment to a decree on rules for prudential banking business and reports related thereto, a decree on the register of credits and guarantees, a decree which is to amend the NBS decree on

the liquidity of banks and branch offices of foreign banks and related rules for their safe operation and reports, as well as a decree on a report to be presented by a bank controlling a bank consolidated group or a bank sub-consolidated group to the National Bank of Slovakia.

Over the period under review the Banking Supervision Division issued, as part of a proactive performance of banking supervision, ten methodological instructions relating to the law and lower-level norms, and three recommendations published on the NBS web-site.

In the course of 2003 the Banking Supervision Division performed ten comprehensive, four follow-up and one targeted on-site inspections in banks.

In 2003 the Banking Supervision Division of the National Bank of Slovakia issued 126 decisions with regard to licensing, including decisions on the discontinuation of proceedings, proceedings involving law violations and decisions concerning revoking a banking license.

4. EVALUATION OF COMPLIANCE WITH PRUDENTIAL BANKING RULES

As of 31 December 2003 the adequacy of bank's funds for the Slovak banking sector increased by 0.29% over the end of 2002, reaching the value of 21.59%. All banks met the adequacy of bank's funds limit throughout 2003.

A limit on a bank's large exposure to a parent company or a subsidiary, or to a group of economically connected persons including a bank as their member (20% of own funds) was met by all but three banks. A limit on a bank's large exposure to another person, a group of economically connected persons, or to countries and central banks (25% of own funds) was not met by eight banks in the course of different periods. A limit on the sum of a bank's large exposure (800% of own funds) was met by all banks in 2003.

A limit on liquidity of a bank or liquidity of a branch office of foreign bank for a period of up to seven days (of at least 1.0) was met by all banks in 2003, except for one bank that failed to meet it at the end of the period. A limit on the liquidity of fixed assets and illiquid assets of a bank (of not more than 1.0) was met by all but two banks in 2003.

In 2003, the ratio between the large exposure to a person and bank's own funds of no more than 2% was met by all banks, and the ratio between the large exposure to a legal person and their own funds of no more than 10% was met by all but one bank, which exceeded the limit in February and March. The ratio between the large exposure to a bank seated in an OECD member state of no more than 40% was met by all banks during the first two months of the year.

NBS Decree No. 1/2003, which amended NBS Decree No. 3/2002 on the rules for prudential banking business and reports related thereto, stipulated the ratio between the large exposure to a bank seated in an OECD member state and their own funds at the level of no more than 25%. This ratio was met by all but one bank, which exceeded it as of 31 March 2003.

The ratio between the large exposure to all related persons and bank's own funds of no more than 40% was met by all but one bank, which exceeded it as of 31 March 2003.

5. COOPERATION BY THE BANKING SUPERVISION DIVISION WITH INTERNATIONAL INSTITUTIONS

In 2003, Memoranda of Understanding were concluded between the National Bank of Slovakia

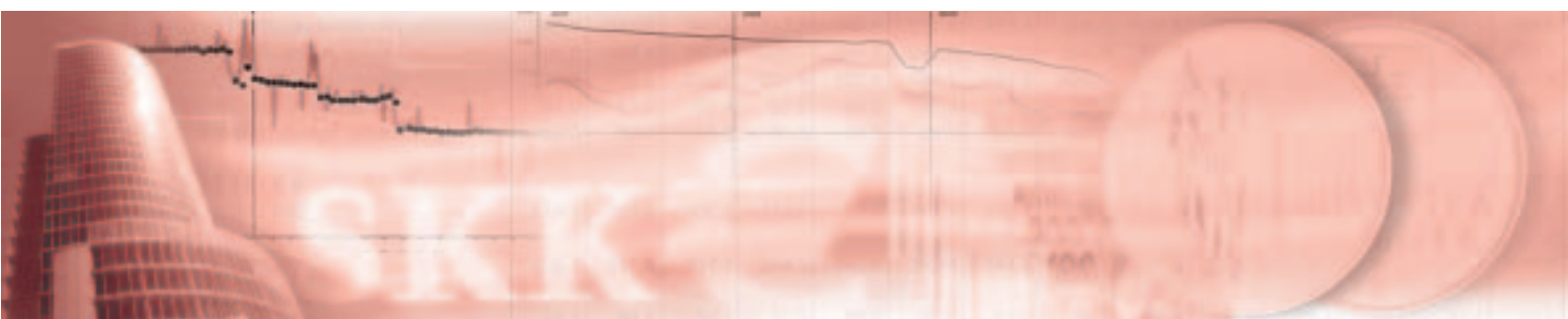
Table C 1

Slovak banking sector	31 December 2002	31 December 2003	Difference 12/03-12/02	Change in % 12/03-12/02
Number of employees	19,717	19,797	80	0.41
Number of banks in the SR	18	18	0	0.00
Number of branches of foreign banks in the SR	2	3	1	50.00
Number of representative offices of foreign banks in the SR	7	8	1	14.29
Number of branches in the SR	418	553	135	32.30
Number of sub-branches in the SR	602	504	-98	-16.28
Number of branches in other countries	1	1	0	0.00
Number of sub-branches in other countries	1	2	1	100.00
Number of representative offices in other countries	1	1	0	0.00
Total assets in Sk '000	1,014,014,402	985,445,707	-28,568,695	-2.82
Earning assets in Sk '000	927,994,293	908,597,027	-19,397,266	-2.09
Total interbank assets in Sk '000	367,113,929	271,575,986	-95,537,943	-26.02
Total foreign exchange assets in Sk '000	132,076,340	146,048,650	13,972,310	10.58
Securities in Sk '000	299,508,256	358,364,029	58,855,773	19.65
Total loans in Sk '000	342,341,430	395,154,645	52,813,215	15.43
of which: classified loans on total loans in Sk '000	38,294,476	35,868,781	-2,425,695	-6.33
Share of classified loans on total loans (%)	11.19	9.08	-2.11	x
Uncovered estimated loss in Sk '000	28,411	510,688	482,277	1,697.50
Provisions for loan losses in Sk '000	27,744,404	29,093,617	1,349,213	4.86
Legal reserves in Sk '000	4,424,029	2,733,706	-1,690,323	-38.21
Share capital in Sk '000	40,242,176	40,442,576	200,400	0.50
Own funds in Sk '000	103,081,726	105,875,293	2,793,567	2.71
Secondary funds in Sk '000	189,703,380	96,466,762	-93,236,618	-49.15
Primary funds in Sk '000	686,325,355	708,292,274	21,966,919	3.20
- of which: non-anonymous deposits in Sk '000	400,016,993	405,802,712	5,785,719	1.45
Current profit in Sk '000	12,539,455	11,548,335	-991,120	-7.90
Current loss in Sk '000	696,621	231,918	-464,703	-66.71
Net profit/loss in Sk '000	11,842,834	11,316,417	-526,417	-4.45
Cumulative profit/loss in Sk '000	21,985,044	34,577,036	12,591,992	57.28
Capital adequacy	21.30	21.59	0.29	x

and foreign supervisory institutions in the Netherlands, Cyprus and Austria. The Memorandum with the Financial Services Authority of Malta was signed on 12 February 2004.

Negotiations are currently underway on the conclusion of Memoranda of Understanding with the supervisory authorities of Poland, Belgium, Latvia and Estonia.

D. ISSUING ACTIVITY OF THE NBS AND CURRENCY IN CIRCULATION



1. THE ISSUE OF SLOVAK CURRENCY

In 2003, the National Bank of Slovakia ensured the reprinting of a total number of 9,819 million banknotes in the value of 5000 Sk, in line with the needs of currency circulation. The 5000 Sk banknotes were printed by the Austrian company Oesterreichische Banknoten und Sicherheitsdruck GmbH in Vienna. Apart from these, banknotes with the values 50 Sk, 200 Sk and 1000 Sk, printed on the basis of contracts agreed in 2002, were delivered from the stores of foreign printing works.

In 2003, production of 32,923 million coins with the values of 10 Sk, 2 Sk and 50 haliers was ensured. Apart from the banknotes and coins intended for cash circulation, the National Bank of Slovakia also issued 11,000 sets of circulation coins dated 2003 with a jetton bearing the motif of Orava Castle for collectors and 3,000 sets of circulation coins for promotional purposes at the tenth anniversary of the establishment of the National Bank of Slovakia. NBS agreed to the production of 3,000 circulation coins of all values for sets of circulation coins issued by the Kremnica Mint to celebrate the 675th anniversary of its establishment.

The National Bank of Slovakia issued three silver commemorative coins in 2003. Two 200 Sk

coins were devoted to the 100th anniversary of the birth of Imrich Karvaš and the 150th anniversary of the birth of Jozef Škultéty, respectively. The 1000 Sk coin commemorated the 10th anniversary of the birth of the Slovak Republic. Sets of commemorative coins with the designs of the Slovak banknotes with the face values of 20 Sk, 50 Sk, 100 Sk, 200 Sk, 500 Sk, 1000 Sk and 5000 Sk were issued at the end of 2003 to celebrate the tenth anniversary of the establishment of the Slovak currency. Apart from the issue of these coins, the National Bank of Slovakia was delivered a other two 200 Sk commemorative silver coins from the issuing plan for 2004, devoted to the 200th anniversary of the death of Wolfgang Kempelen and to the Bardejov town monument reservation from the thematic series of the UNESCO World Heritage. All the circulation and commemorative coins were produced by the Kremnica Mint.

1.1. Currency in circulation

On 31 December 2003, the amount of currency in circulation, including cash in vaults of the NBS, in the Slovak Republic was 102.9 billion Sk. In comparison with the situation on 31 December 2002, the value of the currency in circulation had grown by 8.7 billion Sk. The year-on-year growth index of the value of currency in circulation was the same as the annual rate of inflation (9.3%).

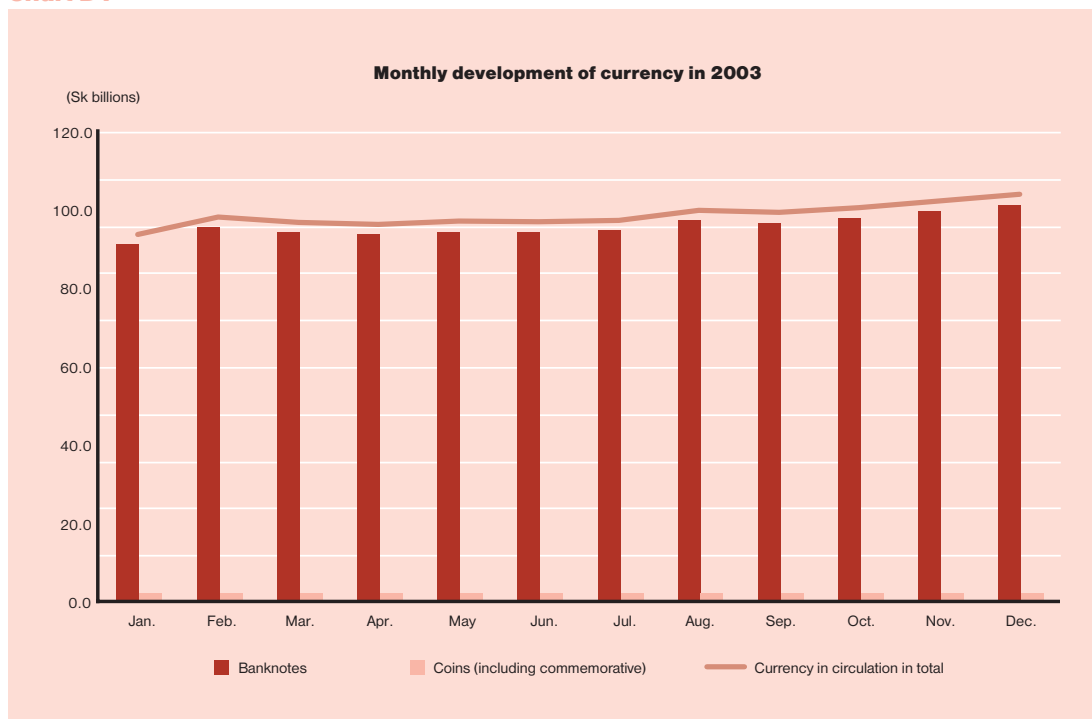
Table D1 Commemorative coins issued by the NBS in 2003

Face value	Event commemorated by the coin	Number of coins issued		Decree of the NBS
		Total	PROOF	
CSC 1000 Sk	10th anniversary of the birth of the SR	10,000	10,000	662/2002 Coll.
CSC 200 Sk	100th anniversary of the birth of Imrich Karvaš	12, 800	3,000	35/2003 Coll.
CSC 200 Sk	150th anniversary of the birth of Jozef Škultéty	11,500	2,700	200/2003 Coll.
CSC, CMMC	Set of commemorative coins with the motifs of the Slovak banknotes with the values of 20 Sk, 50 Sk, 100 Sk, 200 Sk, 500 Sk, 1000 Sk and 5000 Sk	6,000	6,000	431/2003 Coll.

CSC – commemorative silver coin.

CMMC – commemorative multi-metal coin (1000 Sk, 5000 Sk contain Ag, Au).

Chart D1



After a typical decline in January, the amount of currency in circulation increased by 4.4 billion Sk in February, the largest monthly increase in 2003. The reason for the atypical growth in the amount of currency in circulation in this month was the high withdrawal of cash in the VÚB a.s. caused by unexpected withdrawals of clients. In the following months, the amount of currency in circulation was balanced and its development was similar to that in previous years, with a traditional pre-Christmas growth. However, the monthly growth of currency in circulation in December was only 1.7 billion Sk, which was the second lowest December increase since 1995, reaching only 70.5% of the monthly growth of currency in circulation in December 2002.

The development of the daily level of currency in circulation in the course of the year was flat and without extraordinary changes except in February. In the course of the year, the value of currency in circulation varied from 92.1 billion Sk to 108.3 billion Sk. The maximum was reached in the pre-Christmas period on 22 December 2003.

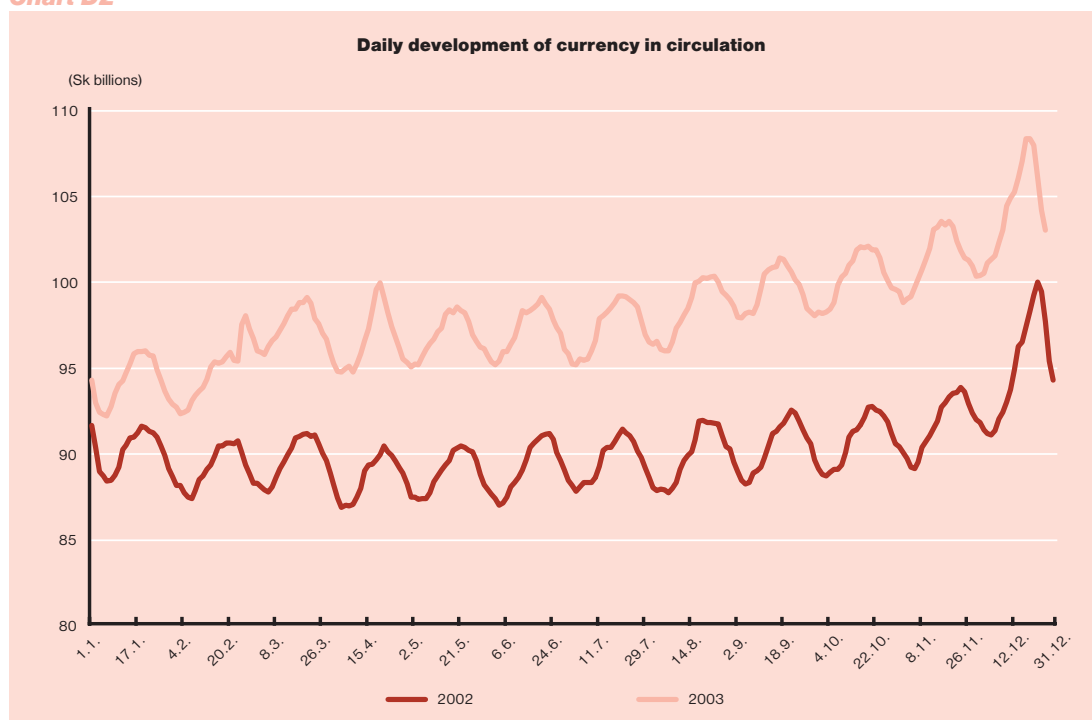
1.2. The structure of currency in circulation

On 31 December 2003, 138.1 million banknotes with a value of 100.7 billion Sk were in circulation, together with 1,071.3 million circulation coins with a value of 1.5 billion Sk and 733.5 thousand commemorative coins issued by the National Bank of Slovakia with a value of 471.2 million Sk. The quantity of circulating banknotes and circulation coins of all face values increased in 2003.

From the total value of the currency in circulation, banknotes accounted for 97.9%, circulation coins for 1.48% and commemorative coins including those issued before 1993 for 0.6%. From the total number of coins and banknotes in circulation, banknotes accounted for 11.4%, circulation coins 88.5% and commemorative coins 0.06%.

Banknotes contributed 8.6 billion crowns (99.1%) to the total growth of the currency in circulation of 8.7 billion in 2003, with circulation coins contributing 44.5 million (0.5%) and commemorative coins contributing 33.2 million Sk (0.4%).

Chart D2



The 5000 and 1000 Sk banknotes showed the largest growth in 2003, with more than 1.1 million 5000 Sk banknotes worth 5.7 billion Sk, and 2.7 million 1000 Sk banknotes worth 2.7 billion Sk. The share of these two values in the total growth of value of the currency in circulation was 96.6%. The banknotes of these two face values also have the largest share in the total value of the currency in circulation with 88.6% compared to 87.8% in 2002. The share of the 5000 Sk banknote in the total value of currency in circulation was the largest for the first time with 45.5%. In earlier years, the 1000 Sk banknote had the highest share. In 2003, it made up 43.2%.

The number of coins in circulation grew by 31.3 million in 2003. In comparison with 2002, this growth was lower by 53.5 million pieces or 63.1%. The decrease was found in all the face values, but the largest effected the 10 and 20 halier coins as a result of the announced end of their validity on 31 December 2003. 9.8 million coins with a face value of 10 haliers and 6.4 million 20 halier coins were issued in 2003, compared to 25.7 million 10 haliers and 24.9 million 20 haliers in 2002.

The total number of commemorative coins in circulation grew by 47.7 thousand in 2003 with a value of 33.3 million Sk. Federal commemorative coins worth 59 thousand Sk were returned from circulation. Their validity ended on 30 September 2000.¹

1.3. The average value of currency in circulation

The value of currency in circulation, including commemorative coins, totalled 19,128 Sk per capita on 31 December 2003, with banknotes representing 18,723 Sk, circulation coins 282 Sk and commemorative coins 123 Sk. In comparison with 2002, the total value of currency in circulation grew by 1,619 Sk per capita, with banknotes representing 1,604 Sk, circulation coins 8 Sk, and commemorative coins 7 Sk.

In 2003, there were 26 banknotes per capita, which was one more than in 2002. The most numerous were 1000 Sk banknotes with 8 per capita and 20 Sk with 5. The number of circulation coins per capita increased from 193 in

¹ Decree of the NBS No. 278/2000 Coll. on ending the validity of the commemorative silver coins from the Czechoslovak currency issued from 21 August 1954 to 31 December 1992.

Table D2 Currency in circulation (in millions of Sk)

Face value	Amount on 31. 12. 2002	Amount on 31. 12. 2003	Proportion in % on 31. 12. 2002	Proportion in % on 31. 12. 2003
Banknotes	92,089.93	100,720.33	97.77	97.88
5 000 Sk	40,969.58	46,670.54	43.50	45.36
1 000 Sk	41,768.64	44,481.04	44.34	43.23
500 Sk	4,155.84	4,211.76	4.41	4.09
200 Sk	1,531.06	1,633.11	1.63	1.59
100 Sk	2,412.03	2,433.40	2.56	2.36
50 Sk	690.65	704.58	0.73	0.68
20 Sk	562.13	585.90	0.60	0.57
Circulation coins	1,474.10	1,518.59	1.57	1.48
10 Sk	768.98	793.74	0.82	0.77
5 Sk	259.95	263.31	0.28	0.26
2 Sk	179.65	187.78	0.19	0.18
1 Sk	117.18	121.27	0.12	0.12
0,50 Sk	25.30	24.24	0.03	0.02
0,50 Sk II	38.58	41.54	0.04	0.04
0,20 Sk	53.63	54.91	0.06	0.05
0,10 Sk	30.83	31.80	0.03	0.03
Commemorative coins	627.31	660.54	0.66	0.64
Total	94,191.34	102,899.46	100.00	100.00

Currency in circulation (in millions of items)

Face value	Amount on 31. 12. 2002	Amount on 31. 12. 2003	Proportion in % on 31. 12. 2002	Proportion in % on 31. 12. 2003
Banknotes	131.97	138.13	11.26	11.41
5 000 Sk	8.19	9.33	0.70	0.77
1 000 Sk	41.77	44.48	3.56	3.68
500 Sk	8.31	8.42	0.71	0.70
200 Sk	7.66	8.17	0.65	0.67
100 Sk	24.12	24.34	2.06	2.01
50 Sk	13.81	14.09	1.18	1.16
20 Sk	28.11	29.30	2.40	2.42
Circulation coins	1,040.05	1,071.35	88.68	88.53
10 Sk	76.90	79.37	6.56	6.56
5 Sk	51.99	52.66	4.43	4.35
2 Sk	89.83	93.89	7.66	7.76
1 Sk	117.18	121.27	9.99	10.02
0,50 Sk	50.59	48.49	4.31	4.01
0,50 Sk II	77.16	83.08	6.58	6.86
0,20 Sk	268.13	274.55	22.86	22.69
0,10 Sk	308.27	318.04	26.29	26.28
Commemorative coins	0.69	0.73	0.06	0.06
Total	1,172.71	1,210.21	100.00	100.00

2002 to 199 in 2003. The largest share still consisted of halier coins with 134 per capita, compared to 130 in 2002. Among these, 59 were 10 haliers, 51 were 20 haliers and 24 were 50 haliers.

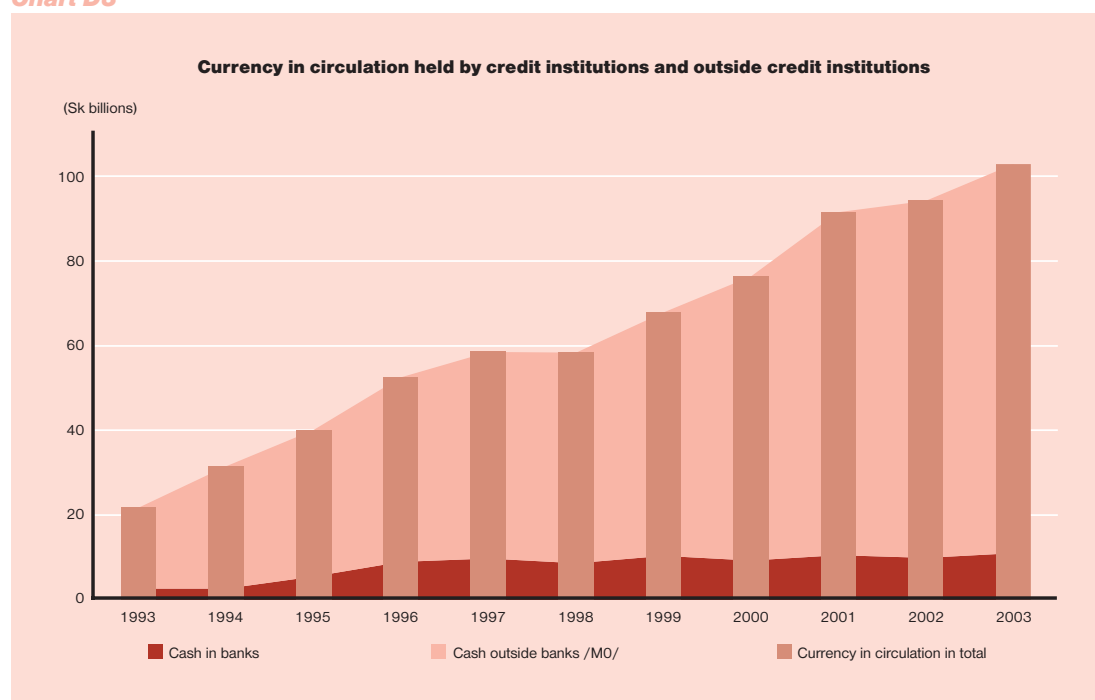
The average value of the currency mark ² reached a value of 85 Sk in 2003, showing a growth of 4.7 Sk during the year. Its development corresponds to the development of the

quantity and value of the currency in circulation. The average value of the banknotes in circulation grows each year, while the average value of the circulation coins gradually falls or stagnates under the influence of the growing quantity of coins of the lower face values. Since 1994³ this value has increased 1.9 times in the case of banknotes, while in the case of circulation coins, it has gradually fallen from 2 Sk to a level of 1.4 Sk in the last four years.

Table D3 Development of the average value of the currency mark (Sk)

	Banknotes	Circulation coins	Currency including commemorative coins
1993	289.3	3.2	90.2
1994	384.1	2.0	76.4
1995	455.6	1.8	76.7
1996	537.3	1.7	81.8
1997	566.3	1.6	80.5
1998	552.3	1.5	72.2
1999	594.1	1.5	76.1
2000	631.4	1.4	77.1
2001	693.6	1.4	84.4
2002	697.8	1.4	80.3
2003	729.2	1.4	85.0

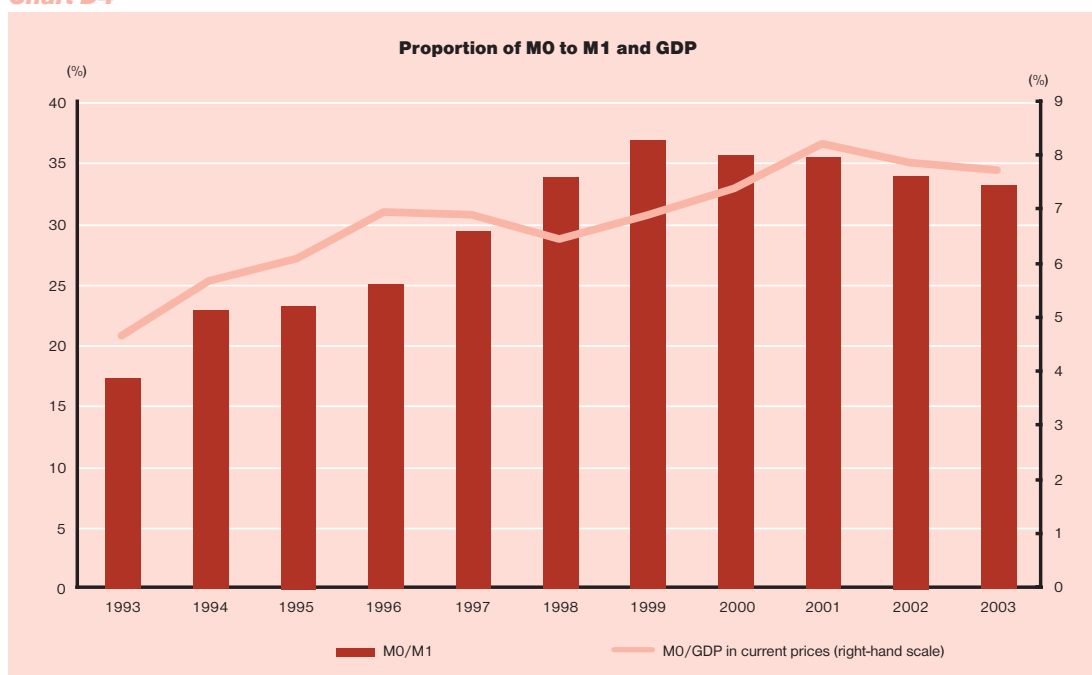
Chart D3



² The average value of the currency mark = total value in circulation / total number of coins and banknotes in circulation.

³ Data from 1993 were not used for the calculation because stamped Czecho-Slovak banknotes and Czecho-Slovak coins were still being withdrawn from circulation.

Chart D4

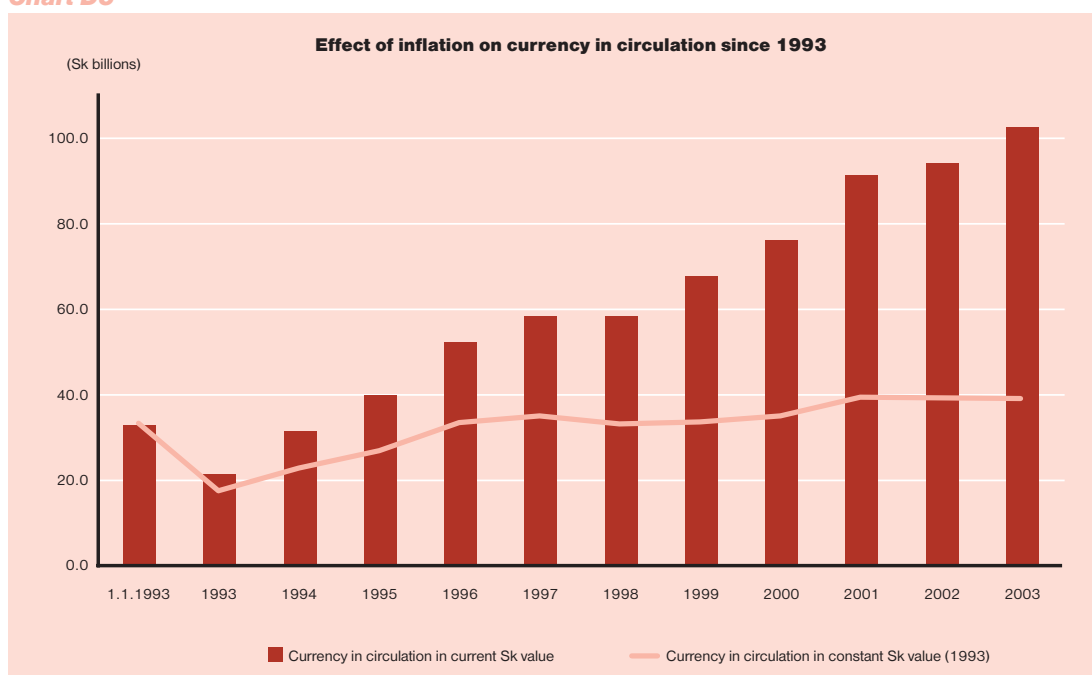


1.4. Currency in circulation and selected macroeconomic variables

The amount of currency in circulation increased from 94.2 billion Sk in 2002 to 102.9 billion Sk in 2003, that is by 9.3%. According to preliminary data, the amount of cash held by the banks increased from 10 billion Sk to 11.1 billion Sk, that is by 11.1 %.

The proportion of cash outside banks (monetary aggregate M0) to the aggregate M1 reached a value of 33.15% in 2003, showing a decrease of 1.06 percentage point compared to 2002. This means that one third of the monetary aggregate M1 is available for making cash payments, while the other two thirds are available for cashless payments. The level of cashless payments is gradually increasing in Slovakia, but it remains low in comparison with the states of the European Union.

Chart D5



The proportion of M0 to nominal GDP in the Slovak Republic reached 7.7% in 2003, which is comparable to the level reached in the countries of the European Union, where this indicator varies from 3 to 10%.

The value of the currency in circulation in constant Sk was almost unchanged in comparison with 2002, reaching a value of 38.9 billion Sk at the end of 2003. The reason for stagnation of the amount of money at constant prices is the fact that the growth of the amount of money in 2003 was the same as the annual rate of inflation of 9.3%.

2. COUNTERFEIT MONEY SEIZED IN THE TERRITORY OF THE SLOVAK REPUBLIC

In 2003, a total of 973 items of counterfeit Slovak or foreign currency were seized in the territory of the Slovak Republic. This represents only about a third of the number of counterfeits seized in 2002. As many as 75.8% of the total number of counterfeits found in 2003 were seized directly in circulation by financial institutions and security services, which process the money from supermarkets. In 2002, the same proportion of counterfeits was seized by the police before they were put into circulation. The number of counterfeits seized in circulation increased by 41.6% in comparison with the pre-

Chart D6

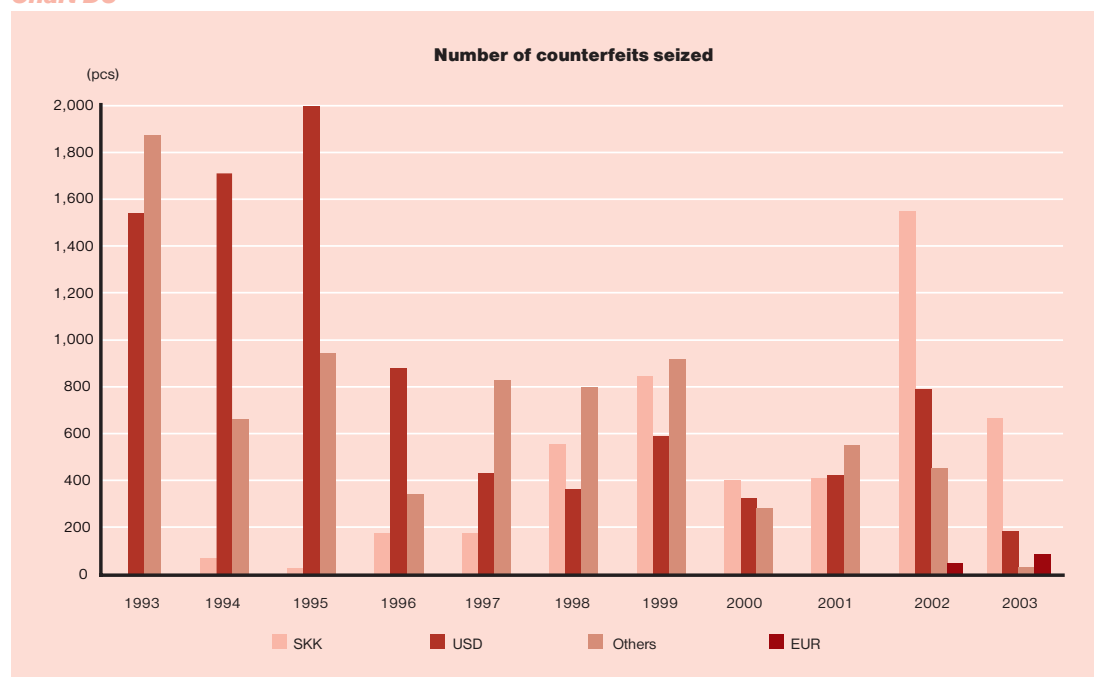
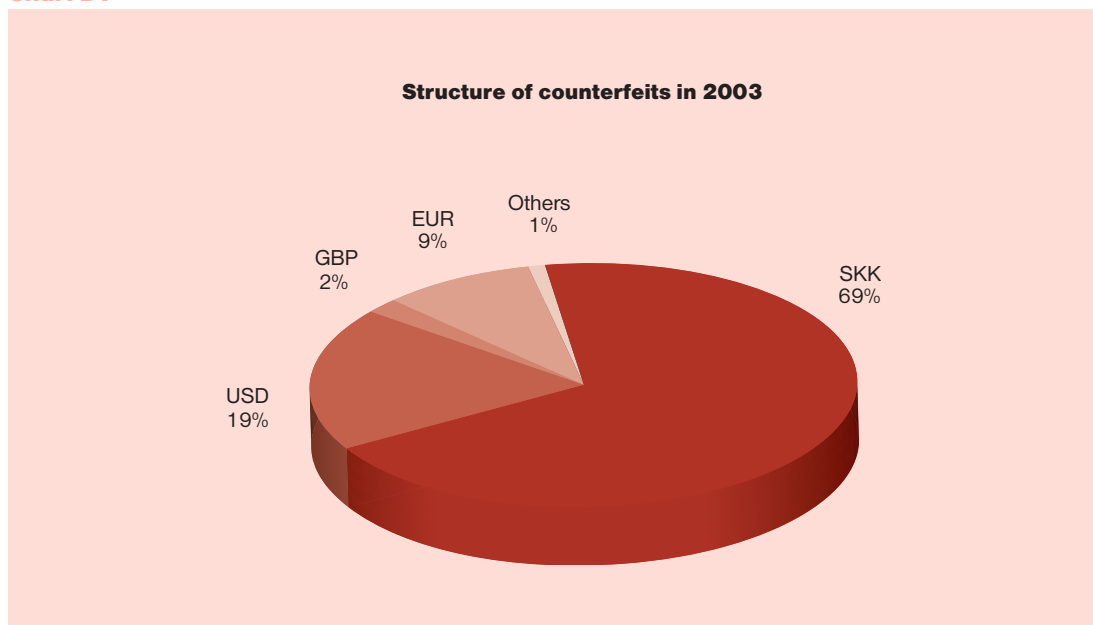


Table D4 Number of counterfeits seized (items)

	SKK	USD	EUR	Currencies replaced by the euro	Others	Total
1998	556	364	-	770	29 ^{1/}	1,719
1999	844	590	-	716	203	2,353
2000	402	323	-	244	37	1,006
2001	411	420	-	288	261	1,380
2002	1,549	790	48	68	387	2,842
2003	666	187	88	-	32	973

1/ The statistics for 1998 do not give the number of counterfeits seized by the police before they were put into circulation (a total of 19,968 items).

Chart D7



vious year, and was the highest for the last five years.

The largest numbers of counterfeits were Slovak korunas (69%), US dollars (19%) and euros (9%).

2.1. Counterfeits of Slovak koruna

In 2003, 665 counterfeits of the Slovak currency and one altered banknote were seized. The greatest occurrence was recorded in the Bratislava Region, with 242 individual counterfeit items found in 228 cases. Counterfeit 1000 Sk banknotes were the most numerous, with counterfeit 500 Sk banknotes in the second place.

2.2. Counterfeit US dollars

In 2003, 186 items of counterfeit US dollars and one imitation were found in 153 cases. In comparison with the previous year, the number of counterfeit US dollars decreased by 76%.

2.3. Counterfeit euros

In 2003, 87 counterfeit euro banknotes and one altered banknote were seized in the territory

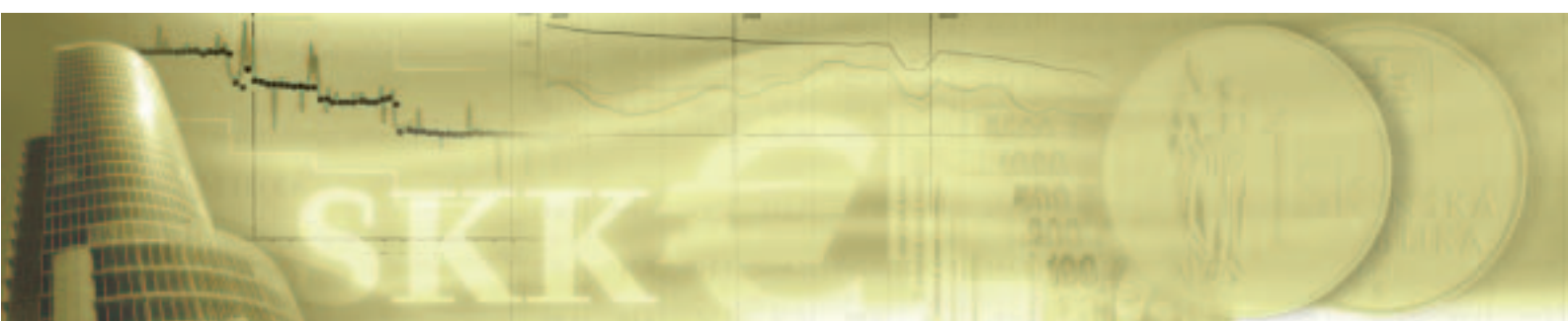
of the Slovak Republic; 85 of these were found in financial institutions, 2 were seized by the police before they were put into circulation and one was found by a non-bank currency exchange office.

The 50 EUR banknote is one of the most frequently counterfeited. It formed 46.6% of the total number of counterfeit euro banknotes seized in the territory of Slovakia in 2003.

2.4. Counterfeits of other foreign currencies

The majority of convertible currencies disappeared with the introduction of the single European currency. No counterfeits of the currencies replaced by the euro were recorded in the territory of Slovakia in 2003, while 32 items of counterfeits of other foreign currencies were seized. They consisted of counterfeit British pounds, Czech crowns, Canadian dollars, Polish zlotys and Swiss francs. The majority of them (29 items) were found in financial institutions.

E. PAYMENT SYSTEM



1. THE PAYMENT SYSTEM OF THE SLOVAK REPUBLIC

The primary objective of the National Bank of Slovakia is to maintain price stability. To this end, the National Bank of Slovakia controls, co-ordinates and ensures the payment system and settlement of payment transactions in the scope defined by the Act of the National Council of the Slovak Republic No. 566/1992 Coll., as amended.

On 1 January 2003, Act No. 510/2002 Coll. on the payment system and on the amendment of certain other laws (the Act on the Payment System) became effective. In this act, comprehensive legislation governing the payment system has been enacted and the Slovak legal system has been brought into line with European Union legislation relating to payments. The Act on the Payment System was drafted in accordance with the process of approximation and harmonisation of the Slovak legal system with that of the European Union. The Act on the Payment System transposes Directive 97/5/EC on cross-border credit transfers, Directive 98/26/EC on settlement finality in payment and securities settlement systems, part of Directive 2000/46/EC on the taking up, pursuit of and prudential supervision of the business of electronic money institutions (institutions issuing electronic money), Article 8 of Directive 97/7/EC on consumer protection in respect to distance contracts, and recommendation 97/489/EC concerning transactions by electronic payment instruments and in particular the relationship between the issuer and the holder. The Act on the Payment System, in fact, goes beyond the scope of relevant European Union legislation to stipulate other issues related to the payment system.

The Act on the Payment System governs, in particular, the execution of domestic and cross-border fund transfers, the issuance and use of electronic payment instruments, the creation and operation of payment systems, supervision of payment systems, as well as procedures address-

ing complaints and out-of-court resolution of disputes arising in connection with the payments.

In order to direct and ensure a uniform payment and settlement system and data clearing from the payment and settlement system between banks and selected juristic entities, the National Bank of Slovakia issues generally binding regulations.

2. PAYMENT SYSTEMS IN THE SLOVAK REPUBLIC

Beginning on 1 January 2003, a significant change occurred in the interbank payment system in the Slovak Republic. Operation of the payment system was taken over by the National Bank of Slovakia from the Slovak National Clearing Centre (Bankové zúčtovacie centrum Slovenska a. s.) which had operated the SIPS interbank payment system since 1993. The National Bank of Slovakia thus became the operator and concurrently the settlement agent for SIPS (the Slovak Interbank Payment System). This change was motivated by an effort on the part of the National Bank of Slovakia to enhance the effectiveness and safety of the payment system, using the most advanced information technologies as a basis to build up the RTGS (Real Time Gross Settlement) system under Slovak Republic conditions. Another reason was to pursue a pricing policy based on the principle of full cost recovery, which in the end meant a principal multiple reduction in charges for transfers to participants in the SIPS payment system. This effort was also supported by shareholders' decision of the Slovak National Clearing Centre.

The SIPS interbank payment system is the only payment system in the Slovak Republic designed to process and settle domestic payments. The system processes all payments regardless of their value. The National Bank of Slovakia built up the SIPS interbank payment system by investing its own resources, while preserving the cost effectiveness thereof. It can be stated that from the very

start of its operations, the SIPS payment system has been operating reliably and to the full satisfaction of its participants. Participation in the SIPS payment system is based on equal access for each participant. No participant is discriminated against, and the National Bank of Slovakia has concluded the same contract with each participant. Any pending changes in the payment system are always discussed in advance with participants at joint working meetings.

2.1. SIPS Interbank Payment System

The processing and settlement of payments is done in line with the principles of gross settlement, high priority payments are executed in line with the principles of real time gross settlement. Payments are processed and settled on a continuous basis during the day in accounts maintained in the National Bank of Slovakia. Technically, account balance information is provided to participants at 5-minute intervals.

The processing and settlement of payments is fully automated, data between the National Bank of Slovakia and participants to the SIPS system is transmitted exclusively in electronic form: via a communication system called BIPS (Basic Interface for Payment System). Payments are entered for processing in the form of clearing files following a local standard, which is called a clearing sentence.

The SIPS interbank payment system operates in 24-hour cycles, called clearing days. During such a cycle, the SIPS system continuously receives input files from participants, processing them and updating balances on money reserve accounts maintained in the National Bank of Slovakia. The responsibility for the content and completeness of data rests with the participants. The SIPS system performs formal checks on the structure of input data.

Payments are processed and settled along FIFO (First In First Out) lines in accordance with predetermined priorities. For each payment the

system checks whether there are sufficient funds available on the participant's account with the National Bank of Slovakia to cover the payment. If this proves to be the case, the payment is immediately processed and settled. If not, the payment is lined up in a queue, from which it is released only after reaching the sufficient amount of funds to cover it or if conditions are met for its settlement within the clearing algorithm. Payments, which are not covered at the end of the clearing day with sufficient funds on the participants account with the National Bank of Slovakia, are returned to the participant as unprocessed on the grounds of the lack of liquidity.

Until 31 December 2003 debit balances on participants' accounts with the National Bank of Slovakia were not allowed. Payments were processed and settled only up to the credit balance amount. There is an intention that, starting on 1 January 2004, participants subject to the minimum reserve requirement will be allowed to apply for an intraday credit line. The intraday credit line will only be payable within one operating day of the SIPS system and it must be fully covered by short-term securities registered in the Central Registry maintained by the National Bank of Slovakia. The provision of intraday credits has been enacted in the Decision of the National Bank of Slovakia No. 6/2003 dated 12 December 2003 on conditions and procedure for the provision of intraday credits to participants in the SIPS payment system.

Payments are continuously released from the queue by the clearing algorithm. The clearing algorithm enables the processing and settlement of a group of payments of several participants, which could not be processed separately because of a lack of liquidity, but after their mutual matching none of the participants will exceed the authorised balance on the account with the National Bank of Slovakia. The clearing algorithm is initiated automatically during the day on receipt of any new input file. During the end-of-day processing, all payments that can be executed are settled with finality. The settlement system will not return, after closing the accounting day, any

payment with a value below the participant's end-of-day closing available balance. Payments which, even after the end-of-day closing clearing, cannot be settled due to the participant's lack of liquidity, are returned to the participant that sent them into the system.

Following the end-of-day processing, outputs in the form of clearing files are sent to the SIPS system participants via the BIPS system, along with statements of money reserve accounts.

Basic types of payments recognised by the system are a credit transfer and a direct debit. Payments are then divided into standard and high priority payments. Standard payments can be characterised as „small-value“ payments, and they usually involve standard interbank and customer payments with a low priority in terms of processing. High priority payments can be characterised as „large-value“ payments, and they usually involve interbank money market payments, that is, payments of extraordinary economic importance. In terms of processing, high priority payments have the highest priority, which means that they are settled on a priority basis by the interbank payment system.

Transmission of a high priority payment from the participant to the National Bank of Slovakia takes approximately 3 to 5 minutes. In the event that there are sufficient funds available on the participant's account with the National Bank of Slovakia to cover a high priority payment, such a payment is settled in the next couple of minutes depending on the number of payments ready for processing in the SIPS system at that given moment. After the processing and settlement of each individual high priority payment, a binding confirmation is sent via the BIPS system to sending and receiving institutions, which contains all the data necessary to identify this high priority payment.

The SIPS can be effectively and simply integrated into the payment systems of participants using the so-called API (Application Program Interface).

2.2. Participants of the SIPS Interbank Payment System

SIPS system participants can be divided into direct and indirect ones. Banks, branch offices of foreign banks and other financial institutions are direct participants in the SIPS system. Direct participants have their own accounts kept with the National Bank of Slovakia to settle payments executed via the SIPS system. These accounts of banks and branch offices of foreign banks are also used to monitor and evaluate the set minimum required reserves. Direct participants execute their own payments and payments by their clients via the SIPS system.

Indirect participants in the SIPS system are deemed to be entities operating under the interbank payment system as so-called third parties. They include non-bank entities, for which the National Bank of Slovakia does not maintain their own accounts. Such entities carry out selected activities under the SIPS system delegated to them by direct participants or activities laid down in a separate regulation, usually a law. Non-bank entities are authorised to debit and credit accounts of direct participants in the SIPS system, but subject to the latter's prior written approval. With the use of the SIPS system, the Bratislava Stock Exchange (Burza cenných papierov Bratislava, a. s.) arranges for the settlement of securities transactions and Transacty Slovakia, a. s., arranges settlement of payment card transactions.

Participants' access to the SIPS system is coordinated and managed by the National Bank of Slovakia in accordance with the Act on the Payment System. The National Bank of Slovakia issued rules for access to the SIPS Interbank Payment System. In the process of applying for access to the payment system, the applicant's technical prerequisites for its participation in the system are reviewed in accordance with the set requirements. The purpose of such testing is to verify the applicant's capability to carry out and ensure via the SIPS system all activities required of participants by the Act on the

Payment System and the Rules of the SIPS System. Upon the successful completion of testing, the National Bank of Slovakia issues approval for the applicant's entry and participation in the payment system.

An applicant becomes a participant in the system after meeting conditions for participation in the payment system. Only then does the National Bank of Slovakia conclude a contract on the SIPS system, assigning identification codes for domestic payments thereto. A payment system contract governs the rights and duties of the National Bank of Slovakia and a participant in the SIPS Interbank Payment System. The contract is divided into several areas, such as conditions for maintaining a money reserve account, delivery and processing of orders, settlement of fees and charges, operational organisation, data protection, consultations, complaint procedures and other details relating to SIPS operation. Forming an integral part of the contract is a description of the format and structure of the national standard applied to data transmission under the SIPS system, a time schedule for operation of the SIPS system and a list of fees and charges. Through its pricing policy, the National Bank of Slovakia aims to fully cover service cost provided via the SIPS system. A fee on any payment is only charged once, since the National Bank of Slovakia does not charge fees on output items.

The National Bank of Slovakia issues and regularly updates a list of identification codes in the form of a conversion table. The conversion table containing the identification codes for domestic payments, the list of payment systems and their participants, as well as the rules for access to the Interbank Payment System SIPS, are disclosed on the NBS web-site.

2.3. Technical and organisational support for the payment system's operation

The SIPS system is designed to provide a reliable and trustworthy platform on which to operate the interbank payment system in the Slovak Republic. In its design, the principles of information security and proven encryption algorithms were taken into account. The security of the SIPS system draws upon a high level of data protection in all phases of processing and settlement, as well as during data transmission between the National Bank of Slovakia and SIPS system participants.

In data transmission, the integrity and authenticity of data is verified by a digital signature. The processing and settlement of payments is fully automated, the transmission between participants is effected in electronic form via the BIPS communication system and the UNIVERZAL-NET, data network.

The BIPS system is a special system intended for data transmission and protection within the SIPS system. It consists of the BIPS central server, which is located in the National Bank of Slovakia and BIPS servers in individual participants' locations. In addition, each participant uses several workstations (terminals), which communicate with the BIPS participant's server.

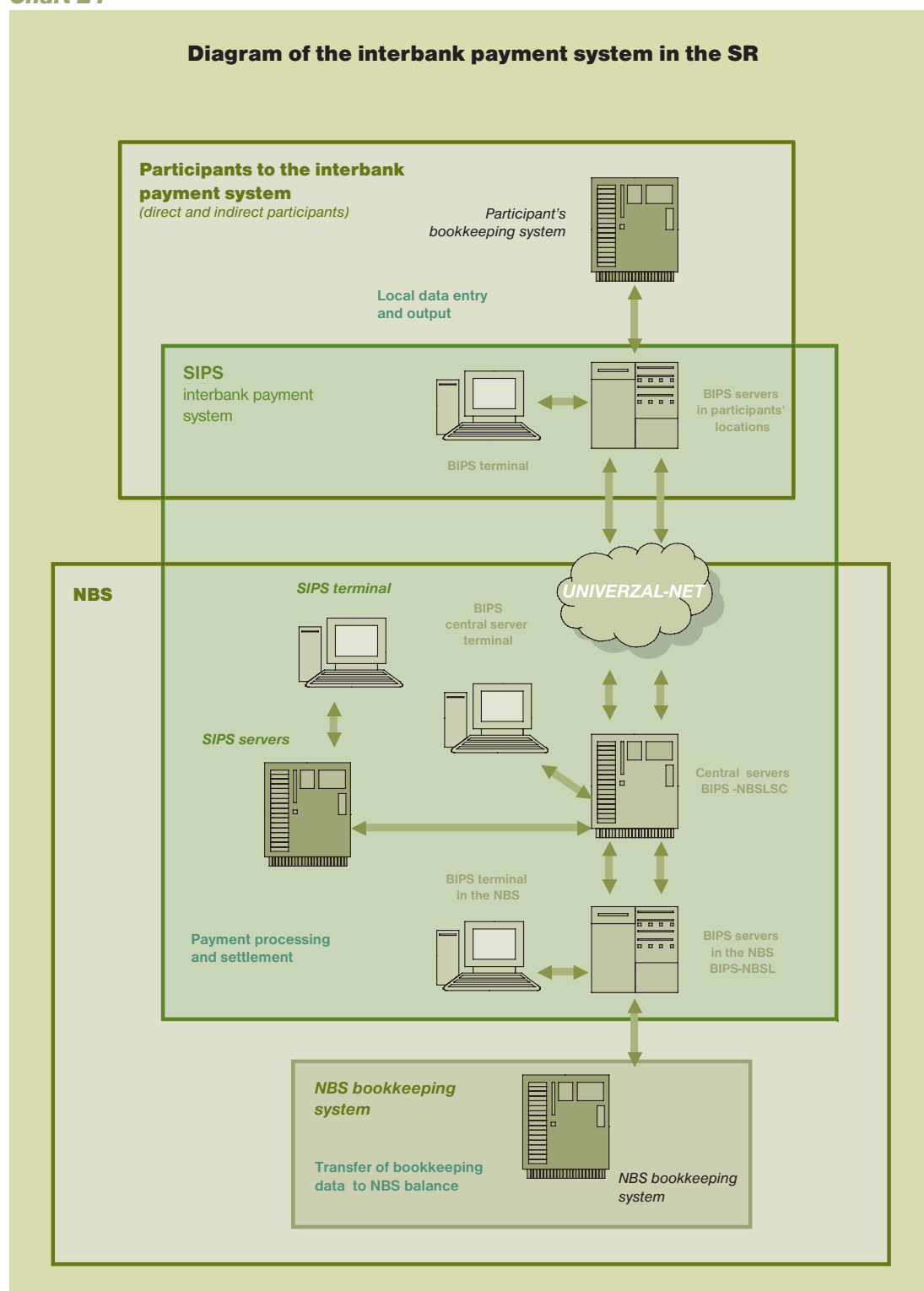
BIPS participant servers and the BIPS clearing centre server are interconnected via the UNIVERZAL-NET, network. This is a private data network built and operated for the purposes of the National Bank of Slovakia. It is solely designed for two-way data transmission between the payment system operator and its participants.

The settlement system is a single-purpose system for the settlement of transfer orders within the Slovak Republic. This system performs functions, such as formal checks on input data, continuous processing and settlement of individual types of clearing items, payment queuing logistics and such like.

Payments are processed and settled using the SIPS server. Processing parameters are set up and the monitoring and server administration is performed via the SIPS terminal.

Output data from the SIPS server proceed to the BIPS central server, from where they are sent to individual BIPS servers at participants' locations.

Chart E1



2.4. Statistical data

In 2003, there were 25 participants in the SIPS system, of which 23 were direct participants and 2 were indirect. On the whole, 99 million transactions were processed in 2003,

which was 11% more than a year ago. The value of transactions totalled Sk 32,248,756 million, up 44% from a year ago. High priority payments accounted for 0.02% to 0.03% of the total number of transactions processed and for more than 25% of the value of all transactions. The value of

Chart E2

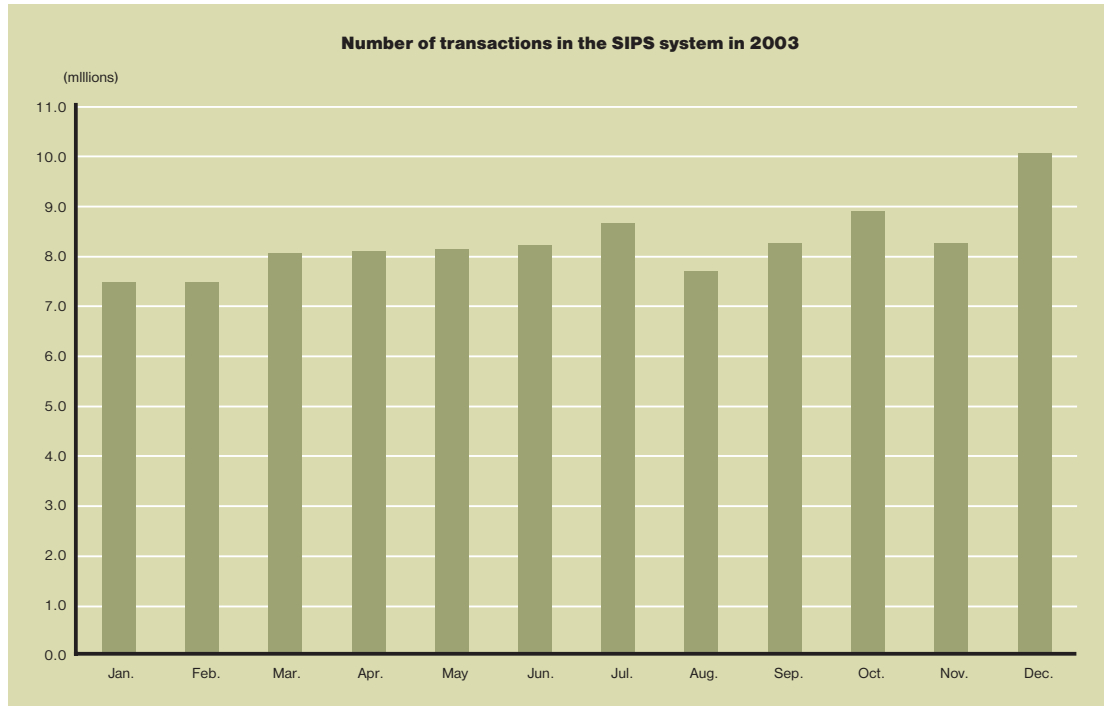


Chart E3

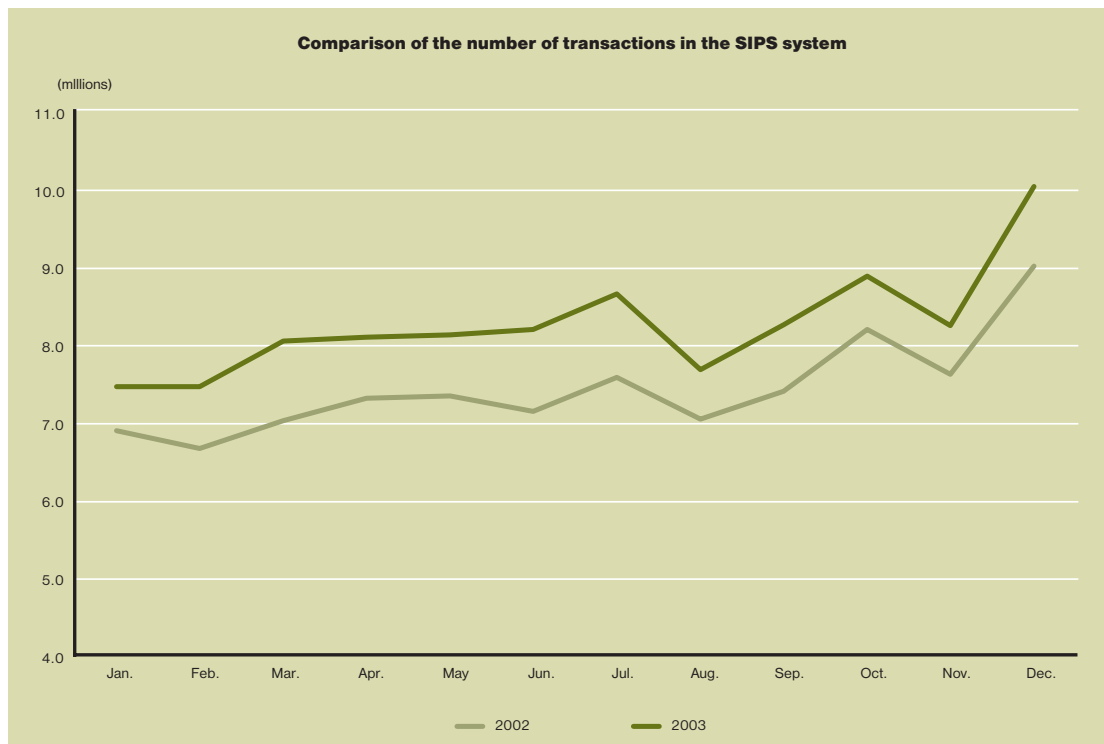


Chart E4

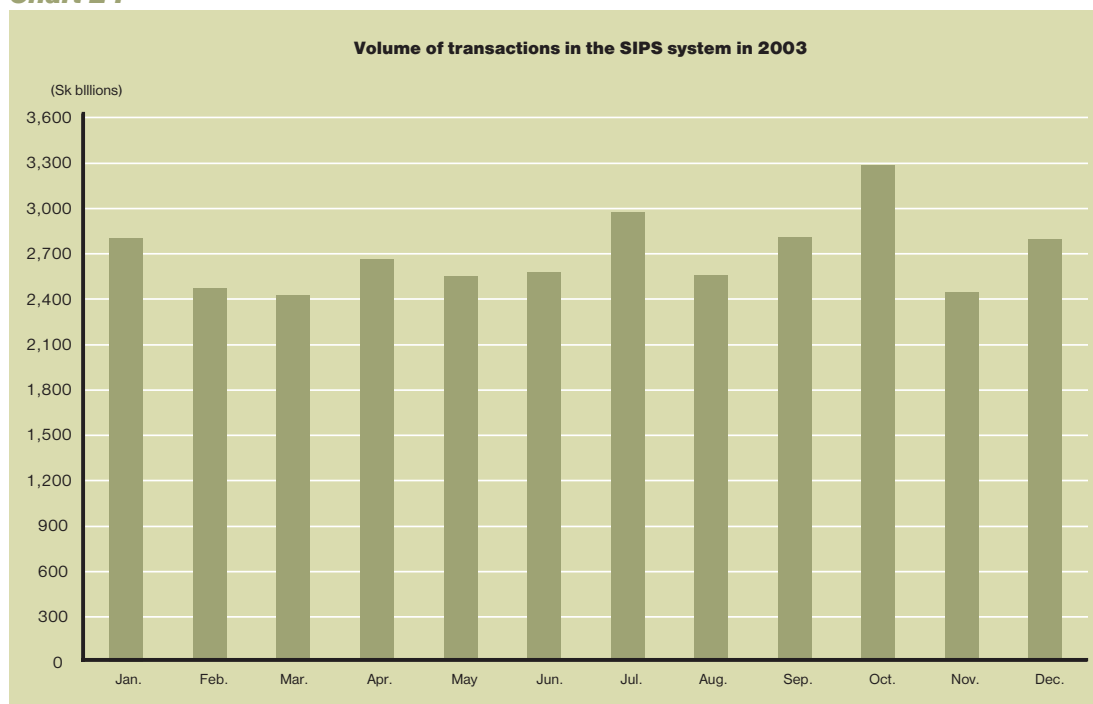
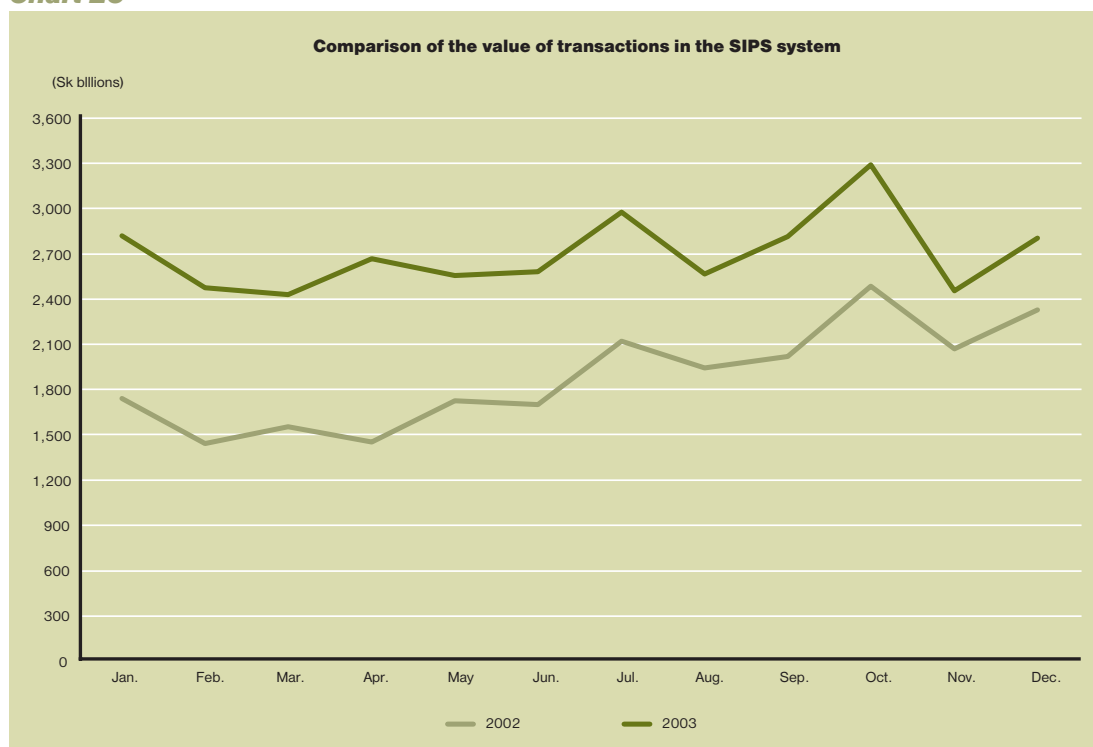


Chart E5



a high priority payment was Sk 460 million on average. Standard payments accounted for over 99% of the total number and for approximately 74% of the value of transactions processed. The value of standard payments averaged Sk 250,000. Information on the number and

volume of transactions processed within the SIPS system is published on the NBS' web-site.

An operating day in the payment system starts at 15.30 and terminates at 13.30 on the following day. During public holidays and non-working

days the payment system is shut down and system maintenance is conducted. In 2003, the system was run for 248 operating days. In total 399,000 payments worth Sk 130,035 million were processed and settled on average within the SIPS system per day. The current technology enables the processing and settlement of as many as two million payments per hour. Approximately 230,000 payments per hour can be transmitted via the BIPS communication system between one participant and the National Bank of Slovakia.

2.5. Prospects for 2004

Since being introduced into operation the SIPS system has successfully provided the processing and settlement of payments within the Slovak Republic. In spite of this, the National Bank of Slovakia is in the processes of developing and implementing further improvements, which can be divided as follows:

- functions enhancing participants' comfort,
- functions supporting real time gross settlement.

From 1 April 2004 the National Bank of Slovakia intends to introduce into operation a new version of the SIPS interbank payment system, which aims mainly to implement some other features of the real time gross settlement system under the conditions of the Slovak Republic. The most important upgrades incorporated in this version of the SIPS system include:

- periodical generation of output files on high priority payments during an accounting day,
- an option available to a participant, who may decide if he wants to have output files with high priority payments generated periodically in the course of an accounting day, or up to date, only at the end-of-day processing,
- the introduction of checks on the correctness of constant symbols by the clearing centre,
- stringent control of text fields in the clearing sentence (authorised characters).

In addition, the National Bank of Slovakia is preparing some other changes, namely:

- fully automated provision of intraday credit fully covered by securities. The provision of intraday credit will be automated throughout the whole process, starting from filing an application through the transfer of securities up to the final provision of the credit. Intraday credit will no longer be provided by setting up a debit limit applicable for the whole week, but through the provision of liquidity on the participant's account,
- administration of high priority payment queues (changing the payment order and payment priority, payment withdrawal from the queue),
- alternative ways of entering and outputting data into/from the SIPS system.

The aforementioned changes will be implemented in the SIPS system in the course of 2004 and 2005.

3. OVERSIGHT OF THE PAYMENT SYSTEM IN THE SLOVAK REPUBLIC

The central bank's most important role in respect to the payment system is to conduct its oversight. In September 2003 the Bank Board of the National Bank of Slovakia approved a document on principal objectives and instruments of the oversight of payment systems under the conditions of the Slovak Republic. This discusses the oversight of payment systems in the Euro-system context, and particularly the oversight of Slovakia's payment system. This document is available to the public via the NBS web-site. It governs the main areas and instruments for performing the oversight of payment systems. It must be underlined that subject to such an oversight are payment systems, which are still under development and their oversight is being widely discussed in different international forums, as well as at meetings of working groups set up as part of the European Central Bank and international financial institutions.

The oversight of payment systems, as the role to be performed by the central bank, principally focuses on ensuring a smooth functioning of payment systems. The oversight aims to protect the financial system against risks: system risk, credit risk, liquidity risk, operational risk, etc., as well as to enhance the effectiveness and safety of payment systems. The oversight of payment systems targets the systems (such as interbank payment systems), not individual participants. This mainly concerns systemically important systems. It also covers the oversight of payment instruments.

In overseeing payment systems, the National Bank of Slovakia pursues three principal objectives:

1. to maintain the stability of the payment system: to identify potential risks, to which the payment system is exposed and to take steps to eliminate them and get them under control,
2. to ensure the safe and smooth functioning of the securities payment and settlement system,
3. to maintain public confidence in payment instruments used.

The instruments to achieve these objectives are:

- a) issuing generally binding regulations to ensure the smooth, effective and safe functioning of the payment system,
- b) harmonisation of the existing payment system infrastructure with international principles and standards applicable to securities payment and settlement systems,
- c) operating the SIPS payment system: determining its rules, the functions it provides to users, criteria for participation in the system, etc.,
- d) organizing of regular working meetings with representatives of the banking sector or other entities whose activities are associated with payment systems,
- e) collecting and evaluating statistical data.

4. PAYMENT INSTRUMENTS

The most frequently used non-cash payment media include fund transfers and electronic payment instruments. Of electronic payment instruments, remote-access payment instruments are the most widely used option, in particular bank payment cards and, last but not least, electronic banking applications, which allow clients to withdraw funds from their bank accounts via electronic communications media (such as Internet banking, home banking or telephone applications).

Up to 31 December 2003, 3.02 million bank payment cards were in circulation, of which the largest number, namely 84.2% (2.55 million) were debit cards, with credit cards accounting for 15.5% (468,000) and charge cards making up 0.3% (9,000). In comparison with 2002, the number of credit cards increased from 86,000 to almost 468,000 and the number of bank payment cards issued grew by 13%, which, measured per capita, means that every other person in the country holds a bank payment card.

Almost 83% of the total number of bank payment cards in circulation are international bank payment cards and 17% are domestic bank payment cards. Banks issue bank payment cards of the card associations VISA (VISA and VISA Electron), MasterCard Europe (MasterCard and Maestro), American Express, Diners Club and ZBK domestic payment cards.

Within the territory of the Slovak Republic, cardholders have at their disposal a network of 1,505 ATMs and 16,974 POS terminals, of which 13,842 are EFT POS (Electronic Fund Transfer Point Of Sale) terminals and 3,132 are sales outlets with imprinters.

Out of the 1,505 ATMs, cardholders can use all ATMs to withdraw cash and check their account balance, 30 ATMs are available for depositing cash, 883 ATMs are assigned to

domestic fund transfers and 1,184 ATMs have a facility for mobile phone credit top-ups.

A discernible trend in bank payment card acceptance is the slightly slower pace of growth in the number of EFT POS terminals in comparison with the growth in the number of ATMs. In a year-on-year comparison, this means an increase in the number of EFT POS terminals by 13% and ATMs by 10%. Cash withdrawals from ATMs (76% in 2003 compared to 79% in 2002, of the total number of card transactions) continue to dominate over payments (24% in 2003 compared to 21% in 2002). The value of cash withdrawals from ATMs accounted for 87%, and the value of payments accounted for 13% of the total value of card transactions.

5. COOPERATION WITH INTERNATIONAL FINANCIAL INSTITUTIONS IN RESPECT TO PRE-ACCESSION WORKS ON THE PAYMENT SYSTEM

Since 2003, or the year of signing and the subsequent ratification of the Treaty of Accession, the standard of co-operation in respect to payment systems between the National Bank of Slovakia and the European Central Bank (ECB) reached a qualitatively higher level. In that year the ECB asked the National Bank of Slovakia to nominate its representatives onto the respective ECB committees and working groups. In 2003 the National Bank of Slovakia had 5 representatives specialising in payment systems in the mentioned bodies. They included the Payment and Settlement Systems Committee of the European System of Central Banks, which is the advisory body to the ECB's Governing Council. Within the scope of its authority, it directs and co-ordinates the activities of 4 working groups, namely the TARGET Management Working Group, the TARGET2 Working Group, the Payment Systems Policy Working Group and the Securities Working Group. Until the accession to the EU, representatives of national central banks

of acceding countries had an observer status. Observers were given an opportunity to participate actively in working meetings, as well as to participate in preparation of ECB materials by sending comments, filled-in questionnaires and follow-up materials.

The most important areas covered at regular meetings included issues relating to future development of the TARGET system, payment instruments, electronic money, payment systems, securities settlement systems and models for providing intraday credits within the European System of Central Banks. As part of the TARGET2 Working Group, representatives of the National Bank of Slovakia were involved in the further development of the TARGET1 strategy, and pre-design preparation of the TARGET2 system.

In 2003, as part of co-operation between acceding countries and the ECB, assessment processes were continued, aiming to determine the readiness of these countries for becoming involved in Eurosystem financial operations, with a view to identifying risks and revealing shortcomings in payment systems and securities settlement systems.

In 2003, as a follow-up to the above mentioned efforts, an account was made of the fulfilment of recommendations ensuing from the assessment of the infrastructure of payment systems and securities settlement systems and the oversight functions concerning the said systems, which had been made under an ECB initiative in 2002. In the respective report it was noted that the majority of recommendations have already been met, or are in the process of being fulfilled according to a time schedule. These recommendations concerned the use of payment instruments, the level of automation and standardisation, suitability of the market infrastructure and the central bank's tasks with regard to the oversight of payment systems and securities settlement systems.

In 2003, a new assessment programme was concurrently underway, which focused exclusively on securities settlement systems. The assessment drew upon the ECB's decision that acceding countries should have an opportunity, but not an obligation to get involved in the TARGET system prior to their entry into the Economic and Monetary Union (EMU). In view of the fact that all Eurosystem credit operations, including the provision of intraday credits for payment purposes, must be fully collateralised, the securities settlement systems must be in line with European Monetary Institute standards set for securities settlement systems.

Subject to the aforementioned assessment were:

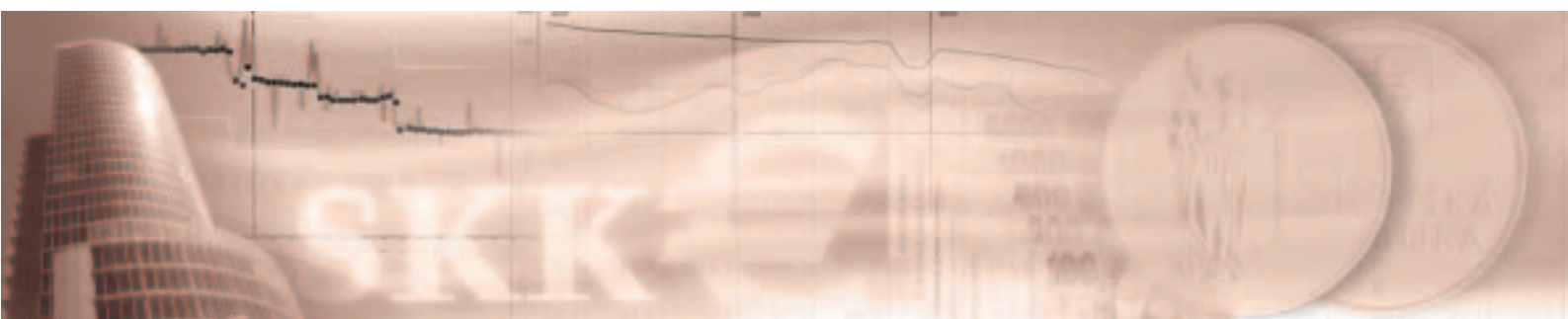
- statutory provisions governing the given area,
- settlement procedures on the accounts kept by the central bank,
- possibility of inadequate risk due to the custody of securities,
- institutional support for management and the regulation of securities settlement systems, including the oversight,

- risk management procedures,
- ability of the system to settle with finality during the day,
- operating hours and days (in relation to TARGET)
- operational reliability of technical systems
- availability of adequate backup systems.

Co-operation between the National Bank of Slovakia and the European Commission (CEC) mainly consists of participation by NBS staff in the CEC expert groups. These groups focus on payments and payment systems and primarily aim to lead discussions on the latest topics, such as the new legal framework for payments and payment systems within the EU internal market.

The National Bank of Slovakia also maintains co-operation with other international institutions, such as the Bank for International Settlements (BIS). As part of this co-operation, in 2003 the National Bank of Slovakia was involved in the preparation of a survey paper on electronic money.

F. FOREIGN ACTIVITIES



1. NBS AND THE INTEGRATION PROCESS

Slovakia officially applied for EU membership in June 1995 at the European Council in Cannes. In December 1999, at its Helsinki summit, the Council of the European Union decided to open negotiations on Slovakia's membership in the European Union (EU).

Pre-accession negotiations with Slovakia were successfully completed on 13 December 2002, and the Treaty of Accession to the EU was signed on 16 April 2003. In a referendum held on 16–17 May 2003, the majority of citizens of the SR expressed their support for EU membership.

After signing the Treaty of Accession, the Slovak Republic, together with other accession countries, participated actively in meetings of various bodies of European institutions, and up to 1 May 2004 in the capacity of an observer (without voting right).

Slovakia's representatives were involved in working groups of the European Commission (EC) and the Council of the European Union from the expert level to ministers' participation in meetings of Councils of Ministers and the Premier's participation in European Council sessions. The NBS was represented on committees and working groups of the Council of the EU and the EC by the Governor, both Vice-Governors and experts primarily from the Banking Supervision Division, the Monetary Division, the Currency Division, the Financial Management and Payments System Division, and the Governor's Office.

The accession process for the SR to the European Union was one of the priorities for the NBS, which was actively involved in the process on a regular basis. In line with the SR Government Resolution No. 431 dated 5 June 2003, the NBS Governor was recommended to set up a departmental co-ordination group for EU affairs.

On the basis of proposals from the respective divisions, the Governor appointed members of

the co-ordination group for EU affairs on 30 June 2003. The basic role of this group was to ensure, through unceasing communication with the commission for EU1 and EU2 affairs established at the Ministry of Foreign Affairs of the SR, a smooth transfer of relevant information to the NBS, with a view to its utilisation or handling by the bank's respective organisational units.

Treaty Establishing a Constitution for Europe

The work of the Convention on the Future of Europe was completed on 10 July 2003. It resulted in the draft Treaty establishing a Constitution for Europe. A declaration adopted at the Nice summit in December 2000 became a starting point for EU constitutional reform. The Nice declaration obliged both member and candidate countries to open broad-scoped discussions on the future shape of the European Union.

Over the course of 2003 the NBS participated in the commentary process in respect of the draft Treaty by filing its suggestions, as well as in preparing a comparison between the status to be introduced by the Treaty and the status in accordance with the current primary legislation pursuant to the Treaty of Nice.

An inter-governmental conference, which was intended to pass the first constitutional treaty for European integration, ended in failure in Brussels in December 2003. For the time being, this failure of negotiations on the Constitution means that starting in November 2004, decision-making mechanisms under the Treaty of Nice will be used.

The Treaty of Nice guarantees an advantageous position for Slovakia, and in the newly composed EC, Slovakia will be represented by a fully-fledged Commissioner, like larger and economically stronger Member States. After EU entry the SR will possess seven votes in the Council of Ministers. Vote weighting will provide Slovakia with a stronger position than the double majority, as was one of the proposals made by the European Convention.

Liberalisation of the Foreign Exchange Regime in the SR

An important area covered in adapting Slovakia's legislation to that of the EU was liberalisation of the foreign exchange regime. It consisted of two stages. During the first stage, all current payments and long and medium-term capital movements (maturing in over one year) were liberalised. The second stage concerned the movement of short-term capital and was implemented in the final leg of transformation. When the SR fulfilled Article VIII of the IMF Articles of Agreement on 1 October 1995, the Slovak koruna became convertible within the current account of the balance of payments.

1 February 1995

- direct investments in European Union member countries.

1 December 1996

- direct investments in OECD countries
- acquisition of real estate in OECD member states by Slovakia's residents
- export and import of banknotes and coins denominated in Slovak or a foreign currency – reporting obligation: over Sk 150,000 (tourism) or Sk 20,000 (postal money orders, mail deliveries)
- financing loans provided by residents to non-residents based in an OECD member state repayable over 5 years
- financing loans received by residents from non-residents repayable over 3 years.

1 April 1998

- issues of foreign securities for domestic trading or for placement on the domestic market when issued by entities based in an OECD member state whose securities are already traded on the main market of a foreign stock exchange, or when government bonds issued by OECD member states are involved
- residents permitted to trade in the above securities
- mandatory conversion of foreign exchange abolished

- branches of foreign banks – acquisition of titles to domestic real estate required as business premises for their operation under a contract for work (subject to a 10-year transfer ban running from the date of acquisition).

1 January 2000

- extension of operations involving foreign securities specified in the liberalisation step of 1 April 1998 to include non-OECD countries
- foreign issues of domestic bonds maturing in 1 year or more
- financing loans provided by residents to non-residents based in an OECD member state repayable over 1 year
- financing loans received by residents from non-residents repayable over 1 year
- sureties, guarantees and financial support instruments maturing over 1 year
- financial institutions (branches of foreign banks, foreign insurance companies, foreign securities brokers and foreign asset management companies) – acquisition of titles to domestic real estate required as business premises for their operation.

1 January 2001

- receiving and providing financing loans repayable within 1 year
- sureties, guarantees and financial support instruments maturing within 1 year
- non-residents based in an EU or OECD member state operating a domestic organisation unit for business – acquisition of titles to domestic real estate required as business premises for the organisation unit
- extension of operations in foreign securities to include those that are not traded on the main market of a foreign stock exchange.

1 January 2002

- liberalisation of domestic transactions in foreign securities.

1 January 2003

- liberalisation of financial derivatives and remaining restrictions on securities.

1 January 2004

- abolition of the repatriation obligation, liberalisation of foreign operations in residents' deposit accounts and liberalisation of foreign currency operations performed both domestically and internationally
- liberalisation of direct investments outside OECD and European Economic Area countries, and of portfolio investments
- acquisition of titles to real estate outside OECD and EEA countries.

Upon Slovakia's accession to the European Communities and the EU

- non-residents: the acquisition of ownership rights to real estate, except for real estate acquisition of which is restricted by special regulations and the acquisition of farming land by persons other than Slovak citizens and EU member state citizens who have farmed the land for at least 3 years following the Treaty of Accession of the SR to the EU coming into force.

European System of Central Banks and the European Central Bank

The European System of Central Banks (ESCB) is composed of the European Central Bank (ECB) and the national central banks of 15 European Union Member States. The ECB and the national central banks of the Member States, which have already introduced the euro, together form the Eurosystem. The Eurosystem and the ESCB are governed by ECB's decision-making bodies, i.e. the Executive Board and the Governing Council. Apart from the two above, the General Council was set up as a third temporary decision-making body, due to the existence of EU Member States which have not yet adopted the euro (Denmark, Sweden, Great Britain). All three bodies are headed by the ECB President. This office was held by Willem F. Duisenberg until 31 October 2003, and starting from 1 November 2003, Jean-Claude Trichet was appointed as ECB President.

Co-operation between the National Bank of Slovakia and the European Central Bank reached a qualitative new standard in 2003. The NBS Governor became an observer to ECB General Council meetings held in Frankfurt am Main four times a year. There are twelve committees, composed of representatives of the central banks of EU Member States, working within the ESCB. They are charged with specific tasks of the ESCB. Following ECB's request, the central banks of accession countries, including the National Bank of Slovakia, appointed their representatives to ESCB committees, who during the year acted in the capacity of observers. Other NBS experts participated in the work of internal subdivisions of individual committees (working groups, task forces).

In 2003 the NBS Governor participated in three meetings of the ECB General Council as an observer. The first time he took part was at the 23rd meeting of the ECB General Council held on 26 June 2003. The main topics covered at this session concerned macroeconomic, monetary and financial developments in the euro area, Member States outside the euro area, as well as in accession countries. Also subject to discussion was a semi-annual report on the monetary policy co-ordination, which in addition to evaluation of the previous year also gave a macroeconomic outlook for countries both inside and outside the euro area up to 2005. A separate part of the discussion was devoted to the development of the real exchange rate of the Danish koruna, Swedish krona and British pound. Another report presented at the meeting was an annual report on public finances, which was compiled of contributions from EU Member States concerning the development of public finances on a national level.

The agenda also included organisational issues in connection with the EU enlargement from 1 May 2004, which will witness the extension of the ECB General Council membership for 10 new members, i.e. to 13 members outside the euro area.

On 18 September 2003, the NBS Governor attended the 24th meeting of the General Council of the ECB. In addition to evaluation of macroeconomic, monetary and financial developments in EU member and accession countries, discussions were also held on the strategy of accession countries striving to take part in the ERM II mechanism, the introduction of the euro, the Treaty establishing a Constitution for Europe and other issues. In the context of ERM II entry, when deciding on future membership in the euro area, account must be taken of the differing income standard of the population, the structure of sectors of the economy, the risk of lowered external competitiveness of the country due to the process of convergence to the economic standard of the euro area, differing flexibility of the labour market, interest rates, the country's external position, as well as the implementation of fiscal policy. The ECB challenged accession countries to take a cautious approach in determining the deadline for entry into the euro area. In their common position, the SR Government and the NBS on this account, state that the SR should introduce the euro as early as possible on the fulfilment of Maastricht criteria.

The last meeting of the General Council of the ECB, held on 18 December 2003, had a similar agenda. With regards to the evaluation of macroeconomic, monetary and financial developments in accession countries, the assessment of Slovakia over the most recent period corresponded with analyses made by the NBS. It was the first time that the ECB had drawn up a report on the stability of EU financial system, which aimed to provide an easy-to-comprehend evaluation of risks and potential sources of vulnerability in the financial system. Accession countries found a quite important statement that financial stability monitoring will gradually be extended so as to include their countries.

Also of relevance to accession countries was a negotiation on changes in the ECB key for allocation of capital subscriptions due to EU enlargement, according to which the central banks concerned will pay their capital subscriptions, and

on participation of new Member States in the ERM II mechanism (the SR enters the EU in the position of a member state with derogation). This means that on fulfilment of convergence criteria, the SR will be committed to strive to finally adopt the euro. In this context, the Governing Council of the ECB released on 18 December 2003 a policy position on exchange rates in accession countries, stating criteria for participation by new Member States in the ERM II mechanism.

EU Structural Funds and Cohesion Fund

Through its representation in the Preparatory Committee for Structural Funds, the NBS was involved in the creation of conditions for an special institutional system, the development of programming documents, the implementation of procedures meeting European Commission requirements on drawing funding under EU structural funds and the Cohesion Fund. This system builds on experience gained in the implementation of pre-accession funds under the Phare, ISPA and SAPARD programmes, and in the period 2004 to 2006, will address disparities across regions, their development and ways of avoiding social tensions.

NBS' part in drafting and approval of structural and regional policy documents facilitated the streamlined utilisation of allocated EU funding in a period following EU entry, thus contributing towards the development of a concept for the financial management system of structural funds in the SR, which envisages the involvement of commercial banking entities and international financial institutions. The NBS was also involved in the maintenance of accounts of beneficiaries of aid from European funds, and pursuant to a new concept will continue to do so until the State treasury opens for operations.

Phare Programme

As part of the accomplishment of the government programme for Slovakia's banking

sector's restructuring and privatisation, the project called „Bad Debt Recovery“ was implemented in Slovenská konsolidačná, a. s., financed under the Phare 2000 programme prepared and supervised by the NBS. This project aimed to provide Slovenská konsolidačná with technical assistance in disposing part of the portfolio of classified loans transferred to it by the Ministry of Finance of the SR within revitalisation of selected commercial banks. In 2003 a team of foreign and local experts contracted by the CA IB consortium, the winner in the tender, helped to analyse the loan portfolio of Slovenská konsolidačná, prepare due diligence, aid the restructuring of selected claims and compose a package of claims for public sale. The project was successfully completed when a package of claims worth SKK 42.9 billion was realised via an international tender, whilst observing the transparency of the whole process of preparation and ensuring competitive conditions for the sale. The project ended in December 2003.

In 2003, the NBS has concurrently prepared another project under the Phare programme based on the Financial Memorandum 2002, in order to support supervision of the financial market, which is intended for both the NBS and the Financial Market Authority (FMA) as preparation for their integration. The project will be implemented in 2004 and 2005.

At the end of October 2003, a small twinning project under Phare 2001 for the Banking Supervision Division of the NBS was commenced with a focus on improving measures in place against money laundering. It is scheduled for completion in May 2004.

Foreign technical assistance

In December 2003, Edward Nolan, an adviser to the NBS Vice-Governor for Banking Supervision, completed his two-year mission. His stay was financed from a Japanese grant arranged by the IMF.

2. COOPERATION BETWEEN THE NBS AND INTERNATIONAL INSTITUTIONS

International Monetary Fund (IMF)

The National Bank of Slovakia has undergone a gradual transformation in regards to its relations with the International Monetary Fund. In recent years their co-operation has reached a qualitatively new level. Thanks to its good results in the economic policy area the Slovak Republic ranks among the countries that have settled all their financial obligations to the IMF and do not draw any loans. That is why co-operation between the two institutions in 2003 mainly took the form of missions and technical assistance.

In a concluding statement on IMF Article IV Consultations with the Slovak Republic, which are held once a year with each member country, it was noted that in terms of economic growth Slovakia is one of the fastest developing EU accession countries. This is an outcome of capital expenditure projects implemented in the previous period, notably of foreign direct investments, successful management of macroeconomic processes, but also important steps taken in the financial sector's privatisation and reform. Nevertheless, the IMF mission's recommendation was to remove structural deficiencies showing in a persistently large fiscal deficit, high unemployment and a correspondingly significant external imbalance, and to continue to reduce inflation. As regards monetary policy, the mission considered the direction taken as adequate. It however recommended that in the future, the central bank should direct inflationary expectations more accurately and proactively. The next IMF mission focusing on the fiscal policy area concluded that the dynamic economic growth continues, unemployment falls and core inflation remains low.

The 12th revision of quotas for IMF member countries was completed with no recommendations for their increase. Such quotas express the

economic position of the countries concerned. Slovakia's membership quota therefore continues to be SDR 357.5 million, on which basis the Slovak Republic has 3,825 votes in the IMF, accounting for 0.18% of the total number of votes.

The spring meeting of committees of the International Monetary Fund and the World Bank in Washington and the annual meeting in Dubai mainly focused on issues relating to the outlook of the global economy and financial markets, strengthening the Fund's oversight function for crisis prevention and progress made in crisis resolution. The discussions also covered combating money laundering and financing terrorism, the Fund's role in low-income countries, as well as other topical issues. In its final communiqué, the IMF noted the strengthening of the global economy and called on both developed and developing countries to increase their efforts to cope with medium-term fiscal pressures. The Fund's oversight will have to continue to pay attention to factors influencing the long-term outlook of member states focusing on healthy economic growth, as well as policies required to reveal the obstacles to this growth.

Following the spring meeting of the IMF and the World Bank, a meeting of representatives of the Belgian group (Constituency) of the IMF and the World Bank was held in April 2003 at the deputy level of central bank governors and finance ministers, which was organised by the National Bank of Slovakia. Apart from conclusions from the spring meeting, participants at this meeting also discussed fiscal sustainability in the medium and long run, pension reform with a focus on its goal, objectives and current trends and also agreed on a strategy for countries in the Belgian group in the framework of IMF and World Bank policies.

A separate part of this meeting of the Belgian group was devoted to the issue of a new Constituency Agreement, which will govern the relations of ten states of the Belgian Constituency. The new agreement was signed by authorised

representatives of countries belonging to the Belgian group in Brussels on 8 October 2003. It draws upon the agreement of 1994, capturing changes in internal relations and a new division of posts across the Constituency; especially a change in the rotation of elected executive directors of the World Bank and their alternates at four-year intervals instead of the original 2-year intervals and an account of already implemented changes in the positions of certain countries. The Slovak Republic has the position of adviser to the IMF executive director. The agreement was signed for a period of ten years, with each country having the right to ask for its re-evaluation after five years in the event of a significant change in the amount of its IMF quota or the developments in its foreign monetary relations.

World Bank

The World Bank, which in the nineties helped Slovakia to bring its economic transformation to completion, has provided the Slovak Republic with support in its reform of the financial and enterprise sector since 2001. The Enterprise and Financial Sector Adjustment Loan (EFSAL) has been gradually released. In 2003, on the basis of recommendations from World Bank experts, measures focused on bank restructuring, banking supervision, enhancement of creditor rights, insolvency area and debt restructuring were implemented, thereby meeting conditions for the release of the second EFSAL tranche in an agreed-upon amount of USD 70 million.

The World Bank focuses on closer co-operation with individual sectoral ministries, providing them with support in ongoing reforms. In 2003, the Ministry of Health Care of the SR signed the Health Sector Modernisation Project, on the basis of which a technical assistance loan of USD 12.38 million and a sector adjustment loan of USD 62.92 million were approved. As regards public finance reform, in 2003 the World Bank approved a technical assistance loan of USD 5.45 million to the Ministry of Finance of the SR for the Public Finance Management Project.

In October 2003 the World Bank issued a ROSC report to assess corporate governance (the Corporate Governance Country Assessment). It noted that the Slovak Republic improved its legislation and regulatory framework in this area. At the same time, it pointed to deficiencies in banking supervision, the absence of protection for shareholders of companies in the open market, as well as unsatisfactory powers and institutional capacities of the Financial Market Authority. In July 2003 the World Bank, in co-operation with the Ministry of Justice of the SR, issued a report to assess the country's legal and judicial environment (the Legal and Judicial Sector Assessment Report). These assessments will become a basis for activities focused on the enhancement of legislation, the improvement of judiciary performance and of the availability of legal services.

By paying a contribution towards the 13th replenishment of IDA at the amount of SDR 660,000 (USD 906,035) in 2003, the Slovak Republic became one of the donor countries of the International Development Organisation (IDA), thus taking part in development aid within the World Bank group.

Bank for International Settlements (BIS)

In 2003 the National Bank of Slovakia continued to carry out its duties as a shareholder in the Bank for International Settlements. In accordance with a resolution of the 73rd Annual General Meeting of the BIS, held on 30 June 2003, the Bank for International Settlements paid the National Bank of Slovakia dividends of CHF 400 per share for the financial year 2002/2003 ended 31 March 2003. The total dividends remitted amounted to CHF 1,068,000.

An extraordinary general meeting of the Bank for International Settlements held on 10 March 2003 confirmed changes in the BIS Articles. The most important change was to replace gold franc with a SDR (Special Drawing Rights) unit of

account, due to which the bank's share capital and the nominal value of each share were redenominated in this new unit. This change reflects an effort to minimise exchange rate risks.

The Governor of the National Bank of Slovakia took part in regular bi-monthly meetings of the Bank for International Settlements. In 2003, these meetings concentrated on relevant issues of banking in conjunction with the pending enlargement of the European Union. In relation to the impact on monetary policy and financial stability, governors discussed, among others, issues of capital markets, prices of residential property and the importance of transparency of monetary policies of central banks.

The Bank for International Settlements fosters professional co-operation between banks through regular surveys of foreign market developments and analyses of financial markets, as well as through the activities of the Basle Committee on Banking Supervision, the Committee on Payment and Settlement Systems, the Committee on the Global Financial System, the Markets Committee and other expert groups.

Japan Bank for International Cooperation (JBIC)

During 2003, there was a gradual accumulation of the Two Step Loan funds in intermediary Slovak banks: instalment repayments of the principal from the Two Step Loans from the Japan Bank for International Cooperation. Interest in further use of the mentioned funds markedly diminished as a result of changed conditions in the credit and money markets, especially a decrease in interest rates. Some intermediary banks gradually repaid the funds to the NBS account. On the basis of a decision by the NBS Bank Board, in April 2003 the National Bank of Slovakia prepaid in advance of maturity a portion of the Two Step Loan in favour of the JBIC equivalent to the amount repaid by intermediary banks.

European Investment Bank (EIB)

On EU entry the SR will become a member of the EIB, which is also linked to the scheduled subscription of EUR 408,489,500 worth of its capital, and will become entitled, via its representative nominated to the Board of Governors, to take part in profiling of lending policy, approval of the rules of procedure, annual reports, financial statements, decision-making on share capital and special loans. In line with the policy of EU bodies, the EIB gets into a key position in funding development programmes of member and accession countries, and recently a special call from the Council of Europe to support the programme: "European Action for Growth" came to the forefront, which is currently coupled with the process of creating technical, legal, administrative and accounting prerequisites for the implementation of infrastructure and innovation projects. Within the facilities provided by the EIB to commercial banks of member and accession states, the project financing mechanism also comprises sovereign guarantees, with the contracting party represented by the relevant finance ministry, the accounts of which, in Slovakia's case, shall be kept by the NBS until the State treasury opens for operations.

European Bank for Reconstruction and Development (EBRD)

In 2003 the European Bank for Reconstruction and Development financed activities in the Slovak Republic in line with a strategy approved in April 2002. The largest volume of funding so far was invested in 2001, when projects worth EUR 340 million were signed, and in 2002 the volume of investments dropped to EUR 120 million. In 2003, the value of approved projects grew to EUR 138 million. During ten-years of co-operation between the Slovak Republic and EBRD, projects worth more than EUR 3.3 billion in total were signed, with EBRD exposure due to these projects being more than EUR 1 billion.

EBOR activities are gradually concentrated in poorer countries of the Commonwealth of Inde-

pendent States, including the Middle Asian region. This trend was also confirmed by the 12th annual meeting of the Board of Governors of member states in Tashkent, the capital of Uzbekistan, held on 4 to 5 May 2003.

With regard to Slovakia's positive rating and good availability of loan capital for the government sector, EBRD investments in the Slovak Republic were in recent years prevailingly channelled into the private sector. In conformity with the approved strategy, the EBRD targeted its activities in 2003 notably to the power and financial sector. In 2003, the bank acquired a 9% stake in *Západoslovenská energetika* (western Slovakia's power company) and a 15% stake in *Allianz – Slovenská poisťovňa* (insurance company). The EBRD continued to support small and medium-sized enterprises through the second credit line to VÚB (in the amount of EUR 20 million) and Tatra leasing (in the amount of EUR 5 million), and became a shareholder of SkyEurope Holding airlines via two private funds.

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

The International Investment Bank and the International Bank for Economic Cooperation headquartered in Moscow were founded by member states of the former Council for Mutual Economic Cooperation. After the partition of the Czech and Slovak Federal Republic in 1993, Slovakia became a member of the IIB and IBEC as an independent country. The Slovak Republic's paid-up share is EUR 10.4 million in the IIB, and EUR 8.6 million in the IBEC.

The top governance bodies of both banks are the bank boards, which meet twice a year. Spring meetings are usually held in Moscow (the seat of both banks) and autumn meetings are hosted by one of the member states. In 2003, the autumn meetings of the IIB and IBEC bank boards took place in Poland.

In 2003, the spring meetings of IIB and IBEC bank boards discussed and approved annual reports on the banks' activities in 2002, dealt with the issue of settlement of debts owed to the banks by the Russian Federation, and discussed reports on fulfilment of the banks' budgets of general operating costs in 2002.

The autumn meetings discussed and approved both banks' activity reports for the first half of 2003, a progress report on the settlement of the debts of the Russian Federation and Cuba to the IIB and IBEC. The IIB Bank Board also approved a progress report on the settlement of mutual obligations of both banks with the Russian Federation in the matter of IIB and IBEC titles to premises they are seated in, a progress report on the settlement of mutual obligations and liabilities with Hungary and Poland, its former member states, the fulfilment of the budget of general operating costs of the bank for the eight months of 2003 and the plan for 2004, as well as the working plan of the IIB Revision Commission for 2004. The IBEC Bank Board meeting approved a list of member states, which are to nominate their candidates to the bank's revision commission.

Regarding the recovery of the IIB's and IBEC's receivables from the Russian Federation, the Russian side informed that its government had passed a resolution whereby Russia's liabilities due to both banks should be discharged in two stages. At the first stage, Russia should pay off the IIB's and IBEC's liabilities to London Club creditors, with the paid amount reducing the sum of Russia's arrears to both banks. The rest of Russia's debt is to be paid off during the second stage. As Russia informed, the first stage should be completed by the end of 2003.

World Trade Organisation (WTO)

In connection with liberalisation of services under the auspices of the World Trade Organisation, consultations between the European Commission and candidate countries took place in

Brussels on 18 February 2003. This consultation, in which the NBS was also represented, aimed to provide the latest confidential information on an initial schedule of specific commitments of the European Commission for the service sector that is under preparation.

On 10–14 September 2003, the Fifth WTO Ministerial Conference was held in Cancun, Mexico, which was to evaluate progress made in the new round of multilateral trade negotiations. This ministerial conference session ended in failure, only adopting a very brief ministerial statement, which does not contain assessment of the negotiations held so far, but just an expression of interest in continuing the negotiations.

The reasons for the failure of this ministerial conference are manifold: from an unwillingness to undertake new commitments through to an effort to obstruct further liberalisation and globalisation of world trade. The failure in Cancun presents the risk of potentially slowing down the new round of trade negotiations, but also the risk of the multilateral trade system starting to recede under the impact of bilateral agreements.

During the Ministerial Conference in Cancun, the SR delegation actively co-operated with EU representation, pursuing its trade policy interests in close co-operation with the latter. Slovak delegates regularly attended meetings of Committee 133 (an advisory body of the Council of the EU for common trade policy issues), as well as sessions of the Council of Ministers of the EU.

Also, multilateral trade negotiations under WTO auspices significantly influenced the process of accession of candidate countries to the EU, and their overall outcome will have a significant impact on the EU 25 common trade policy.

Currently, EU Member States and the majority of accession countries, including the SR, present their views on events in the WTO solely through the European Commission. The European Commission gathers the opinions and positions of member and accession countries at meetings of

Committee 133 of the Council of the EU (held in Brussels). Representatives of all member and accession countries come together at this forum to discuss the current WTO situation, submissions made and foreign trade policy issues. This trend, as it stands now, will continue after Slovakia's entry into the EU.

Organisation for Economic Co-operation and Development (OECD)

As in the previous period, the NBS took again an active part in the work of 140 OECD committees and working groups. An active participation by NBS representatives could be seen especially in the Committee on Financial Markets (CFM), in the Economic Policy Committee (EPC), in the Committee for Capital Movements and Invisible Transactions (CMIT), and in the Economic and Development Review Committee (EDRC). Contributions of NBS representatives, their professional competence and commitment, strengthened the

presentation of the programme of economic reforms ongoing in the Slovak Republic. As part of OECD regular periodic activities, the NBS took active part in the preparation of the Economic Survey of the SR in 2003. A representative from the NBS also attended a meeting of the OECD regional round table in Istanbul in 2003, in which the process and methods for liberalisation of the capital account were presented. An activity of special importance for the SR was the hosted session of the OECD Council in the High Tatras on 18-20 September 2003, during which the report "Slovak Republic: Examination of Position on Liberalisation Commitments on Capital Movements and Current Invisible Transactions and the National Treatment Institute" was approved. The adoption of this report by the OECD Council not only marked the completion of Slovakia's post-accession process in CIME/CMIT committees, but also the completion of the whole post-accession process of Slovakia's reviews, taking place on the premises of the DAFNE Financial Directorate.

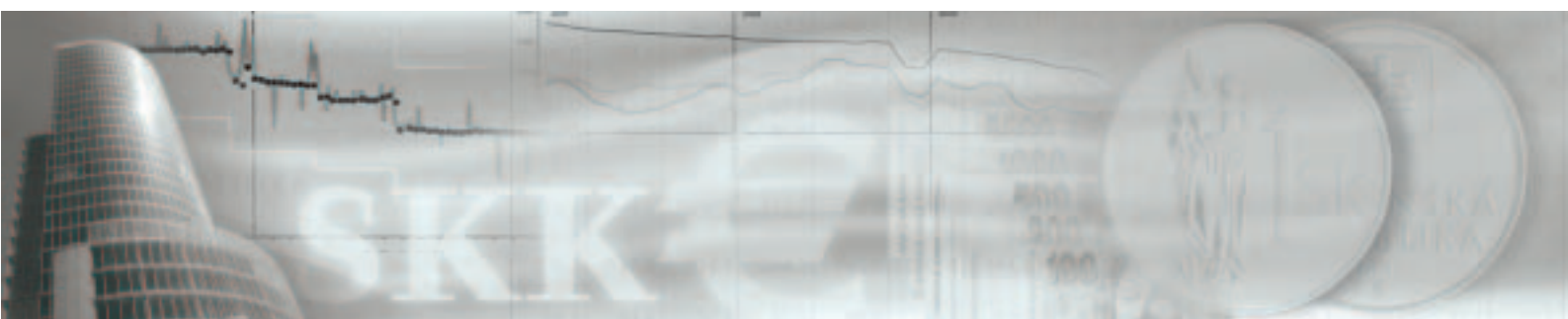
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G. REPORT OF INDEPENDENT AUDITORS



REPORT OF INDEPENDENT AUDITORS

To the Bank Board of the Národná banka Slovenska:

- 1 We have audited the accompanying financial statements of Národná banka Slovenska („the NBS“) for the year 2003, that comprises the balance sheet as of 31 December 2003, the related statement of income for the year then ended and the notes thereto. These financial statements are the responsibility of the Bank Board of Národná banka Slovenska. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 In our opinion, the financial statements present fairly, in all material respects, the financial position of Národná banka Slovenska as of 31 December 2003 and the results of its operations for the year then ended in accordance with the Accounting Act of the Slovak Republic and related accounting regulation.



PricewaterhouseCoopers Slovensko, s.r.o.
SKAU licence No.: 161





Ing. Ján Bubeník
SKAU licence No.: 544

Bratislava, 4 March 2004

BALANCE SHEET
of Národná banka Slovenska at 31 December 2003
in thousands SKK

ASSETS

Line		Notes	Gross value 1	Current year Adjustment 2	Net value 3	Previous year 31.12.2002 4
I	Cash and deposits in foreign banks of issue		28 462		28 462	31 153
	of which: Cash		28 462		28 462	31 153
II	Government bonds without coupons and other securities accepted by the NBS for refinancing					
	a) government bonds					
	b) other securities					
III	Receivables from clients	10.2	8 053 036	15 111	8 037 925	10 148 645
	a) current accounts		8 772		8 772	8 117
	b) standard loans		184 549		184 549	191 157
	c) standard loans with qualification and classified loans		30 205	15 111	15 094	58 200
	d) accounts of government bodies, local government bodies, and funds		7 829 510		7 829 510	9 891 171
IV	Debt securities	7.1	336 661 173		336 661 173	329 943 492
	a) of government bodies	7.1	236 732 600		236 732 600	225 277 500
	b) of other entities	7.1	99 928 573		99 928 573	104 665 992
V	Shares and other investments	7.3	162 677		162 677	24 784
VI	Shares and ownership interests in companies with significant influence	7.2	108 000		108 000	120 000
	a) banks					
	b) other entities		108 000		108 000	120 000
VII	Shares and ownership interests in companies with controlling influence					
	a) banks					
	b) other entities					
VIII	Intangible fixed assets		165 449	140 000	25 449	38 386
	a) software		162 292	138 680	23 612	36 297
	b) other intangible fixed assets		3 157	1 320	1 837	2 089
IX	Tangible fixed assets		8 927 177	2 136 510	6 790 667	6 543 763
	a) land and buildings for operating activities		5 677 419	455 382	5 222 037	5 327 444
	b) other tangible fixed assets		3 249 758	1 681 128	1 568 630	1 216 319
X	Other assets		15 945 707	39 526	15 906 181	1 312 780
	of which: Gold	6	15 482 480		15 482 480	1 025 851
XI	Accruals and prepayments		15 255		15 255	433 764
XII	Receivables from the International Monetary Fund	9	4 197 381		4 197 381	4 668 837

ASSETS

Line	Notes	Gross value 1	Current year Adjustment 2	Net value 3	Previous year 31.12.2002 4
XIII	Receivables from banks of the European System of Central Banks	112 387		112 387	
XIV	Receivables from other foreign entities	49 871 262		49 871 262	26 278 725
	of which: Repurchase transactions	10.1 40 661 729		40 661 729	23 099 192
XV	Loans to domestic banks	12 8 009 465	10 848	7 998 617	11 712 498
XVI	Other receivables from domestic entities	10 399 710		10 399 710	13 253 531
	TOTAL ASSETS	442 657 141	2 341 995	440 315 146	404 510 358
	Special agenda of the NBS	11 483 246	15 094	11 468 152	6 094 660
	Receivables of the state from foreign institutions	6 500 423		6 500 423	8 667 155

LIABILITIES

Line	Notes	Current year 5	Previous year 31.12.2002 6
I	Liabilities to clients	19 413 166	18 548 635
	a) current accounts	159 654	965 330
	b) term deposits	1 197 812	342 523
	c) special-purpose deposits		
	d) accounts of government bodies, local government bodies, and funds	18 055 700	17 240 782
II	Liabilities from debt securities		
	a) issued debt securities		
	b) other liabilities from debt securities		
III	Other liabilities	3 890 547	5 091 557
IV	Accruals and deferred income	2 698	859
V	Provisions	17	15 032 943
VI	Subordinate financial liabilities		
VII	Liabilities to the International Monetary Fund	9	4 155 546
VIII	Liabilities to banks of the European System of Central Banks		
IX	Liabilities to other foreign entities	36 322 174	11 399 101
	of which: Repurchase transactions	13 33 466 694	
X	Monetary reserve accounts of banks with the NBS	11 504 998	21 407 372
XI	Securities issued by the NBS	15	55 759 761
XII	Other liabilities to domestic entities	123 497 930	107 532 965
	of which: Repurchase transactions	13 105 753 442	84 895 478
XIII	Banknotes and coins in issue	16	102 546 365
XIV	Account of the government	14	17 075 247
XV	Government funds and other offsets against the national budget	14	11 026 001
XVI	Offsetting special transactions with funds of the Slovak republic	14	71 380 880
XVII	Capital (Statutory fund)	466 667	466 667
XVIII	Reserve funds and other profit reserves	10 164 859	10 164 859
	a) legal reserve fund		
	b) reserve fund	10 164 859	10 164 859
	c) other profit reserves		
XIX	Other capital funds	76 670	82 435
XX	Valuation variances	6	13 289 763
	a) fund for the revaluation of gold		13 289 763
	b) from revaluation of hedging derivatives		
	c) from revaluation of shares and ownership interests		

LIABILITIES

Line	Notes	Current year 5	Previous year 31.12.2002 6
XXI Gain/losses from revaluation of assets and liabilities from previous y	18	15 900 550	
XXII Loss carried forward	18	-24 836 019	
XXIII Profit/(loss) for the period	18	-31 434 297	-24 836 019
TOTAL LIABILITIES		440 315 146	404 510 358
Special agenda of the NBS		18 555 046	10 984 815
Liabilities of the state to foreign institutions		6 500 423	8 667 155

Off-balance sheet

OFF-BALANCE SHEET ASSETS

Line	Notes	Current year 1	Previous year 31.12. 2002 2
I	Receivables from future loans, borrowings, and guarantees		17 150
	a. receivables from future loans and borrowings		17 150
	b. guarantees and liabilities granted		
II	Guarantees granted		
	a. immovables		
	b. cash		
	c. securities		
	d. other		
III	Receivables from spot transactions with		
	a. interest-rate instruments		
	b. currency instruments		
	c. share instruments		
	d. commodity instruments		
	e. credit instruments		
IV	Receivables from futures and forwards with:	3 051 015	8 777 177
	a. interest-rate instruments	8 1 777 518	1 652 201
	b. currency instruments	1 273 497	7 124 976
	c. share instruments		
	d. commodity instruments		
	e. credit instruments		
V	Receivables from transactions with options with:	3 770 502	6 949 534
	a. interest-rate instruments		
	b. currency instruments	8 3 770 502	6 949 534
	c. share instruments		
	d. commodity instruments		
	e. credit instruments		
VI	Receivables written off	6 128	25
VII	Values given to custody and administration	11 433	131 434
VIII	The NBS's own values for depositing	274 706 238	234 155 091
IX	Balancing and suspense accounts	162 812 934	142 708 689
	TOTAL OFF-BALANCE-SHEET ASSETS	444 358 250	392 739 100

OFF-BALANCE-SHEET LIABILITIES

Line	Notes	Current year 1	Previous year 31.12. 2002 2
I	Commitments from future loans, borrowings, and guarantees		
	a) commitments from future loans and borrowings		
	b) guarantees and liabilities received		
II	Guarantees received	58 488 922	47 376 751
	a) immovables		
	b) loans	24 17 732 008	22 850 407
	c) securities	591 560	719 432
	d) other	242 197	709 613
	e) collaterals - securities	23 39 923 157	23 097 299
III	Liabilities from spot transactions with:		
	a. interest-rate instruments		
	b. currency instruments		
	c. share instruments		
	d. commodity instruments		
	e. credit instruments		
IV	Liabilities from futures and forwards with:	2 908 346	14 377 060
	a. interest-rate instruments	8 1 777 518	1 652 201
	b. currency instruments	1 130 828	12 724 859
	c. share instruments		
	d. commodity instruments		
	e. credit instruments		
V	Liabilities from transactions with options with:	5 496 751	1 167 465
	a. interest-rate instruments		
	b. currency instruments	8 5 496 751	1 167 465
	c. share instruments		
	d. commodity instruments		
	e. credit instruments		
VI	Values taken to custody and administration	48 227	1 661 106
VII	The NBS's own values for depositing	377 416 004	328 156 718
VIII	Balancing and suspense accounts		
	TOTAL OFF-BALANCE SHEET LIABILITIES	444 358 250	392 739 100

Signature of a member (members) of the legal entity's statutory body:

Person responsible for bookkeeping (name, surname, signature):

Person responsible for the statements (name, surname, signature):

Date: 4 March 2004

Prepared by:
Marta Drescherová

Imprint of the stamp:

Národná banka Slovenska
Bratislava

-194-

Ing. Milena Koreňová

Ing. Katarína Taragelová

Phone No.: 5787 2310

INCOME STATEMENT
of Národná banka Slovenska at 31 December 2003
in thousands of SKK

Line	Notes	Current year 1	Previous year 31.12. 2002 2
I	Interest income and similar revenues	10 679 099	9 304 680
	a) interest on debt securities	8 194 898	5 947 960
	b) interest on repurchase transactions	908 858	596 101
	c) interest on derivative transactions	91 355	206 543
II	Interest expense and similar costs	-18 131 271	-12 585 026
	a) interest on debt securities	-3 094 223	-1 312 670
	b) interest on repurchase transactions	-7 451 002	-5 801 955
	c) interest on derivative transactions	-69 929	-257 474
III	Revenues from shares and ownership interests in companies:	28 639	30 848
	a) revenues from shares and ownership interests in companies with significant influence		
	b) revenues from shares and ownership interests in companies with controlling influence		
	c) revenues from shares and other ownership interests in companies	28 639	30 848
IV	Revenues from fees and commissions	144 466	130 004
V	Fees and commissions expenses	-61 391	-32 564
VI	Net profit or net loss from financial transactions	-22 162 670	-20 323 952
VII	Other financial income	17 068	28 653
VIII	Other financial costs	-151 723	-269 297
IX	General operating expenses	-1 155 523	-1 246 010
	a) staff costs	-662 912	-731 411
	aa) salaries	-495 524	-560 821
	ab) social and health insurance	-167 388	-170 590
	b) other general operating expenses	-492 611	-514 599
X	Other operating income	46 434	192 194
XI	Other operating expenses	-133 720	-342 129
XII	Use of provisions and valuation allowances for tangible and intangible assets	5 987	
	a) use of provisions for tangible assets		
	b) use of valuation allowances for tangible assets	5 987	
	c) use of valuation allowances for intangible assets		

Line	Notes	Current year 1	Previous year 31.12. 2002 2
XIII	Depreciation, set-up of provisions and valuation allowances for tangible and intangible assets	-522 079	-292 678
	a) depreciation of tangible assets 11	-451 959	-231 958
	b) set-up of provisions for tangible assets 12	-52 412	-37 767
	d) depreciation of intangible assets 11	-17 708	-22 953
	e) set-up of valuation allowances for intangible assets		
XIV	Use of provisions and valuation allowances for receivables and guarantees, income from assigned receivables and receivables written off	127 903	612
	a) use of provisions for receivables and guarantees		322
	b) use of valuation allowances for receivables and for receivables from guarantees	127 903	290
	c) income from assigned receivables and from receivables written off		
XV	Depreciation, set-up of provisions and valuation allowances for receivables and receivables from guarantees	-53 206	-106 314
	a) set-up of valuation allowances for receivables and for receivables from guarantees	-47 102	-106 298
	b) set-up of provisions for receivables and for receivables from guarantees		
	c) set-up of provisions for guarantees		
	d) written off receivables and receivables from payments for guarantees, loss from assigned receivables	-6 104	-16
XVI	Use of valuation allowances for shares and ownership interests in companies with controlling and substantial influence		
XVII	Set-up of valuation allowances for shares and ownership interests in companies with controlling and substantial influence		
XVIII	Use of other provisions		14 184 501
XIX	Set-up of other provisions 17	-111 640	-13 727 281
XX	Use of other valuation allowances		786 631
XXI	Set-up of other valuation allowances		-579 019
XXII	Profit/(loss) for the period from ordinary activities before the transfer from profit	-31 433 627	-24 846 147
XXIII	Extraordinary income		49 595

Line	Notes	Current year 1	Previous year 31.12. 2002 2
XXIV	Extraordinary expenses		-38 727
XXV	Profit/(loss) for the period from extraordinary activities before the transfer from profit		10 868
XXVI	Income tax - withholding tax	-670	-740
XXVII	Transfer from profit		
XXVIII	Profit/(loss) for the period after transfer from profit	18	-24 836 019
A	Total expenses	-68 021 037	-69 940 485
B	Total income	36 586 740	45 104 466

Date:
4 March 2004

Prepared by:
Viera Lamošová

Signature of a member (members) of the legal entity's statutory body:

Imprint of the stamp:

Národná banka Slovenska
Bratislava
-194-

Person responsible for bookkeeping (name, surname, signature):

Ing. Milena Koreňová

Person responsible for the statements (name, surname, signature):

Ing. Katarína Taragelová

Phone No.: 5787 2310

Notes to the financial statements as at 31 December 2003

Bratislava, 4 March 2004

NÁRODNÁ BANKA SLOVENSKA

Notes to the Financial Statements as at 31 December 2003 in accordance with the Directive of Ministry of Finance of the Slovak Republic No 21 832/2002-92

(In thousands of SKK)

1. General information

Národná banka Slovenska (The National Bank of Slovakia – herein “NBS” or “the Bank”) is the central bank of the Slovak Republic. NBS was established in accordance with Act No. 566/1992 Coll. on the National Bank of Slovakia as amended (“the NBS Act”). It commenced its activities on 1 January 1993 as the central bank of the Slovak Republic. NBS is a legal entity (Corporate ID: 30 844 789) with its seat at Imricha Karvaša 1, Bratislava. With regard to its own assets, NBS acts as a business entity. The NBS has its head office in Bratislava, it has three branches in the Slovak Republic (Bratislava, Banská Bystrica, Košice) as well as organisational units.

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

- determines the monetary policy,
- issues banknotes and coins,
- manages and co-ordinates money circulation, domestic payment system, and clearing payment system,
- supervises the safe functioning of the banking system and bank activities,
- represents Slovakia in international financial institutions and ensures fulfilment of tasks resulting from such representations,
- represents Slovakia in world financial market operations related to the implementation of the monetary policy.

The NBS's supreme managing body is the NBS Bank Board (“the Bank Board”). According to the NBS Act, the Bank Board has eight members: the governor, two vice-governors, two NBS executive directors, and three other members. The governor and the vice-governors are appointed and withdrawn by the president of Slovak Republic. Executive directors and other members of the Bank Board are appointed and withdrawn by the government of the Slovak Republic. According to Act No. 149/2001 Coll. of 6 April 2001 amending the NBS Act valid from 1 May 2001, the term of the office of Bank Board members is five years. Until 30 April 2001, the term of office of the governor, vice-governors and the executive directors was six years. The term of office of other Bank Board members was four years. Membership of the Bank Board is limited to maximum of two consecutive terms of office. The NBS is represented by the governor.

In 2003, the members of the Bank Board were as follows:

Name	Position	Term of office	
Ing. Marián Jusko, CSc.	Governor	from 30 July 1999	to 30 July 2005
Ing. Elena Kohútiková, CSc.	Vice-governor	from 28 March 2000	to 28 March 2006
Ing. Ivan Šramko	Vice-governor	from 11 January 2002	to 11 January 2007
Ing. Ján Mathes	Executive Director	from 1 January 1999	to 1 January 2005
RNDr. Karol Mrva	Executive Director	from 1 December 2000	to 1 December 2006
Prof. Ing. Jozef Košnár, DrSc.	Member	from 1 December 2000	to 1 December 2004

For their activities performed in the Bank's managing body, the Bank Board members received compensation totalling SKK 5,760 thousand paid from the remuneration fund in 2003 (in 2002 SKK 6,240 thousand).

NÁRODNÁ BANKA SLOVENSKA

Notes to the Financial Statements as at 31 December 2003 in accordance with the Directive of Ministry of Finance of the Slovak Republic No 21 832/2002-92

(In thousands of SKK)

2. Method for preparing the financial statements

The financial statements of the NBS for 2003 have been prepared in accordance with generally binding legal regulations, in particular:

- the Act on Accounting No. 431/2002 Coll. ("Act on Accounting"),
- the Directive No. 20 359/2002-92 of the Ministry of Finance of the Slovak Republic dated 13 November 2002 as amended by the Directive No. 13 593/2003-92 of the Ministry of Finance of the Slovak Republic dated 17 June 2003 that sets out details on accounting procedures and the general chart of accounts for banks, branches of foreign banks, the NBS, the Deposit Protection Fund, dealers with securities, branches of foreign dealers with securities, the Guarantee Fund for Investments, asset management companies, branches of foreign asset management companies, and unit trusts ("the Directive"),
- the Directive No. 21 832/2002-92 of the Ministry of Finance of the Slovak Republic dated 10 December 2002 that sets out details on the arrangement, the description of items in individual financial statements, the contents of these items, and the extent of data from the financial statements designated for publishing for banks, branches of foreign banks, the NBS, the Deposit Protection Fund, dealers with securities, branches of foreign dealers with securities, the Guarantee Fund for Investments, asset management companies, branches of foreign asset management companies, and unit trusts.

The financial statements have been prepared as ordinary financial statements at 31 December 2003.

As the structure of the balance sheet and the income statement has changed as of 1 January 2003, the comparatives (from 1 January 2002 to 31 December 2002) presented in the financial statements have been adjusted accordingly, with no impact to the profit/(loss) or equity.

The total amount of assets and liabilities presented in the financial statements at 31 December 2002 (SKK 603,817,061 thousand), in compliance with the Directive No. 65/356/1996 of the Ministry of Finance of the Slovak Republic, differs from the total amount of assets and liabilities disclosed in these financial statements (SKK 404,510,358 thousand disclosed as Previous year) as certain asset and liability items have been excluded to ensure comparability for the financial statements, under the requirements of the Act on Accounting. The following items have been excluded:

- Receivables from and liabilities to the International Monetary Fund (SKK 21,074,821 thousand), accounted for under the gross method until 31 December 2002;
- NBS treasury bills provided as collateral in sterilising repurchase transactions (SKK 85,645,000 thousand), accounted for under the methodology applicable until 31 December 2002, based on which the Bank recognised both the loan received and the securities provided as well as the receivable relating to the securities provided;
- Securities accepted as collateral in repurchase transactions (SKK 23,097,299 thousand), accounted for under the methodology applicable until 31 December 2002, under which the Bank recognised the loan provided, the accepted securities and the liability to return these securities on balance sheet;
- NBS treasury bills in the Bank's portfolio (SKK 64,355,000 thousand), accounted for under the methodology applicable until 31 December 2002, based on which the Bank recognised in the balance sheet securities and liabilities from the issue of securities that were not sold or provided in repurchase transactions at 31 December 2002;

NÁRODNÁ BANKA SLOVENSKA

Notes to the Financial Statements as at 31 December 2003 in accordance with the Directive of Ministry of Finance of the Slovak Republic No 21 832/2002-92

(In thousands of SKK)

- Suspense accounts of foreign exchange transactions (SKK 4,476,408 thousand), accounted for under the gross method until 31 December 2002;
- Deposits of the Slovak Republic with the World Bank (SKK 658,090 thousand), accounted for under the gross method; and
- A settlement with the national budget (SKK 85 thousand).

The 2002 annual financial statements were approved at the 6th meeting of the Bank Board on 14 March 2003.

3. Accounting principles and accounting methods applied

3.1. Changes in the accounting principles and methods at 1 January 2003

According to the Accounting Act and the Directive, differences from changes in accounting principles and methods were recognised at 1 January 2003. Differences from the changes in accounting principles and accounting methods were recognised in 2003 financial statements and resulted in an increase of the Bank's equity by SKK 29,178,685 thousand. At 1 January 2003 this was attributable to the following:

- The reserve for valuation of gold in the amount of SKK 13,278,135 thousand to reflect the fair value of gold (refer Note 6).
- Initial revaluation to reflect the fair value of securities increased the Bank's equity by SKK 1,702,898 thousand (see Note 7.1).
- Initial revaluation to reflect the fair value of financial derivatives increased the Bank's equity by SKK 495,388 thousand (see Note 8).
- The release of provision for foreign exchange losses from the Bank's open foreign exchange position increased the Bank's equity by SKK 13,727,281 thousand (see Note 17).
- Reclassification of art, museums and galleries from balance sheet to off-balance sheet items reduced the Bank's equity by SKK 25,017 thousand.

3.2. Accounting event

In accordance with the Directives, the Bank posts an accounting entry on the day the accounting event has occurred, i.e. on the day when cash was paid or received, in case of direct debit on the payment day when withdrawing money from a third party account, on the transaction date in case of securities, derivative financial instruments, and gold, on the day the guarantee was issued or received in case of guarantees, in case of cash in foreign currency on the day it was credited according to a message received, in case of property on the day the property title was acquired or terminated, and on the identification day in case of a shortage, deficit, or surplus.

Interest income and interest expense, fees and commissions are recognised when incurred. All costs and expenses are accounted for and disclosed in the financial statements in accordance with the accrual principle.

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Notes to the Financial Statements as at 31 December 2003 in accordance with the Directive of Ministry of Finance of the Slovak Republic No 21 832/2002-92

(In thousands of SKK)

3.3. Principles for classifying receivables

In accordance with the Accounting Act and the Bank's internal regulations, the Bank assesses the level of risk related to receivables. These receivables are classified and provision set up in order to comply with the principle of fair presentation in accounting. Based on the risk assessment the Bank classifies receivables into the following categories: standard, standard with qualification, non-standard, doubtful, and lost.

Bad debts are written off based on a court decision or upon the resolution of the Bank's Board and the related provisions are released into revenues without affecting the profit/(loss).

3.4. Conversion of foreign currencies

Assets and liabilities in foreign currencies are converted to Slovak crowns applying NBS rate on the day of the accounting event and exchange rate at 31 December 2003 for the financial statements. All exchange gains and losses are recorded in the income statement.

Exchange rates of main foreign currencies applied for the valuation of assets and liabilities at 31 December:

Currency	Amount	2003	2002
EUR	1	41.161	41.722
USD	1	32.920	40.036
JPY	100	30.779	33.511
XDR	1	48.742	54.226

3.5. Repurchase and reverse repurchase transactions

From 1 January 2003, in line with changes in the Directives, transactions in which the Bank accepted securities in exchange for cash, along with the commitment to return these securities at a certain date in exchange for the transferred cash amount plus interest (reverse repurchase transaction), are disclosed as loans provided. The collateral accepted in the reverse repurchase transaction is recorded at fair value on the off-balance sheet and fair valued when preparing the financial statements. The revaluation of the collateral does not have impact on either balance sheet or the income statement.

Transactions in which the Bank provided securities or gold in exchange for cash, along with the commitment to accept these securities or gold at a certain date in exchange for the original cash amount plus interest (a repurchase transaction), are shown as received loans with a transfer of a collateral. The collateral provided in a repurchase transaction remains on balance sheet and is fair valued when the financial statements are prepared.

Except for repurchase and reverse repurchase transactions performed by the Bank directly, the Bank has authorised, based on the Securities Lending Agreements, certain banks to trade in securities held by the Bank. Based on these agreements, the selected banks provide securities held by the NBS in the name of the Bank in exchange for cash, along with the commitment to accept these securities back (a repurchase transaction), and subsequently accept securities on the NBS's account in exchange for cash from the previous repurchase transaction, along with the commitment to return these securities (reverse repurchase transactions), or invest the cash

NÁRODNÁ BANKA SLOVENSKA

Notes to the Financial Statements as at 31 December 2003 in accordance with the Directive of Ministry of Finance of the Slovak Republic No 21 832/2002-92

(In thousands of SKK)

received into term deposits under agreed limits. In these transactions, the Bank receives part of the revenue (which is the difference between the cost of the repurchase transactions and revenues from reverse repurchase transactions or term deposits) that is disclosed in the income statement. Transactions with the NBS securities performed under the Securities Lending Agreements were not disclosed on balance sheet at 31 December 2003 and on balance sheet at 31 December 2002 (see Note 20).

The Bank's market and credit risks in these transactions are minimised by specification of instruments in which the cash received can be invested, and there are limited counter-parties with whom deals are allowed to be performed.

3.6. Provisions

Provisions are liabilities of uncertain timing or amount that have arisen from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits, that can be measured under the Accounting Act, and that are disclosed in financial statements.

Since 1 January 2003, it is not allowed, according to the Accounting Act and the Methodical instruction No. 24 658/2003-92 of the Ministry of Finance of the Slovak Republic, to set up provisions for covering general banking risks.

At 1 January 2003, the provision for covering future foreign exchange losses from the open foreign currency position was cancelled and had an impact on the Bank's equity. At 31 December 2003, the NBS set up provisions for liabilities to employees (see Note 17).

3.7. Currency in circulation

The NBS administers issue of banknotes and coins and withdrawal of banknotes and coins from circulation. The respective liability from the issue of currency in circulation is stated on the balance sheet at its nominal value.

3.8. Cost of employee benefits

The social fund, the remuneration fund, and the retirement fund that the NBS set up prior to 1 January 2003 to cover employee benefits were transferred to the respective liability accounts, in accordance with changes in the Directive.

The NBS makes regular contributions to the Social Insurance Agency for health, retirement, sickness, and unemployment insurance, and a contribution to the Guarantee Fund. Contributions are paid in the amounts required by law in the respective year. The Bank also pays a contribution for not employing the obligatory percentage of persons with a disability, as set out in the Employment Act.

In co-operation with agencies offering additional retirement insurance, the NBS has created an additional pension scheme for its employees.

NÁRODNÁ BANKA SLOVENSKA

Notes to the Financial Statements as at 31 December 2003 in accordance with the Directive of Ministry of Finance of the Slovak Republic No 21 832/2002-92

(In thousands of SKK)

3.9. Taxation

The NBS is entity liable to corporate income tax, where, according to § 18 of Act No. 366/1999 Coll. on Income Tax as amended ("Income Tax Act"), only income taxed by a special tax rate is subject to the corporate income tax.

Since 1 March 2003, the Bank is not registered as a VAT payer.

3.10. Distribution of profit/(loss) and transfer payments from profit

According to § 38 of the NBS Act, during the accounting period the Bank generates either profit or loss. Profit generated is allocated to statutory reserve fund and to other profit reserves, or for settling losses carried forward. The remaining profit is transferred to the national budget or, upon the Slovak Government's decision, to state financial assets under a special regulation.

The NBS may settle the loss for the current accounting period from the statutory reserve fund or from other reserves, or the Bank's Board may decide to transfer the unsettled loss to the retained loss account (see Note 18).

4. Valuation methods

In the valuation of assets and liabilities, the NBS followed §§ 24 to 28 of the Accounting Act. At the day of the accounting event, assets and liabilities are stated either at acquisition cost, at their nominal value, production costs, or their replacement costs (§ 25 Sec 1 of the Accounting Act). At the balance sheet date, individual items of assets and liabilities are re-valued as follows (§ 27 Sec 1 of the Accounting Act):

- securities at their market value, or at the value based on an appropriate estimate, except for shares in the registered capital of commercial companies and securities issued by the Bank; and
- derivatives at their market value, or at the value set by an expert valuation.

If there is no objective fair value available to the Bank used the valuation methods in accordance with § 25 of the Accounting Act.

4.1. Gold

Gold is recorded at its fair value based on the market price of London's commodity market morning fix of gold in USD/oz. Changes in the fair value of gold are recorded through equity. The sale of gold is reflected in the income statement.

As a result of gold revaluation to its fair value at 1 January 2003, a valuation reserve was created, the balance of which represented the difference between the market price of gold at 31 December 2002 of 342.75 USD/oz. and its historical acquisition cost of 62.54451 SKK/g (see Note 6). When selling gold, the revaluation reserve is transferred to the profit/(loss) for the current period.

NÁRODNÁ BANKA SLOVENSKA

Notes to the Financial Statements as at 31 December 2003 in accordance with the Directive of Ministry of Finance of the Slovak Republic No 21 832/2002-92

(In thousands of SKK)

Until 31 December 2002, swap transactions with gold were recorded off-balance sheet. Since 1 January 2003, these transactions are recorded in accordance with the effective regulations as repurchase transactions with gold. This means that gold used in these transactions as a collateral is part of the balance sheet amount under the item Gold.

4.2. Securities in the portfolio

According to the Accounting Act and the Directive, based on purposes of acquisition, the Bank classifies securities into the following categories:

- securities held for trading,
- securities available for sale,
- securities held to maturity,
- securities originated by the enterprise, not designated for trading, and
- shares and investments in companies with controlling influence and in companies with significant influence.

Valuation of securities is done in line with § 24 and § 27 of the Accounting Act.

4.2.1. Securities held for trading and available for sale

At 1 January 2003, the Bank classified securities held in its portfolio into the held-for-trading and available-for-sale categories. Fair value adjustment at 1 January 2003 was recorded to Bank's equity. Subsequent changes to the fair value are recorded to profit and loss account.

As of 2003, when initially recognised, bonds without coupons are stated at their acquisition cost that is gradually increased by the accrued difference between the acquisition cost and the nominal value – the discount. This accrued discount forms part of interest income.

Bonds with coupons, when initially recognised, are stated at net acquisition cost (without the purchased coupon) that is gradually adjusted for the accrued difference between the net acquisition costs and the nominal value (discount or premium) that is part of interest income. The coupon is an interest income that is accrued on a monthly basis. At the balance sheet date, securities classified as held for trading or available for sale are fair valued, fair values being the market price. If the market price is not available, an appropriate estimate is used.

Upon disposal, securities are disposed at the weighted average cost. This valuation method is used only for the same type of securities, if they are from the same issuer and in the same currency.

4.2.2. Shares and ownership interests in companies with significant influence

The Bank has a stake and ownership interest with significant influence in the company RVS, a.s. Bratislava (see Note 7.2). Based on the resolution of the General Meeting, the company Bankové zúčtovacie centrum Slovenska, a.s. Bratislava (The Slovak National Clearing Centre) has been transformed into RVS, a.s. By the entry into the Commercial Register on 17 September 2003, the company's business name, statutes, and executive body have been changed. Shares of RVS, a.s. Bratislava are stated at acquisition cost.

NÁRODNÁ BANKA SLOVENSKA

Notes to the Financial Statements as at 31 December 2003 in accordance with the Directive of Ministry of Finance of the Slovak Republic No 21 832/2002-92

(In thousands of SKK)

4.2.3. Other investments

The Bank has an investment in the Bank for International Settlement, Basel, Switzerland ("BIS"). Shares in the BIS are stated at acquisition cost. The equity interest in the BIS is disclosed in the amount of the paid-up share (25%). The unpaid part (75%) is due upon request.

Upon the BIS General Meeting's resolution, the clearing unit "golden frank" has changed, as of 1 April 2003, to a new clearing unit – Special Drawing Rights (SDR). After transfer to the new clearing unit, both the number of shares and the share in the capital remained unchanged. Dividends are paid out from the total of the NBS's share in the BIS in Swiss francs (see Note 7.3).

4.3. Derivative financial instruments

Derivative financial instruments represent fixed and option contracts that the NBS recorded on its off-balance sheet accounts at the value of the underlying instrument till 31 December 2002. In accordance with the intent of purchase, derivative financial instruments have been classified as held for trading as of 1 January 2003, as these instruments did not meet criteria for classification for hedging. In spite of this, the Bank does not hold them in order to gains benefits from short-term market price movements, foreign exchange or interest rate changes. As of 1 January 2003, according to the effective regulations, derivative financial instruments are recorded on the balance sheet at their fair value. The initial fair value adjustment of derivative financial instruments at 1 January 2003 was recorded in the Bank's equity (see Note 3.1).

Derivative financial instruments are recorded at fair value, based on market prices, discounted cash flows, or from the Black-Scholes model in case of options. Changes in fair values are recorded to the income statement.

4.4. Loans and provisions

Loans are disclosed at the principal amount increased by the accrued interest less any provisions for potential losses. The set-up, use and the release of provisions are recorded to the income statement.

4.5. Securities issued

The Bank issues short-term securities falling due within one year (the NBS treasury bills). In 2003, they were issued for creating a sufficient stock of securities to perform sterilising repurchase transactions. Sterilising repurchase transactions were connected with the implementation of the monetary policy in transactions on the open market.

From the settlement date of the issue to the due date, the valuation of issued and sold NBS treasury bills is gradually increased by the accrued interest expense (the so-called accumulated value). On the balance sheet, the issued NBS treasury bills are shown set off by any bills repurchased to the NBS portfolio, including the accrued interest.

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4.6. Non-current assets

Non-current assets include tangible and intangible assets, the acquisition cost of which is higher than the limit set out in the Income Tax Act as amended and the economic useful life is longer than one year. On the balance sheet, they are stated at cost, including the related acquisition costs. The book value of depreciated non-current assets is shown net of accumulated depreciation. The respective valuation allowance reflects the difference between the lower realisable value of the asset and its carrying value after deducting the accumulated depreciation. Land, collections of art, and tangible fixed assets under construction are not subject to depreciation.

The NBS's non-current assets were classified into individual depreciation groups and depreciated on a straight-line basis in accordance with the depreciation plan effective as of 1 January 2003.

Depreciation group	2003		2002	
	Depreciation period in years	Annual depreciation rate in %	Depreciation period in years	Annual depreciation rate in %
1. Office equipment, data processing machines, passenger cars and vans	4	25.0	4	25.0
2. Devices and personal technical equipment	6	16,7	8	12,5
3. Security equipment	12	8,4	15	6,7
4. Energy equipment	20	5	30	3,4
5. Buildings and structures	30	3,4	40	2,5
6. Objects and subjects depreciated under a special rate	separately specified	separately specified	separately specified	separately specified

4.7 Inventories

Inventories are stated at cost, i.e. including the costs related to their acquisition.

5. The use of financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The NBS's balance sheet contains, to a large extent, financial instruments. These instruments expose the Bank to several financial risks. The main objective is to ensure the minimum level of risks related to the administration of financial instruments, including the derivatives. This means that the most important task is safe administration of financial instruments. All other criteria are subordinated to this goal.

To ensure these goals, the Bank sets principles for administering financial instruments. These principles set out types and limits for the acceptable risk relating to the operation of the NBS as a conservative investor on financial and capital markets.

The Bank uses and recognises gold as a financial instrument (see Notes 4.1 and 6).

Derivative financial instruments are recorded on balance sheet at their fair value. As the conditions for assessing fixed and option contracts the Bank has concluded in the past they do not meet criteria for hedge accounting, therefore the Bank has classified these derivative financial instruments as trading.

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5.1. Credit risk

Credit risk management is a priority for the Bank, as the entire investment may be lost if a contractual partner defaults.

To reduce the credit risk, limits are set for investments that should prevent the concentration of risk of single issuer. Limits for individual issuers or counter-parties, as well as for individual types of transactions, are continuously adjusted according to rating changes or to market conditions. The NBS uses the regularly updated data of the Fitch rating agency as the main source of information for assessing the quality of its transaction partners. For assessing the quality of securities the Bank is trading in, the assessments of the Standard & Poor's and Moody's rating agencies are used. At the end of 2003, about 90% of investments were allocated into debt instruments with the highest AAA rating – issued by governments of the G7 countries, the BIS, agencies sponsored by the US Administration, or into mortgage bonds of the public sector in Germany. Up to 10% of investments were deposit and repurchase transactions with selected financial institutions and transactions with gold.

The credit risk from repurchase transactions is minimised, as all loans are secured by high-liquidity securities collateral with the highest investment rating.

Loans that the NBS has granted to domestic financial and other institutions are secured by state guarantees (see Note 24), and monitoring the indebtedness of these institutions significantly reduces the credit risk.

The analysis of loans granted by the remaining time to maturity at 31 December 2003:

	due within 1 month	due within 1 – 3 months	3 months – 1 year	due within 1 – 5 years	due after more than 5 years	Not defined	Total
Foreign banks	35 718 222	4 943 507					40 661 729
Loans granted in repurchase transactions in foreign currency	35 718 222	4 943 507					40 661 729
Domestic banks	234 564	172 461	1 198 441	2 770 338	3 622 813		7 998 617
Redistribution loans	234 564		1 052 701	1 876 416	3 428 295		6 591 976
Loans granted to domestic banks for supporting business activities from JBIC and EIB funds in SKK		124 320	99 586	783 338	193 955		1 201 199
Loans granted to domestic banks for supporting business activities from EIB funds in foreign currency		48 141	46 154	110 584	563		205 442
Other financial institutions	751 572		2 335 776	7 224 787			10 312 135
Total loans to banks	36 704 358	5 115 968	3 534 217	9 995 125	3 622 813		58 972 481
Standard loans	138 289	1 150 106	1 152 120	5 443 069	139 247		8 022 831
Employees	8 779	106	2 120	43 069	139 247		193 321
General Government	129 510	1 150 000	1 150 000	5 400 000			7 829 510
Classified loans	15 094						15 094
Non-financial organisations	15 094						15 094
Total loans to clients	153 383	1 150 106	1 152 120	5 443 069	139 247		8 037 925
Total	36 857 741	6 266 074	4 686 337	15 438 194	3 762 060		67 010 406

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The analysis of loans granted by the remaining time to maturity at 31 December 2002:

	due within 1 month	due within 1 – 3 months	due within 1 year	due within 1 – 5 years	due after more than 5 years	Not defined	Total
Foreign banks	23 099 192						23 099 192
Loans granted in repurchase transactions in foreign currency	23 099 192						23 099 192
Domestic banks	608 240	375 497	1 381 976	4 961 756	4 385 029		11 712 498
Redistribution loans	608 240		1 089 728	2 816 878	3 837 321		8 352 167
Loans granted to domestic banks for supporting business activities from JBIC and EIB funds in SKK		324 988	245 465	1 954 348	532 010		3 056 811
Loans granted to domestic banks for supporting business activities from EIB funds in foreign currency		50 509	46 783	190 530	15 698		303 520
Other financial institutions	791 160		2 403 770	9 913 006			13 107 936
Total loans to banks	24 498 592	375 497	3 785 746	14 874 762	4 385 029		47 919 626
Standard loans	199 329	1 021 067	1 002 100	7 739 577	128 372		10 090 445
Employees	8 158	117	2 100	39 577	128 372		178 324
Non-financial organisations		20 950					20 950
General Government	191 171	1 000 000	1 000 000	7 700 000			9 891 171
Classified loans	35 800	22 400					58 200
Non-financial organisations	35 800	22 400					58 200
Total loans to clients	235 129	1 043 467	1 002 100	7 739 577	128 372		10 148 645
Total	24 733 721	1 418 964	4 787 846	22 614 339	4 513 401		58 068 271

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5.2. Market risk

The market risk that the Bank is exposed to arises from the open foreign exchange position and from the open position in interest rates.

The analysis of the Bank's assets and liabilities by the remaining time to maturity at 31 December 2003:

	due within 1 month	due within 1 – 3 months	due within 1 year	due within 1 – 5 years	due after more than 5 years	Not defined	Total
Cash and deposits with foreign banks of issue	28 462						28 462
Receivables from clients	153 383	1 150 106	1 152 120	5 443 069	139 247		8 037 925
Debt securities	43 975 144	24 576 757	91 255 437	170 486 664	6 367 171		336 661 173
Shares and other investments						162 677	162 677
Shares and ownership interests in companies with significant influence						108 000	108 000
Non-current assets						6 816 116	6 816 116
Other assets	1 263 340	2 484 966	3 433 509	5 780 063		2 944 303	15 906 181
Accruals and prepayments	1 469	1 657	12 129				15 255
Receivables from the IMF						4 197 381	4 197 381
Receivables from banks of the ESCB	112 387						112 387
Receivables from other foreign entities	44 926 635	4 943 678	195			754	49 871 262
Loans to domestic banks	234 564	172 461	1 198 441	2 770 338	3 622 813		7 998 617
Other receivables from domestic entities	839 147		2 335 776	7 224 787			10 399 710
Assets	91 534 531	33 329 625	99 387 607	191 704 921	10 129 231	14 229 231	440 315 146
Liabilities to clients	19 102 064	42 225	153 892	114 985			19 413 166
Other liabilities	3 672 696	2 587	34 045	14 857	3 000	163 362	3 890 547
Accruals and deferred income	990	1 708					2 698
Provisions	28 215	67 202	16 223				111 640
Liabilities to the IMF	4 155 546						4 155 546
Liabilities to other foreign entities	25 539 559	5 553 073	592 547	4 566 891	70 104		36 322 174
Monetary reserve accounts of banks with the NBS	11 504 998						11 504 998
Securities issued by the NBS		55 759 761					55 759 761
Other liabilities to domestic entities	123 417 122	10 468				70 340	123 497 930
Banknotes and coins in issue						102 546 365	102 546 365
Account of government	17 075 247						17 075 247
Government funds and other offsets against the national budget	11 026 001						11 026 001
Offsetting special transactions with funds of the Slovak republic	3 835 240		67 545 640				71 380 880
Liabilities	219 357 678	61 437 024	68 342 347	4 696 733	73 104	102 780 067	456 686 953

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The analysis of the Bank's assets and liabilities by the remaining time to maturity at 31 December 2002:

	due within 1 month	due within 1 – 3 months	due within 1 year	due within 1 – 5 years	due after more than 5 years	Not defined	Total
Cash and deposits with foreign banks of issue	31 153						31 153
Receivables from clients	235 129	1 043 467	1 002 100	7 739 577	128 372		10 148 645
Debt securities	58 094 088	60 906 090	91 942 136	113 910 170	5 091 008		329 943 492
Shares and other investments						24 784	24 784
Shares and ownership interests in companies with significant influence						120 000	120 000
Non-current assets						6 582 149	6 582 149
Other assets	18 496	524 635	644 498	44 374		80 777	1 312 780
Accruals and prepayments	228 710	205 054					433 764
Receivables from the IMF						4 668 837	4 668 837
Receivables from other foreign entities	26 278 725						26 278 725
Loans to domestic banks	642 240	375 497	1 381 976	4 927 756	4 385 029		11 712 498
Other receivables from domestic entities	891 813	10 742	2 403 970	9 947 006			13 253 531
Assets	86 420 354	63 065 485	97 374 680	136 568 883	9 604 409	11 476 547	404 510 358
Liabilities to clients	17 137 584	1 145 458	159 343	106 250			18 548 635
Other liabilities	414 394	254 554	1 722 100	2 511 263		189 246	5 091 557
Accruals and deferred income			859				859
Provisions	50 987	95 975	14 102 184	783 797			15 032 943
Liabilities to the IMF	4 623 090						4 623 090
Liabilities to other foreign entities	845 886	714 191	714 191	5 619 757	3 505 076		11 399 101
Monetary reserve accounts of banks with the NBS	21 407 372						21 407 372
Securities issued by the NBS	8 530 000	34 000 000					42 530 000
Other liabilities to domestic entities	107 462 625					70 340	107 532 965
Banknotes and coins in issue						93 898 056	93 898 056
Account of government	23 094 921						23 094 921
Government funds and other offsets against the national budget	8 657 987						8 657 987
Offsetting special transactions with funds of the Slovak republic	3 160 549		63 654 381				66 814 930
Liabilities	195 385 395	36 210 178	80 353 059	9 021 067	3 505 076	94 157 642	418 632 416

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5.2.1. Currency risk

The impact of exchange rate changes on NBS performance is dominant, as the currency risk is closely related not only to the volatility of the SKK/EUR exchange rate, but also to changes in the EUR/USD exchange rate. The currency risk results from the NBS's open foreign exchange position.

The Bank Board has set the currency composition of the open foreign exchange position to 70:30 in favour of EUR against USD. The permitted deviation of USD's share in the open foreign exchange position was set at $\pm 2\%$ and this limit is kept through mutual purchases and sales of the respective currencies.

Considering the foreign exchange structure of assets and liabilities on the Bank's balance sheet that results from the NBS specific position and its priority task of maintaining price stability, the Bank cannot effectively hedge itself against the currency risk.

The day-to-day currency risk management means preserving the respective part of foreign currency assets in accordance with the currency composition of foreign exchange liabilities and the structure of the open foreign exchange position, in compliance with the Bank Board's resolution. Monitoring and measuring sensitivity are focused on measuring current exchange rate differences and on estimating future impacts of the adverse development in exchange rates (from the profit/(loss) point of view) through the calculation of sensitivity indicators.

During 2003, the exchange rate of the Slovak crown to EUR strengthened by 1.34% (from EUR 1 = SKK 41.722 to EUR 1 = SKK 41.161) and to USD by 17.77% (from USD 1 = SKK 40.036 to USD 1 = SKK 32.920). Such strengthening of the Slovak currency has significantly contributed to the loss for the year (see Notes 18 and 21).

In 2003, the net open foreign exchange position increased by 5.71% from SKK 344,706,689 thousand to SKK 364,377,251 thousand compared to the previous year.

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The structure of the open foreign exchange position:

	Line No.	Slovak crowns	Foreign currencies converted to SKK - total	of which:		
				USD	EUR	Other
2003						
Assets	1	33 523 936	406 791 210	127 994 918	274 213 617	4 582 675
Cash and deposits with foreign banks of issue			28 462	10 086	13 106	5 270
Receivables from clients		8 037 925				
Debt securities			336 661 173	98 845 300	237 815 873	
Shares and other investments			162 677			162 677
Shares and ownership interests in companies with significant influence		108 000				
Non-current assets		6 807 479	8 637		8 637	
Other assets		362 753	15 543 428	15 530 186	1 744	11 498
Accruals and prepayments		14 894	361			361
Receivables from the IMF			4 197 381			4 197 381
Receivables from banks of the ESCB			112 387		99 929	12 458
Receivables from other foreign entities			49 871 262	13 609 346	36 068 886	193 030
Loans to domestic banks		7 793 175	205 442		205 442	
Other receivables from domestic entities		10 399 710				
Liabilities	2	397 901 187	42 413 959	8 770 350	28 203 147	5 440 462
Liabilities to clients		19 413 166				
Other liabilities		3 837 057	53 490	51 137	2 315	38
Accruals and deferred income		2 698				
Provisions		111 640				
Liabilities to the IMF			4 155 546			4 155 546
Liabilities to other foreign entities		785 931	35 536 243	8 714 327	25 537 038	1 264 878
Monetary reserve accounts of banks with the NBS		11 504 998				
Securities issued by the NBS		55 759 761				
Other liabilities to domestic entities		123 497 930				
Banknotes and coins in issue		102 546 365				
Account of government		17 075 247				
Government funds and other offsets against the national budget		11 026 001				
Offsetting special transactions with funds of the Slovak republic		68 712 200	2 668 680	4 886	2 663 794	
Share capital		466 667				
Reserve funds and other profit reserves		10 164 859				
Other capital funds		76 670				
Valuation variances		13 289 763				
Gain/losses from the revaluation of assets and liabilities from previous years		15 900 550				
Loss carried forward		-24 836 019				
Profit/(loss) for the period		-31 434 297				
Open foreign exchange position	3=1-2	-364 377 251	364 377 251	119 224 568	246 010 470	-857 787
2002						
Assets	4	42 098 837	362 411 521	111 968 208	240 979 442	9 463 871
Liabilities	5	386 805 526	17 704 832	72 243	3 636 632	13 995 957
Open foreign exchange position	6=4-5	-344 706 689	344 706 689	111 895 965	237 342 810	-4 532 086
Total y/y difference	7=3-6	-19 670 562	19 670 562	7 328 603	8 667 660	3 674 299

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5.2.2. Interest rate risk

The interest rate risk arises from the fluctuation of the value of financial instruments as a result of market interest rate changes, which affects the financial position and the cash flow of the Bank.

Most of the financial assets and liabilities of the Bank bear a fixed interest rate. A floating interest rate is used on swaps, repurchase transactions in Slovak crowns, redistribution loans and Two Step Loans and Apex Global Loans (AGL) provided to domestic banks (Note 10). A contractually agreed floating rate is calculated from the NBS base rate, which is the NBS limit interest rate on two-week repurchase tenders. Compared to the end of 2002, in September 2003 the base rate dropped by 25 percentage points: from 6.50% to 6.25%, and by another 25 percentage points in December, to 6.00%.

In the case of securities, the interest rate risk management is reflected in the structure of benchmarks (a benchmark is a risk-neutral portfolio against which an actual portfolio is measured), as well as in the structure of the intervention portfolio. Trading securities comprise more than two-thirds of the fixed interest rate financial assets. The average maturity of a benchmark (duration) has been approved by the Bank Board within the overall foreign exchange reserves management policy, at 1.5 years with maximum deviation \pm 6 months from the determined neutral value.

In order to minimise the adverse effect of market price fluctuations on the Bank's operation, an analysis is performed simulating statistically greatest changes in interest rates expected in the following period. The results of this analysis are then taken into account for determining the benchmark's duration of each investment portfolio.

As a supplementary method for the needs of global and comparable measurement of risk, the Value at Risk (VaR) method is used, which the NBS has applied to monitor the administration of foreign exchange assets since 2001. The NBS calculates the value of each portfolio as well as the benchmarks on a monthly basis in order to visualize absolute and relative (compared to the benchmark) risk exposure of portfolios with an exposure period longer than the average maturity period.

Interest on assets and liabilities of the Bank are based on the rates that are close or equal to the market value, except for the interest rate on loans provided to other financial institutions (see Note 10). The interest rate on monetary reserves of banks approved by the Bank Board is 1.5%.

The majority of interest-free financial liabilities relate to liabilities from the issue of currency in circulation.

In order to meet monetary policy objectives NBS performed sterilisation repo transactions in 2003, using the main instrument - two weeks sterilisation repo tenders. The objective of sterilisation transactions is to reduce the existing structural surplus of liquidity on interbank market to the level that will not represent a risk of failure to comply with the monetary policy objectives. Sterilised cash cannot be reinvested, because the effectiveness of the monetary policy tool would be eliminated as a result. Therefore, the sterilisation transaction only resulted in an interest expense for NBS.

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Since the majority of balance sheet assets and liabilities have a fixed interest rate, the level of interest rate risk can be assessed based on tables analysing the assets and liabilities of the Bank according to their date to maturity (see Note 5.1 and 5.2).

The following table gives a summary (in percentage) of the average interest rate on financial assets and liabilities for 2003 and 2002 according to the main currencies:

					v %
2003	EUR	USD	XDR	JPY	SKK
Assets					
Current accounts and deposits in banks	1,25	0,85	1,70	0,00	3,42
Gold		0,43			
Securities held for trading	3,28	1,98			
Loans to banks and other financial institutions	3,10	1,10			6,34
Derivative financial instruments		2,05		2,93	
Receivables from the IMF			0,00		0,00
Loans to clients					7,23
Liabilities					
Liabilities to banks and other financial institutions	2,45	0,73		3,15	4,28
Derivative financial instruments		2,73			
Liabilities to government					5,14
Securities issued by NBS					6,41
Liabilities to the IMF			0,00		0,00
Liabilities to other clients	0,92	0,63			3,96
					v %
2002	EUR	USD	XDR	JPY	SKK
Assets					
Current accounts and deposits in banks	2,35	1,13	2,12	0,00	3,44
Gold		0,38			
Securities held for trading	3,50	2,00		1,00	
Loans to banks and other financial institutions	3,94	1,75			7,39
Derivative financial instruments		2,05		2,60	
Receivables from the IMF			0,00		0,00
Loans to clients					8,37
Liabilities					
Liabilities to banks and other financial institutions	3,29	1,75		3,15	5,06
Derivative financial instruments		3,49			
Liabilities to government					6,50
Securities issued by NBS					7,53
Liabilities to the IMF			0,00		0,00
Liabilities to other clients	2,00				4,66

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5.2.3. Liquidity risk

Liquidity risk results from the need of liquidity for interventions on inter-bank money market and settlement of Bank's and Government's liabilities. The amount of intervention portfolio is based on the expected volume of interventions, as well as on the time schedule for NBS payments and the debt service of the state. In determining the size of this portfolio, it is necessary to make an optimum assessment of future liquidity needs in order to avoid its possible insufficiency or relative excess. The structure, manner and criteria for its management are based on the requirement of ensuring the NBS's satisfactory ability to effectively intervene and satisfy its liabilities.

The bank has set up a liquid portfolio with a benchmark duration of 5 months, whilst more than 90% of the total foreign exchange reserves of the Bank can be realised within 2-3 working days.

5.2.4 Operational risk

Operational risk is a risk of direct or indirect loss, resulting from inadequate or incorrect internal processes and working procedures, human or system failure, including risk related to usage of information systems.

In NBS this risk is limited by clear definition of responsibilities and working procedures in order to eliminate possible errors, losses and incorrect processing. Compliance with the regulations is inspected on a regular basis.

6. Gold

Gold comprises the following

	2003 at 31. 12. Fair value	2003 at 1. 1. Fair value	2002 at 31. 12. Book value
Bullion in standard form	15 332 558	15 317 452	1 004 020
Gold in other form	149 922	153 998	21 831
Total	15 482 480	15 471 450	1 025 851

At 31 December 2003 the item "gold" comprised 1,127 thousand ounces, of which 516 thousand ounces were deposited in correspondent banks, 200 thousand ounces were received on account in the Bank of England (after maturity of a repurchase transaction with gold in October 2003 – see Note 8), 400 thousand ounces were used in repurchase transactions, and 11 thousand ounces in another form.

The value of gold provided as a collateral in repurchase transactions amounted to SKK 5,496,751 thousand at 31 December 2003 (see Note 13) (SKK 1,167,465 thousand at 31 December 2002 at historical cost; which was SKK 8,235,191 thousand at 31 December 2002 when re-calculated at market value).

The market value of gold was 417.25 USD/oz. at 31 December 2003 (342.75 USD/oz. at 31 December 2002). Revaluation of gold at fair value had a positive effect on the amount reported in the item gold (balance sheet – assets, line X) and on the reserve for new valuation

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of gold (balance sheet – liabilities, line XX). At 31 December 2003 the reserve balance was SKK 13,289,763 thousand (SKK 13,278,135 thousand at 1 January 2003).

81% of trades with gold were performed with European countries outside the Euro zone (83% in 2002), 19% of trades were performed with counterparties from the United States (17% in 2002).

7. Securities**7.1. Securities held for trading**

At 31 December 2003, the Bank's portfolio of securities held for trading comprised the following:

	2003 at 31. 12. Fair value	2003 at 1. 1. Fair value	2002 at 31. 12. Value in the accounting
State bodies' securities - Total	236 732 600	226 651 924	225 277 500
State coupon bonds	158 634 604	100 089 965	98 742 531
State zero coupon bonds	76 179 900	124 464 137	124 437 147
Coupons	1 918 096	2 097 822	2 097 822
Securities of other entities - Total	99 928 573	104 994 463	104 665 992
Zero coupon bonds of foreign Central Banks	2 056 881		
Other coupon bonds	71 450 656	55 566 161	55 262 116
Other zero coupon bonds	25 388 906	48 637 796	48 613 370
Coupons	1 032 130	790 506	790 506
Total securities	336 661 173	331 646 387	329 943 492

At 1 January 2003, the Bank classified its securities as securities held for trading and securities available for sale. Initial revaluation at fair value at 1 January 2003 of SKK 1,702,898 thousand was posted to equity.

In relation with early repayment of the whole TSL I loan and parts of TSL II and TSL III loans from the Japan Bank for International Cooperation (see Note 13), by April 2003 the Bank sold the long-term State coupon bonds in JPY in nominal value of SKK 2,981,344 thousand categorised as available for sale. Currently, the Bank does not record any securities available for sale.

The Bank trades with the securities on the foreign financial markets, particularly in New York, London, Zürich and the Euro zone countries. These mostly involve transactions outside the stock exchanges.

64% of securities for trading were issued by counterparties in Euro zone countries, 12% in other European countries and 24% in the United States.

7.2. Shares and ownership interest in companies with significant influence

Since 1993, the Bank has held 120 shares at nominal value SKK 1,000 thousand in the company Bankové zúčtovacie centrum Slovenska, a.s. Bratislava (The Slovak Banking Clearing Centre, since year 2003 renamed to RVS, a.s. Bratislava), which was 39.47% of the share capital.

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As a result of changes entered in the Commercial Register (see Note 4.2.2), the share capital of RVS, a.s. Bratislava was divided into shares with a nominal value of SKK 100 thousand each, whereby the NBS's ownership of 120 shares changed into 1,200 shares, with no effect on the share in the registered capital.

Based on the decision of the General Meeting of RVS, a.s. Bratislava and based on a contract, the company re-purchased 120 shares at a price of SKK 100 thousand per share. As a result of this transaction, the Bank's share in the share capital of the company was reduced by SKK 12,000 thousand and dropped from the original 39.47% to 35.53%.

At 31 December 2003, the Bank held 1,080 certificated shares of SKK 108,000 thousand (balance sheet – assets, line VI).

Even though the Bank's share in RVS, a.s. Bratislava, is significant, in accordance with the provisions of § 22 of Act on Accounting, the Bank does not prepare consolidated financial statements.

7.3. Other investments

At 31 December 2003, the Bank held 2,670 shares in BIS of SKK 650,706 thousand, which is a 0.45% share in the registered capital of BIS. Each share has been paid up at 25% of its nominal value. Liabilities from unpaid share at 75% of the nominal value of each share amounts to SKK 488,029 thousand. Share in BIS is disclosed in the balance sheet at SKK 162,677 thousand, which represents 25% of the paid share (balance sheet – assets, line V) (SKK 24,784 thousand at 31 December 2002 in a clearing unit – golden franc).

In 2003, BIS paid dividends to NBS of SKK 28,639 thousand (SKK 30,848 thousand in 2002-Income statement line-III c).

8. Derivative financial instruments

The fair value of derivative financial instruments is given in the table below:

	2003 at 31.12.		2003 at 31. 12.		2003 at 1. 1.		2002 at 31. 12.	
	Fair value	Off Balance sheet	Fair value	Off-balance sheet	Fair value	Off-balance sheet	Fair value	Off-balance sheet
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cross-currency interest rate swap P03					583 308		5 957 511	5 775 325
Cross-currency interest rate swap P04	141 076		1 273 497	1 130 828				
Interest rate swap	46 355		1 777 518	1 777 518	29 083		1 652 201	1 652 201
Purchased put options	40 681		3 770 502	5 496 751	145 256		6 949 534	1 167 465
Total	228 112		6 821 517	8 405 097	757 647		14 559 246	8 594 991

Initial revaluation of financial derivatives at fair value at 1 January 2003 increased the Bank's equity by SKK 495,388 thousand.

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(In thousands of SKK)

On 25 April 2003, the NBS terminated a cross-currency interest rate swap P03 in relation with the early repayment of the whole TSL I loan and a part of TSL II and TSL III loans from the Japan Bank for International Cooperation. The P03 swap matured in 2003 with profit of USD 7.5 million.

In 2003, the Bank entered into a cross-currency interest rate swap P04 of JPY 5.7 billion, with the aim of hedging the remaining part of TSL II and TSL III loans from the Japan Bank for International Cooperation with maturity on 10 March 2005, under which the payment in JPY is converted to USD. During the swap period, the NBS shall pay a semi-annual floating interest rate in USD and receive a semi-annual fixed interest rate of 2.5% or 3.25% in JPY, dependent on the loan tranche. The exchange of agreed amounts is made semi-annually.

The bank entered into a long-term gold interest rate swap with maturity in 2005 in order to increase the revenue from gold deposits. NBS pays the counterparty a floating interest rate at 3 months LIBOR-GOFO in USD on a quarterly basis and the counterparty pays quarterly a fixed interest rate of 2.05% in USD on the notional value of 129,407 ounces of gold.

In order to eliminate the risk of reducing the market value of gold, the NBS purchased European put options for gold. The put option for gold concluded with Merrill Lynch Bullion LDN (200 thousand ounces of gold) was due in October 2003. The realizable value of the put option was 295.30 USD/oz. therefore the Bank did not exercise the put option. Currently, the Bank records two European put options for 400 thousand ounces of gold with realizable value of 259.00 USD/oz. and 295.30 USD/oz. due on 12 January and 22 March 2007 respectively, (see Note 6).

80% of derivatives at 31 December 2003 were traded with counterparties in European countries outside the Euro zone (100% in 2002), 20% with counterparties in the United States.

9. Receivables from and liabilities to the International Monetary Fund

At 31 December 2003, the Bank recorded a receivable from the International Monetary Fund ("IMF") in the amount of SKK 18,462,821 thousand (SDR 357,000 thousand) from the Slovak Republic membership quota, converted using a representative SDR exchange rate determined by the IMF (balance sheet – assets, line XII). In accordance with the IMF statutes, 25% of the quota is due in SDR and 75% in Slovak crowns.

The Bank also recorded a liability to the IMF in amount of the paid up SDR part of the quota, converted to Slovak crowns by the representative SDR exchange rate. The Bank recorded a liability of the Slovak Government to IMF, in the form of a non-transferable, non-interest bearing promissory note payable on demand, in the amount of SKK 18,462,821 thousand.

Member quota in SKK and related liability are netted off in the Balance sheet, since 1 January 2003. The receivable from and the payable to IMF recorded in the Balance sheet at 31 December 2003 represent 25% of quota paid in SDR converted to Slovak crowns by NBS exchange rate.

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Notes to the Financial Statements as at 31 December 2003 in accordance with the Directive of
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(In thousands of SKK)

10. Loans provided**10.1. Loans provided to banks and other financial institutions**

At 31 December 2003, the NBS provided loans to banks and other financial institutions:

	2003	2002
Foreign banks	40 661 729	23 099 192
Loans provided within repurchase transactions in foreign currency	40 661 729	23 099 192
Domestic banks	7 998 617	11 712 498
Re-distribution loans	6 591 976	8 352 167
Loans provided to domestic banks for the support of activities from the JBIC and EIB sources in SKK	1 201 199	3 056 811
Loans provided to domestic banks for the support of activities from EIB sources in foreign currency	205 442	303 520
Other financial institutions	10 312 135	13 107 936
Total	58 972 481	47 919 626

At 31 December 2003, the Bank recorded receivables from repurchase transactions with foreign parties of SKK 40,661,729 thousand ((SKK 23,099,192 thousand at 31 December 2002, balance sheet – assets, line XIV), of which 4,945,927 was in USD and 35,715,802 in EUR.

Collaterals for the repurchase transactions with securities are recorded in off-balance sheet (see Note 23).

Credit risk arising from redistribution loans provided by the Bank is eliminated by the state guarantees for the total outstanding principal amount including interest and charges. If a debtor fails to settle its obligation at the due date, the respective obligation will be transferred to the Ministry of Finance of the Slovak Republic, which will realise the aforementioned guarantee.

In 2001, the Bank provided a loan to the Deposit Protection Fund (the Fund). The loan balance including accrued interest at 31 December 2003 was SKK 10,312,135 thousand (SKK 13,107,936 thousand at 31 December 2002). There is no risk of default on the loan. The payments are tied to the commercial banks contributions to the Fund, which are obligatory by law.

10.2. Loans provided to clients

At 31 December 2003, the Bank provided the following loans to clients:

	2003	2002
Standard loans	8 022 831	10 090 445
employees	193 321	178 324
non-financial organisations		20 950
public administration	7 829 510	9 891 171
Classified loans	15 094	58 200
non-financial organisations	15 094	58 200
Total	8 037 925	10 148 645

These Notes are an integral part of the Financial Statements

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Notes to the Financial Statements as at 31 December 2003 in accordance with the Directive of
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(In thousands of SKK)

11. Non-current tangible and intangible fixed assets

Non-current tangible and intangible assets in 2003:

	Land	Other non- depreciable assets	Buildings and construc- tions	Machines and equipment	Other depreciated assets	Software and other intangible assets	Acquisition of tangible and intangible assets	Total
Acquisition cost at								
1. 1. 2003	298 501	72 561	5 376 250	1 801 500	354 658	159 354	106 456	8 169 280
Additions	3 962	170	168 059	269 171	40 785	5 505	902 770	1 390 422
Disposals	18 515	31 151	13 729	35 716	14 389	401	581 408	695 309
Transfers	0	0	0	0	181 211	0	0	181 211
Acquisition cost at 31.12.2003	283 948	41 580	5 530 580	2 034 955	562 265	164 458	427 818	9 045 604
Accumulated depreciation at 1. 1. 2003			247 940	1 094 536	122 951	122 693	0	1 588 120
Expensed accumulated depreciation			180 191	213 540	58 228	17 708	0	469 667
Accumulated depreciation on disposed tangible and intangible assets			-49 544	36 278	-168 092	401	0	-180 957
Accumulated depreciation at 31.12.2003			477 675	1 271 798	349 271	140 000	0	2 238 744
Net book value of tangible and intangible assets at 1. 1. 2003	298 501	72 561	5 128 310	706 964	231 707	36 661	106 456	6 581 160
Net book value of tangible and intangible assets at 31.12.2003	283 948	41 580	5 052 905	763 157	212 994	24 458	427 818	6 806 860

These Notes are an integral part of the Financial Statements

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(in thousands of SKK)

Non-current tangible and intangible assets in 2002:

	Land	Other non-depreciable assets	Buildings and constructions	Machines and equipment	Other depreciated assets	Software and other intangible assets	Acquisition of tangible and intangible assets	Total
Acquisition cost at 1. 1. 2002	301 623	70 936	1 276 168	1 297 641	169 633	166 009	4 826 024	8 108 034
Additions		6 257	4 226 809	569 099	210 092	23 115	312 715	5 348 087
Disposals	3 122	1	126 727	65 240	24 366	29 770	5 032 283	5 281 509
Transfers		-4 631			-701			-5 332
Acquisition cost at 31.12.2002	298 501	72 561	5 376 250	1 801 500	354 658	159 354	106 456	8 169 280
Accumulated depreciation at 1. 1. 2002			205 370	1 007 051	127 993	129 462		1 469 876
Expensed accumulated depreciation			65 606	121 554	44 789	22 953		254 902
Accumulated depreciation on disposed tangible and intangible assets			23 036	34 069	49 831	29 722		136 658
Accumulated depreciation at 31.12.2002			247 940	1 094 536	122 951	122 693		1 588 120
Net book value or tangible and intangible assets at 1. 1. 2002	301 623	70 936	1 070 798	290 590	41 640	36 547	4 826 024	6 638 158
Net book value or tangible and intangible assets at 31.12.2002	298 501	72 561	5 128 310	706 964	231 707	36 661	106 456	6 581 160

In October 2002 the Bank entered into a long-term contract to lease out an administrative building in Vazovova Street, until 2007. At 31 December 2003, the acquisition cost was SKK 186,239 thousand and the net book value was SKK 143,064 thousand. The Bank does not have a market valuation of the building available. However, the estimated fair value does not differ significantly from the net book value. The building is depreciated in accordance with a depreciation plan.

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(In thousands of SKK)

12. Provisions against assets

In 2003, the Bank set up, used, or released the following provisions:

	2002	Set-up	Use/ Release	2003
Provisions for securities in FC	550 011	0	550 011	0
Provision for classified receivables from banks	10 848	0	0	10 848
Provision for classified receivables from clients	28 816	15 095	28 800	15 111
Provision for various receivables	106 622	32 007	99 103	39 526
Provision for advances provided	43 754	0	5 987	37 767
Provision for temporary diminution in value of assets	0	52 412	0	52 412
Total	740 051	99 514	683 901	155 664

In accordance with the Act on Accounting, effective from 1 January 2003, provisions for securities of SKK 550,011 thousand were cancelled and the securities were recorded at fair value.

A major part of the 2003 provisions represents the provision of SKK 52,412 thousand (Income statement – line XIII c) created for a building in Záhradnícka ulica in accordance with the Accounting Act, Article 26, paragraph 3, following the stock-count result performed in 2003.

During the first half of 2003, a provision for the receivable for late delivery of the Head Office building was re-assessed and cancelled at SKK 99,000 thousand. At the same time, a new provision of SKK 32,000 thousand was set up.

At the end of 2003, a provision for classified receivables from clients was re-assessed and cancelled at SKK 28,800 thousand. At the same time a new provision was created at SKK 15,095 thousand.

The provision of SKK 5,987 thousand for advance payments made was used due to the write-off of the receivable.

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(In thousands of SKK)

13. Loans received

At 31 December 2003, the structure of loans received was as follows:

Loan source	Type of loan	Due date year	FC code	2003		2002	
				FC	SKK	FC	SKK
JBIC	TSL I	2003	JPY			2 461 360	824 827
	TSL II	2005	JPY	1 196 103	368 149	7 589 486	2 543 313
	TSL III	2005	JPY	2 978 427	916 729	17 915 371	6 003 619
EIB	AGL II	2010	EUR	19 033	783 410	28 294	1 180 456
Domestic banks	Repo transactions	2004	-		105 753 442		84 895 478
Foreign banks	Repo transactions	2004	USD	150 134	4 942 395		
Foreign banks	Repo transactions	2004	EUR	601 355	24 752 368		
JP Morgan	Gold repo	2007	USD	88 633	2 917 812		
UBS Warburg	Gold repo	2007	USD	25 945	854 119		
Total					141 288 424		95 447 693

Based on the decision of the Bank Board, in 2003 the Bank made an early repayment of the outstanding TSL I loan from the Japan Bank for International Cooperation (JBIC).

In 2003, the repurchase gold transaction with Merrill Lynch Bullion LDN matured. Before 31 December 2002, the repurchase transactions with gold were recorded off-balance sheet as gold swaps. From 1 January 2003, they were reclassified to repurchase transactions with gold and are posted to the balance sheet. The loans received within gold repo transactions amounted to SKK 3,771,931 thousand.

Within the sterilized repurchase transactions in the Slovak inter-bank market, the Bank recorded a liability totalling SKK 105,753,442 thousand at 31 December 2003 (SKK 84,895,478 thousand at 31 December 2002) (balance sheet – liabilities, line XII). For sterilized activities, the Bank provided NBS treasury bills of SKK 106,389,000 thousand (SKK 85,645,000 thousand at 31 December 2002) (see Note 15).

At 31 December 2003, the Bank recorded liabilities of SKK 33,466,694 thousand from the repurchase transactions with foreign parties (balance sheet – liabilities, line IX), of which, those in USD totalled SKK 4,942,395 thousand, and those in EUR totalled SKK 24,752,368 thousand, where the NBS provided long-term State coupon bonds as collateral in USD equal to SKK 4,965,905 thousand, and in EUR equal to SKK 24,463,876 thousand.

At 31 December 2003 62% of loans were taken from counterparties in Japan (89% in 2002) and 38% from counterparties in United States (11% in 2002).

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14. Liabilities to government

At 31 December 2003, the Bank's liabilities arising from the state's ordinary performance and from the debt service financing amounted to SKK 17,075,247 thousand (SKK 23,094,921 thousand at 31 December 2002, balance sheet – liabilities, line XIV).

Government funds of SKK 11,026,001 thousand (SKK 8,657,987 thousand at 31 December 2002, balance sheet – liabilities, line XV) represented other deposits of the government in the NBS.

The settlement of special operations with SR finance of SKK 71,380,880 thousand (66,814,930 thousand at 31 December 2002, balance sheet – liabilities, line XVI) represented, particularly, the term deposit of the Ministry of Finance of the Slovak Republic of SKK 67,545,640 thousand and finance provided from the EU funds administered by the Ministry of Finance of the Slovak Republic at SKK 3,823,154 thousand.

15. Issued securities

At 31 December 2003, the NBS recorded an issue of bills of SKK 205,759,761 thousand (SKK 192,530,000 thousand at 31 December 2002) (see Note 4.5).

At 31 December 2003, NBS treasury bills of SKK 162,148,761 thousand were used for the sterilisation activities (SKK 128,175,000 thousand at 31 December 2002), of which SKK 106,389,000 thousand (SKK 85,645,000 thousand at 31 December 2002) was in the form of a sterilized repurchase transaction, and SKK 55,759,761 thousand (SKK 42,530,000 thousand at 31 December 2002) was in the form of a direct issue in the portfolio of domestic banks (balance sheet – liabilities, line XI).

16. Currency in circulation

The issue of banknotes and coins (balance sheet – liabilities, line XIII) represents the valid national banknotes and coins in circulation:

As of 31 December 2003, validity of the 10 and 20 heller coins was terminated. The NBS will continue to exchange the coins for free until 31 December 2008.

	2003	2002
Issued coins	2 177 660	2 099 217
Issued banknotes	100 368 705	91 798 839
Total	102 546 365	93 898 056

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(In thousands of SKK)

17. Provisions

In the 2003 accounting period, the Bank set up and cancelled the following provisions:

	2002	Set-up	Cancellation	2003
Provision for golden swaps	1 305 662	0	1 305 662	0
Provision for open foreign exchange position	13 727 281	0	13 727 281	0
Provision for staff costs	0	111 640	0	111 640
Total	15 032 943	111 640	15 032 943	111 640

As of 1 January 2003, swap transactions with gold are stated as repurchase transactions with gold. Therefore, the provision of SKK 1,305,662 thousand for gold swaps was cancelled (see Note 4.2 and 6).

The provision of SKK 13,727,281 thousand to cover foreign exchange losses from the open foreign exchange position was cancelled at 1 January 2003 and was credited to equity.

In accordance with the Bank's internal regulations, a provision of SKK 111,640 thousand was set up for unpaid bonuses, salary compensation and related transfers to insurance funds. (Balance sheet – liabilities, line V)

18. Use of the profit/loss

The Bank's 2003 loss amounted to SKK 31,434,297 thousand (loss amounted to SKK 24,836,019 thousand at 31 December 2002) (Balance sheet – liabilities line XXIII). In accordance with the provisions of Article 38 of the NBS Act, in its meeting in December, the Bank Board agreed that the 2003 loss should be offset from previous years' profit of SKK 15,900,550 thousand (Balance sheet – liabilities line XXI) generated from the changes in accounting methods at 1 January 2003. The remaining SKK 15,533,747 thousand will be carried forward and will increase the previous years' losses to an aggregate of SKK 40,369,766 thousand. These losses will be offset against the future periods' profit, as well as against other NBS sources.

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19. Net interest expense

Net interest expense comprises the following items:

	2003	2002
Total interest received (Income statement - line I)	10 679 099	9 304 680
Interest received on securities	8 194 898	5 947 960
Interest received on loans relating to repurchase transactions	908 858	596 101
Interest received on swap transactions	91 355	206 543
Other interest received	1 483 988	2 554 076
Total interest paid (Income statement - line II)	-18 131 271	-12 585 026
Interest paid on securities	-3 094 223	-1 312 670
Interest paid on loans relating to repurchase transactions	-7 451 002	-5 801 955
Interest paid on swap transactions	-69 929	-257 474
Other interest paid	-7 516 117	-5 212 927
Net interest expense	-7 452 172	-3 280 346

20. Fees and commissions

Income from fees and commission consists of:

	2003	2002
Income from fees and commissions (Income statement - line IV)	144 466	130 004
Expenses from fees and commissions (Income statement - line V)	-61 391	-32 564
Net income from the fees and commissions	83 075	97 440

At 31 December 2003 cash received in repo transactions and cash given in reverse repo transactions, or term deposits based on "Securities lending" agreements was in amount SKK 32,834,831 thousand (SKK 8,556,794 thousand at 31 December 2002), of which transactions in USD were in amount SKK 6,540,175 thousand (SKK 8,556,794 thousand at 31 December 2002) and transactions in EUR were in amount SKK 26,294,656 thousand. The result of Securities lending transactions for 2003 was fee income in amount SKK 63,546 thousand (SKK 95,693 thousand in 2002).

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21. Net loss on financial operations

Net loss on financial operations comprise:

	2003	2002
Loss(-)/profit from marketable securities	766 153	3 595 051
Revenues from marketable securities	5 761 169	4 919 257
Costs of marketable securities	-4 995 016	-1 324 206
Loss from foreign exchange operations	-22 780 380	-23 919 003
Revenues from FX operations	19 574 189	15 477 491
Costs of FX operations	-42 354 569	-39 396 494
Net loss from term operations	-148 443	
Profit from the valuation of term operations	201 786	
Loss from the valuation of term operations	-350 229	
Net loss from financial operations (Income statement - line VI)	-22 162 670	-20 323 952

The 2003 net loss on financial operations included mainly loss on foreign exchange operations of SKK 22,780,380 thousand (SKK 23,867,619 thousand in 2002).

At 31 December 2003, the NBS recorded a net FX loss from FX operations of SKK 22,786,634 thousand (loss of SKK 23,882,081 thousand at 31 December 2002), due to the strengthening position of SKK exchange rate. At 31 December 2003 the Bank recorded a profit from the sale of gold commemorative coins in the amount of SKK 6,254 thousand (SKK 14,461 thousand at 31 December 2002).

The Bank recorded net interest income from swaps operations in the amount SKK 21,426 thousand (net interest loss in amount SKK 50,931 thousand at 31 December 2002 – see note 19)

22. General operating costs

The structure of NBS's general operating costs is as follows:

	2003	2002
Salaries and bonuses	-495 524	-560 821
Social costs	-167 388	-170 590
Total personnel costs (Income statement - line IX a)	-662 912	-731 411
Other general operating costs	-492 611	-514 599
Total general operating costs (Income statement - line IX)	-1 155 523	-1 246 010

The most significant share of general operating costs represented fees for telecommunication systems and data transmission, security expenses, custody of inventories of currency in circulation and updates of IT systems.

Audit expenses in 2003 were SKK 8,323 thousand and included part of expenses on the audit of 2002 financial statements and the 2003 financial statements.

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In the 2003 accounting period, the average staff number was 1,319 (1,314 in 2002), of which 152 were management (154 in 2002).

23. Collaterals received in repurchase transactions

The value of securities received as collateral in the repurchase transactions at 31 December 2003 was SKK 39,923,157 thousand (SKK 23,097,299 thousand at 31 December 2002) (off balance sheet – liabilities, line II e), of which, those in EUR equal to SKK 34,991,521 thousand (SKK 23,097 299 thousand at 31 December 2002), and those in USD equal to SKK 4,931,636 thousand (see Note 10.1).

24. State guarantees

At 31 December 2003, the NBS holds state guarantees of SKK 17,732,008 thousand for re-distribution loans in the off-balance sheet records (off- balance sheet – liabilities, line II b) (SKK 22,850,407 thousand at 31 December 2002). The state guarantee is provided for the amount of principal plus interest to maturity

25. Other information

At 1 May 2004, the Bank will become a member of the European System of Central Banks. With regard to the accession process and in accordance with the statutes of the European Central Bank, NBS will make an initial minimum contribution to the ECB's capital. The amount of total share capital of individual national central banks is calculated using a capital index, determined by the statistical categories of gross domestic product and population. The ECB's Steering Committee determines the percentage of the minimum capital contribution to the total share. The current percentage of the minimum contribution is stated at 5% of the total capital contribution, which is currently EUR 1,975 thousand. However, the percentage of minimum contribution can be increased, on the basis of a decision from the ECB's Steering Committee.


26. Post balance-sheet events

After 31 December 2003 there were no events that would require adjustments to the Financial statements or presentation in the Financial statements.

Bratislava, 4 March 2004


Ing. Marián Jusko, CSc.
Governor


Ing. Milena Koreňová
Chief Executive Director
Financial Management and
Payment System Division


Ing. Katarína Taragelová
Director
Budget and Accounting
Department

These Notes are an integral part of the Financial Statements

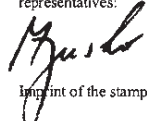
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STATEMENT OF CHANGES IN EQUITY
of Národná banka Slovenska at 31 December 2003
in thousands of SKK

	Notes	Current accounting period 31.12.2003 1	Previous accounting period 31.12.2002 2
1. Capital (Statutory fund)			
opening balance		466 667	466 667
increase			
decrease			
closing balance		466 667	466 667
2. Statutory reserve fund			
opening balance		10 164 859	9 924 963
increase			282 896
decrease			-43 000
closing balance		10 164 859	10 164 859
3. Other capital funds			
opening balance		82 435	82 165
increase			270
decrease		-5 765	
closing balance		76 670	82 435
4. Fund for gold revaluation			
opening balance			
increase		14 700 320	
decrease		-1 410 557	
closing balance	6	13 289 763	
5. Retained earnings - change in accounting methods			
opening balance			
increase		15 925 567	
decrease		-25 017	
closing balance		15 900 550	
6. Retained earnings			
opening balance		-24 836 019	
increase			
decrease			
closing balance	18	-24 836 019	
7. Profit or loss for the period	18	-31 434 297	-24 836 019
8. Equity total		-16 371 807	-14 122 058

Date:
04.03.2004

Signature of statutory
representatives:


 Imprint of the stamp:

Národná banka Slovenska
Bratislava

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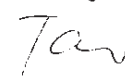
Employee responsible for
accounting
(Name and Surname, Signature):

Ing. Milena Koreňová



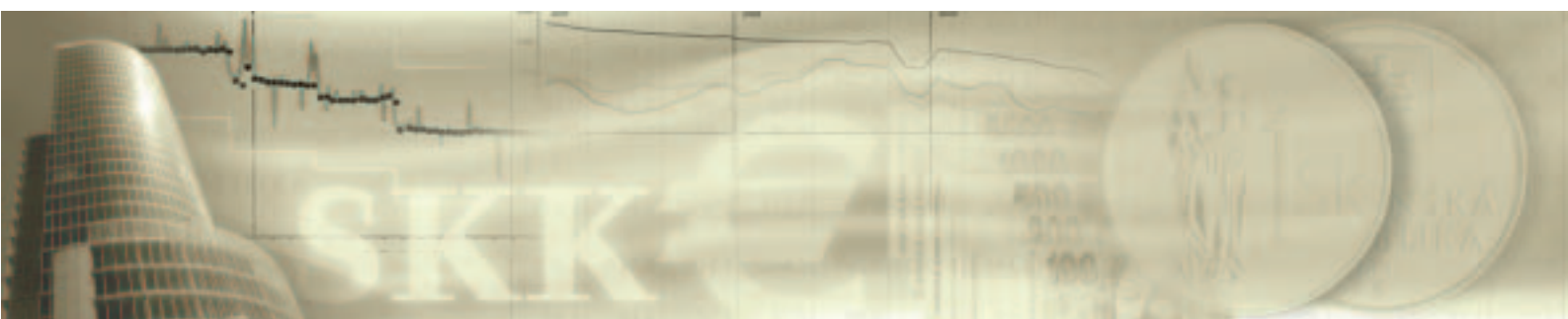
Employee responsible for
financial statements
(Name and Surname, Signature):

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H. APPENDICES



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Selected Indicators of Economic and Monetary Development in the SR

	Unit	Note	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003			
														Q1	Q2	Q3	Q4
GDP at current prices	Sk billions	1/	411.4	495.6	576.5	638.4	712.7	781.4	844.1	934.1	1,009.8	1,096.4	1,195.8	272.2	299.3	308.3	315.9
Same period a year earlier = 100	index	x	120.5	116.3	110.7	111.6	109.6	108.0	110.7	108.1	108.6	109.1	109.0	107.5	108.7	111.1	
GDP at constant 1995 prices	Sk billions	1/	512.8	544.7	576.5	611.9	640.2	667.1	676.9	690.7	716.8	748.4	779.9	180.7	198.1	202.6	198.6
Same period a year earlier = 100	index	x	106.2	105.8	106.1	104.6	104.2	101.5	102.0	103.8	104.4	104.2	104.1	103.8	104.2	104.7	
Consumer prices, average for the period																	
Same period a year earlier = 100	index		123.2	113.4	109.9	105.8	106.1	106.7	110.6	112.0	107.3	103.3	108.5	107.6	107.9	109.1	109.6
Consumer prices, end of the period																	
Same period a year earlier = 100	index		125.1	111.7	107.2	105.4	106.4	105.6	114.2	108.4	106.5	103.4	109.3	108.0	108.4	109.5	109.3
Industrial producer prices, average for the period																	
Same period a year earlier = 100	index		117.2	110.0	109.0	104.1	105.2	102.6	104.3	110.8	106.5	102.1	108.3	108.5	108.1	108.1	108.5
Industrial production 2/																	
Same period a year earlier = 100	index		-	-	-	-	-	-	98.0	108.7	107.4	106.8	105.7	110.6	105.0	102.7	104.7
Retail sales receipts, constant prices 12/																	
Same period a year earlier = 100	index		-	-	-	-	-	-	-	-	104.5	105.8	94.8	93.5	94.1	93.8	97.2
Average monthly nominal wage	Sk		5,379	6,294	7,195	8,154	9,226	10,003	10,728	11,430	12,365	13,511	14,365	13,082	14,118	14,066	16,180
Same period a year earlier = 100	index		118.4	117.0	114.3	113.3	113.1	109.6	107.2	106.5	108.2	109.3	106.3	106.5	105.9	107.0	106.0
Real wage																	
Same period a year earlier = 100	index		96.4	103.2	104.0	107.1	106.6	102.7	96.9	95.1	100.8	105.8	98.0	99.0	98.2	98.1	96.7
Unemployment rate 3/																	
End of the period	%		14.4	14.6	13.1	12.8	12.5	15.6	19.2	17.9	18.6	17.5	15.6	16.5	14.6	13.9	15.6
Exchange rate (midpoint)																	
	SKK/USD	4/	33.202	31.277	29.569	31.895	34.782	36.913	42.266	47.389	48.467	40.036	32.920	38.627	36.509	36.055	32.920
	SKK/DEM	4/	19.233	20.060	20.646	20.514	19.398	22.081	21.708	22.495	21.863	-	-	-	-	-	-
	SKK/EUR	4/	-	-	-	-	-	-	42.458	43.996	42.760	41.722	41.161	41.426	41.737	41.173	41.161
Real effective exchange rate 8/																	
- based on CPI	8 trading partners	9/	104.0	110.2	113.7	116.5	125.8	118.8	131.8	134.7	142.7	150.2	166.7	159.0	163.0	163.4	166.7
	9 trading partners	10/	93.5	97.8	101.5	98.7	109.0	94.5	106.3	106.3	106.7	109.8	123.6	118.1	119.8	122.1	123.6
- based on PPI	8 trading partners	9/ 13/	105.5	109.1	113.6	117.8	126.1	118.1	121.8	122.3	128.4	134.3	148.1	146.4	150.0	147.5	148.1
	9 trading partners	10/ 13/	87.5	91.8	96.0	95.6	106.6	92.4	96.9	96.1	95.6	98.2	109.9	108.3	110.0	110.6	110.0
Foreign exchange reserves																	
Total	US\$ millions	11/	1,872.6	3,656.8	5,601.1	6,276.0	7,111.0	6,727.5	5,271.4	6,205.1	6,568.1	10,311.9	13,480.5	11,120.3	11,549.0	11,282.8	13,480.5
- of which: NBS reserves	US\$ millions	11/	919.8	2,306.3	3,982.8	3,940.9	3,766.1	3,407.7	4,168.1	4,547.6	4,791.1	9,195.5	12,149.0	9,758.3	10,487.6	10,271.9	12,149.0
State budget																	
Revenues	Sk billions	5/	150.3	139.1	163.1	166.3	180.8	177.8	216.7	213.4	205.3	220.4	233.1	46.4	100.9	163.4	233.1
- Fulfilment of the annual budget	%		95.1	103.3	111.4	100.5	105.7	105.5	120.5	116.1	113.7	10.2	99.0	19.7	42.9	69.4	99.0
Expenditures	Sk billions	5/	173.3	162.0	171.4	191.9	217.8	197.0	231.5	241.1	249.7	272.0	289.1	64.2	128.6	201.0	289.1
- Fulfilment of the annual budget	%		109.6	108.5	102.4	99.7	104.7	106.6	118.8	119.5	114.7	105.5	99.2	22.0	44.1	69.0	99.2
Balance	Sk billions		-23.0	-22.9	-8.3	-25.6	-37.0	-19.2	-14.8	-27.7	-44.4	-51.6	-56.0	-17.8	-27.6	-37.6	-56.0
MONETARY AGGREGATES																	
Net domestic assets	%	6/	19.3	-1.1	5.0	19.8	8.9	11.9	11.2	7.2	14.2	-17.8	14.9	-15.7	-14.9	17.6	14.9
Money supply (M2)	%	6/	19.1	19.1	21.2	16.6	8.8	4.2	11.4	15.4	11.8	3.4	4.8	6.7	3.1	5.6	4.8
Loans to enterprises and households	%	6/	10.8	1.9	14.7	18.2	2.2	6.7	4.5	0.3	-18.2	1.5	13.3	11.4	9.9	11.6	13.3
- of which: in foreign currency	%	6/	118.9	77.8	57.6	35.7	14.9	25.4	17.6	-3.3	5.9	1.5	27.4	4.6	8.3	21.9	27.4
Total deposits	%	6/ 7/	17.9	18.8	25.0	17.2	7.4	3.3	9.0	19.4	11.3	11.9	4.2	8.8	6.3	5.0	4.2
- in Slovak koruna	%		10.8	16.6	28.3	18.9	6.6	-2.0	8.8	18.6	11.3	13.2	7.9	10.8	11.4	9.4	7.9
- in foreign currency	%		126.2	34.7	3.4	4.5	12.4	45.7	11.1	23.9	11.5	5.2	-13.8	-1.7	-18.1	-14.5	-13.8
Average interest rates																	
- on loans	%		14.00	14.51	13.34	11.89	12.53	13.48	11.07	9.79	8.36	8.70	7.61	7.79	7.67	7.57	7.39
- on deposits	%		8.61	9.29	8.29	6.70	8.00	10.16	10.45	7.23	5.15	4.60	4.12	4.17	4.12	4.15	4.02
- margin	%		5.39	5.22	5.05	5.19	4.53	3.32	0.62	2.56	3.21	4.10	3.49	3.62	3.55	3.42	3.37

1/ Data revised in July 2002.

2/ Revised data.

3/ Since December 1997 the rate of disposable unemployment.

4/ On the last day of the period under review.

5/ Cumulative figure since the beginning of the year.

6/ Compared with the same period of last year; end of year compared with 1 January - cumulative figures (at current exchange rates).

7/ Including deposits of the central government, funds and local governments (pension reform funds excluded).

8/ Compared with the weighted average for the first nine months of 1990.

9/ USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, Switzerland (1990 = 100, weights of 1993).

10/ USA, Great Britain, Austria, France, Germany, Italy, the Netherlands, Switzerland, Czech Republic (1990 = 100, weights of 1993).

11/ Change in methodology with effect from 1 January 2002.

12/ Retail sector: receipts from sale and maintenance of cars, sale of fuels and from hotel and restaurant services are not included.

13/ Revised industrial producer prices.

Source: Statistical Office of the SR, National Labour Office, NBS

Shortened Balance Sheet of Commercial Banks as at 1 January 2003 (Sk thousands)
(Banks and branches of foreign banks operating in the SR in total)

ASSETS	Accumulated depreciation and provisions	Slovak koruna		Foreign currency		Total
		Residents	Non-residents	Residents	Non-residents	
Total assets	62,295,580	827,362,665	33,275,929	83,544,782	46,475,780	928,363,576
Cash items	0	9,718,592	13	0	4,527,329	14,245,934
Cash	0	9,705,776	0	0	4,495,406	14,201,182
Gold	0	0	0	0	0	0
Other cash items	0	12,816	13	0	31,923	44,752
Deposits with and credits to NBS, foreign issuing banks, and post office banks	0	102,482,456	0	0	260	102,482,716
Money reserve accounts with the NBS	0	21,481,080	0	0	0	21,481,080
Deposits, credits, and other receivables	262,247	55,005,021	11,775,890	5,309,317	22,535,357	94,363,338
Current accounts with banks	0	809,957	146,347	148,889	3,592,231	4,697,424
Credits provided	0	752,219	801,292	0	463,939	2,017,450
Time deposits with banks	0	52,891,876	10,466,601	5,160,428	18,204,507	86,723,412
Current accounts of other banks	0	4	341,261	0	13	341,278
Other receivables	0	490,578	0	0	23,904	514,482
Standard credits, qualified deposits, classified credits, deposits, and other receivables	262,247	60,387	20,389	0	250,763	69,292
of which: Short-term receivables	200,328	0	20,389	0	179,939	0
Interest on non-performing credits	514	900	0	0	761	1,147
Standard credits to customers	0	177,352,414	449,210	38,553,850	2,094,032	218,449,506
Short-term credits	0	50,967,500	190,323	9,885,833	617,684	61,661,340
Long-term credits	0	126,384,914	258,887	28,668,017	1,476,348	156,788,166
of which: Credits repayable in 1 to and including 5 years	0	66,556,448	248,222	13,667,751	570,399	81,042,820
Other receivables from customers	0	3,031,854	812,102	2,103,220	710,060	6,657,236
of which: Credits for commercial claims	0	2,438,407	13,120	1,843,226	709,837	5,004,590
Current accounts of customers - debit balances, overdrafts	0	15,714,835	108,284	3,933,460	462,718	20,219,297
Standard receivables with conditions, classified credits, and other receivables from customers	28,075,622	76,043,107	751,551	9,533,281	1,103,091	59,355,408
of which: Interest due, but unpaid	5,925,849	5,854,946	2,240	56,385	26,512	14,234
Standard credits with conditions	0	41,698,474	645,852	6,483,491	2	48,827,819
Sub-standard receivables	1,074,213	5,171,618	87,537	1,176,652	892,316	6,253,910
Doubtful and controversial claims	1,130,598	2,580,896	106	637,619	46,562	2,134,585
Loss-making receivables	25,870,811	26,592,119	18,056	1,235,519	164,211	2,139,094
Other specific receivables	0	0	0	1	0	1
Accounts of state authorities, local governments, and funds	26,535	10,043,627	0	1,313,711	0	11,330,803
Standard credits with conditions, classified loans, and other receivables	26,535	116,173	0	0	0	89,638
Credits to state authorities	0	4,046,114	0	1,313,711	0	5,359,825
Credits to social security funds	0	0	0	0	0	0
Credits to local governments	0	4,761,939	0	0	0	4,761,939
Credits to funds	0	1,119,401	0	0	0	1,119,401
Fixed forward transactions	0	2,796,821	260,938	9,579	42,194	3,109,532
Claims in respect of money collection	0	752,370	45	65,101	179,226	996,742
Branches and representative offices	0	0	8,286,740	0	6,113,193	14,399,933
Receivables and other suspense accounts	1,940,683	7,052,097	40,913	588,657	71,992	5,812,976
Securities for sale and other shareholdings	434,203	37,201,006	473,616	4,576,654	2,344,885	44,161,958
Receivables from trade in securities and from securities issued by the accounting unit	0	51,819	0	177,176	13	229,008
Securities intended for trading	0	57,983,070	1,699,480	7,975,943	1,439,044	69,097,537
Options - purchase	0	3,222	11,811	1,035	0	16,068
Financial investment	1,955,205	191,079,796	8,605,336	9,375,524	4,311,961	211,417,412
Long-term funds provided to branches abroad	0	0	0	0	540,425	540,425
Tangible assets	22,515,849	48,141,673	0	0	0	25,625,824
Acquisition of tangible and intangible assets	1,609	2,579,068	0	28,273	0	2,605,732
Subordinated financial assets	0	60,349	0	0	0	60,349
Intangible assets	7,083,627	8,603,158	0	0	0	1,519,531
Inventories	0	185,230	0	0	0	185,230
Adjustments and accumulated depreciation	62,295,580	60,222,375	52,145	1,465,203	555,857	0

Continued on next page.

**Shortened Balance Sheet of Commercial Banks as at 1 January 2003 (\$k thousands)
(Banks and branches of foreign banks operating in the SR in total) – continued**

LIABILITIES	Slovak koruna		Foreign currency		Total
	Residents	Non-residents	Residents	Non-residents	
Total liabilities	715,848,647	53,804,387	117,210,002	41,500,540	928,363,576
Deposits with and credits to NBS and foreign issuing banks, and postal checking accounts	12,988,606	0	300,944	0	13,289,550
Current accounts with NBS and foreign issuing banks	1,565,151	0	0	0	1,565,151
Time deposits of NBS and and foreign issuing banks	0	0	0	0	0
Credits received from NBS and foreign issuing banks	11,423,455	0	300,944	0	11,724,399
of which: Redistribution credit	8,352,167	0	0	0	8,352,167
Refinancing repo credit	0	0	0	0	0
Deposits, credits, and other liabilities	55,568,991	9,802,453	5,304,204	16,788,232	87,463,880
Current accounts with banks	0	0	0	121,256	121,256
Current accounts of other banks	894,991	2,190,796	150,338	580,540	3,816,665
Other payables	1,011,772	15,234	11	1,461,325	2,488,342
Credits received	712,832	0	0	3,153,593	3,866,425
Time deposits of other banks	52,949,396	7,596,423	5,153,855	11,471,518	77,171,192
Payables in respect of other items	453,018	0	0	0	453,018
Payables in respect of securities	966,224	0	0	0	966,224
Deposits of customers	505,914,732	3,831,052	106,533,442	7,746,224	624,025,450
Current accounts of customers	161,218,875	1,724,932	42,456,713	2,496,135	207,896,655
Time deposits of customers	228,367,058	1,988,771	60,319,430	5,208,105	295,883,364
Savings deposits of customers	112,911,588	108,983	3,698,356	41,984	116,760,911
Certificates of deposit	3,417,211	8,366	58,943	0	3,484,520
Other liabilities to customers	8,851,034	5,006	2,325,620	63,339	11,244,999
Credits received from customers	9,988,234	42,522	25,267	0	10,056,023
Short-term securities issued by the accounting unit	124,083	0	22,510	0	146,593
Earmarked deposits	1,221,962	0	256,744	2,701,721	4,180,427
Other specific payables	6,392	0	296	19	6,707
Accounts of state authorities, local governments, and funds	36,409,508	0	1,274,042	0	37,683,550
Non-budgetary money deposits of state authorities	7,722,236	0	544,217	0	8,266,453
Deposits of social security funds	17,257,753	0	0	0	17,257,753
Deposits of local governments	8,847,562	0	151,830	0	8,999,392
Deposits of funds	2,581,957	0	577,995	0	3,159,952
Fixed forward transactions	3,301,564	793,795	354,798	124,265	4,574,422
Payables in respect of money collection	20,997	13	109,251	122,568	252,829
Branches and representative offices	435,380	3,718,829	0	11,542,122	15,696,331
Various payables, adjustment and other suspense accounts	6,799,877	167,545	447,641	210,799	7,625,862
Liabilities from trading in securities and securities issued by the accounting unit	410,073	1,749,170	19,169	13,471	2,191,883
Options - sale	22,975	16,744	0	0	39,719
Subsidies and similar funds	3,354,008	0	733	0	3,354,741
Long-term securities issued by the accounting unit	8,186,516	0	0	0	8,186,516
Subordinated financial liabilities	0	60,349	0	0	60,349
Reserves	20,969,317	0	235,341	141,248	21,345,906
Reserve funds and other funds allocated from profits	9,170,153	19,500	0	0	9,189,653
Registered capital	6,065,802	30,755,959	0	1,650,000	38,471,761
Long-term funds provided to branches of foreign banks	0	2,844,579	0	0	2,844,579
Share premium	1,807,054	374	0	0	1,807,428
Own shares	-8,580	0	0	0	-8,580
Capital of mutual funds (unit trusts)	0	0	0	0	0
Other capital funds	783,103	5,490	0	0	788,593
Gains or losses from revaluation of net investments connected with shares and deposits	-129,515	-8,993	0	396,532	258,024
Gains or losses from revaluation of security derivatives	0	0	0	0	0
Gains or losses from revaluation of assets and liabilities	52	0	0	0	52
Retained earnings from previous years +/-	13,422,918	0	0	0	13,422,918
Accumulated losses from previous years -/-	-3,097,033	0	0	0	-3,097,033
Profit and loss account +/- -/-	0	0	0	0	0
Profit or loss in process of approval +/-, -/-	11,841,202	0	0	0	11,841,202

Shortened Balance Sheet of Commercial Banks as at 31 December 2003 (Sk thousands)
(Banks and branches of foreign banks operating in the SR in total)

ASSETS	Accumulated depreciation and provisions	Slovak koruna		Foreign currency		Total
		Residents	Non-residents	Residents	Non-residents	
Total assets	65,797,148	876,303,833	28,890,372	100,516,326	45,532,324	985,445,707
Cash items	0	10,873,224	39	252	4,343,539	15,217,054
Cash	0	10,720,242	0	0	4,338,813	15,059,055
Gold	0	0	0	0	0	0
Other cash items	0	152,982	39	252	4,726	157,999
Deposits with and credits to NBS, foreign issuing banks, and post office banks	0	120,883,281	0	0	211	120,883,492
Money reserve accounts with the NBS	0	11,551,317	0	0	0	11,551,317
Deposits, credits, and other receivables	351,394	32,439,650	4,117,505	7,582,575	16,568,890	60,357,226
Current accounts with banks	0	427,630	99	91,841	2,787,547	3,307,117
Credits provided	0	735,265	0	0	825,462	1,560,727
Time deposits with banks	0	30,731,540	3,864,461	7,483,255	12,614,922	54,694,178
Current accounts of other banks	0	0	240,239	3	6	240,248
Other receivables	0	493,623	50	7,476	40,950	542,099
Standard credits, qualified deposits, classified credits, deposits, and other receivables	351,394	51,592	12,656	0	300,003	12,857
of which: Short-term receivables	239,805	0	12,656	0	233,176	6,027
Interest on non-performing credits	477	477	0	0	390	390
Standard credits to customers	948,751	209,494,817	1,209,605	46,949,124	8,918,164	265,622,959
Short-term credits	0	53,992,358	1,095,131	13,177,423	4,964,262	73,229,174
Long-term credits	948,751	155,502,459	114,474	33,771,701	3,953,902	192,393,785
of which: Credits repayable in 1 to and including 5 years	0	69,657,816	91,383	16,411,172	2,129,327	88,289,698
Other receivables from customers	1,130	2,489,635	95,998	1,840,845	415,675	4,841,023
of which: Credits for commercial claims	0	1,902,824	5,857	1,596,908	360,922	3,866,511
Current accounts of customers - debit balances, overdrafts	29,612	20,634,888	19,867	5,540,797	84,423	26,250,363
Standard receivables with conditions, classified credits, and other receivables from customers	28,094,359	69,295,218	1,240,777	14,549,919	737,002	57,728,557
of which: Interest due, but unpaid	4,656,540	4,623,854	32,719	48,818	20,123	68,974
Standard credits with conditions	990,389	39,780,730	792,774	9,575,229	330,998	49,489,342
Sub-standard receivables	1,837,308	3,769,049	430,654	2,228,145	277,839	4,868,379
Doubtful and controversial claims	1,981,966	3,342,874	235	973,153	38	2,334,334
Loss-making receivables	23,284,696	22,402,565	17,114	1,773,392	128,127	1,036,502
Other specific receivables	0	0	0	0	0	0
Accounts of state authorities, local governments, and funds	19,765	8,655,389	0	2,982,502	0	11,618,126
Standard credits with conditions, classified loans, and other receivables	19,765	525,596	0	0	0	505,831
Credits to state authorities	0	2,404,640	0	1,362,011	0	3,766,651
Credits to social security funds	0	1	0	0	0	1
Credits to local governments	0	5,154,315	0	1,620,491	0	6,774,806
Credits to funds	0	570,837	0	0	0	570,837
Fixed forward transactions	0	3,935,655	1,822,240	847,946	74,551	6,680,392
Claims in respect of money collection	0	426,776	134	811,192	146,225	1,384,327
Branches and representative offices	0	0	6,968,766	0	3,644,722	10,613,488
Receivables and other suspense accounts	1,084,372	4,580,300	37,011	192,868	135,068	3,860,875
Securities for sale and other shareholdings	202,206	31,548,833	2,776,139	3,050,734	2,256,405	39,429,905
Receivables from trade in securities and from securities issued by the accounting unit	0	1,590,053	143	41,308	14,377	1,645,881
Securities intended for trading	0	86,426,505	1,199,115	6,876,449	2,747,893	97,249,962
Options - purchase	0	72,589	27,830	23,148	7,998	131,565
Financial investment	1,815,974	199,793,218	9,374,455	9,209,267	3,477,315	220,038,281
Long-term funds provided to branches abroad	0	0	0	0	513,627	513,627
Tangible assets	25,397,149	49,195,502	0	0	0	23,798,353
Acquisition of tangible and intangible assets	20,677	2,568,215	748	17,400	0	2,565,686
Subordinated financial assets	0	60,349	0	0	1,446,239	1,506,588
Intangible assets	7,824,759	9,606,333	0	0	0	1,781,574
Inventories	7,000	182,086	0	0	0	175,086
Adjustments and accumulated depreciation	65,797,148	62,248,278	73,400	2,933,967	541,503	0

Continued on next page.

Shortened Balance Sheet of Commercial Banks as at 31 December 2003 (Sk thousands)
(Banks and branches of foreign banks operating in the SR in total) – continued

LIABILITIES	Slovak koruna		Foreign currency		Total
	Residents	Non-residents	Residents	Non-residents	
Total liabilities	736,626,962	61,226,402	106,300,649	81,291,694	985,445,707
Deposits with and credits to NBS and foreign issuing banks, and postal checking accounts	8,892,626	0	205,625	0	9,098,251
Current accounts with NBS and foreign issuing banks	1,096,968	0	0	0	1,096,968
Time deposits of NBS and and foreign issuing banks	0	0	0	0	0
Credits received from NBS and foreign issuing banks	7,795,658	0	205,625	0	8,001,283
of which: Redistribution credit	6,591,977	0	0	0	6,591,977
Refinancing repo credit	0	0	0	0	0
Deposits, credits, and other liabilities	32,209,137	13,996,825	7,668,015	33,457,325	87,331,302
Current accounts with banks	0	0	0	552,144	552,144
Current accounts of other banks	435,072	1,577,906	95,312	517,630	2,625,920
Other payables	287,228	3,096	89,452	410,925	790,701
Credits received	650,984	14	0	6,569,230	7,220,228
Time deposits of other banks	30,835,853	12,415,809	7,483,251	25,407,396	76,142,309
Payables in respect of other items	37,209	0	0	0	37,209
Payables in respect of securities	0	0	0	0	0
Deposits of customers	549,841,253	4,175,339	92,053,703	4,349,094	650,419,389
Current accounts of customers	183,000,344	1,836,731	45,659,702	2,915,999	233,412,776
Time deposits of customers	261,231,075	2,223,495	43,847,553	1,416,369	308,718,492
Savings deposits of customers	104,382,657	111,739	2,539,905	16,726	107,051,027
Certificates of deposit	1,227,177	3,374	6,543	0	1,237,094
Other liabilities to customers	4,962,922	7,537	2,283,354	1,221,677	8,475,490
Credits received from customers	4,022,908	0	0	0	4,022,908
Short-term securities issued by the accounting unit	2,083,913	7,040	1,109,934	0	3,200,887
Earmarked deposits	500	0	0	0	500
Other specific payables	67,736	0	0	0	67,736
Accounts of state authorities, local governments, and funds	41,339,417	0	765,947	0	42,105,364
Non-budgetary money deposits of state authorities	8,152,750	0	656,621	0	8,809,371
Deposits of social security funds	20,830,001	0	18,049	0	20,848,050
Deposits of local governments	8,406,923	0	61,804	0	8,468,727
Deposits of funds	3,949,743	0	29,473	0	3,979,216
Fixed forward transactions	4,560,433	2,901,234	957,990	212,416	8,632,073
Payables in respect of money collection	47,990	540	790,970	132,887	972,387
Branches and representative offices	216,567	2,295,886	0	39,936,903	42,449,356
Various payables, adjustment and other suspense accounts	6,477,326	29,837	303,952	133,091	6,944,206
Liabilities from trading in securities and securities issued by the accounting unit	2,720,910	802,457	23,357	21	3,546,745
Options - sale	54,375	53,485	24,181	26,132	158,173
Subsidies and similar funds	3,288,819	0	0	0	3,288,819
Long-term securities issued by the accounting unit	15,527,096	0	134	0	15,527,230
Subordinated financial liabilities	0	60,349	0	0	60,349
Reserves	9,470,679	0	113,487	139,349	9,723,515
Reserve funds and other funds allocated from profits	9,686,681	46,500	0	0	9,733,181
Registered capital	4,793,272	33,999,304	0	1,650,000	40,442,576
Long-term funds provided to branches of foreign banks	0	2,844,579	0	0	2,844,579
Share premium	1,789,817	0	0	0	1,789,817
Own shares	-246,450	0	0	0	-246,450
Capital of mutual funds (unit trusts)	0	0	0	0	0
Other capital funds	205,086	5,490	0	0	210,576
Gains or losses from revaluation of net investments connected with shares and deposits	-296	0	0	32,799	32,503
Gains or losses from revaluation of security derivatives	0	0	0	0	0
Gains or losses from revaluation of assets and liabilities	0	0	0	0	0
Retained earnings from previous years +/-	26,608,013	0	0	0	26,608,013
Accumulated losses from previous years -/-	-3,347,394	0	0	0	-3,347,394
Profit and loss account +/- -/-	11,316,417	0	0	0	11,316,417
Profit or loss in process of approval +/-, -/-	0	0	0	0	0

Monthly Profit and Loss Account of Commercial Banks (Sk thousands)
(Banks and branches of foreign banks operating in the SR in total)

	2000	2001	2002		2003		
	December	December	December	March	June	September	December
EXPENSES							
Expenses on financial operations:	157,946,828	119,077,673	155,243,587	55,577,080	114,895,355	169,181,920	225,688,453
Other interest paid ^{1/}	-	-	-	7,228,100	13,866,917	20,053,985	26,293,320
Fees and commissions paid ^{1/}	-	-	-	379,642	1,459,672	1,803,257	1,664,276
Leasing expenses ^{1/}	-	-	-	4	8	11	12
Costs of operations in securities ^{1/}	-	-	-	1,470,709	2,358,779	3,586,207	4,976,931
Interest on securities paid ^{1/}	-	-	-	786,857	1,095,063	1,652,203	2,655,898
Costs of foreign exchange operations	58,442,371	65,697,979	115,814,423	20,089,113	43,324,501	67,283,320	92,487,934
Costs of operations in derivatives ^{1/}	-	-	-	25,320,999	52,186,055	73,894,403	96,381,424
Costs of other operations	1,880,717	1,387,096	2,257,987	301,656	604,360	908,534	1,228,658
General operating expenses	20,763,501	21,891,943	24,379,862	5,576,112	11,796,298	18,128,333	25,550,382
Additions to reserves and provisions	107,800,384	37,551,171	26,116,724	8,069,883	14,168,919	19,011,624	29,916,501
Other operating expenses	13,692,057	15,449,324	11,682,561	1,409,480	6,364,794	8,751,975	13,260,948
Extraordinary expenses	936,356	677,300	604,352	12,401	16,127	17,276	18,712
Income tax	781,072	237,487	349,915	72,889	381,935	556,632	36,588
Current period profit	15,795,169	10,705,605	12,539,455	3,502,484	6,213,146	9,217,344	11,548,335
TOTAL EXPENSES, PLUS PROFIT	317,715,367	205,590,503	230,916,456	74,220,329	153,836,574	224,865,104	306,019,919
INCOME							
Income from financial operations	188,596,370	152,378,867	197,325,792	65,416,016	134,921,515	198,784,125	265,225,638
Other interest received ^{1/}	-	-	-	8,822,949	18,595,243	27,692,354	36,972,214
Fees and commissions received ^{1/}	-	-	-	2,019,105	4,354,578	6,652,792	9,270,499
Income from shares and stakes ^{1/}	-	-	-	160,591	76,534	291,721	799,331
Income from leasing ^{1/}	-	-	-	0	0	0	0
Income from operations in securities ^{1/}	-	-	-	1,947,705	2,764,883	3,239,053	4,032,805
Interest on securities received ^{1/}	-	-	-	5,997,221	11,358,486	16,453,952	21,517,681
Income from foreign exchange operations	63,676,495	71,105,331	120,503,531	21,229,407	45,831,641	70,810,977	96,715,825
Income from operations in derivatives ^{1/}	-	-	-	25,049,063	51,626,961	73,135,692	95,196,410
Income from other operations	1,953,367	968,933	1,773,624	189,975	313,189	507,584	720,873
Use of reserves and provisions	113,047,024	48,665,078	30,249,277	8,571,936	16,802,302	22,671,553	34,868,413
Other operating income	2,340,107	1,593,234	1,285,874	224,419	2,096,924	3,381,818	5,678,418
Extraordinary income	2,314,257	1,318,720	1,358,892	7,958	15,833	16,198	15,532
Current period loss	11,417,609	1,634,604	696,621	0	0	11,410	231,918
TOTAL INCOME, PLUS LOSS	317,715,367	205,590,503	230,916,456	74,220,329	153,836,574	224,865,104	306,019,919

^{1/} Data not included due to the recent amendment to the Decree of the Ministry of Finance for 2003 detailing accounting procedures and a general chart of accounts for banks and branch offices of foreign banks.

Inflation (year-on-year change)

	2000											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	13.6	16.4	16.6	15.9	16.0	15.4	9.2	8.7	8.7	8.5	8.6	8.4
Regulated prices in %	33.6	46.8	47.4	47.1	47.0	46.6	21.6	21.6	21.3	20.8	20.8	20.7
Share of total, in percentage points	6.46	9.05	9.16	9.10	9.08	9.00	4.76	4.74	4.66	4.56	4.54	4.51
Effect of change in indirect taxes on non-regulated prices												
Share of total, in percentage points	1.76	1.75	1.74	1.73	1.73	1.72	0.32	0.31	0.31	0.31	0.31	0.31
Core inflation in %	6.7	7.0	7.0	6.4	6.5	5.8	5.3	4.8	4.9	4.8	4.9	4.6
Share of total, in percentage points	5.39	5.64	5.66	5.11	5.24	4.69	4.08	3.67	3.72	3.66	3.74	3.55
of which: food prices in %	2.6	3.3	3.3	3.0	3.8	2.9	4.0	4.3	4.6	5.2	5.7	6.0
Share of total, in percentage points	0.67	0.84	0.84	0.75	0.94	0.71	0.93	0.98	1.06	1.20	1.32	1.38
Net inflation (adjusted for changes in indirect taxes) in %	8.6	8.7	8.7	7.9	7.7	7.1	5.9	5.0	5.0	4.6	4.5	4.1
Share of total, in percentage points	4.72	4.80	4.82	4.36	4.30	3.98	3.15	2.69	2.66	2.45	2.42	2.18

	2001											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	7.7	6.7	7.1	7.6	7.7	8.0	8.0	7.8	7.4	7.1	6.5	6.5
Regulated prices in %	20.7	16.4	17.1	16.4	16.3	16.4	17.1	17.0	17.0	17.0	17.0	17.2
Share of total, in percentage points	4.68	4.01	4.17	4.02	4.00	4.01	4.20	4.18	4.15	4.14	4.13	4.17
Effect of change in indirect taxes on non-regulated prices												
Share of total, in percentage points	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.03
Core inflation in %	4.0	3.6	4.0	4.8	5.0	5.4	5.2	4.9	4.4	4.0	3.3	3.2
Share of total, in percentage points	3.05	2.65	2.95	3.57	3.67	3.99	3.81	3.61	3.24	2.92	2.44	2.39
of which: food prices in %	4.7	3.5	5.3	6.9	7.2	9.2	9.4	8.1	6.5	5.5	3.7	3.7
Share of total, in percentage points	1.09	0.80	1.19	1.53	1.59	2.02	2.05	1.77	1.44	1.22	0.83	0.83
Net inflation (adjusted for changes in indirect taxes) in %	3.7	3.6	3.4	4.0	4.0	3.8	3.4	3.6	3.5	3.3	3.1	3.0
Share of total, in percentage points	1.97	1.85	1.75	2.04	2.08	1.97	1.75	1.85	1.81	1.70	1.61	1.56

	2002											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	6.2	4.3	3.6	3.6	3.2	2.6	2.0	2.7	2.8	2.9	2.9	3.4
Regulated prices in %	13.4	5.7	5.1	5.3	5.6	5.5	3.3	5.3	5.3	5.4	5.3	6.5
Share of total, in percentage points	2.97	1.33	1.18	1.22	1.28	1.27	0.77	1.21	1.22	1.25	1.22	1.50
Effect of change in indirect taxes on non-regulated prices												
Share of total, in percentage points	0.36	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.41	0.41
Core inflation in %	3.7	3.4	2.7	2.6	2.1	1.2	1.2	1.5	1.6	1.7	1.7	1.9
Share of total, in percentage points	2.86	2.58	2.10	1.99	1.60	0.95	0.88	1.13	1.24	1.30	1.29	1.46
of which: food prices in %	4.5	5.6	4.2	3.6	3.1	0.0	-1.7	-0.9	0.1	-0.2	0.5	-0.2
Share of total, in percentage points	0.96	1.16	0.88	0.75	0.65	0.00	-0.36	-0.18	0.02	-0.03	0.10	-0.04
Net inflation (adjusted for changes in indirect taxes) in %	3.3	2.5	2.2	2.2	1.7	1.7	2.2	2.3	2.2	2.4	2.1	2.7
Share of total, in percentage points	1.89	1.41	1.22	1.25	0.96	0.94	1.24	1.31	1.22	1.33	1.19	1.50

	2003											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	7.3	7.6	8.0	7.7	7.6	8.4	8.7	9.2	9.5	9.6	9.8	9.3
Regulated prices in %	20.4	20.6	22.0	22.3	22.1	21.3	21.9	19.7	20.5	20.5	20.6	18.7
Share of total, in percentage points	4.72	4.75	5.09	5.13	5.08	4.92	5.07	4.64	4.82	4.82	4.85	4.45
Effect of change in indirect taxes on non-regulated prices												
Share of total, in percentage points	1.08	1.07	1.07	1.07	1.06	1.07	1.07	2.57	2.56	2.56	2.56	2.54
Core inflation in %	1.9	2.3	2.4	1.9	1.9	3.1	3.3	2.7	2.8	2.9	3.1	3.0
Share of total, in percentage points	1.46	1.73	1.80	1.49	1.43	2.40	2.54	2.03	2.13	2.21	2.40	2.27
of which: food prices in %	-1.0	-1.4	-1.4	-1.7	-1.5	0.7	0.9	0.6	0.8	1.7	2.3	2.7
Share of total, in percentage points	-0.22	-0.29	-0.29	-0.35	-0.31	0.15	0.18	0.12	0.16	0.35	0.47	0.54
Net inflation (adjusted for changes in indirect taxes) in %	3.0	3.6	3.8	3.3	3.1	4.0	4.2	3.4	3.5	3.3	3.4	3.1
Share of total, in percentage points	1.68	2.02	2.09	1.84	1.74	2.25	2.37	1.90	1.97	1.86	1.92	1.73

Source: Statistical Office of the SR.

Inflation (month-on-month change)

	2000											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	2.5	3.3	0.4	0.0	0.3	-0.1	0.0	0.1	0.6	0.4	0.4	0.2
Regulated prices in %	6.1	11.6	0.7	0.3	0.1	0.1	0.1	0.2	0.2	0.1	0.0	0.0
Share of total, in percentage points	1.34	2.62	0.16	0.07	0.02	0.03	0.04	0.04	0.05	0.03	0.01	0.00
Effect of change in indirect taxes on non-regulated prices												
Share of total, in percentage points	0.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Core inflation in %	1.1	1.0	0.3	-0.1	0.3	-0.1	0.0	0.0	0.7	0.5	0.6	0.3
Share of total, in percentage points	0.83	0.73	0.21	-0.10	0.26	-0.09	-0.01	0.03	0.55	0.37	0.41	0.22
of which: food prices in %	2.8	0.8	-0.5	-0.5	0.0	-0.8	-0.7	0.3	1.4	1.1	1.0	0.9
Share of total, in percentage points	0.64	0.19	-0.12	-0.11	0.01	-0.17	-0.15	0.07	0.32	0.24	0.22	0.21
Net inflation (adjusted for changes in indirect taxes) in %	0.4	1.0	0.6	0.0	0.5	0.2	0.3	-0.1	0.5	0.2	0.4	0.0
Share of total, in percentage points	0.19	0.54	0.33	0.02	0.25	0.08	0.14	-0.04	0.23	0.13	0.19	0.01

	2001											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	1.9	2.3	0.8	0.4	0.3	0.3	0.0	-0.1	0.2	0.1	-0.1	0.2
Regulated prices in %	6.2	7.7	1.2	-0.3	0.0	0.1	0.8	0.1	0.2	0.1	0.1	0.2
Share of total, in percentage points	1.50	1.94	0.32	-0.07	0.01	0.04	0.21	0.02	0.04	0.03	0.02	0.05
Effect of change in indirect taxes on non-regulated prices												
Share of total, in percentage points	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	0.00
Core inflation in %	0.5	0.5	0.7	0.7	0.5	0.3	-0.2	-0.2	0.3	0.1	-0.1	0.2
Share of total, in percentage points	0.38	0.39	0.49	0.49	0.34	0.21	-0.17	-0.15	0.19	0.05	-0.06	0.16
of which: food prices in %	1.5	-0.3	1.2	0.9	0.3	1.0	-0.5	-0.9	0.0	0.1	-0.7	0.9
Share of total, in percentage points	0.35	-0.07	0.27	0.21	0.07	0.23	-0.10	-0.20	-0.01	0.02	-0.15	0.20
Net inflation (adjusted for changes in indirect taxes) in %	0.1	0.9	0.4	0.6	0.5	0.0	-0.1	0.1	0.4	0.1	0.2	-0.1
Share of total, in percentage points	0.03	0.46	0.22	0.29	0.26	-0.02	-0.07	0.05	0.19	0.03	0.09	-0.04

	2002											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	1.5	0.4	0.0	0.4	0.2	-0.4	-0.3	0.5	0.3	0.0	0.0	0.7
Regulated prices in %	1.6	0.1	0.0	0.1	0.3	0.1	0.0	1.9	0.3	0.2	0.0	1.8
Share of total, in percentage points	0.37	0.02	0.01	0.02	0.07	0.01	0.00	0.44	0.07	0.05	-0.01	0.42
Effect of change in indirect taxes on non-regulated prices												
Share of total, in percentage points	0.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Core inflation in %	0.9	0.4	0.0	0.5	0.2	-0.5	-0.4	0.1	0.3	0.0	0.0	0.3
Share of total, in percentage points	0.69	0.34	0.03	0.40	0.15	-0.38	-0.30	0.06	0.23	0.00	0.00	0.23
of which: food prices in %	1.8	1.0	-0.1	0.2	0.4	-1.5	-2.3	-0.1	0.7	-0.3	0.1	0.1
Share of total, in percentage points	0.38	0.20	-0.03	0.04	0.08	-0.32	-0.48	-0.02	0.13	-0.07	0.01	0.02
Net inflation (adjusted for changes in indirect taxes) in %	0.6	0.2	0.1	0.7	0.1	-0.1	0.3	0.1	0.2	0.1	0.0	0.4
Share of total, in percentage points	0.31	0.14	0.06	0.36	0.07	-0.06	0.17	0.08	0.09	0.07	-0.02	0.21

	2003											
	1	2	3	4	5	6	7	8	9	10	11	12
Total inflation in %	5.3	0.6	0.4	0.2	0.1	0.4	0.0	1.0	0.5	0.1	0.2	0.2
Regulated prices in %	14.9	0.2	1.3	0.3	0.1	-0.6	0.1	0.5	0.9	0.2	0.1	0.2
Share of total, in percentage points	3.54	0.06	0.32	0.07	0.03	-0.16	0.03	0.14	0.24	0.05	0.02	0.05
Effect of change in indirect taxes on non-regulated prices												
Share of total, in percentage points	1.06	0.00	0.00	0.00	0.00	0.00	0.00	1.39	0.00	0.00	0.00	0.00
Core inflation in %	0.9	0.8	0.1	0.1	0.1	0.7	-0.1	-0.7	0.4	0.1	0.2	0.1
Share of total, in percentage points	0.70	0.57	0.08	0.08	0.09	0.54	-0.05	-0.51	0.30	0.08	0.17	0.11
of which: food prices in %	1.0	0.6	-0.2	-0.1	0.6	0.6	-2.1	-0.3	0.8	0.6	0.7	0.4
Share of total, in percentage points	0.20	0.12	-0.03	-0.02	0.11	0.13	-0.41	-0.07	0.16	0.11	0.13	0.08
Net inflation (adjusted for changes in indirect taxes) in %	0.9	0.8	0.2	0.2	-0.1	0.8	0.7	-0.8	0.3	-0.1	0.1	0.0
Share of total, in percentage points	0.50	0.45	0.11	0.10	-0.03	0.42	0.36	-0.44	0.15	-0.03	0.04	0.03

Source: Statistical Office of the SR.

Ratios of Selected Economic Indicators to GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Real GDP / capita (Sk)	107,482	113,874	118,916	123,751	125,469	127,893	133,255	139,129	144,969
Nominal GDP / capita (Sk)	107,482	118,808	132,389	144,960	156,458	174,625	187,720	203,825	222,286
Nominal GDP / capita (US\$)	3,615	3,877	3,938	4,113	3,778	3,780	3,883	4,496	6,045
GDP created (% , constant prices)	100	100	100	100	100	100	100	100	100
Agriculture, forestry, fishing	5.4	5.0	5.3	5.3	5.3	5.2	5.3	5.0	5.0
Industry	30.3	30.6	27.1	26.8	27.8	26.8	26.8	25.6	26.9
Construction	4.6	6.6	6.2	5.0	3.5	3.8	3.3	3.4	3.5
Market services	51.2	48.7	52.6	53.2	53.3	53.7	56.0	57.8	57.3
Other	8.4	9.1	8.8	9.6	10.2	10.4	8.6	8.2	7.3
GDP used (% , 1995 constant prices)	100	100	100	100	100	100	100	100	100
Domestic demand	97.5	108.6	107.6	110.7	102.2	100.3	103.8	103.7	97.3
Final consumption	72.7	75.7	74.0	76.8	75.8	74.2	74.8	75.4	72.7
Formation of gross capital	24.8	32.9	33.6	33.9	26.4	26.1	29.0	28.4	24.6
Net exports	2.5	-8.6	-7.6	-10.7	-2.2	-0.3	-3.8	-3.7	2.7
Exports of goods and services	58.3	54.3	61.0	66.1	68.4	76.2	78.0	78.8	92.8
Imports of goods and services	55.8	62.9	68.7	76.8	70.6	76.5	81.9	82.5	90.1
Statistical discrepancy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.1
Average annual exchange rate SKK/USD	29.735	30.647	33.616	35.242	41.417	46.2	48.347	45.335	36.773

Note: Calculated on the basis of figures in Sk millions, rounding-up errors.

GDP Growth by Component (percentage points, at constant 1995 prices)

	2001	2002	Q1	Q2	2003 Q3	Q4	year
GDP created							
Year-on-year growth in GDP (%)	3.8	4.4	4.1	3.8	4.2	4.7	4.2
of which:							
Agriculture, forestry, fishing	0.3	-0.1	0.4	0.4	-0.1	0.2	0.2
Industry	1.0	-0.1	3.9	1.7	1.5	2.7	2.4
of which: manufacturing	2.6	-0.3	2.6	1.0	0.8	1.8	1.5
Construction	-0.4	0.3	0.3	0.2	0.4	0.1	0.2
Services	4.4	4.3	2.2	3.0	1.6	0.7	1.9
of which: trade	0.9	-0.3	0.1	0.3	-0.3	0.0	0.0
transport	1.4	-0.5	0.7	0.3	-1.5	-0.8	-0.4
public administration and defence	2.3	0.8	1.3	0.5	0.4	-0.8	0.3
Other	-1.5	-0.1	-2.7	-1.5	0.8	1.0	-0.5
GDP used							
Year-on-year growth in GDP (%)	3.8	4.4	4.1	3.8	4.2	4.7	4.2
of which:							
Domestic demand	7.5	4.5	0.3	-3.6	-1.5	-4.5	-2.4
Final consumption in total	3.5	3.8	1.8	-0.6	-1.0	1.4	0.4
of which: household consumption	2.6	2.8	1.4	-0.1	-1.1	-1.3	-0.3
Gross capital formation	4.0	0.6	-1.5	-3.0	-0.5	-5.9	-2.7
of which: gross fixed capital formation	3.6	-0.3	-0.5	-0.1	-0.1	-0.5	-0.3
Net exports	-3.7	0.0	3.2	6.1	5.5	10.7	6.4
Exports of goods and services	4.8	4.3	15.9	16.7	17.0	21.6	17.8
Imports of goods and services	8.4	4.3	12.6	10.6	11.5	10.9	11.4
Statistical discrepancy	0.0	-0.1	0.5	1.4	0.2	-1.4	0.2

Note: Calculated on the basis of figures in Sk millions, rounding-up errors.

Development of GDP by Sector (revised data)

		1995	1996	1997	1998	1999	2000	2001	2002	2003	Indices			
												2001/00	2002/01	2003/02
GDP (at constant 1995 prices)	a	576.5	611.9	640.2	667.1	676.9	690.7	716.8	748.4	779.9	103.8	104.4	104.2	
Agriculture, forestry, fishing	a	31.3	30.6	33.7	35.5	35.6	36.3	38.0	37.4	39.1	104.9	98.4	104.4	
	b	5.4	5.0	5.3	5.3	5.3	5.2	5.3	5.0	5.0	x	x	x	
Industry in total	a	174.5	187.1	173.2	178.8	187.9	185.0	192.0	191.4	209.6	103.8	99.7	109.5	
	b	30.3	30.6	27.1	26.8	27.8	26.8	26.8	25.6	26.9	x	x	x	
Mining and quarrying	a	5.5	6.1	6.5	7.2	7.1	6.1	5.8	5.1	4.3	96.0	86.7	85.7	
	b	1.0	1.0	1.0	1.1	1.1	0.9	0.8	0.7	0.6	x	x	x	
Manufacturing	a	143.0	149.1	142.6	150.0	154.4	155.6	173.2	171.2	182.5	111.3	98.8	106.6	
	b	24.8	24.4	22.3	22.5	22.8	22.5	24.2	22.9	23.4	x	x	x	
Electricity generation and distribution, gas and water supply	a	26.0	31.9	24.1	21.6	26.3	23.4	12.9	15.1	22.7	55.4	116.6	150.7	
	b	4.5	5.2	3.8	3.2	3.9	3.4	1.8	2.0	2.9	x	x	x	
Construction	a	26.7	40.5	39.9	33.7	23.6	26.5	23.6	25.8	27.5	89.0	109.3	106.9	
	b	4.6	6.6	6.2	5.0	3.5	3.8	3.3	3.4	3.5	x	x	x	
Services in total	a	295.3	298.2	336.7	354.8	360.9	371.2	401.6	432.7	446.6	108.2	107.7	103.2	
	b	51.2	48.7	52.6	53.2	53.3	53.7	56.0	57.8	57.3	x	x	x	
of which:														
Wholesale, retail trade, repairs	a	67.1	66.5	83.0	89.8	93.9	95.9	101.8	99.5	99.6	106.2	97.8	100.1	
	b	11.6	10.9	13.0	13.5	13.9	13.9	14.2	13.3	12.8	x	x	x	
Hotels and restaurants	a	8.3	7.1	8.3	7.6	7.0	8.7	8.1	7.7	6.1	93.6	95.3	78.7	
	b	1.4	1.2	1.3	1.1	1.0	1.3	1.1	1.0	0.8	x	x	x	
Transport, warehousing, post and telecommunications	a	55.0	58.8	60.8	58.5	64.0	65.4	74.9	71.6	68.9	114.4	95.7	96.2	
	b	9.5	9.6	9.5	8.8	9.5	9.5	10.4	9.6	8.8	x	x	x	
Financial intermediation	a	29.9	21.4	21.6	19.8	20.0	24.7	25.6	37.7	48.8	103.7	147.5	129.4	
	b	5.2	3.5	3.4	3.0	3.0	3.6	3.6	5.0	6.3	x	x	x	
Real estate, leasing, business activities	a	62.6	54.8	73.7	77.3	79.9	80.3	78.8	84.9	84.8	98.1	107.8	99.8	
	b	10.9	9.0	11.5	11.6	11.8	11.6	11.0	11.3	10.9	x	x	x	
Public administration, defence, social security	a	25.4	41.1	35.4	38.1	37.7	37.4	53.6	59.3	61.8	143.4	110.6	104.2	
	b	4.4	6.7	5.5	5.7	5.6	5.4	7.5	7.9	7.9	x	x	x	
Education	a	17.9	17.6	15.1	18.1	18.1	18.3	18.5	22.3	26.1	101.5	120.0	117.3	
	b	3.1	2.9	2.4	2.7	2.7	2.6	2.6	3.0	3.3	x	x	x	
Health and social care	a	17.8	18.0	21.9	28.8	24.5	24.5	23.7	29.5	30.0	96.7	124.7	101.7	
	b	3.1	2.9	3.4	4.3	3.6	3.5	3.3	3.9	3.8	x	x	x	
Other community, social and personal services	a	11.1	13.1	16.9	16.7	15.8	16.0	16.7	20.1	20.5	103.9	120.6	101.9	
	b	1.9	2.1	2.6	2.5	2.3	2.3	2.3	2.7	2.6	x	x	x	
Other	a	48.6	55.5	56.6	64.3	68.9	71.8	61.6	61.2	57.1	85.9	99.3	93.3	
	b	8.4	9.1	8.8	9.6	10.2	10.4	8.6	8.2	7.3	x	x	x	

a – Absolute figures in Sk bill.
b – Share of GDP in %

Source: Statistical Office of the SR.

Development of GDP by Use (revised data)

										Indices	
		1997	1998	1999	2000	2001	2002	2003	2001/00	2002/01	2003/02
GDP (at constant 1995 prices)	a	640.2	667.1	676.9	690.7	716.8	748.4	779.9	103.8	104.4	104.2
Domestic demand	a	688.9	738.5	692.0	692.7	744.3	776.4	758.6	107.4	104.3	97.7
	b	107.6	110.7	102.2	100.3	103.8	103.7	97.3	x	x	x
Final consumption in total	a	473.6	512.3	513.4	512.4	536.5	564.0	566.7	104.7	105.1	100.5
	b	74.0	76.8	75.8	74.2	74.8	75.4	72.7	x	x	x
Households	a	339.5	359.9	369.7	366.5	384.4	404.8	402.4	104.9	105.3	99.4
	b	53.0	53.9	54.6	53.1	53.6	54.1	51.6	x	x	x
Non-profit institutions serving households	a	2.8	4.7	6.4	6.4	6.2	6.4	7.1	95.7	103.5	111.9
	b	0.4	0.7	0.9	0.9	0.9	0.9	0.9	x	x	x
General government	a	131.3	147.7	137.3	139.5	145.9	152.8	157.1	104.6	104.7	102.9
	b	20.5	22.1	20.3	20.2	20.4	20.4	20.1	x	x	x
Gross capital formation	a	215.3	226.2	178.6	180.4	207.8	212.4	191.9	115.2	102.2	90.3
	b	33.6	33.9	26.4	26.1	29.0	28.4	24.6	x	x	x
Gross fixed capital formation	a	214.0	237.6	191.1	177.3	201.9	200.1	197.8	113.9	99.1	98.8
	b	33.4	35.6	28.2	25.7	28.2	26.7	25.4	x	x	x
Change in inventories	a	1.3	-11.4	-12.5	3.1	5.9	12.3	-5.9	x	x	x
	b	0.2	-1.7	-1.8	0.4	0.8	1.6	-0.8	x	x	x
Net exports	a	-48.8	-71.4	-15.1	-2.0	-27.5	-27.5	20.7	x	x	x
	b	-7.6	-10.7	-2.2	-0.3	-3.8	-3.7	2.7	x	x	x
Exports of goods and services	a	390.8	440.9	463.1	526.4	559.3	590.0	723.4	106.3	105.5	122.6
	b	61.0	66.1	68.4	76.2	78.0	78.8	92.8	x	x	x
Imports of goods and services	a	439.5	512.3	478.1	528.5	586.8	617.5	702.7	111.0	105.2	113.8
	b	68.7	76.8	70.6	76.5	81.9	82.5	90.1	x	x	x
Statistical discrepancy	a	0.0	0.0	0.0	0.0	0.0	-0.6	0.6	x	x	x
	b	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	x	x	x

a - Absolute figures in Sk bill.

b - Share of GDP in %

Source: Statistical Office of the SR.

Development Wages and Employment by Sector

	Average monthly wage						Average number of employed persons			
	2002			2003			2002		2003	
	nominal	real	real	nominal	real	real	natural	index	natural	index
	Sk	index	index	Sk	index	index	persons		persons	
Economy as a whole	13,511	109.3	105.8	14,365	106.3	98.0	2,008,851	100.1	2,024,992	100.8
of which:										
Agriculture, forestry, fishing	10,413	106.8	103.4	10,940	105.1	96.9	141,095	100.7	135,769	96.2
Industry in total	14,354	107.3	103.9	15,400	107.3	98.9	555,379	100.2	558,418	100.5
Mining and quarrying	15,595	107.8	104.4	16,251	104.2	96.0	12,186	88.5	11,060	90.8
Manufacturing	13,837	107.2	103.8	14,873	107.5	99.1	496,404	100.5	502,285	101.2
Electricity generation, and distribution, gas and water supply	19,516	108.5	105.0	21,061	107.9	99.4	46,789	100.6	45,074	96.3
Construction	11,547	104.5	101.2	12,001	103.9	95.8	124,882	101.6	129,823	104.0
Wholesale, retail trade, repairs	14,117	105.4	102.0	14,461	102.4	94.4	315,200	101.2	315,043	99.9
Hotels and restaurants	10,282	108.8	105.3	11,053	107.5	99.1	42,425	97.9	43,551	102.6
Transport, warehousing, post and telecommunications	14,553	106.8	103.4	15,300	105.1	96.9	147,095	98.8	144,970	98.6
Financial intermediation, insurance	27,094	111.0	107.5	29,088	107.4	99.0	37,090	101.8	39,123	105.5
Real estate, leasing, business activities and research	17,102	110.0	106.5	17,940	104.9	96.7	153,259	100.6	158,095	103.2
Public administration, defence, social security	16,509	112.6	109.0	17,508	106.1	97.8	82,834	100.2	87,741	103.9
Education	10,934	115.7	112.0	11 984	109.6	101.0	177,492	99.7	177,004	99.7
Health and social care	12,020	115.8	112.1	12,430	103.4	95.3	139,903	99.9	143,734	102.7
Other community, social and personal services	10,220	115.1	111.4	11,120	108.8	100.3	92,197	96.4	91,721	99.5
Consumer prices – yearly average	x	103.3	x	x	108.5	x	x	x	x	x

Note: Index, same period a year earlier = 100

Source: Statistical Office of the SR.

Balance of Payments of the SR for January to December 2003

used exchange rate of USD = 36.773 Sk	Receipts / Credit (+)		Payments / Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
Goods	803,037.0	21,837.7	826,625.0	22,479.1	-23,588.0	-641.4
Services	120,589.3	3,279.3	111,965.1	3,044.8	8,624.2	234.5
Transportation	51,693.7	1,405.8	32,934.6	895.6	18,759.1	510.1
Travel	31,736.1	863.0	21,041.7	572.2	10,694.4	290.8
Other services	37,159.5	1,010.5	57,988.8	1,576.9	-20,829.3	-566.4
Income	33,368.4	907.4	37,771.8	1,027.2	-4,403.4	-119.7
Compensation of employees	15,649.6	425.6	559.5	15.2	15,090.1	410.4
Income from investment	17,718.8	481.8	37,212.3	1,011.9	-19,493.5	-530.1
Current transfers	19,825.6	539.1	10,656.9	289.8	9,168.7	249.3
CURRENT ACCOUNT	976,820.3	26,563.5	987,018.8	26,840.9	-10,198.5	-277.3
Capital account	7,048.2	191.7	3,380.5	91.9	3,667.7	99.7
Financial account	2,507,214.2	68,303.1	-2,446,340.4	-66,666.6	60,873.8	1,636.5
Direct investment	480,992.3	13,080.0	-459,654.9	-12,499.8	21,337.4	580.2
Abroad (direct investor = resident)	16,205.4	440.7	-16,694.9	-454.0	-489.5	-13.3
Equity capital and reinvested earnings	1,136.4	30.9	-1,503.9	-40.9	-367.5	-10.0
Other capital	15,069.0	409.8	-15,191.0	-413.1	-122.0	-3.3
In the SR (recipient of dir. investment = resident)	464,786.9	12,639.4	-442,960.0	-12,045.8	21,826.9	593.6
Equity capital and reinvested earnings	36,104.9	981.8	-5,155.0	-140.2	30,949.9	841.6
Other capital	428,682.0	11,657.5	-437,805.0	-11,905.6	-9,123.0	-248.1
Portfolio investment	364,040.5	9,899.7	-386,861.5	-10,520.3	-22,821.0	-620.6
Assets	91,741.9	2,494.8	-120,632.5	-3,280.5	-28,890.6	-785.6
Liabilities	272,298.6	7,404.9	-266,229.0	-7,239.8	6,069.6	165.1
Financial derivatives	244,805.4	6,657.2	-244,223.4	-6,641.4	582.0	15.8
Assets	106,101.8	2,885.3	-107,760.2	-2,930.4	-1,658.4	-45.1
Liabilities	138,703.6	3,771.9	-136,463.2	-3,711.0	2,240.4	60.9
Other investment	1,417,376.0	38,666.1	-1,355,600.6	-37,005.2	61,775.4	1,661.0
Long-term	109,756.1	2,987.5	-122,802.5	-3,335.0	-13,046.4	-347.5
Assets	29,615.7	805.4	-22,526.2	-612.6	7,089.5	192.8
Liabilities	80,140.4	2,182.1	-100,276.3	-2,722.4	-20,135.9	-540.3
Short-term	1,307,619.9	35,678.7	-1,232,798.1	-33,670.2	74,821.8	2,008.5
Assets	454,698.0	12,365.0	-465,854.4	-12,668.4	-11,156.4	-303.4
Liabilities	852,921.9	23,313.7	-766,943.7	-21,001.8	85,978.2	2,311.9
CAPITAL AND FINANCIAL ACCOUNT	2,514,262.4	68,494.7	-2,449,720.9	-66,758.5	64,541.5	1,736.2
ERRORS AND OMISSIONS	x	x	x	x	-2,446.4	-79.6
TOTAL BALANCE	-57,777.1	-1,608.0	109,673.7	2,987.3	51,896.6	1,379.3
Monetary gold	0.0	0.0	0.0	0.0	0.0	0.0
Special drawing rights	0.0	0.0	-0.4	0.0	-0.4	0.0
Foreign exchange assets	57,777.1	1,608.0	-109,673.3	-2,987.3	-51,896.2	-1,379.3
Deposits	0.0	0.0	-25,714.0	-701.8	-25,714.0	-701.8
Securities	57,777.1	1,608.0	-83,959.3	-2,285.5	-26,182.2	-677.5
Bonds and bills of exchange	0.0	0.0	-83,959.3	-2,285.5	-83,959.3	-2,285.5
Money market instruments and fin. derivatives	57,777.1	1,608.0	0.0	0.0	57,777.1	1,608.0
RESERVE ASSETS	57,777.1	1,608.0	-109,673.7	-2,987.3	-51,896.6	-1,379.3

Note: Preliminary data.

Balance of Payments Current Account of the SR for January to December 2003

Exchange rate applied: SKK 36.773/USD	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
GOODS	803,037.0	21,837.7	826,625.0	22,479.1	-23,588.0	-641.4
General merchandise	429,752.0	11,686.6	589,548.0	16,032.1	-159,796.0	-4,345.5
Goods for processing	372,340.0	10,125.4	235,513.0	6,404.5	136,827.0	3,720.9
Repairs on goods	781.0	21.2	1,446.0	39.3	-665.0	-18.1
Nonmonetary gold	164.0	4.5	118.0	3.2	46.0	1.3
SERVICES	120,589.3	3,279.3	111,965.1	3,044.8	8,624.2	234.5
Transportation	51,693.7	1,405.8	32,934.6	895.6	18,759.1	510.1
Railway transport	10,203.9	277.5	12,300.4	334.5	-2,096.5	-57.0
passenger	4.7	0.1	25.1	0.7	-20.4	-0.6
freight	10,199.2	277.4	12,275.3	333.8	-2,076.1	-56.5
Other transport	41,489.8	1,128.3	20,634.2	561.1	20,855.6	567.1
passenger	690.1	18.8	3,293.7	89.6	-2,603.6	-70.8
freight	12,555.0	341.4	11,683.9	317.7	871.1	23.7
other	28,244.7	768.1	5,656.6	153.8	22,588.1	614.3
of which: transport of gass and petrol	27,762.0	755.0	0.0	0.0	27,762.0	755.0
Travel	31,736.1	863.0	21,041.7	572.2	10,694.4	290.8
Business	0.0	0.0	1,048.4	28.5	-1,048.4	-28.5
Personal	31,736.1	863.0	19,993.3	543.7	11,742.8	319.3
Other services	37,159.5	1,010.5	57,988.8	1,576.9	-20,829.3	-566.4
Communication services	2,792.7	75.9	2,434.7	66.2	358.0	9.7
Construction services	3,123.5	84.9	2,493.3	67.8	630.2	17.1
Insurance services	654.9	17.8	3,757.0	102.2	-3,102.1	-84.4
Financial services	2,107.4	57.3	5,913.0	160.8	-3,805.6	-103.5
Legal, accounting and advisory services	2,009.8	54.7	5,270.7	143.3	-3,260.9	-88.7
Computer and information services	3,079.8	83.8	4,527.1	123.1	-1,447.3	-39.4
Other business services	1,312.8	35.7	3,450.2	93.8	-2,137.4	-58.1
Services in other activities	22,078.6	600.4	30,142.8	819.7	-8,064.2	-219.3
INCOME	33,368.4	907.4	37,771.8	1,027.2	-4,403.4	-119.7
Compensation of employees	15,649.6	425.6	559.5	15.2	15,090.1	410.4
Investment income	17,718.8	481.8	37,212.3	1,011.9	-19,493.5	-530.1
Direct investment	781.1	21.2	6,466.2	175.8	-5,685.1	-154.6
income on equity	712.1	19.4	6,154.1	167.4	-5,442.0	-148.0
income on debt (interest)	69.0	1.9	312.1	8.5	-243.1	-6.6
Portfolio investment	14,894.2	405.0	19,662.0	534.7	-4,767.8	-129.7
income on equity	45.2	1.2	259.4	7.1	-214.2	-5.8
income on debt (interest)	14,849.0	403.8	19,402.6	527.6	-4,553.6	-123.8
Other investment	2,043.5	55.6	11,084.1	301.4	-9,040.6	-245.8
CURRENT TRANSFERS	19,825.6	539.1	10,656.9	289.8	9,168.7	249.3
Government	65.7	1.8	546.1	14.9	-480.4	-13.1
Other	19,759.9	537.3	10,110.8	275.0	9,649.1	262.4
CURRENT ACCOUNT	976,820.3	26,563.5	987,018.8	26,840.9	-10,198.5	-277.3

Note: Preliminary data

Balance of Payments Capital Account of the SR for January to December 2003

Exchange rate applied: SKK 36.773/USD	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
CAPITAL ACCOUNT	7,048.2	191.7	3,380.5	91.9	3,667.7	99.7
Capital transfers	6,877.6	187.0	2,817.9	76.6	4,059.7	110.4
Purchase/Sale of non-prod. and nonfinan. assets	170.6	4.6	562.6	15.3	-392.0	-10.7

Note: Preliminary data.

Balance of Payments Financial Account of the SR for January to December 2003

Exchange rate applied: SKK 36.773/USD	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
DIRECT INVESTMENT	480,992.3	13,080.0	-459,654.9	-12,499.8	21,337.4	580.2
ABROAD (direct investor = resident)	16,205.4	440.7	-16,694.9	-454.0	-489.5	-13.3
Equity capital	1,136.4	30.9	-1,503.9	-40.9	-367.5	-10.0
Claims on affiliated enterprises	1,136.4	30.9	-1,503.9	-40.9	-367.5	-10.0
Liabilities to affiliated enterprises	0.0	0.0	0.0	0.0	0.0	0.0
Reinvested earnings	0.0	0.0	0.0	0.0	0.0	0.0
Other capital	15,069.0	409.8	-15,191.0	-413.1	-122.0	-3.3
Claims on affiliated enterprises	15,008.0	408.1	-15,132.0	-411.5	-124.0	-3.4
Liabilities to affiliated enterprises	61.0	1.7	-59.0	-1.6	2.0	0.1
IN THE SR (recipient of direct investment = resident)	464,786.9	12,639.4	-442,960.0	-12,045.8	21,826.9	593.6
Equity capital	36,044.9	980.2	-5,155.0	-140.2	30,889.9	840.0
Claims on direct investors	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities to direct investors	36,044.9	980.2	-5,155.0	-140.2	30,889.9	840.0
Reinvested earnings	60.0	1.6	0.0	0.0	60.0	1.6
Other capital	428,682.0	11,657.5	-437,805.0	-11,905.6	-9,123.0	-248.1
Claims on direct investors	232,137.0	6,312.7	-247,288.0	-6,724.7	-15,151.0	-412.0
Liabilities to direct investors	196,545.0	5,344.8	-190,517.0	-5,180.9	6,028.0	163.9
PORTFOLIO INVESTMENT	364,040.5	9,899.7	-386,861.5	-10,520.3	-22,821.0	-620.6
ASSETS	91,741.9	2,494.8	-120,632.5	-3,280.5	-28,890.6	-785.6
Equity securities	2,384.4	64.8	-9,837.8	-267.5	-7,453.4	-202.7
Debt securities	89,357.5	2,430.0	-110,794.7	-3,012.9	-21,437.2	-583.0
Bonds and bills	56,742.5	1,543.0	-76,753.9	-2,087.2	-20,011.4	-544.2
Government + NBS	0.0	0.0	0.0	0.0	0.0	0.0
Banks	54,408.5	1,479.6	-66,322.9	-1,803.6	-11,914.4	-324.0
Other sectors	2,334.0	63.5	-10,431.0	-283.7	-8,097.0	-220.2
Money market instruments	32,615.0	886.9	-34,040.8	-925.7	-1,425.8	-38.8
LIABILITIES	272,298.6	7,404.9	-266,229.0	-7,239.8	6,069.6	165.1
Equity securities	4,645.5	126.3	-2,588.0	-70.4	2,057.5	56.0
Debt securities	267,653.1	7,278.5	-263,641.0	-7,169.4	4,012.1	109.1
Bonds and bills	254,815.0	6,929.4	-250,638.7	-6,815.8	4,176.3	113.6
Government + NBS	249,687.4	6,790.0	-246,413.5	-6,700.9	3,273.9	89.0
Banks	1,119.1	30.4	-888.1	-24.2	231.0	6.3
Other sectors	4,008.5	109.0	-3,337.1	-90.7	671.4	18.3
Money market instruments	12,838.1	349.1	-13,002.3	-353.6	-164.2	-4.5
FINANCIAL DERIVATIVES	244,805.4	6,657.2	-244,223.4	-6,641.4	582.0	15.8
ASSETS	106,101.8	2,885.3	-107,760.2	-2,930.4	-1,658.4	-45.1
LIABILITIES	138,703.6	3,771.9	-136,463.2	-3,711.0	2,240.4	60.9
OTHER INVESTMENT	1,417,376.0	38,666.1	-1,355,600.6	-37,005.1	61,775.4	1,661.0
ASSETS	484,313.7	13,170.4	-488,380.6	-13,280.9	-4,066.9	-110.5
Trade credits	440,358.0	11,975.0	-448,322.0	-12,191.6	-7,964.0	-216.6
long-term	153.0	4.2	-138.0	-3.8	15.0	0.4
short-term	440,205.0	11,970.9	-448,184.0	-12,187.9	-7,979.0	-217.0
Loans – financial credits	10,812.6	294.1	-17,238.7	-468.7	-6,426.1	-174.7
Government + NBS	2,330.9	63.4	-163.4	-4.4	2,167.5	59.0
Banks	7,458.7	202.8	-14,053.3	-382.2	-6,594.6	-179.3
long-term	7,458.7	202.8	-9,757.4	-265.3	-2,298.7	-62.5
short-term	0.0	0.0	-4,295.9	-116.8	-4,295.9	-116.8
Other sectors	1,023.0	27.8	-3,022.0	-82.2	-1,999.0	-54.4
long-term	193.0	5.2	-1,616.0	-43.9	-1,423.0	-38.7
short-term	830.0	22.6	-1,406.0	-38.2	-576.0	-15.7
Cash and deposits	24,683.0	671.2	-19,486.4	-529.9	5,196.6	141.3
of which: short-term	13,663.0	371.5	-8,635.0	-234.8	5,028.0	136.7
Other assets	8,460.1	230.1	-3,333.5	-90.7	5,126.6	139.4
of which: short-term	0.0	0.0	-3,333.5	-90.7	-3,333.5	-90.7

Continued on next page.

Balance of Payments Financial Account of the SR for January to December 2003 – continued

Exchange rate applied: SKK 36.773/USD	Receipts / Credit (+)		Payments/ Debit (-)		Balance	
	Sk millions	US\$ millions	Sk millions	US\$ millions	Sk millions	US\$ millions
LIABILITIES	933,062.3	25,495.8	-867,220.0	-23,724.2	65,842.3	1,771.5
Trade credits	514,495.0	13,991.1	-511,642.0	-13,913.5	2,853.0	77.6
long-term	1,341.0	36.5	-2,421.0	-65.8	-1,080.0	-29.4
short-term	513,154.0	13,954.6	-509,221.0	-13,847.7	3,933.0	107.0
Loans – financial credits	332,040.6	9,151.7	-310,569.7	-8,586.7	21,470.9	564.9
Government + NBS	268,399.4	7,421.0	-248,734.3	-6,905.2	19,665.1	515.8
long-term	3,712.4	103.7	-14,911.6	-401.0	-11,199.2	-297.3
short-term	264,687.0	7,317.3	-233,822.7	-6,504.2	30,864.3	813.1
Banks	14,742.2	400.9	-3,014.4	-82.0	11,727.8	318.9
long-term	3,692.6	100.4	-3,014.4	-82.0	678.2	18.4
short-term	11,049.6	300.5	0.0	0.0	11,049.6	300.5
Other sectors	48,899.0	1,329.8	-58,821.0	-1,599.6	-9,922.0	-269.8
long-term	23,750.0	645.9	-34,921.0	-949.6	-11,171.0	-303.8
short-term	25,149.0	683.9	-23,900.0	-649.9	1,249.0	34.0
Cash and deposits	31,829.2	865.6	-17,921.2	-487.3	13,908.0	378.2
of which: short-term	8,894.8	241.9	0.0	0.0	8,894.8	241.9
Other liabilities	54,697.5	1,487.4	-27,087.1	-736.6	27,610.4	750.8
of which: short-term	29,987.5	815.5	0.0	0.0	29,987.5	815.5
FINANCIAL ACCOUNT	2,507,214.2	68,303.0	-2,446,340.4	-66,666.6	60,873.8	1,636.5

Note: Preliminary data

REER of the Slovak koruna (calculations based on January-September 1990 average = 100)

	Calculation for 11 trading partners including Poland and Hungary				Calculation for 15 trading partners including Ukraine, Japan, China and Turkey				Calculation for 16 trading partners including Russia					
	on the basis of CPI		on the basis of PPI		on the basis of CPI		on the basis of PPI		on the basis of CPI		on the basis of PPI		on the basis of PPI manuf.	
	Index	Year-on-year change (%)	Index	Year-on-year change (%)	Index	Year-on-year change (%)	Index	Year-on-year change (%)	Index	Year-on-year change (%)	Index	Year-on-year change (%)	Index	Year-on-year change (%)
1999 January	98.3	-	100.7	-	98.4	-	100.8	-	102.8	-	105.2	-	104.7	-
December	106.9	-	104.5	-	106.8	-	104.5	-	103.1	-	101.0	-	101.8	-
2000 December	107.6	0.7	104.0	-0.5	107.0	0.2	103.6	-0.9	102.1	-1.0	99.1	-1.9	100.5	-1.3
2001 December	110.5	2.7	106.0	2.0	110.2	3.0	105.9	2.2	107.6	5.4	103.4	4.4	101.6	1.1
2002 December	115.3	4.3	110.3	4.0	115.5	4.8	110.5	4.4	110.3	2.5	105.4	2.0	103.4	1.8
2003 January	122.1	8.6	118.1	9.1	122.5	9.3	118.5	9.6	116.5	7.0	112.6	7.4	104.4	2.7
February	122.5	8.3	120.9	9.6	122.9	9.0	121.3	10.2	116.5	6.5	114.9	7.7	104.7	2.6
March	123.4	9.0	121.2	10.2	123.7	9.6	121.6	10.7	118.0	9.1	115.9	10.2	106.4	5.1
April	126.0	11.0	123.9	12.2	126.3	11.6	124.3	12.7	122.2	13.3	120.1	14.3	110.0	8.4
May	125.8	13.9	123.4	15.0	126.4	14.6	124.0	15.6	122.6	16.1	120.1	17.1	110.2	11.1
June	126.2	18.0	124.4	18.5	126.8	18.5	124.9	19.0	122.4	18.8	120.4	19.3	110.3	12.7
July	125.0	17.6	122.8	17.8	125.5	17.9	123.2	18.0	120.4	17.7	118.1	17.7	109.6	11.1
August	126.1	16.2	124.3	15.4	126.5	16.5	124.6	15.6	120.9	16.2	118.9	15.3	107.9	8.7
September	127.3	14.8	123.1	13.9	127.7	15.0	123.4	14.0	122.9	16.0	118.6	15.0	109.3	8.4
October	128.4	12.4	121.5	11.2	128.9	12.7	121.9	11.4	123.7	13.2	117.0	11.9	109.4	5.4
November	128.7	11.7	122.5	10.8	129.2	12.0	122.9	11.0	124.1	11.3	118.0	10.4	109.2	4.1
December	129.5	12.3	123.3	11.7	130.1	12.7	123.8	12.0	125.2	13.5	118.9	12.8	110.2	6.6

Note:

- (minus) means strengthening of the Sk and appreciation of REER indices.

+ (plus) means weakening of the Sk and depreciation of REER.

NEER of the Slovak koruna (calculations based on January-September 1990 average = 100)

	Sk exchange rate (monthly average)				Calculation for 11 trading partners including Poland and Hungary		Calc. for 15 trading partners including Ukraine, Japan, China and Turkey		Calc. for 16 trading partners including Russia	
	Sk for 1 USD		Sk for 1 EUR		Index	Year-on-year change in %	Index	Year-on-year change in %	Index	Year-on-year change in %
	Exchange rate	Year-on-year change in %	Exchange rate	Year-on-year change in %						
1999 January	36.830	4.8	42.796	11.8	102.5	-	102.5	-	103.2	-
December	42.059	16.2	42.557	0.0	102.8	-	102.9	-	102.5	-
2000 December	48.639	15.6	43.501	2.2	98.7	-3.9	98.7	-4.1	97.5	-4.9
2001 December	48.233	-0.8	43.108	-0.9	97.8	-1.0	98.1	-0.6	97.0	-0.5
2002 December	41.137	-14.7	41.776	-3.1	100.2	2.5	101.1	3.0	100.9	4.0
2003 January	39.252	-18.3	41.652	-2.0	101.2	2.6	102.2	3.2	102.4	4.5
February	38.953	-19.8	41.979	-0.7	101.0	2.0	102.0	2.8	102.2	4.3
March	38.663	-19.3	41.776	-0.4	101.8	2.3	102.8	3.0	103.0	4.5
April	37.885	-19.6	41.055	-1.5	103.4	4.3	104.5	5.0	104.7	6.4
May	35.586	-24.1	41.092	-4.4	103.4	7.0	104.6	7.8	105.4	9.4
June	35.491	-23.7	41.502	-6.4	103.2	10.3	104.5	10.9	105.3	12.3
July	36.729	-18.0	41.788	-6.1	102.6	9.5	103.8	9.9	104.3	10.7
August	37.490	-16.7	41.932	-4.6	102.7	7.8	103.8	8.2	104.1	9.0
September	37.116	-15.3	41.516	-3.5	103.1	6.3	104.1	6.6	104.6	7.4
October	35.273	-17.2	41.288	-1.3	104.1	4.0	105.3	4.4	106.0	5.6
November	35.234	-15.0	41.134	-0.9	104.2	3.4	105.4	3.8	106.2	4.8
December	33.604	-18.3	41.130	-1.5	104.6	4.4	106.0	4.9	107.1	6.1

Note:

- (minus) means strengthening of the Sk and appreciation of NEER indices.

+ (plus) means weakening of the Sk and depreciation of NEER.

Average Monetary Base of the NBS (Sk billions)

	2003											
	1	2	3	4	5	6	7	8	9	10	11	12
SOURCES OF THE MONETARY BASE	115.52	116.08	118.71	118.16	118.11	118.39	118.67	119.92	121.67	122.05	123.40	126.56
Autonomous factors	268.20	273.70	285.68	285.82	277.86	280.92	281.50	289.32	289.39	287.40	281.70	287.80
Net foreign assets	355.86	365.94	363.39	354.61	360.05	358.86	363.34	368.74	364.87	355.05	360.82	365.36
Reserves	373.30	396.75	393.45	369.40	370.25	370.77	384.78	389.32	395.85	388.81	405.80	396.43
Foreign liabilities	17.44	30.81	30.06	14.79	10.21	11.91	21.43	20.57	30.99	33.76	44.98	31.07
Net credit to Government	-28.78	-28.84	-17.62	-15.16	-33.55	-26.15	-23.60	-19.95	-19.76	-19.14	-30.48	-34.96
Other assets net	-58.89	-63.40	-60.09	-53.63	-48.64	-51.79	-58.24	-59.47	-55.72	-48.50	-48.64	-42.60
Monetary policy factors ^{1/}	-152.67	-157.62	-166.97	-167.67	-159.75	-162.53	-162.83	-169.40	-167.72	-165.35	-158.31	-161.24
Credit to banks (excl. redistribution loans)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bills of exchange	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Holdings of securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.00	0.00
Treasury bills	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other government securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.00	0.00
NBS treasury bills	194.48	272.75	201.40	272.42	202.20	247.70	234.41	225.36	264.92	194.50	251.70	188.26
of which: in NBS portfolio	48.44	118.85	38.27	105.53	47.86	90.37	75.35	57.46	101.69	31.06	95.94	35.44
Overnight deposits with NBS	6.63	3.72	3.84	0.78	5.42	5.21	3.77	1.50	4.49	2.16	2.54	8.42
USE OF MONETARY BASE ^{2/}	115.52	116.08	118.71	118.16	118.11	118.39	118.67	119.92	121.67	122.05	123.40	126.56
Currency in circulation	94.21	94.48	97.27	96.79	96.67	97.15	97.33	98.46	99.57	100.14	101.37	104.56
Reserves of banks	21.32	21.60	21.44	21.37	21.43	21.24	21.34	21.47	22.10	21.91	22.03	22.00
Required reserves	21.28	21.44	21.41	21.32	21.40	21.20	21.31	21.40	22.06	21.86	21.93	21.95
Excess reserves	0.04	0.16	0.03	0.05	0.03	0.04	0.02	0.07	0.03	0.05	0.10	0.06

^{1/} Including NBS bills in the portfolios of commercial banks and overnight deposits by banks with the NBS.

^{2/} Use of monetary base = Reserve money = Currency in circulation + Reserves of banks.

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

	2003												
	1. 1.	31. 1.	28. 2.	31. 3.	30. 4.	31. 5.	30. 6.	31. 7.	31. 8.	30. 9.	31. 10.	30. 11.	31. 12.
Fixed exchange rate SKK/USD	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899	28.899
Fixed exchange rate SKK/EUR	34.912	34.912	34.912	34.912	34.912	34.912	34.912	34.912	34.912	34.912	34.912	34.912	34.912
ASSETS													
Net foreign assets	176.8	163.4	172.4	181.1	165.8	160.3	159.7	127.7	159.7	144.9	168.8	163.4	151.2
Foreign assets	339.1	365.9	370.9	357.9	345.3	346.5	354.1	372.2	360.6	345.6	391.4	379.0	388.9
Foreign liabilities	162.3	202.5	198.5	176.8	179.5	186.2	194.4	244.5	200.9	200.7	222.6	215.6	237.7
Net domestic assets	509.6	517.4	520.0	508.3	524.6	538.0	522.6	573.8	549.1	560.1	542.4	555.8	578.8
Domestic credits	573.9	568.6	580.1	584.4	591.6	602.7	602.5	609.6	620.3	628.5	634.3	641.9	669.1
Net credit to general government	242.7	236.2	244.0	246.4	252.0	261.7	258.4	259.8	266.9	270.8	272.2	272.6	291.1
- Net credit to government (excluding NPF)	246.3	245.6	255.0	257.5	263.0	271.9	265.5	267.4	274.3	276.9	278.7	279.9	294.2
- Net credit to NPF	-3.6	-9.4	-11.0	-11.1	-11.0	-10.2	-7.1	-7.6	-7.4	-6.1	-6.5	-7.3	-3.1
Credit to households and enterprises	331.2	332.4	336.1	338.0	339.6	341.0	344.1	349.8	353.4	357.7	362.1	369.3	378.0
Credit in Slovak koruna	288.1	289.1	290.7	291.5	292.0	292.0	295.4	299.0	301.2	303.6	306.3	311.9	318.9
- Credit to enterprises	226.6	226.7	227.5	227.5	226.7	224.8	226.8	227.7	227.6	227.5	227.0	230.1	233.8
- Credit to households	61.5	62.4	63.2	64.0	65.3	67.2	68.6	71.3	73.6	76.1	79.3	81.8	85.1
Credit in foreign currency	43.1	43.3	45.4	46.5	47.6	49.0	48.7	50.8	52.2	54.1	55.8	57.4	59.1
LIABILITIES													
Liquid liabilities [M2]	686.4	680.8	692.4	689.4	690.4	698.3	682.3	701.5	708.8	705.0	711.2	719.2	730.0
Money [M1]	247.4	234.9	244.1	240.9	242.4	244.8	248.7	251.9	256.2	256.9	258.7	264.4	276.9
Currency outside banks [M0]	84.2	84.1	87.2	86.8	86.3	87.0	86.6	87.7	90.8	89.1	90.2	91.7	91.8
Demand deposits	163.2	150.8	156.9	154.1	156.1	157.8	162.1	164.2	165.4	167.8	168.5	172.7	185.1
- Households	73.9	76.4	78.7	77.3	78.3	79.4	80.2	81.7	82.6	82.2	81.7	82.6	82.8
- Enterprises	86.0	71.6	76.0	74.1	75.0	76.2	79.2	80.2	80.5	83.2	84.3	87.4	98.9
- Insurance companies	3.3	2.8	2.2	2.7	2.8	2.2	2.7	2.3	2.3	2.4	2.5	2.7	3.4
Quasi-money [QM]	439.0	445.9	448.3	448.5	448.0	453.5	433.6	449.6	452.6	448.1	452.5	454.8	453.1
Time deposits	354.3	363.7	368.1	368.4	366.4	375.1	357.8	369.7	372.7	368.5	371.8	372.5	373.6
- Households	251.2	251.7	252.2	249.4	247.6	246.5	245.2	244.2	244.3	242.0	240.7	238.7	240.4
- Enterprises	86.3	92.4	97.2	102.0	102.3	112.6	97.9	110.4	113.6	113.7	117.5	120.2	116.9
- Insurance companies	16.8	19.6	18.7	17.0	16.5	16.0	14.7	15.1	14.8	12.8	13.6	13.6	16.3
Foreign-currency deposits	84.7	82.2	80.2	80.1	81.6	78.4	75.8	79.9	79.9	79.6	80.7	82.3	79.5
- Households	55.6	55.0	53.2	51.7	51.8	50.0	48.4	47.7	47.7	48.1	48.3	47.7	46.8
- Enterprises	29.1	27.2	27.0	28.4	29.8	28.4	27.4	32.2	32.2	31.5	32.4	34.6	32.7
Other items net	64.3	51.2	60.1	76.1	67.0	64.7	79.9	35.8	71.2	68.4	91.9	86.1	90.3

Memorandum Items

Net foreign assets of banking sector (excluding foreign liabilities of government)	285.2	298.7	281.5	285.8	282.0	271.9	270.5	285.4	266.7	262.0	275.1	281.2	270.4
- of which: foreign assets	339.1	365.9	370.9	357.9	345.3	346.5	354.1	372.2	360.6	345.6	391.4	379.0	388.9
foreign liabilities	53.9	67.2	89.4	72.1	63.3	74.6	83.6	86.8	93.9	83.6	116.3	97.8	118.5
Net credit to central government	331.1	332.6	343.9	349.1	357.4	365.9	362.5	365.4	369.1	373.6	377.2	377.9	390.2
Net credit to general government (excluding foreign liabilities of government)	155.3	149.3	157.5	160.8	166.6	185.3	182.0	183.3	191.1	196.0	197.2	186.6	205.2
of which: liabilities of government and NPF	345.6	327.0	344.6	341.7	370.0	396.3	386.3	361.5	361.0	374.7	383.2	384.6	399.1
claims of government and NPF	190.3	177.7	187.1	180.9	203.4	211.0	204.3	178.2	169.9	178.7	186.0	198.0	193.9
Foreign liabilities of government	87.4	86.9	86.5	85.6	85.4	76.4	76.4	76.5	75.8	74.8	75.0	86.0	85.9
Deposits of higher territorial units, deposits of government in foreign currency (EU funds) and non-budgetary deposits of government agencies in NBS	-	17.2	17.2	16.5	15.4	15.0	15.7	16.1	15.2	15.2	16.6	15.0	19.7
Money market funds' shares/units	-	-	-	-	-	-	-	-	-	-	-	-	-

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

	2003												
	1. 1.	31. 1.	28. 2.	31. 3.	30. 4.	31. 5.	30. 6.	31. 7.	31. 8.	30. 9.	31. 10.	30. 11.	31. 12.
Fixed exchange rate SKK/USD	40.036	40.036	40.036	40.036	40.036	40.036	40.036	40.036	40.036	40.036	40.036	40.036	40.036
Fixed exchange rate SKK/EUR	41.722	41.722	41.722	41.722	41.722	41.722	41.722	41.722	41.722	41.722	41.722	41.722	41.722
ASSETS													
Net foreign assets	227.1	218.1	228.4	237.1	221.7	220.1	221.4	190.3	222.2	207.2	231.2	226.2	216.3
Foreign assets	414.6	445.8	454.8	438.5	423.7	426.0	438.7	458.6	445.8	427.4	479.0	464.4	479.7
Foreign liabilities	187.5	227.7	226.4	201.4	202.0	205.9	217.3	268.3	223.6	220.2	247.8	238.2	263.4
Net domestic assets	481.3	484.1	484.8	473.2	490.0	498.6	480.6	532.0	507.4	518.5	501.0	514.3	534.4
Domestic credits	604.9	599.5	611.6	615.7	623.2	631.3	631.0	638.6	649.4	657.9	664.1	674.2	701.9
Net credit to general government	263.0	256.4	264.1	266.1	271.8	278.0	274.8	276.1	283.0	286.7	288.1	290.6	309.1
- Net credit to government (excluding NPF)	266.6	265.8	275.1	277.2	282.8	288.2	281.9	283.7	290.4	292.8	294.6	297.9	312.2
- Net credit to NPF	-3.6	-9.4	-11.0	-11.1	-11.0	-10.2	-7.1	-7.6	-7.4	-6.1	-6.5	-7.3	-3.1
Credit to households and enterprises	341.9	343.1	347.5	349.6	351.4	353.3	356.2	362.5	366.4	371.2	376.0	383.6	392.8
Credit in Slovak koruna	288.1	289.1	290.7	291.5	292.0	292.0	295.4	299.0	301.2	303.6	306.3	311.9	318.9
- Credit to enterprises	226.6	226.7	227.5	227.5	226.7	224.8	226.8	227.7	227.6	227.5	227.0	230.1	233.8
- Credit to households	61.5	62.4	63.2	64.0	65.3	67.2	68.6	71.3	73.6	76.1	79.3	81.8	85.1
Credit in foreign currency	53.8	54.0	56.8	58.1	59.4	61.3	60.8	63.5	65.2	67.6	69.7	71.7	73.9
LIABILITIES													
Liquid liabilities [M2]	708.4	702.2	713.2	710.3	711.7	718.7	702.0	722.3	729.6	725.7	732.2	740.5	750.7
Money [M1]	247.4	234.9	244.1	240.9	242.4	244.8	248.7	251.9	256.2	256.9	258.7	264.4	276.9
Currency outside banks [M0]	84.2	84.1	87.2	86.8	86.3	87.0	86.6	87.7	90.8	89.1	90.2	91.7	91.8
Demand deposits	163.2	150.8	156.9	154.1	156.1	157.8	162.1	164.2	165.4	167.8	168.5	172.7	185.1
- Households	73.9	76.4	78.7	77.3	78.3	79.4	80.2	81.7	82.6	82.2	81.7	82.6	82.8
- Enterprises	86.0	71.6	76.0	74.1	75.0	76.2	79.2	80.2	80.5	83.2	84.3	87.4	98.9
- Insurance companies	3.3	2.8	2.2	2.7	2.8	2.2	2.7	2.3	2.3	2.4	2.5	2.7	3.4
Quasi-money [QM]	461.0	467.3	469.1	469.4	469.3	473.9	453.3	470.4	473.4	468.8	473.5	476.1	473.8
Time deposits	354.3	363.7	368.1	368.4	366.4	375.1	357.8	369.7	372.7	368.5	371.8	372.5	373.6
- Households	251.2	251.7	252.2	249.4	247.6	246.5	245.2	244.2	244.3	242.0	240.7	238.7	240.4
- Enterprises	86.3	92.4	97.2	102.0	102.3	112.6	97.9	110.4	113.6	113.7	117.5	120.2	116.9
- Insurance companies	16.8	19.6	18.7	17.0	16.5	16.0	14.7	15.1	14.8	12.8	13.6	13.6	16.3
Foreign-currency deposits	106.7	103.6	101.0	101.0	102.9	98.8	95.5	100.7	100.7	100.3	101.7	103.6	100.2
- Households	70.0	69.3	67.0	65.2	65.3	63.1	60.9	60.1	60.1	60.6	60.9	60.1	58.9
- Enterprises	36.7	34.3	34.0	35.8	37.6	35.7	34.6	40.6	40.6	39.7	40.8	43.5	41.3
Other items net	123.6	115.4	126.8	142.5	133.2	132.7	150.4	106.6	142.0	139.4	163.1	159.9	167.5

Memorandum Items

Net foreign assets of banking sector (excluding foreign liabilities of government)	355.7	373.6	357.5	361.6	357.7	348.1	348.5	364.4	345.3	340.2	353.4	362.0	353.6
- of which: foreign assets	414.6	445.8	454.8	438.5	423.7	426.0	438.7	458.6	445.8	427.4	479.0	464.4	479.7
foreign liabilities	58.9	72.2	97.3	76.9	66.0	77.9	90.2	94.2	100.5	87.2	125.6	102.4	126.1
Net credit to central government	351.4	352.7	364.0	368.9	377.1	382.2	378.8	381.7	385.3	389.4	393.1	396.0	408.2
Net credit to general government (excluding foreign liabilities of government)	155.3	149.3	157.5	160.8	166.6	185.3	182.0	183.3	191.1	196.0	197.2	186.6	205.2
of which: liabilities of government and NPF	345.6	327.0	344.6	341.7	370.0	396.3	386.3	361.5	361.0	374.7	383.2	384.6	399.1
claims of government and NPF	190.3	177.7	187.1	180.9	203.4	211.0	204.3	178.2	169.9	178.7	186.0	198.0	193.9
Foreign liabilities of government	107.7	107.1	106.6	105.3	105.2	92.7	92.8	92.8	91.9	90.7	90.9	104.0	103.9
Deposits of higher territorial units, deposits of government in foreign currency (EU funds) and non-budgetary deposits of government agencies in NBS	-	17.5	17.6	16.8	15.7	15.4	16.1	16.5	15.6	15.6	17.1	15.4	20.1
Money market funds' shares/units	-	-	-	-	-	-	-	-	-	-	-	-	-

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

	2003												
	1. 1.	31. 1.	28. 2.	31. 3.	30. 4.	31. 5.	30. 6.	31. 7.	31. 8.	30. 9.	31. 10.	30. 11.	31. 12.
Current exchange rate SKK/USD	40.036	38.856	38.770	38.627	37.317	35.212	36.509	36.571	38.550	36.055	35.368	34.383	32.920
Current exchange rate SKK/EUR	41.772	41.745	41.850	41.426	40.965	41.246	41.737	41.845	41.996	41.173	41.359	40.969	41.161
ASSETS													
Net foreign assets	227.1	216.3	225.4	231.8	211.0	204.5	209.6	179.4	219.3	193.2	215.4	205.4	189.5
Foreign assets	414.6	442.9	451.1	431.2	409.4	407.2	424.1	445.5	442.3	410.4	459.9	440.3	447.9
Foreign liabilities	187.5	226.6	225.7	199.4	198.4	202.7	214.5	266.1	223.0	217.2	244.5	234.9	258.4
Net domestic assets	481.4	484.8	486.8	476.7	496.8	508.8	489.1	539.6	509.2	527.7	511.5	528.1	553.1
Domestic credits	605.0	598.4	610.7	613.5	618.2	626.2	628.3	636.3	649.1	653.2	659.4	667.6	694.0
Net credit to general government	263.0	255.8	263.7	264.8	268.8	275.9	273.9	275.5	283.2	284.8	286.5	288.3	306.5
- Net credit to government (excluding NPF)	266.6	265.2	274.7	275.9	279.8	286.1	281.0	283.1	290.6	290.9	293.0	295.6	309.6
- Net credit to NPF	-3.6	-9.4	-11.0	-11.1	-11.0	-10.2	-7.1	-7.6	-7.4	-6.1	-6.5	-7.3	-3.1
Credit to households and enterprises	342.0	342.6	347.0	348.7	349.4	350.3	354.4	360.8	365.9	368.4	372.9	379.3	387.5
Credit in Slovak koruna	288.1	289.1	290.7	291.5	292.0	292.0	295.4	299.0	301.2	303.6	306.3	311.9	318.9
- Credit to enterprises	226.6	226.7	227.5	227.5	226.7	224.8	226.8	227.7	227.6	227.5	227.0	230.1	233.8
- Credit to households	61.5	62.4	63.2	64.0	65.3	67.2	68.6	71.3	73.6	76.1	79.3	81.8	85.1
Credit in foreign currency	53.9	53.5	56.3	57.2	57.4	58.3	59.0	61.8	64.7	64.8	66.6	67.4	68.6
LIABILITIES													
Liquid liabilities [M2]	708.5	701.1	712.2	708.5	707.8	713.3	698.7	719.0	728.5	720.9	726.9	733.5	742.6
Money [M1]	247.4	234.9	244.1	240.9	242.4	244.8	248.7	251.9	256.2	256.9	258.7	264.4	276.9
Currency outside banks [M0]	84.2	84.1	87.2	86.8	86.3	87.0	86.6	87.7	90.8	89.1	90.2	91.7	91.8
Demand deposits	163.2	150.8	156.9	154.1	156.1	157.8	162.1	164.2	165.4	167.8	168.5	172.7	185.1
- Households	73.9	76.4	78.7	77.3	78.3	79.4	80.2	81.7	82.6	82.2	81.7	82.6	82.8
- Enterprises	86.0	71.6	76.0	74.1	75.0	76.2	79.2	80.2	80.5	83.2	84.3	87.4	98.9
- Insurance companies	3.3	2.8	2.2	2.7	2.8	2.2	2.7	2.3	2.3	2.4	2.5	2.7	3.4
Quasi-money [QM]	461.1	466.2	468.1	467.6	465.4	468.5	450.0	467.1	472.3	464.0	468.2	469.1	465.7
Time deposits	354.3	363.7	368.1	368.4	366.4	375.1	357.8	369.7	372.7	368.5	371.8	372.5	373.6
- Households	251.2	251.7	252.2	249.4	247.6	246.5	245.2	244.2	244.3	242.0	240.7	238.7	240.4
- Enterprises	86.3	92.4	97.2	102.0	102.3	112.6	97.9	110.4	113.6	113.7	117.5	120.2	116.9
- poisťovne	16.8	19.6	18.7	17.0	16.5	16.0	14.7	15.1	14.8	12.8	13.6	13.6	16.3
Foreign-currency deposits	106.8	102.5	100.0	99.2	99.0	93.4	92.2	97.4	99.6	95.5	96.4	96.6	92.1
- Households	70.1	68.5	66.3	64.0	62.8	59.6	58.8	58.1	59.5	57.7	57.7	56.0	54.2
- Enterprises	36.7	34.0	33.7	35.2	36.2	33.8	33.4	39.3	40.1	37.8	38.7	40.6	37.9
Other items net	123.6	113.6	123.9	136.8	121.4	117.4	139.2	96.7	139.9	125.5	147.9	139.5	140.9

Memorandum Items

Net foreign assets of banking sector (excluding foreign liabilities of government)	355.7	371.1	354.1	354.9	344.1	330.4	335.9	352.8	342.7	324.3	336.0	338.9	324.2
- of which: foreign assets	414.6	442.9	451.1	431.2	409.4	407.2	424.1	445.5	442.3	410.4	459.9	440.3	447.9
foreign liabilities	58.9	71.8	97.0	76.3	65.3	76.8	88.2	92.7	99.6	86.1	123.9	101.4	123.7
Net credit to central government	351.4	352.1	363.5	367.5	374.1	380.1	378.0	381.1	385.5	387.6	391.6	393.7	405.5
Net credit to general government (excluding foreign liabilities of government)	155.3	149.3	157.5	160.8	166.6	185.3	182.0	183.3	191.1	196.0	197.2	186.6	205.2
of which: liabilities of government and NPF	345.6	327.0	344.6	341.7	370.0	396.3	386.3	361.5	361.0	374.7	383.2	384.6	399.1
claims of government and NPF	190.3	177.7	187.1	180.9	203.4	211.0	204.3	178.2	169.9	178.7	186.0	198.0	193.9
Foreign liabilities of government	107.7	106.5	106.2	104.0	102.2	90.6	91.9	92.2	92.1	88.8	89.3	101.7	101.3
Deposits of higher territorial units, deposits of government in foreign currency (EU funds) and non-budgetary deposits of government agencies in NBS	-	17.5	17.6	16.8	15.7	15.4	16.1	16.5	15.6	15.6	17.0	15.3	20.1
Money market funds' shares/units	-	-	-	-	-	-	-	-	-	-	-	-	-

Money Supply M2 (at fixed exchange rates as of 1 January 1993) (Sk billions)

	1. 1.	31. 3.	2003 30. 6.	30. 9.	31. 12.	Change since beginning of year Sk billions %	Change during the 1st quarter Sk billions %	Change during the 2nd quarter Sk billions %	Change during the 3rd quarter Sk billions %	Change during the 4th quarter Sk billions %
Money Supply [M2]	686.4	689.4	682.3	705.0	730.0	43.6 6.4	3.0 0.4	-7.1 -1.0	22.7 3.3	25.0 3.5
Money [M1]	247.4	240.9	248.7	256.9	276.9	29.5 11.9	-6.5 -2.6	7.8 3.2	8.2 3.3	20.0 7.8
Currency outside banks [M0]	84.2	86.8	86.6	89.1	91.8	7.6 9.0	2.6 3.1	-0.2 -0.2	2.5 2.9	2.7 3.0
Demand deposits	163.2	154.1	162.1	167.8	185.1	21.9 13.4	-9.1 -5.6	8.0 5.2	5.7 3.5	17.3 10.3
- Households	73.9	77.3	80.2	82.2	82.8	8.9 12.0	3.4 4.6	2.9 3.8	2.0 2.5	0.6 0.7
- Enterprises	86.0	74.1	79.2	83.2	98.9	12.9 15.0	-11.9 -13.8	5.1 6.9	4.0 5.1	15.7 18.9
- Insurance companies	3.3	2.7	2.7	2.4	3.4	0.1 3.0	-0.6 -18.2	0.0 0.0	-0.3 -11.1	1.0 41.7
Quasi-money [QM]	439.0	448.5	433.6	448.1	453.1	14.1 3.2	9.5 2.2	-14.9 -3.3	14.5 3.3	5.0 1.1
Time deposits	354.3	368.4	357.8	368.5	373.6	19.3 5.4	14.1 4.0	-10.6 -2.9	10.7 3.0	5.1 1.4
- Households	251.2	249.4	245.2	242.0	240.4	-10.8 -4.3	-1.8 -0.7	-4.2 -1.7	-3.2 -1.3	-1.6 -0.7
- Enterprises	86.3	102.0	97.9	113.7	116.9	30.6 35.5	15.7 18.2	-4.1 -4.0	15.8 16.1	3.2 2.8
- Insurance companies	16.8	17.0	14.7	12.8	16.3	-0.5 -3.0	0.2 1.2	-2.3 -13.5	-1.9 -12.9	3.5 27.3
Foreign-currency deposits	84.7	80.1	75.8	79.6	79.5	-5.2 -6.1	-4.6 -5.4	-4.3 -5.4	3.8 5.0	-0.1 -0.1
- Households	55.6	51.7	48.4	48.1	46.8	-8.8 -15.8	-3.9 -7.0	-3.3 -6.4	-0.3 -0.6	-1.3 -2.7
- Enterprises	29.1	28.4	27.4	31.5	32.7	3.6 12.4	-0.7 -2.4	-1.0 -3.5	4.1 15.0	1.2 3.8
Slovak-koruna deposits	517.5	522.5	519.9	536.3	558.7	41.2 8.0	5.0 1.0	-2.6 -0.5	16.4 3.2	22.4 4.2
- Households	325.1	326.7	325.4	324.2	323.2	-1.9 -0.6	1.6 0.5	-1.3 -0.4	-1.2 -0.4	-1.0 -0.3
- Enterprises	172.3	176.1	177.1	196.9	215.8	43.5 25.2	3.8 2.2	1.0 0.6	19.8 11.2	18.9 9.6
- Insurance companies	20.1	19.7	17.4	15.2	19.7	-0.4 -2.0	-0.4 -2.0	-2.3 -11.7	-2.2 -12.6	4.5 29.6

Total Volume of Loans (Sk billions)

	2002					2003									
	12	1. 1.	1	2	3	4	5	6	7	8	9	10	11	12	
1. TOTAL VOLUME OF LOANS (Sk + foreign currency)	351.5	352.4	352.7	356.3	356.5	356.1	357.1	361.8	368.2	376.5	378.4	384.4	391.2	402.1	
A. Slovak-koruna loans	291.5	292.9	293.8	295.0	294.5	294.6	294.2	297.3	300.8	303.2	305.2	308.0	313.7	320.4	
- Non-financial organisations	185.4	185.8	185.0	186.8	186.1	184.1	181.9	182.7	182.0	183.2	182.0	180.1	182.9	184.9	
- Banking sector	16.9	17.1	18.1	18.1	18.2	19.3	19.6	20.3	21.0	20.4	21.2	22.3	22.0	23.3	
- Insurance sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Extrabudgetary needs of central and local authorities	19.7	19.7	19.6	19.2	17.9	17.5	17.2	16.8	16.8	16.9	16.5	16.7	16.6	16.4	
- Non-profit organisations	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	
- Small businesses	6.5	6.5	7.1	6.1	6.0	6.0	6.1	6.6	6.9	6.7	6.9	7.3	7.3	8.0	
- Households	61.3	61.5	62.4	63.2	64.0	65.3	67.2	68.6	71.3	73.6	76.1	79.3	81.8	85.1	
- Foreigners (non-residents)	1.3	1.3	1.4	1.4	1.9	2.0	2.0	2.0	2.2	1.7	2.1	1.8	2.5	2.5	
- Other	0.2	0.9	0.0	0.1	0.3	0.3	0.3	0.3	0.6	0.5	0.3	0.4	0.4	0.0	
B. Loans in foreign currency ^{1/}	60.0	59.5	58.8	61.3	62.0	61.5	62.9	64.5	67.4	73.3	73.2	76.4	77.5	81.7	
2. SLOVAK-KORUNA LOANS BY SECTOR	291.5	292.9	293.8	295.0	294.5	294.6	294.2	297.3	300.8	303.2	305.2	308.0	313.7	320.4	
a) Entrepreneurial sector	208.9	209.4	210.3	211.0	210.3	209.4	207.6	209.6	209.9	210.4	210.1	209.7	212.1	216.2	
- Public sector	57.3	56.9	58.1	59.0	58.8	58.1	57.9	58.0	56.7	56.9	56.8	56.2	56.2	55.7	
- Private sector (incl. cooperatives and households)	115.6	116.3	116.4	114.7	116.0	115.0	113.1	114.6	116.0	116.3	116.7	116.7	119.1	125.6	
- Under foreign control	35.9	36.2	35.7	37.4	35.6	36.2	36.5	37.0	37.2	37.1	36.6	36.8	36.9	34.9	
b) Government sector	19.7	19.7	19.6	19.2	17.9	17.5	17.2	16.8	16.8	16.9	16.5	16.7	16.6	16.4	
c) Households	61.3	61.5	62.4	63.2	64.0	65.3	67.2	68.6	71.3	73.6	76.1	79.3	81.8	85.1	
d) Non-profit organisations	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	
e) Other	1.5	2.2	1.5	1.5	2.2	2.3	2.2	2.3	2.8	2.2	2.4	2.2	2.9	2.5	
3. SLOVAK-KORUNA LOANS BY INDUSTRY	291.5	292.9	293.8	295.0	294.5	294.6	294.2	297.3	300.8	303.2	305.2	308.0	313.7	320.4	
a) Agriculture, hunting, and fishing	5.9	5.9	5.7	5.8	6.0	5.9	6.1	6.3	6.4	6.5	6.4	6.3	6.2	6.0	
b) Forestry and timber industry	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	
c) Raw materials extraction	1.5	1.5	1.5	1.5	1.6	1.5	1.7	1.6	1.7	1.7	1.7	2.1	1.6	1.7	
d) Industrial production - total	53.4	53.7	52.4	53.9	52.7	52.3	52.2	51.5	52.6	52.9	51.1	49.9	49.9	49.1	
- Foods, beverages, and tobacco	13.9	14.0	14.2	14.8	14.7	14.0	14.2	13.7	14.3	13.7	13.9	14.0	14.5	15.0	
- Chemical industry	7.2	7.2	7.1	7.0	7.6	7.7	7.4	7.5	7.7	7.7	7.4	7.5	7.4	7.3	
- Metallurgy and machine engineering	16.2	16.4	15.4	16.4	15.2	15.7	15.4	15.6	15.8	16.2	15.3	14.1	13.9	12.2	
- Electrical and electronic industry	2.8	2.8	2.4	2.5	2.5	2.6	2.8	2.8	2.7	3.1	2.8	2.8	2.9	2.8	
- Textile, clothing, and leather	2.1	2.1	2.2	2.2	2.1	2.0	2.0	2.0	2.2	2.3	2.3	2.3	2.2	2.2	
- Other industries	11.3	11.3	11.1	11.0	10.6	10.3	10.4	9.9	9.9	9.8	9.4	9.2	9.0	9.5	
e) Power industry, gas and water supply	42.4	42.0	40.8	40.9	40.4	39.6	37.8	38.2	37.1	37.0	35.9	35.7	35.0	33.8	
f) Building and construction	4.9	4.8	5.0	4.9	5.1	4.9	4.6	4.8	5.1	5.2	5.2	4.9	5.2	5.5	
g) Trade, repair of cons. goods and motor vehicles, hotels and restaurants	38.7	39.0	39.0	40.2	39.9	37.9	38.7	39.3	38.9	39.3	40.3	40.5	42.8	40.6	
h) Tourism	0.5	0.5	0.7	0.6	0.5	0.6	0.3	0.2	0.3	0.3	0.2	0.2	0.3	0.4	
i) Transport, warehousing, postal and telecom. services	21.7	21.8	23.1	23.0	23.8	23.3	23.8	23.9	23.0	24.3	24.9	23.6	24.6	29.8	
j) Banking industry	16.9	17.1	18.1	18.1	18.2	19.3	19.6	20.3	21.0	20.4	21.2	23.4	23.1	23.2	
k) Insurance sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
l) Other	105.3	106.3	107.4	106.1	106.2	109.3	109.5	111.1	114.6	115.4	118.1	121.1	124.6	130.2	
4. TOTAL VOLUME OF LOANS (Sk + foreign currency)	351.5	352.4	352.7	356.3	356.5	356.1	357.1	361.8	368.2	376.5	378.4	384.4	391.2	402.1	
a) Short-term loans	113.3	113.6	113.2	115.3	114.9	112.3	111.9	116.7	117.0	118.0	118.3	120.9	124.9	130.6	
b) Medium-term loans	105.8	106.2	106.4	104.9	104.6	106.4	107.2	106.4	107.9	111.6	112.7	112.0	112.8	115.0	
c) Long-term loans	132.3	132.6	133.1	136.1	136.9	137.4	137.9	138.7	143.3	147.0	147.4	151.5	153.6	156.4	
4.1. SLOVAK-KORUNA LOANS	291.5	292.9	293.8	295.0	294.5	294.6	294.2	297.3	300.8	303.2	305.2	308.0	313.7	320.4	
a) Short-term loans	91.9	93.1	93.0	94.3	94.4	92.6	91.2	94.8	94.7	94.2	94.4	94.5	97.5	100.2	
b) Medium-term loans	86.9	87.4	87.3	85.3	84.2	85.6	86.1	84.7	85.5	86.3	87.2	87.0	87.6	89.2	
c) Long-term loans	112.6	112.4	113.5	115.5	115.9	116.3	117.0	117.8	120.6	122.8	123.6	126.5	128.6	131.0	
4.2. LOANS IN FOREIGN CURRENCY ^{1/}	60.0	59.5	58.8	61.3	62.0	61.5	62.9	64.5	67.4	73.3	73.2	76.4	77.5	81.7	
a) Short-term loans	21.4	20.6	20.2	21.0	20.5	19.7	20.8	21.9	22.3	23.8	23.9	26.4	27.4	30.4	
b) Medium-term loans	18.9	18.7	19.0	19.7	20.5	20.8	21.1	21.7	22.4	25.3	25.6	25.0	25.2	25.8	
c) Long-term loans	19.7	20.2	19.6	20.6	21.0	21.0	21.0	20.9	22.7	24.2	23.8	25.0	25.0	25.5	

Continued on next page.

Total Volume of Loans (Sk billions) – continued

	2002				2003									
	12	1. 1.	1	2	3	4	5	6	7	8	9	10	11	12
5. SLOVAK-KORUNA LOANS BY PURPOSE	291.5	292.9	293.8	295.0	294.5	294.6	294.2	297.3	300.8	303.2	305.2	308.0	313.7	320.4
a) Current assets and seasonal costs	67.6	68.2	67.0	67.2	64.4	64.7	65.4	64.9	66.0	65.7	65.9	65.7	66.3	67.4
b) Investment	80.1	80.4	80.3	80.2	80.7	80.7	81.5	80.2	82.6	83.1	83.9	86.1	85.5	88.0
c) Temporary lack of resources	8.4	8.5	8.5	8.6	9.0	8.5	9.3	9.4	9.4	9.5	10.1	10.1	10.5	10.8
d) Permanently revolving stocks	9.9	9.9	9.9	9.9	8.9	8.9	8.9	8.9	8.9	8.8	7.9	7.9	8.0	7.9
e) 'KBV' residential construction	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.4	4.4	4.4	4.4	4.4	4.4	3.1
f) Current account balances (debit)	15.9	15.9	17.0	17.7	18.2	18.3	17.0	19.5	18.0	19.0	19.3	19.9	21.0	20.7
g) Mortgage	11.6	11.6	12.4	13.1	13.7	14.4	15.4	16.3	17.9	19.3	20.5	22.0	23.4	25.1
h) Consumption	6.7	6.8	6.9	6.5	6.7	7.0	6.5	6.6	7.0	7.3	7.4	7.7	8.3	9.0
i) Other	9.7	9.9	11.8	12.6	16.1	17.3	16.7	17.1	16.8	16.5	15.9	15.9	16.6	17.4
j) Standard claims with reservation	42.3	42.4	40.9	40.3	37.6	37.3	36.1	37.0	37.6	38.5	38.3	37.1	38.4	41.1
k) Classified receivables	34.1	34.6	34.4	34.2	34.4	32.5	32.8	33.0	32.2	31.3	31.5	31.1	31.3	30.0
- doubtful and disputable	2.6	2.6	2.9	2.8	3.3	3.2	2.9	3.5	3.4	3.3	3.0	2.9	2.8	3.4
- loss-making	26.2	26.7	26.7	26.7	26.7	25.1	24.5	24.4	24.0	23.6	24.4	23.9	23.8	22.4
- sub-standard	5.3	5.3	4.8	4.7	4.4	4.2	5.3	5.0	4.8	4.4	4.1	4.3	4.6	4.2
6. INFORMATIVE														
A. Total increase in loans														
(since beginning of year)														
- in Sk billions	13.2	-	0.2	3.9	4.1	3.6	4.6	9.4	15.8	24.1	25.9	32.0	38.8	49.6
- in %	3.9	-	0.1	1.1	1.1	1.0	1.3	2.7	4.5	6.8	7.4	9.1	11.0	14.1
of which														
a) Slovak-koruna loans														
- in Sk billions	11.4	-	0.9	2.1	1.6	1.7	1.3	4.4	7.9	10.3	12.3	15.1	20.8	27.5
- in %	4.1	-	0.3	0.7	0.5	0.6	0.5	1.5	2.7	3.5	4.2	5.2	7.1	9.4
b) Foreign-currency loans ^{1/}														
- in Sk billions	1.8	-	-0.7	1.7	2.5	1.9	3.3	5.0	7.8	13.7	13.7	16.9	18.0	22.2
- in %	3.1	-	-1.2	2.9	4.1	3.2	5.5	8.4	13.2	23.1	22.9	28.3	30.2	37.2
B. Structure of Slovak-koruna loans by sector														
(share of the total in %)														
Slovak-koruna loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
a) Entrepreneurial sector	71.7	71.5	71.6	71.5	71.4	71.1	70.5	70.5	69.8	69.4	68.8	68.1	67.6	67.5
- Public sector	19.7	19.4	19.8	20.0	20.0	19.7	19.7	19.5	18.8	18.8	18.6	18.3	17.9	17.4
- Private sector (incl. cooperatives and households)	39.7	39.7	39.6	38.9	39.4	39.0	38.4	38.6	38.6	38.4	38.3	37.9	38.0	39.2
- Under foreign control	12.3	12.4	12.2	12.7	12.1	12.3	12.4	12.4	12.4	12.2	12.0	11.9	11.8	10.9
b) Government sector (extra-budgetary funds)	6.8	6.7	6.7	6.5	6.1	5.9	5.8	5.6	5.6	5.6	5.4	5.4	5.3	5.1
c) Households	21.0	21.0	21.2	21.4	21.7	22.2	22.8	23.1	23.7	24.3	24.9	25.7	26.1	26.6
d) Non-profit organisations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
e) Other	0.5	0.7	0.5	0.5	0.7	0.8	0.8	0.8	0.9	0.7	0.8	0.7	0.9	0.8
C. Structure of Slovak-crown loans by industry														
(share of the total in %)														
Slovak-koruna loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
a) Agriculture, hunting and fishing	2.0	2.0	1.9	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.0	1.9
b) Forestry and timber industry	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
c) Raw materials extraction	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.5	0.5
d) Industrial production - total	18.3	18.3	17.8	18.3	17.9	17.7	17.7	17.3	17.5	17.4	16.7	16.2	15.9	15.3
- Foods, beverages, and tobacco	4.8	4.8	4.8	5.0	5.0	4.7	4.8	4.6	4.7	4.5	4.6	4.5	4.6	4.7
- Chemical industry	2.5	2.5	2.4	2.4	2.6	2.6	2.5	2.5	2.6	2.5	2.4	2.4	2.4	2.3
- Metallurgy and machine engineering	5.6	5.6	5.2	5.6	5.2	5.3	5.2	5.2	5.2	5.4	5.0	4.6	4.4	3.8
- Electrical and electronic industry	1.0	1.0	0.8	0.8	0.8	0.9	1.0	1.0	0.9	1.0	0.9	0.9	0.9	0.9
- Textile, clothing, and leather	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7
- Other industries	3.9	3.9	3.8	3.7	3.6	3.5	3.5	3.3	3.3	3.2	3.1	3.0	2.9	3.0
e) Power industry, gas and water supply	14.5	14.3	13.9	13.9	13.7	13.4	12.8	12.8	12.3	12.2	11.8	11.6	11.2	10.5

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Total Volume of Loans (Sk billions) – continued

	2002			2003											
	12	1. 1.	1	2	3	4	5	6	7	8	9	10	11	12	
f) Building and construction	1.7	1.6	1.7	1.6	1.7	1.7	1.6	1.6	1.7	1.7	1.7	1.6	1.7	1.7	
g) Trade, repair of cons. goods and vehicles, hotel and restaurants	13.3	13.3	13.3	13.6	13.6	12.9	13.1	13.2	12.9	13.0	13.2	13.1	13.6	12.7	
h) Tourism	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
i) Transport, warehousing, postal and telecom. services	7.5	7.5	7.9	7.8	8.1	7.9	8.1	8.0	7.6	8.0	8.2	7.7	7.8	9.3	
j) Banking industry	5.8	5.8	6.2	6.1	6.2	6.5	6.6	6.8	7.0	6.7	6.9	7.6	7.4	7.2	
k) Non-profit organizations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
l) Other	36.1	36.3	36.5	36.0	36.1	37.1	37.2	37.4	38.1	38.1	38.7	39.3	39.7	40.6	
D. Structure of loans by term															
(share of the total in %)															
Loans in Sk and foreign curr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Short-term loans	32.2	32.2	32.1	32.4	32.2	31.5	31.3	32.3	31.8	31.3	31.3	31.4	31.9	32.5	
b) Medium-term loans	30.1	30.1	30.2	29.5	29.3	29.9	30.0	29.4	29.3	29.6	29.8	29.1	28.8	28.6	
c) Long-term loans	37.6	37.6	37.7	38.2	38.4	38.6	38.6	38.3	38.9	39.0	39.0	39.4	39.3	38.9	
Slovak-koruna loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Short-term loans	31.5	31.8	31.7	32.0	32.1	31.4	31.0	31.9	31.5	31.1	30.9	30.7	31.1	31.2	
b) Medium-term loans	29.8	29.8	29.7	28.9	28.6	29.1	29.3	28.5	28.4	28.5	28.6	28.3	27.9	27.9	
c) Long-term loans	38.6	38.4	38.6	39.1	39.4	39.5	39.8	39.6	40.1	40.5	40.5	41.1	41.0	40.9	
Foreign-currency loans ^{1/}	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Short-term loans	35.7	34.6	34.4	34.3	33.1	32.0	33.0	34.0	33.1	32.5	32.6	34.6	35.3	37.2	
b) Medium-term loans	31.5	31.5	32.4	32.1	33.0	33.8	33.6	33.6	33.2	34.5	34.9	32.7	32.4	31.6	
c) Long-term loans	32.9	34.0	33.3	33.6	33.9	34.2	33.3	32.4	33.7	33.0	32.5	32.7	32.2	31.2	
E. Structure of Slovak-koruna loans by purpose															
(share of the total in %)															
Slovak-koruna loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Current assets	23.2	23.3	22.8	22.8	21.9	22.0	22.2	21.8	22.0	21.7	21.6	21.3	21.1	21.0	
b) Investment	27.5	27.4	27.3	27.2	27.4	27.4	27.7	27.0	27.5	27.4	27.5	28.0	27.3	27.5	
c) Temporary lack of resources	2.9	2.9	2.9	2.9	3.1	2.9	3.2	3.2	3.1	3.1	3.3	3.3	3.3	3.4	
d) Permanently revolving stocks	3.4	3.4	3.4	3.3	3.0	3.0	3.0	3.0	3.0	2.9	2.6	2.6	2.5	2.5	
e) 'KBV' residential construction	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.5	1.4	1.4	1.4	1.0	
f) Current account balances (debit)	5.4	5.4	5.8	6.0	6.2	6.2	5.8	6.6	6.0	6.3	6.3	6.5	6.7	6.5	
g) Mortgage	4.0	4.0	4.2	4.4	4.7	4.9	5.2	5.5	5.9	6.4	6.7	7.1	7.5	7.8	
h) Consumption	2.3	2.3	2.4	2.2	2.3	2.4	2.2	2.2	2.3	2.4	2.4	2.5	2.6	2.8	
i) Other	3.3	3.4	4.0	4.3	5.5	5.9	5.7	5.7	5.6	5.4	5.2	5.2	5.3	5.4	
j) Standard claims with reservation	14.5	14.5	13.9	13.7	12.8	12.7	12.3	12.4	12.5	12.7	12.6	12.0	12.3	12.8	
k) Classified receivables	11.7	11.8	11.7	11.6	11.7	11.0	11.1	11.1	10.7	10.3	10.3	10.1	10.0	9.4	
- doubtful and disputable	0.9	0.9	1.0	1.0	1.1	1.1	1.0	1.2	1.1	1.1	1.0	0.9	0.9	1.1	
- loss-making	9.0	9.1	9.1	9.1	9.1	8.5	8.3	8.2	8.0	7.8	8.0	7.8	7.6	7.0	
- sub-standard	1.8	1.8	1.6	1.6	1.5	1.4	1.8	1.7	1.6	1.4	1.3	1.4	1.5	1.3	

^{1/} Loans to residents and non-residents in convertible currencies.

Total Volume of Loans - adjusted for the issue of government bonds for restructuring credit portfolios of banks and balance sheet items of banks which terminated operations (Sk billions)

	2002			2003											
	12	1. 1.	1	2	3	4	5	6	7	8	9	10	11	12	
1. TOTAL VOLUME OF LOANS (Sk + foreign currency)	468.9	468.9	470.1	473.8	474.0	473.6	474.5	479.3	485.7	494.0	495.8	501.9	508.7	519.6	
A. Slovak-koruna loans	408.6	408.6	411.0	412.2	411.7	411.8	411.4	414.5	418.0	420.4	422.3	425.2	430.9	437.5	
of which:															
- Non-financial organisations	314.1	314.1	313.7	315.5	314.8	312.8	310.5	311.3	310.6	311.9	310.7	308.8	311.5	313.6	
- Banking sector	16.9	16.9	18.1	18.1	18.2	19.3	19.6	20.3	21.0	20.4	21.2	22.3	22.0	23.3	
- Insurance sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Extrabudgetary needs of central and local authorities	8.2	8.2	8.1	7.7	6.4	6.0	5.7	5.3	5.3	5.4	5.0	5.2	5.1	4.9	
- Non-profit organisations	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	
- Small businesses	6.5	6.5	7.1	6.1	6.0	6.0	6.1	6.6	6.9	6.7	6.9	7.3	7.3	8.0	
- Households	61.3	61.3	62.4	63.2	64.0	65.3	67.2	68.6	71.3	73.6	76.1	79.3	81.8	85.1	
- Foreigners (non-residents)	1.3	1.3	1.4	1.4	1.9	2.0	2.0	2.0	2.2	1.7	2.1	1.8	2.5	2.5	
- Other	0.2	0.2	0.0	0.1	0.3	0.3	0.3	0.3	0.6	0.5	0.3	0.4	0.4	0.0	
B. Loans in foreign currency ^{1/}	60.3	60.3	59.1	61.6	62.3	61.8	63.2	64.8	67.7	73.6	73.5	76.7	77.8	82.0	
TOTAL VOLUME OF LOANS (Sk + foreign currency)	468.8	468.8	470.1	473.8	474.0	473.6	474.6	479.3	368.2	376.5	378.4	384.4	391.2	402.1	
of which: a) short-term loans	145.2	145.2	113.2	115.3	114.9	112.3	111.9	116.7	117.0	118.0	118.3	120.9	124.9	130.6	
b) medium-term loans	179.9	179.9	106.4	104.9	104.6	106.4	107.2	106.4	107.9	111.6	112.7	112.0	112.8	115.0	
c) long-term loans	143.8	143.8	133.1	136.1	136.9	137.4	137.9	138.7	143.3	147.0	147.4	151.5	153.6	156.4	
SLOVAK-KORUNA LOANS	408.6	408.6	411.0	412.2	411.7	411.8	411.4	414.5	300.8	303.2	305.2	308.0	313.7	320.4	
of which: a) short-term loans	123.5	123.5	124.6	125.8	126.0	124.2	122.7	126.4	126.3	125.7	126.0	126.0	129.1	131.7	
b) medium-term loans	161.0	161.0	161.4	159.3	158.2	159.7	160.2	158.8	159.6	160.4	161.3	161.1	161.7	163.3	
c) long-term loans	124.1	124.1	125.0	127.1	127.5	127.9	128.6	129.3	132.2	134.4	135.2	138.1	140.2	142.6	
LOANS IN FOREIGN CURRENCY ^{1/}	60.3	60.3	59.1	61.6	62.3	61.8	63.2	64.8	67.4	73.3	73.2	76.4	77.5	81.7	
of which: a) short-term loans	21.7	21.7	20.5	21.3	20.8	20.0	21.1	22.2	22.6	24.1	24.2	26.7	27.7	30.7	
b) medium-term loans	18.9	18.9	19.0	19.7	20.5	20.8	21.1	21.7	22.4	25.3	25.6	25.0	25.2	25.8	
c) long-term loans	19.7	19.7	19.6	20.6	21.0	21.0	21.0	20.9	22.7	24.2	23.8	25.0	25.0	25.5	
2. INFORMATIVE															
Total increase in loans (since beginning of year)															
- in Sk billions	33.2	-	1.2	4.9	5.0	4.6	5.6	10.4	16.7	25.1	26.9	33.0	39.7	50.6	
- in %	7.6	-	0.6	0.9	0.7	0.8	0.7	1.4	2.3	2.9	3.4	4.1	5.4	7.1	
of which:															
Slovak-koruna loans															
- in Sk billions	31.4	-	2.4	3.6	3.0	3.2	2.8	5.9	9.4	11.8	13.7	16.6	22.2	28.9	
- in %	8.3	-	0.6	0.9	0.7	0.8	0.7	1.4	2.3	2.9	3.4	4.1	5.4	7.1	
Foreign-currency loans ^{1/}															
- in Sk billions	1.8	-	-1.2	1.3	2.0	1.5	2.8	4.5	7.4	13.3	13.2	16.4	17.5	21.7	
- in %	3.1	-	-1.9	2.1	3.3	2.4	4.7	7.5	12.2	22.0	21.9	27.2	29.1	36.0	
Structure of total loans by term in %															
Loans in Sk and foreign curr. (share of the total in %)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
of which: a) short-term loans	31.0	31.0	24.1	24.3	24.2	23.7	23.6	24.4	31.8	31.3	31.3	31.4	31.9	32.5	
b) medium-term loans	38.4	38.4	22.6	22.1	22.1	22.5	22.6	22.2	29.3	29.6	29.8	29.1	28.8	28.6	
c) long-term loans	30.7	30.7	28.3	28.7	28.9	29.0	29.1	28.9	38.9	39.0	39.0	39.4	39.3	38.9	
Slovak-koruna loans in total (share of the total in %)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
of which: a) short-term loans	30.2	30.2	30.3	30.5	30.6	30.2	29.8	30.5	42.0	41.5	41.3	40.9	41.1	41.1	
b) medium-term loans	39.4	39.4	39.3	38.6	38.4	38.8	38.9	38.3	53.1	52.9	52.8	52.3	51.6	51.0	
c) long-term loans	30.4	30.4	30.4	30.8	31.0	31.1	31.3	31.2	43.9	44.3	44.3	44.8	44.7	44.5	
Foreign-currency loans ^{1/} (share of the total in %)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
of which: a) short-term loans	36.0	36.0	34.7	34.6	33.4	32.4	33.4	34.3	33.6	32.9	33.0	35.0	35.7	37.6	
b) medium-term loans	31.3	31.3	32.2	32.0	32.8	33.6	33.5	33.5	33.2	34.5	34.9	32.7	32.4	31.6	
c) long-term loans	32.7	32.7	33.1	33.4	33.7	34.0	33.2	32.2	33.7	33.0	32.5	32.7	32.2	31.2	

^{1/} Loans to residents and non-residents in convertible currencies.

Loans to Clients – New Loans (Sk billions)

	2002					2003							
	12	1	2	3	4	5	6	7	8	9	10	11	12
1. NEW LOANS IN SLOVAK KORUNA	68.0	66.2	81.7	80.4	77.9	72.8	87.4	93.2	86.6	89.6	85.4	83.4	100.7
a) Entrepreneurial sector	61.1	62.1	77.2	75.3	72.7	67.3	80.3	84.2	79.1	81.8	76.7	75.4	91.3
- Public sector	4.9	4.0	4.5	5.7	4.7	3.8	3.1	3.1	3.3	2.6	3.1	3.1	3.5
- Private sector	25.3	21.3	25.7	27.4	28.1	25.2	27.4	27.7	26.9	24.4	23.2	23.6	35.0
- Under foreign control	30.8	36.8	47.0	42.3	39.9	38.2	49.7	53.4	48.9	54.8	50.4	48.6	52.8
b) Households	3.7	3.6	4.1	4.6	4.7	5.0	6.2	6.6	6.1	6.8	7.8	7.2	8.4
c) Non-profit organisations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d) Extrabudgetary needs of central and local authorities	2.8	0.1	0.1	0.2	0.1	0.1	0.3	0.9	1.0	0.7	0.4	0.3	0.4
e) Other	0.4	0.4	0.3	0.4	0.4	0.4	0.6	1.4	0.4	0.4	0.4	0.6	0.5
2. NEW LOANS BY TERM	68.0	66.2	81.7	80.4	77.9	72.8	87.4	93.2	86.6	89.6	85.4	83.4	100.7
a) Short-term loans	56.1	58.4	73.8	69.1	68.3	63.8	77.1	82.7	76.9	80.1	74.8	72.5	86.8
b) Medium-term loans	8.3	4.7	5.7	8.4	7.4	6.6	6.9	6.6	6.0	6.2	6.9	7.9	7.5
c) Long-term loans	3.6	3.1	2.2	3.0	2.2	2.3	3.3	3.8	3.7	3.2	3.8	3.0	6.4
3. NEW LOANS BY TERM (share of the total in %)													
New loans in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
a) Short-term loans	82.5	88.3	90.3	85.9	87.6	87.7	88.3	88.8	88.8	89.4	87.5	86.9	86.2
b) Medium-term loans	12.2	7.1	7.0	10.4	9.6	9.1	7.9	7.1	6.9	7.0	8.1	9.5	7.4
c) Long-term loans	5.3	4.6	2.7	3.7	2.9	3.2	3.8	4.1	4.3	3.6	4.4	3.6	6.4

Deposits of Clients (Sk billions)

	2002				2003									
	12	1. 1.	1	2	3	4	5	6	7	8	9	10	11	12
1. TOTAL DEPOSITS (Sk + foreign currency)	771.4	772.6	785.4	778.7	778.2	779.3	779.5	758.0	819.8	782.3	784.1	787.5	804.5	796.4
A. Slovak-koruna deposits	653.0	654.1	674.3	672.9	673.0	674.2	680.0	660.1	716.6	676.3	682.6	686.3	703.0	699.2
- Non-financial organisations	133.3	134.5	122.2	132.1	134.7	137.3	148.1	137.2	147.8	150.4	153.0	157.8	161.2	171.5
- Banking sector	10.0	10.0	35.7	11.8	25.0	10.2	9.6	10.0	50.5	11.4	18.1	11.1	11.8	14.2
- Insurance sector	21.0	20.1	22.4	21.1	20.0	19.6	18.6	17.8	17.8	17.3	15.1	16.1	16.3	19.7
- Extrabudgetary funds of central and local authorities	137.1	136.6	135.6	147.6	137.5	150.5	146.7	139.8	142.6	137.9	140.1	146.0	157.8	140.6
- Non-profit organisations	9.7	9.7	10.9	10.3	10.1	10.4	10.4	9.7	10.2	10.2	10.2	10.5	10.3	10.0
- Small businesses	13.3	13.0	14.6	14.3	13.9	15.0	16.0	15.6	16.4	17.3	17.2	17.9	18.6	15.4
- Households	323.4	325.1	328.1	330.9	326.7	325.9	325.9	325.4	325.9	326.9	324.2	322.3	321.3	323.2
- Foreigners (non-residents)	3.9	3.9	3.9	3.8	4.3	4.6	3.9	3.8	4.6	4.1	3.7	3.7	5.0	4.2
- Other	1.3	1.4	0.8	0.9	0.7	0.8	0.8	0.8	0.8	0.7	0.9	0.8	0.7	0.5
B. Foreign-currency deposits ^{1/}	118.4	118.5	111.1	105.8	105.2	105.0	99.5	97.9	103.2	106.0	101.6	101.3	101.6	97.2
- Natural persons	69.3	69.3	77.6	71.7	65.4	64.4	61.2	60.5	59.7	61.0	59.2	59.3	57.6	55.7
- Legal entities	49.1	49.2	33.5	34.1	39.9	40.6	38.3	37.5	43.5	45.0	42.3	42.0	43.9	41.5
2. SLOVAK-KORUNA DEPOSITS BY SECTOR	653.0	654.1	674.3	672.9	673.0	674.2	680.0	660.1	716.6	676.3	682.6	686.3	703.0	699.2
Entrepreneurial sector	177.6	177.5	195.0	179.4	193.6	182.0	192.2	180.6	232.5	196.4	203.4	202.9	207.9	220.8
a) Public sector	35.6	36.6	37.4	40.9	42.8	42.0	45.0	37.9	37.9	41.5	41.4	41.7	41.3	44.5
b) Private sector														
(incl. cooperatives and households)	117.2	116.1	136.0	115.2	127.9	118.4	120.5	117.3	167.2	129.5	137.4	135.8	139.1	143.1
c) Under foreign control	24.7	24.8	21.6	23.3	22.9	21.6	26.7	25.4	27.3	25.4	24.6	25.5	27.5	33.2
Government sector	137.1	136.6	135.6	147.6	137.5	150.5	146.7	139.8	142.6	137.9	140.1	146.0	157.8	140.6
Households	323.4	325.1	328.1	330.9	326.7	325.9	325.9	325.4	325.9	326.9	324.2	322.3	321.3	323.2
Non-profit organisations	9.7	9.7	10.9	10.3	10.1	10.4	10.4	9.7	10.2	10.2	10.2	10.5	10.3	10.0
Other	5.2	5.3	4.7	4.6	5.0	5.3	4.7	4.6	5.4	4.8	4.7	4.5	5.7	4.7
3. SLOVAK-KORUNA DEPOSITS														
BY TERM	653.0	654.1	674.3	672.9	673.0	674.2	680.0	660.1	716.6	676.3	682.6	686.3	703.0	699.2
a) Short-term deposits	578.9	579.7	601.9	600.1	601.2	603.5	609.4	589.8	647.2	606.6	613.9	618.2	635.0	628.9
b) Medium-term deposits	33.7	33.7	32.3	32.2	31.9	31.5	30.9	30.6	30.3	29.8	29.1	28.6	28.3	27.7
c) Long-term deposits	40.4	40.7	40.1	40.5	39.8	39.3	39.7	39.6	39.2	39.9	39.5	39.5	39.7	42.5
4. FOREIGN-CURRENCY DEPOSITS BY TERM ^{1/}	118.4	118.5	111.1	105.8	105.2	105.0	99.5	97.9	103.2	106.0	101.6	101.3	101.6	97.2
a) Short-term deposits	117.8	118.1	110.7	105.3	104.7	104.5	99.0	97.3	102.6	105.4	101.0	100.5	100.9	96.5
b) Medium-term deposits	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.8	0.6	0.6
c) Long-term deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. TOTAL DEPOSITS														
BY TERM	771.4	772.6	785.4	778.7	778.2	779.3	779.5	758.0	819.8	782.3	784.1	787.5	804.5	796.4
a) Short-term deposits	696.8	697.8	712.6	705.4	706.0	708.0	708.4	687.2	749.8	712.0	714.9	718.7	736.0	725.5
b) Medium-term deposits	34.2	34.1	32.8	32.7	32.4	32.0	31.4	31.2	30.9	30.4	29.7	29.4	28.9	28.4
c) Long-term deposits	40.4	40.7	40.1	40.6	39.8	39.3	39.7	39.6	39.2	39.9	39.5	39.5	39.7	42.5
6. INFORMATIVE														
A. Increase in deposits (since beginning of year)														
- in Sk billions	93.0	-	12.8	6.1	5.6	6.7	6.9	-14.6	47.3	9.7	11.5	15.0	31.9	23.8
- in %	13.7	-	1.7	0.8	0.7	0.9	0.9	-1.9	6.1	1.3	1.5	1.9	4.1	3.1
of which:														
a) Slovak-crown deposits														
- Sk billions	85.3	-	20.2	18.8	18.9	20.2	25.9	6.0	62.6	22.2	28.5	32.2	48.9	45.1
- in %	15.0	-	3.1	2.9	2.9	3.1	4.0	0.9	9.6	3.4	4.4	4.9	7.5	6.9
b) Foreign-currency deposits ^{1/}														
- in Sk billions	7.7	-	-7.4	-12.8	-13.3	-13.5	-19.0	-20.6	-15.3	-12.5	-17.0	-17.2	-17.0	-21.3
- in %	6.9	-	-6.3	-10.8	-11.2	-11.4	-16.1	-17.4	-12.9	-10.5	-14.3	-14.5	-14.3	-18.0

Continued on next page.

Deposits of Clients (Sk billions) – continued

	2002			2003											
	12	1. 1.	1	2	3	4	5	6	7	8	9	10	11	12	
B. Structure of Slovak-koruna deposits by sector (share of the total in %)															
Total Slovak-koruna deposits	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Entrepreneurial sector	27.2	27.1	28.9	26.7	28.8	27.0	28.3	27.4	32.4	29.0	29.8	29.6	29.6	31.6	
- Public sector	5.5	5.6	5.6	6.1	6.4	6.2	6.6	5.7	5.3	6.1	6.1	6.1	5.9	6.4	
- Private sector (incl. cooperatives and households)	18.0	17.7	20.2	17.1	19.0	17.6	17.7	17.8	23.3	19.2	20.1	19.8	19.8	20.5	
- Under foreign control	3.8	3.8	3.2	3.5	3.4	3.2	3.9	3.9	3.8	3.8	3.6	3.7	3.9	4.8	
b) Government sector	21.0	20.9	20.1	21.9	20.4	22.3	21.6	21.2	19.9	20.4	20.5	21.3	22.4	20.1	
c) Households	49.5	49.7	48.7	49.2	48.5	48.3	47.9	49.3	45.5	48.3	47.5	47.0	45.7	46.2	
d) Non-profit organisations	1.5	1.5	1.6	1.5	1.5	1.5	1.5	1.5	1.4	1.5	1.5	1.5	1.5	1.4	
e) Other	0.8	0.8	0.7	0.7	0.7	0.8	0.7	0.7	0.8	0.7	0.7	0.7	0.8	0.7	
C. Structure of Slovak-koruna deposits by term (share of the total in %)															
Total Slovak-koruna deposits	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
a) Short-term deposits	88.7	88.6	89.3	89.2	89.3	89.5	89.6	89.4	90.3	89.7	89.9	90.1	90.3	90.0	
b) Medium-term deposits	5.2	5.1	4.8	4.8	4.7	4.7	4.5	4.6	4.2	4.4	4.3	4.2	4.0	4.0	
c) Long-term deposits	6.2	6.2	5.9	6.0	5.9	5.8	5.8	6.0	5.5	5.9	5.8	5.8	5.6	6.1	
D. Structure of deposits by term in foreign currency ^{1/} (share of the total in %)															
Foreign-currency deposits	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
of which:															
a) Short-term deposits	99.5	99.6	99.6	99.5	99.5	99.5	99.5	99.4	99.4	99.4	99.4	99.3	99.4	99.4	
b) Medium-term deposits	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.6	0.6	
c) Long-term deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
E. Structure of deposits by term in total (share of the total in %)															
Slovak-koruna and foreign currency deposits in total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
of which:															
a) Short-term deposits	90.3	90.3	90.7	90.6	90.7	90.9	90.9	90.7	91.5	91.0	91.2	91.3	91.5	91.1	
b) Medium-term deposits	4.4	4.4	4.2	4.2	4.2	4.1	4.0	4.1	3.8	3.9	3.8	3.7	3.6	3.6	
c) Long-term deposits	5.2	5.3	5.1	5.2	5.1	5.0	5.1	5.2	4.8	5.1	5.0	5.0	4.9	5.3	

1/ Deposits from residents and non-residents in convertible currencies.

Average Lending Rates of Commercial Banks (%)

	2002			2003									
	12	1	2	3	4	5	6	7	8	9	10	11	12
1. TOTAL VOLUME OF LOANS ^{1/}	8.77	8.43	8.26	8.26	8.23	8.13	8.12	8.04	8.02	7.97	7.87	7.82	7.68
A) Loans by sector													
a) Entrepreneurial sector	8.92	8.63	8.44	8.44	8.42	8.22	8.24	8.17	8.18	8.10	7.98	7.91	7.69
- Public sector	8.88	8.58	8.28	8.34	8.35	8.09	8.09	8.08	8.07	8.06	7.90	7.83	7.68
- Private sector (incl. cooperatives)	9.08	8.93	8.76	8.72	8.62	8.51	8.53	8.44	8.37	8.37	8.27	8.14	7.92
- Under foreign control	8.50	7.86	7.81	7.79	7.95	7.65	7.67	7.57	7.80	7.42	7.28	7.39	6.95
b) Households	8.05	7.49	7.45	7.50	7.45	7.68	7.65	7.55	7.48	7.50	7.49	7.47	7.50
B) Loans by term													
- Short-term loans	8.92	9.03	8.49	8.55	8.51	8.28	8.33	8.22	8.27	8.13	8.01	8.01	7.76
- Medium-term loans	9.47	9.05	9.10	9.09	9.10	9.00	9.01	8.94	8.88	8.99	8.93	8.85	8.78
- Long-term loans	8.11	7.42	7.40	7.39	7.35	7.33	7.29	7.24	7.21	7.11	7.02	6.95	6.84
2. NEW LOANS IN TOTAL ^{1/}	7.80	7.41	7.61	7.62	8.12	8.06	7.64	7.28	7.69	7.45	7.10	7.70	7.25
A) Loans by sector													
a) Entrepreneurial sector	7.59	7.28	7.51	7.47	7.95	7.90	7.46	7.04	7.52	7.20	6.80	7.48	7.02
- Public sector	7.65	7.34	7.80	7.68	7.64	7.83	7.80	7.56	7.69	7.61	7.00	7.23	7.68
- Private sector (incl. cooperatives)	8.87	8.52	8.93	8.89	8.87	8.55	8.65	8.15	8.85	8.14	8.10	8.28	7.87
- Under foreign control	6.53	6.55	6.70	6.54	7.35	7.48	6.79	6.44	6.77	6.77	6.20	7.10	6.41
b) Households	9.94	9.36	9.39	9.68	10.36	9.99	9.52	9.42	9.73	10.25	9.81	9.88	9.63
B) Loans by term													
- Short-term loans	7.50	7.27	7.53	7.46	8.05	8.00	7.53	7.15	7.62	7.36	6.93	7.63	7.15
- Medium-term loans	9.51	9.29	8.97	9.03	8.97	8.99	9.15	8.92	9.04	8.87	9.04	8.61	8.58
- Long-term loans	8.42	7.44	6.98	7.29	7.33	7.08	6.88	7.15	7.12	7.06	6.95	6.91	6.96

^{1/} Excluding loans at zero interest rate.

Volume of New Loans and Average Lending Rates of Commercial Banks

		2002					2003							
		12	1	2	3	4	5	6	7	8	9	10	11	12
Loans in total	a	67.99	67.82	81.69	80.42	77.94	72.78	87.35	93.17	86.61	89.59	85.45	83.44	100.68
	b	7.79	7.43	7.60	7.61	8.11	8.06	7.63	7.28	7.69	7.45	7.09	7.69	7.24
Overdrafts on current account	a	1.22	8.72	11.31	11.10	12.68	11.90	13.17	13.35	14.29	14.86	14.89	14.69	17.83
	b	11.66	9.39	10.11	9.80	9.89	9.63	9.74	8.99	9.90	9.38	9.26	9.13	9.10
Investment loans	a	-	4.10	1.86	5.77	2.80	3.19	3.65	3.07	2.38	2.84	2.95	2.35	4.18
	b	-	8.36	8.68	8.67	8.71	8.27	8.72	8.47	8.46	7.56	7.96	7.92	7.70
Consumer loans (to households)	a	0.48	0.43	0.30	0.36	0.39	0.64	1.03	1.02	1.05	1.30	1.76	1.59	1.70
	b	12.23	12.27	13.19	17.61	17.10	14.27	12.64	12.89	14.33	13.81	12.75	12.72	12.40
Other	a	4.51	52.77	66.41	60.92	60.14	54.40	66.63	73.08	65.59	67.81	62.85	60.96	72.36
	b	9.32	6.95	7.08	6.98	7.59	7.56	7.01	6.79	7.04	6.85	6.30	7.08	6.51
of which: Mortgage loans	a	0.06	0.03	0.03	0.13	0.03	0.07	0.09	0.13	0.08	0.31	0.46	0.39	0.57
	b	9.98	9.32	9.37	8.55	9.13	6.87	7.10	8.07	8.08	7.81	7.69	7.81	7.68
Mortgage loans with state bonus	a	1.19	1.14	1.08	1.17	0.90	0.96	1.60	1.65	1.57	1.16	1.26	1.11	1.49
	b	7.98	4.97	4.90	5.14	5.40	5.44	5.31	5.11	5.17	5.10	5.25	5.23	5.23
Home savings bank loans	a	0.12	0.12	0.11	0.08	0.09	0.09	0.11	0.10	0.13	0.39	0.16	0.14	0.14
	b	5.46	5.52	5.68	6.02	6.09	6.12	6.24	5.85	5.53	7.06	5.77	5.98	5.10
Intermediary loans	a	0.66	0.51	0.42	0.50	0.50	0.57	0.61	1.04	0.79	0.71	1.05	0.89	1.07
	b	7.70	7.65	7.65	7.23	7.17	7.14	7.12	7.43	7.45	7.49	7.39	7.26	7.25
Short-term loans	a	56.10	59.32	73.77	69.06	68.27	63.80	77.15	82.72	76.92	80.14	74.80	72.53	86.78
	b	7.50	7.26	7.52	7.46	8.04	8.00	7.53	7.15	7.61	7.35	6.92	7.63	7.15
of which: -up to 7 days	a	-	30.99	39.89	35.96	33.00	30.30	46.35	50.62	48.50	54.73	51.16	48.21	52.23
	b	-	6.63	6.67	6.54	7.51	7.80	6.90	6.40	7.20	6.91	6.26	7.38	6.70
-up to 1 month	a	-	10.37	8.11	10.83	9.12	11.16	7.52	8.26	8.80	4.88	4.75	4.50	8.13
	b	-	7.42	8.00	8.00	8.12	7.74	8.17	8.18	7.88	7.81	7.49	7.74	7.12
-up to 3 months	a	-	5.78	8.19	5.43	5.96	5.40	5.16	5.46	3.83	3.87	3.45	4.13	6.57
	b	-	7.25	7.51	8.07	8.00	7.76	7.73	7.49	7.61	7.76	7.66	7.22	7.26
-up to 6 months	a	-	1.76	2.54	1.72	2.03	1.73	2.18	2.62	1.24	1.71	0.80	0.86	1.15
	b	-	7.88	7.41	7.31	8.30	7.66	8.14	7.96	8.72	7.68	7.55	7.24	7.73
-up to 12 months	a	-	10.43	15.03	15.12	18.16	15.21	15.94	15.76	14.56	14.95	14.64	14.83	18.70
	b	-	8.90	9.52	9.06	8.95	8.71	8.91	8.74	8.76	8.69	8.83	8.55	8.33
Long-term loans over 1 and up to 5 years	a	8.32	5.24	5.69	8.40	7.45	6.63	6.92	6.64	5.97	6.24	6.89	7.89	7.49
	b	9.50	9.29	8.97	8.95	8.97	8.99	9.14	8.92	9.04	8.87	9.03	8.61	8.58
Long-term loans over 5 years	a	3.58	3.26	2.24	2.96	2.22	2.35	3.29	3.81	3.72	3.22	3.76	3.02	6.41
	b	8.42	7.44	6.98	7.29	7.33	7.08	6.88	7.15	7.12	7.06	6.95	6.91	6.96

a - Volume (\$k billions)
b - Average interest rate (%)

Developments in Koruna Deposits and Average Deposit Rates

		2002					2003											
		12	1	2	3	4	5	6	7	8	9	10	11	12				
Deposits in total	a	556,337	551,221	563,157	561,062	562,346	572,542	560,708	575,286	579,267	577,913	583,743	588,403	599,379				
	b	3.45	3.40	3.42	3.32	3.40	3.31	3.23	3.29	3.41	3.22	3.17	3.26	3.01				
of which:																		
Demand deposits	a	189,735	176,188	175,927	174,831	177,380	177,772	184,141	185,481	185,994	189,904	190,541	195,379	219,235				
	b	1.64	1.77	1.63	1.56	1.66	1.53	1.52	1.53	1.65	1.48	1.37	1.49	1.49				
Time deposits	a	366,602	262,237	274,447	274,912	276,190	286,644	268,910	283,133	286,596	282,793	289,074	289,717	275,462				
	b	4.39	4.68	4.72	4.60	4.72	4.58	4.54	4.60	4.76	4.53	4.48	4.60	4.31				
- short-term	a	-	251,542	263,905	264,105	265,381	275,900	258,134	272,406	276,053	272,424	278,720	279,320	264,927				
	b	-	4.60	4.66	4.54	4.66	4.53	4.47	4.55	4.72	4.47	4.43	4.57	4.27				
- one-day	a	-	5,607	5,859	17,743	6,383	6,796	16,162	16,491	4,846	17,489	5,246	4,687	4,520				
	b	-	4.54	5.51	4.68	5.59	4.64	4.59	4.68	6.29	4.45	4.28	5.87	4.08				
- up to 7 days	a	30,311	44,602	46,994	30,560	43,244	52,054	27,875	31,585	35,673	28,027	40,819	44,399	27,165				
	b	4.04	4.38	4.88	4.38	5.06	4.63	4.42	4.59	5.50	4.43	4.52	5.43	4.22				
- up to 1 month	a	103,415	100,148	112,718	111,484	117,815	114,373	116,547	124,375	130,948	130,331	133,243	131,935	143,754				
	b	4.51	4.54	4.70	4.67	4.82	4.73	4.73	4.82	4.90	4.82	4.71	4.69	4.61				
- up to 3 months	a	68,372	58,134	56,655	62,887	58,520	61,629	59,426	62,944	67,966	60,209	63,975	64,041	55,115				
	b	4.95	4.37	4.02	4.14	4.01	4.15	4.12	4.20	4.24	4.06	4.13	4.07	3.75				
- up to 6 months	a	34,845	23,307	23,385	24,447	23,009	22,314	20,227	19,228	19,591	19,081	18,900	17,739	18,768				
	b	5.59	5.17	4.86	4.53	4.21	3.93	3.70	3.70	3.70	3.67	3.63	3.60	3.76				
- up to 1 year	a	52,145	19,745	18,293	16,984	16,410	18,733	17,896	17,782	17,029	17,286	16,536	16,519	15,605				
	b	4.13	5.44	5.35	5.23	5.12	4.97	4.78	4.65	4.34	4.23	4.07	3.88	3.76				
- medium-term	a	-	9,258	9,629	9,792	9,990	9,722	9,739	9,698	9,507	9,323	9,293	9,312	9,399				
	b	-	6.37	5.95	5.96	5.86	5.52	5.83	5.76	5.61	5.61	5.46	5.08	4.97				
- up to 2 years	a	23,501	2,877	2,838	2,830	2,577	2,367	2,323	2,244	2,200	2,172	2,155	2,499	2,478				
	b	2.77	5.64	5.52	5.42	5.27	5.18	5.12	5.07	4.79	4.66	4.54	4.30	4.15				
- up to 5 years	a	1,351	6,381	6,791	6,962	7,413	7,355	7,416	7,454	7,307	7,151	7,138	6,813	6,921				
	b	6.47	6.70	6.14	6.18	6.07	5.63	6.06	5.97	5.86	5.90	5.73	5.37	5.26				
- long-term	a	-	1,437	914	1,016	819	1,022	1,037	1,029	1,036	1,046	1,061	1,085	1,136				
	b	-	7.18	9.50	8.91	9.02	8.86	8.76	8.79	8.75	8.69	8.66	8.53	8.81				
- over 5 years	a	40,366	1,437	914	1,016	819	1,022	1,037	1,029	1,036	1,046	1,061	1,085	1,136				
	b	3.00	7.18	9.50	8.91	9.02	8.86	8.76	8.79	8.75	8.69	8.66	8.53	8.81				
Savings deposits	a	-	112,796	112,783	111,319	108,777	108,125	107,657	106,671	106,678	105,216	104,129	103,308	104,682				
	b	-	2.99	3.03	2.93	2.89	2.87	2.87	2.86	2.85	2.86	2.85	2.86	2.75				
- short-term	a	-	51,316	50,772	50,605	49,005	48,484	48,429	48,159	47,737	47,149	46,581	45,966	45,151				
	b	-	3.35	3.39	3.25	3.20	3.15	3.18	3.16	3.13	3.14	3.13	3.14	2.88				
- medium-term	a	-	22,846	22,386	21,936	21,282	20,983	20,698	20,355	20,045	19,582	19,125	18,742	18,133				
	b	-	2.50	2.52	2.31	2.23	2.22	2.23	2.21	2.19	2.21	2.23	2.26	2.13				
- long-term	a	-	38,634	39,625	38,778	38,490	38,658	38,529	38,157	38,896	38,486	38,424	38,600	41,398				
	b	-	2.86	2.85	2.84	2.84	2.83	2.83	2.83	2.83	2.83	2.83	2.83	2.90				
Short-term (time and savings)	a	292,749	302,858	314,677	314,710	314,386	324,384	306,563	320,565	323,789	319,573	325,300	325,285	310,078				
	b	4.64	4.39	4.46	4.33	4.43	4.32	4.26	4.34	4.48	4.27	4.25	4.37	4.06				
Medium-term (time and savings)	a	33,487	32,104	32,015	31,727	31,272	30,706	30,437	30,053	29,552	28,904	28,417	28,054	27,532				
	b	3.83	3.62	3.55	3.43	3.39	3.27	3.38	3.35	3.29	3.31	3.28	3.20	3.10				
Long-term (time and savings)	a	40,366	40,070	40,538	39,794	39,309	39,680	39,566	39,186	39,933	39,532	39,485	39,685	42,534				
	b	3.00	3.01	3.00	3.00	2.97	2.99	2.99	2.98	2.98	2.98	2.99	2.99	3.06				

a - Volume (Sk millions)

b - Average interest rate (%)

Basic Characteristics of Interest Rates on Loans and Deposits (%, percentage points)

	2002						2003							
	r.	12	1	2	3	4	5	6	7	8	9	10	11	12
Average interest rate on total credit ^{1/}	1	8.77	8.43	8.26	8.26	8.23	8.13	8.12	8.04	8.02	7.97	7.87	7.82	7.68
Average interest rate on deposits	2	3.45	3.40	3.42	3.32	3.40	3.31	3.23	3.29	3.41	3.22	3.17	3.26	3.01
Average interest rate on new loans	3	7.80	7.41	7.61	7.62	8.12	8.06	7.64	7.28	7.69	7.45	7.10	7.70	7.25
Average interbank money market rate (1D to 12M – mid rates)	4	5.76	5.80	5.97	5.97	6.09	5.92	5.98	6.02	6.10	6.12	5.76	5.88	5.70
Average interest rate on new short-term loans	5	7.50	7.27	7.53	7.46	8.05	8.00	7.53	7.15	7.62	7.36	6.93	7.63	7.15
Average interest rate on short-term deposits	6	4.64	4.39	4.46	4.33	4.43	4.32	4.26	4.34	4.48	4.27	4.25	4.37	4.06
Difference between average interest rates on new short-term loans and short-term deposits (line 5 – line 6)	7	2.86	2.88	3.07	3.13	3.62	3.68	3.27	2.81	3.14	3.09	2.68	3.26	3.09
Basic interest rate of the NBS (until 31 Dec. 2002: discount rate)	8	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.25	6.25	6.00
12-month inflation rate	9	3.40	7.30	7.60	8.00	7.70	7.60	8.40	8.70	9.20	9.50	9.60	9.80	9.30
Year-on-year increase in industrial producer prices	10	2.30	7.50	8.90	9.30	8.20	7.80	8.20	8.20	8.00	8.00	7.90	8.80	8.70
Real interest rate on new short-term loans (line 5 – line 10)	11	5.20	-0.23	-1.37	-1.84	-0.15	0.20	-0.67	-1.05	-0.38	-0.64	-0.97	-1.17	-1.55
Difference between average interest rate on new short-term loans and the rate of inflation (line 5 – line 9)	12	4.10	-0.03	-0.07	-0.54	0.35	0.40	-0.87	-1.55	-1.58	-2.14	-2.67	-2.17	-2.15
Average interest rate on one-year deposits	13	4.13	5.44	5.35	5.23	5.12	4.97	4.78	4.65	4.34	4.23	4.07	3.88	3.76
Real interest rate on one-year deposits (line 13 – line 9)	14	0.73	-1.86	-2.25	-2.77	-2.58	-2.63	-3.62	-4.05	-4.86	-5.27	-5.53	-5.92	-5.54
Nominal interest margin (line 1 – line 2)	15	5.32	5.03	4.84	4.94	4.83	4.82	4.89	4.75	4.61	4.75	4.70	4.56	4.67
Difference between average interest rates on new loans and total deposits (line 3 – line 2)	16	4.35	4.01	4.19	4.30	4.72	4.75	4.41	3.99	4.28	4.23	3.93	4.44	4.24
Difference between average interest rate on new short-term loans and the average interbank money market rate (line 5 – line 4)	17	1.74	1.47	1.56	1.49	1.96	2.08	1.61	1.17	1.60	1.26	0.81	1.75	1.45
Difference between average interest rate on new loans and the average interbank money market rate (line 3 – line 4)	18	2.04	1.61	1.64	1.65	2.03	2.14	1.72	1.30	1.67	1.35	0.98	1.82	1.55
Average interest rate on loans including the rate of 0% ^{2/}	19	8.22	7.91	7.73	7.73	7.74	7.64	7.65	7.60	7.58	7.54	7.45	8.00	7.30
Nominal interest margin (line 19 – line 2)	20	4.77	4.51	4.31	4.41	4.34	4.33	4.42	4.31	4.17	4.32	4.28	4.74	4.29

^{1/} Excluding unpaid interest.

^{2/} Including unpaid interest.

Basic Characteristics of the Foreign Exchange Market in the SR in 2003

	USD			EUR			Other currencies			Total	
	Volume		Number of transactions	Volume		Number of transactions	Volume		Number of transactions	Volume USD million	Number of transactions
	USD million	%		USD million	%		USD million	%			
NBS	-	-	-	742.8	-	203	-	-	-	742.8	203
Trading by Slovak banks											
not involving foreign banks	59,707.5	79.4	5,350	15,054.8	20.0	7,398	401.8	0.5	456	75,164.1	13,204
Interbank foreign exchange market:											
NBS + Slovak commercial banks	59,707.5	78.7	5,350	15,797.6	20.8	7,601	401.8	0.5	456	75,906.8	13,407
Trading between Slovak and foreign banks	256,170.6	78.8	19,762	39,411.5	12.1	14,355	29,334.3	9.0	528	324,916.4	34,645
Foreign exchange market in the SR in total	315,878.1	78.8	25,112	55,209.1	13.8	21,956	29,736.1	7.4	984	400,823.2	48,052

	SPOT			FORWARD			SWAP			Total	
	Volume		Number of transactions	Volume		Number of transactions	Volume		Number of transactions	Volume USD million	Number of transactions
	USD million	%		USD million	%		USD million	%			
Trading by Slovak banks											
not involving foreign banks	10,565.1	14.1	7,531	2.6	0.0	3	64,589.9	85.9	5,670	75,157.7	13,204
Trading between Slovak and foreign banks	25,117.4	7.7	13,749	237.6	0.1	80	299,541.5	92.2	20,816	324,896.5	34,645
Foreign exchange market in the SR (excluding NBS)	35,682.5	8.9	21,280	240.2	0.1	83	364,131.5	91.0	26,486	400,054.2	47,849

Average Monthly Exchange Rates of SKK against Selected Currencies (midpoint rate)

	2003											
	1	2	3	4	5	6	7	8	9	10	11	12
1 AUD	22.862	23.145	23.291	23.021	23.020	23.557	24.345	24.452	24.473	24.433	25.193	24.783
1 CZK	1.323	1.327	1.317	1.297	1.309	1.322	1.312	1.300	1.282	1.291	1.287	1.274
1 DKK	5.604	5.648	5.624	5.529	5.534	5.589	5.621	5.641	5.590	5.557	5.531	5.527
1 EUR	41.652	41.979	41.776	41.055	41.092	41.502	41.788	41.932	41.516	41.288	41.134	41.130
100 JPY	33.060	32.626	32.613	31.604	30.326	30.016	30.958	31.504	32.230	32.189	32.243	31.119
1 CAD	25.449	25.719	26.187	25.903	25.693	26.220	26.681	26.830	27.125	26.612	26.793	25.576
100 HUF	17.351	17.126	17.017	16.712	16.727	15.941	15.826	16.121	16.246	16.163	15.877	15.527
1 NOK	5.682	5.574	5.331	5.241	5.220	5.094	5.035	5.080	5.061	5.018	5.016	5.007
1 PLN	10.244	10.089	9.653	9.533	9.501	9.360	9.407	9.597	9.319	8.997	8.908	8.828
100 SIT	18.055	18.142	18.031	17.670	17.633	17.765	17.828	17.843	17.651	17.519	17.422	17.382
1 CHF	28.497	28.605	28.451	27.484	27.122	26.959	27.002	27.210	26.835	26.676	26.386	26.464
1 SEK	4.538	4.586	4.534	4.481	4.489	4.555	4.547	4.541	4.574	4.588	4.572	4.563
1 USD	39.252	38.953	38.663	37.885	35.586	35.491	36.729	37.490	37.116	35.273	35.234	33.604
1 GBP	63.366	62.863	61.198	59.594	57.721	58.948	59.723	59.879	59.651	59.113	59.447	58.616

Issues of Government Bonds in the Slovak Republic in 2003

Issue number	ISIN	Note	Issue date	Maturity date	Maturity in years	Sum of issue	Nominal value	Coupon	Interest payment period	Prim. sale form	Total demand in Sk	Yield to maturity in %		
187/B	SK-4120003625	limit price+amount	09.01.2003	18.12.2004	2	8,000,000,000	100,000	5.00	annual	auction	9,697,000,000	4.69	4.93	4.83
188/A	SK-4120003658	limit price+amount	22.01.2003	22.01.2013	10	8,000,000,000	100,000	5.00	annual	auction	12,710,000,000	4.83	4.98	4.88
189/A	SK-4120003674	limit price+amount	05.02.2003	05.02.2010	7	5,000,000,000	100,000	4.90	annual	auction	10,602,000,000	4.75	4.89	4.84
190/A	SK-4120003690	limit price+amount	12.02.2003	12.02.2005	2	5,000,000,000	100,000	4.90	annual	auction	6,793,000,000	4.83	4.98	4.88
188/B	SK-4120003658	limit price+amount	19.02.2003	22.01.2013	10	7,000,000,000	100,000	5.00	annual	auction	9,622,000,000	4.75	4.88	4.86
190/B	SK-4120003690	limit price+amount	26.02.2003	12.02.2005	2	2,073,000,000	100,000	4.90	annual	auction	2,073,000,000	4.83	4.98	4.88
191/A	SK-4120003740	limit price+amount	05.03.2003	05.03.2008	5	7,835,000,000	100,000	4.95	annual	auction	7,835,000,000	4.80	4.95	4.93
189/B	SK-4120003674	limit price+amount	12.03.2003	05.02.2010	7	987,000,000	100,000	4.90	annual	auction	987,000,000	4.80	4.98	4.99
192	SK-4120003789	limit price+amount	26.03.2003	26.03.2013	10	1,060,000,000	100,000	5.10	annual	auction	1,060,000,000	5.09	5.10	5.10
193	SK-4120003807	unlimit price/limit amount	02.04.2004	02.04.2004	1	5,000,000,000	100,000	0.0	-	auction	18,716,000,000	5.59	5.73	5.75
194	SK-4120003831	unlimit price/limit amount	09.04.2004	09.10.2004	1.5	6,541,000,000	100,000	0.0	-	auction	11,941,000,000	3.67	5.61	5.75
195	SK-4120003832	unlimit price/limit amount	16.04.2004	16.10.2004	1.5	5,000,000,000	100,000	0.0	-	auction	12,346,000,000	3.77	5.64	5.69
196	SK-4120003864	unlimit price/limit amount	24.04.2004	24.10.2004	1.5	5,000,000,000	100,000	0.0	-	auction	14,280,000,000	5.45	5.56	5.60
197	SK-4120003906	unlimit price/limit amount	30.04.2003	30.04.2004	1	5,000,000,000	100,000	0.0	-	auction	16,611,000,000	5.35	5.42	5.45
198	SK-4120003899	unlimit price/limit amount	07.05.2003	07.05.2004	1	4,000,000,000	100,000	0.0	-	auction	5,601,000,000	5.30	5.45	5.51
189/C	SK-4120003674	limit price+amount	14.05.2003	05.02.2010	7	9,013,000,000	100,000	4.90	annual	auction	14,398,000,000	4.65	4.76	4.82
191/B	SK-4120003740	limit price+amount	14.05.2003	05.03.2008	5	7,165,000,000	100,000	4.95	annual	auction	13,326,000,000	4.69	4.77	4.80
199/A	SK-4120003997	unlimit price/limit amount	02.07.2003	02.07.2013	10	1,140,000,000	100,000	4.75	annual	auction	6,338,000,000	4.73	4.74	4.75
199/B	SK-4120003997	unlimit price/limit amount	10.09.2003	02.07.2013	10	1,414,000,000	100,000	4.75	annual	auction	3,079,000,000	4.90	5.02	5.05
199/C	SK-4120003997	unlimit price/limit amount	24.09.2003	02.07.2013	10	2,000,000,000	100,000	4.75	annual	auction	2,169,000,000	5.05	5.12	5.20
199/D	SK-4120003997	unlimit price/limit amount	15.10.2003	02.07.2013	10	2,230,000,000	100,000	4.75	annual	auction	2,880,000,000	5.05	5.13	5.20

Overview of Issues of Treasury Bills in 2003

Registration number	Nominal value of 1 treasury bill in Sk	Date of issue	Date of maturity	DTM	Demand in Sk billion	Sum of issue in Sk billion	Yield in % p. a.		
							min.	max.	average
1314071202	1,000,000	16.07.2003	14.07.2004	364	11.928	2.200	5.190	5.190	5.190
1328071203	1,000,000	30.07.2003	28.07.2004	364	10.729	3.032	5.084	5.240	5.137
1304081204	1,000,000	06.08.2003	04.08.2004	364	8.767	4.147	5.189	5.230	5.220
1311081205	1,000,000	13.08.2003	11.08.2004	364	2.970	1.500	5.189	5.350	5.242
1319050906	1,000,000	20.08.2003	19.05.2004	273	4.400	3.400	5.350	5.649	5.520
1325081207	1,000,000	27.08.2003	25.08.2004	364	3.225	3.225	5.400	5.849	5.602
1331081208	1,000,000	03.09.2003	31.08.2004	363	7.475	2.825	5.700	5.848	5.776
1308091209	1,000,000	10.09.2003	08.09.2004	364	10.585	4.925	5.788	5.799	5.791
1314091210	1,000,000	17.09.2003	14.09.2004	363	4.232	2.232	5.365	5.790	5.787
1323060911	1,000,000	24.09.2003	23.06.2004	273	2.096	2.096	5.750	5.950	5.808
1330060912	1,000,000	01.10.2003	30.06.2004	273	10.575	2.205	5.680	5.749	5.713
1307070913	1,000,000	08.10.2003	07.07.2004	273	11.626	3.626	5.650	5.650	5.650
1314070914	1,000,000	15.10.2003	14.07.2004	273	8.187	2.127	5.550	5.590	5.589
1321070915	1,000,000	22.10.2003	21.07.2004	273	6.160	2.083	5.500	5.540	5.524
1328070916	1,000,000	29.10.2003	28.07.2004	273	5.849	1.800	5.449	5.470	5.460
1305050617	1,000,000	05.11.2003	05.05.2004	182	3.636	1.956	5.450	5.550	5.547
1312050618	1,000,000	12.11.2003	12.05.2004	182	4.593	2.593	5.489	5.540	5.517
1319050619	1,000,000	19.11.2003	19.05.2004	182	1.503	1.503	5.520	5.700	5.574
1326050620	1,000,000	26.11.2003	26.05.2004	182	5.109	3.004	5.500	5.690	5.654
1302060621	1,000,000	03.12.2003	02.06.2004	182	2.593	2.160	5.600	5.660	5.644
1309060622	1,000,000	10.12.2003	09.06.2004	182	3.616	1.946	5.640	5.690	5.661

Symbols used in tables

- . – figure not available
- x – no entry for logical reasons
- – figure did not appear

Organisation of NBS as at 31 December 2003

