

**D. Issuing Activity of the NBS
and Currency Circulation in 1997**

1. ISSUES OF SLOVAK BANKNOTES AND COINS

In 1997, the National Bank of Slovakia covered the needs of currency circulation with new issues of banknotes in the denominations of Sk 20, Sk 100 and Sk 1,000. The Sk 20 notes were printed by BA Banknote, a Canadian printing house; the Sk 100 and Sk 1,000 notes were produced by Thomas De La Rue, a British printing house.

In addition, the National Bank of Slovakia issued five commemorative silver coins, which were minted by the State Mint at Kremnica, state company.

Commemorative coins issued by the NBS in 1997

Face value	Event commemorated	Number of coins issued		NBS Decree No.
		Total	PROOF	
200 Sk	150th anniversary of the birth of Svetozár Hurban Vajanský	19,200	1,800	5/1997 Z.z.
200 Sk	UNESCO World Heritage - Banská Štiavnica and ancient mining works in the district	18,200	1,700	101/1997 Z.z.
500 Sk	Protection of nature and the landscape - Pieniny National Park	16,200	1,700	189/1997 Z.z.
200 Sk	Bicentennial of the birth of Štefan Moyzes	16,400	1,500	272/1997 Z.z.
200 Sk	50th anniversary of foundation of the Slovak National Gallery	16,600	1,600	338/1997 Z.z.

1.1 Currency in Circulation

Currency in circulation experienced no marked deviations in 1997, with the total cash supply growing at a slower rate. The annual increase in cash supply was the smallest ever during the five-year existence of the Slovak currency. In terms of structure of individual denominations of banknotes and coins, there were no substantial changes from the previous year. A year free of problems or disruption in cash circulation is clear evidence that cash demand was fully covered.

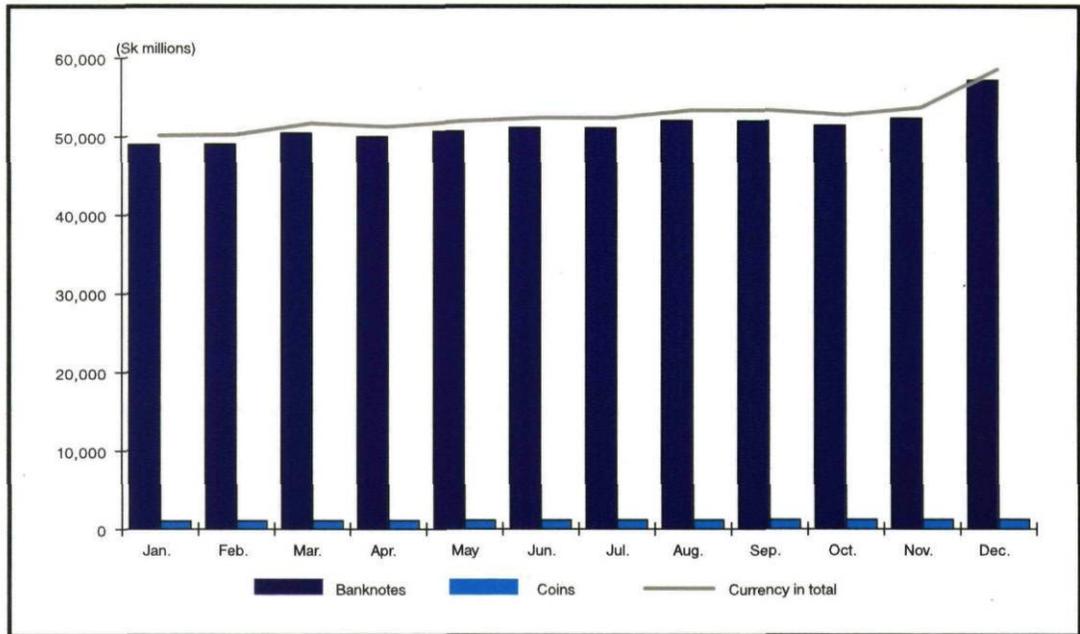
Nominal value	Volume of currency (as at 31.12.97)		Proportion in %	
	Amount (pcs)	Value (Sk)	(pcs)	(Sk)
Banknotes	101,002,009.00	57,201,089,845.00	100.00	100.00
5,000 Sk	3,745,673.25	18,728,366,250.00	3.71	32.74
1,000 Sk	29,689,773.00	29,689,773,000.00	29.40	51.90
500 Sk	8,855,515.00	4,427,757,500.00	8.77	7.74
200 Sk	6,381,926.75	1,276,385,350.00	6.32	2.23
100 Sk	21,421,194.25	2,142,119,425.00	21.21	3.74
50 Sk	10,617,659.50	530,882,975.00	10.51	0.93
20 Sk	20,290,267.25	405,805,345.00	20.09	0.71
Coin in circulation	625,891,139.00	996,929,559.30	100.00	100.00
10 Sk	53,562,541.00	535,625,410.00	8.56	53.73
5Sk	35,759,995.00	178,799,975.00	5.71	17.94
2Sk	57,942,268.00	115,884,536.00	9.26	11.62
1 Sk	82,072,442.00	82,072,442.00	13.11	8.23
0.50 Sk	51,824,963.00	25,912,481.50	8.28	2.60
0.50 Sk II	22,797,680.00	11,398,840.00	3.64	1.14
0.20 Sk	150,427,498.00	30,085,499.60	24.03	3.02
0.10 Sk	171,503,752.00	17,150,375.20	27.40	1.72
Commemorative coins	467,829.00	344,401,180.00	100.00	100.00
Total	727,360,977.00	58,542,420,584.30	100.00	100.00

In 1997, the NBS continued to pay due attention to the quality of currency in circulation, achieving an almost constant level of quality, the amount of defective notes and coins withdrawn from circulation remaining steady.

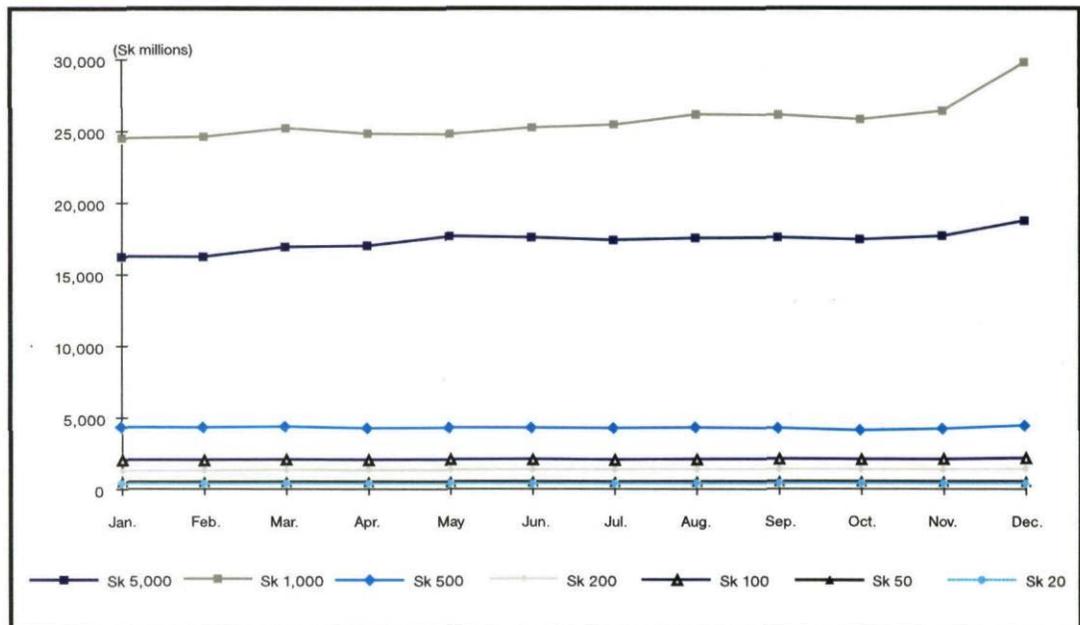
At 31 December 1997, the total volume of currency in circulation amounted to Sk 58,542,420,584.30, in a total of 727,360,977 banknotes and coins. In comparison with 1996, the volume of cash in circulation grew by Sk 6,074,644,904.90 (i.e. 11.58%), with the number of notes and coins increasing by 86,004,657.30 pieces (i.e. 13.41%).

The volume of currency in circulation remained largely stable throughout 1997, with no major deviations except in December.

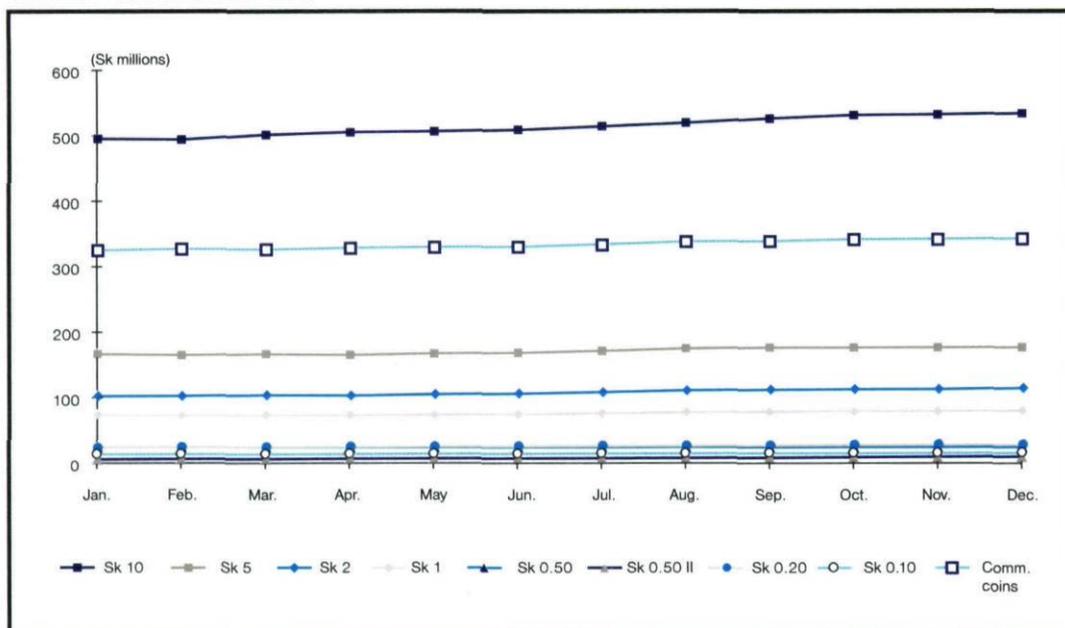
Currency in circulation in 1997



Banknotes in circulation in 1997



Coins in circulation in 1997



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

The number of banknotes and coins in circulation increased by 86 million pieces in 1997. A substantial part of the growth involved common coins, which increased from 547.7 million pieces at 31 December 1996, to 625.9 million pieces at 31 December 1997. Their share in the total volume of currency in circulation came to 86.05%. In 1997, increases were recorded in the amounts of banknotes and coins of all denominations, except the Sk 500 banknote.

Banknotes and coins in circulation

Nominal value	Amount (in pcs)		Proportion (in %)	
	as at 31.12. 1996	as at 31.12.1997	as at 31.12. 1996	as at 31.12.1997
Banknotes	95,302,570.75	101,002,009.00	14.86	13.89
5,000 Sk	3,323,416.75	3,745,673.25	0.52	0.51
1,000 Sk	25,644,855.75	29,689,773.00	4.00	4.08
500 Sk	9,315,079.50	8,855,515.00	1.45	1.22
200 Sk	6,337,579.75	6,381,926.75	0.99	0.88
100 Sk	21,327,670.50	21,421,194.25	3.33	2.95
50 Sk	10,131,746.25	10,617,659.50	1.58	1.46
20 Sk	19,222,222.25	20,290,267.25	3.00	2.79
Coin in circulation	545,647,305.00	625,891,139.00	85.08	86.05
10 Sk	51,140,673.00	53,562,541.00	7.97	7.36
5Sk	34,872,388.00	35,759,995.00	5.44	4.92
2Sk	52,102,896.00	57,942,268.00	8.12	7.97
1 Sk	74,617,730.00	82,072,442.00	11.63	11.28
0.50 Sk	51,223,702.00	51,824,963.00	7.99	7.13
0.50 Sk II	12,996,998.00	22,797,680.00	2.03	3.13
0.20 Sk	125,734,431.00	150,427,498.00	19.60	20.68
0.10 Sk	142,958,487.00	171,503,752.00	22.29	23.58
Commemorative coins	406,444.00	467,829.00	0.06	0.06
Total	641,356,319.75	727,360,977.00	100.00	100.00

As in the previous year, banknotes with a face value of Sk 1,000; Sk 100 and Sk 20 were the most numerous of banknotes in circulation, showing that they are the most frequently used banknotes. The 10 halier and 20 halier coins were the most numerous, with 28.5 million and 24.7 million pieces respectively, being put into circulation during the year. They represented the biggest portion of the total number

of banknotes and coins in circulation (10 halier - 23.58%, 20 halier - 20.68%). In 1997, the number of commemorative coins in circulation also increased, due to five new issues of commemorative coins.

Whilst the total value of currency in circulation rose by 11.58%, the value of banknotes in circulation grew by 11.7% as opposed to a 6.49% increase in the value of coins.

The increase in the value of Slovak currency in circulation over 1996 applied mainly to banknotes, with Sk 5.99 billion of fresh banknotes accounting for 98.61% of the total increase in cash supply. Banknotes in denominations Sk 1,000 and Sk 5,000 accounted for most of the increase, equivalent to 82.7% of the entire value of currency in circulation as at 31 December 1997. The Sk 10 coin was the most numerous. The proportion of commemorative coins to the total number of cash items in circulation was so low that it has no practical significance.

Volume of currency in Sk

Nominal value	Volume		Proportion (in %)	
	as at 31.12.1996	as at 31.12.1997	as at 31.12.1996	as at 31.12.1997
Banknotes	51,210,794,007.50	57,201,089,845.00	97.60	97.71
5,000 Sk	16,617,083,750.00	18,728,366,250.00	31.67	31.99
1,000 Sk	25,644,855,750.00	29,689,773,000.00	48.88	50.71
500 Sk	4,657,539,750.00	4,427,757,500.00	8.88	7.56
200 Sk	1,267,515,950.00	1,276,385,350.00	2.42	2.18
100 Sk	2,132,767,050.00	2,142,119,425.00	4.06	3.66
50 Sk	506,587,312.50	530,882,975.00	0.97	0.91
20 Sk	384,444,445.00	405,805,345.00	0.73	0.69
Coin in circulation	936,145,276.90	996,929,559.30	1.78	1.70
10 Sk	511,406,730.00	535,625,410.00	0.97	0.91
5Sk	174,361,940.00	178,799,975.00	0.33	0.31
2Sk	104,205,792.00	115,884,536.00	0.20	0.20
1 Sk	74,617,730.00	82,072,442.00	0.14	0.14
0.50 Sk	25,611,851.00	25,912,481.50	0.05	0.04
0.50 Sk II	6,498,499.00	11,398,840.00	0.01	0.02
0.20 Sk	25,146,886.20	30,085,499.60	0.05	0.05
0.10 Sk	14,295,848.70	17,150,375.20	0.03	0.03
Commemorative coins	320,836,395.00	344,401,180.00	0.61	0.59
Total	52,467,775,679.40	58,542,420,584.30	100.00	100.00

The average value of currency in circulation recorded a slight decrease in 1997 (down by Sk 1.30) despite a higher average value of banknotes in circulation (up by Sk 28.90). The increase in the proportion of higher value banknotes (Sk 5,000 and Sk 1,000), being offset by an increase in the amount of coins with lower denominations (Sk 0.10 and Sk 0.20).

Average value of currency in circulation (1996-1997)

(in Sk)

	1996	1997	Change
Currency in circulation, including commemorative coins	81.8	80.5	-1.3
Banknotes	537.4	566.3	28.9
Common coins	1.7	1.6	-0.1

In 1997, the average per capita amount of banknotes in the SR was 18.8 pieces, equivalent to an average of Sk 10,618; and the average number of coins, 116.2, was equivalent to an average of Sk 185. Divided per capita, banknotes with a nominal value of Sk 1,000 (5.5 pieces) and 10- and 20-halier coins (28 and 32 pieces, respectively) were the most frequent means of payment.

At the end of 1997, the total per capita value of currency in circulation including commemorative coins amounted to Sk 10,867.40, representing a year-on-year increase of Sk 1,113.20.

2. COUNTERFEIT MONEY SEIZED IN THE SLOVAK REPUBLIC

2.1 Slovak Currency Counterfeits

In 1997, a total of 178 counterfeit Sk banknotes and 169 imitations of coins were detected in the SR. Most of the falsifications surfaced within the city limits of Bratislava, with 76 counterfeits and 169 imitations seized in 49 cases.

Number of counterfeit notes and coins seized in 1994-1997 (pcs)

	Sk 5,000	Sk 1,000	Sk 500	Sk 200	Sk 100	Sk50	Sk20	Sk 10	Sk 5	Total	Value inSk
1994	-	3	5	-	1	2	-	60	-	71	6,300
1995	-	18	3	-	3	3	-	-	-	27	19,950
1996	4	98	40	1	26	3	-	-	1	173	140,955
1997	5	108	39	-	19	-	2	5	-	178	154,490
Total	9	227	87	1	49	8	2	65	1	449	321,695

Compared with 1996, there was hardly any increase in the number of detected Slovak crown counterfeits in 1997 - only 5 pieces more than year ago. Considering the total volume of currency in circulation, the number of counterfeit Sk bills and coins was insignificant and the quality just as bad as in previous years. Most of the counterfeits were rated as class 4 substandard quality counterfeits, made on colour copiers and without any attempts to imitate the security features.

2.2 Foreign Currency Counterfeits

In 1997, 431 counterfeit US\$ bills and 13,731 counterfeits of other currencies were seized. As in the previous year, there was an increase in the number of Class I (dangerous) counterfeits.

Number of US\$ counterfeits seized in 1994-1997

	US\$1	US\$5	US\$10	US\$20	US\$50	US\$ 100	Altered	Total	Value in Sk
1994	2	1	1	118	73	1,499	15	1,709	4,899,918.20
1995	2	1	3	146	69	1,768	9	1,998	5,434,989.20
1996	0	0	5	24	73	719	58	879	2,518,748.10
1997	0	0	1	20	30	346	34	431	1,283,908.50
Total	4	2	10	308	245	4,332	116	5,017	14,137,564.00

Classification of dangerous US\$ counterfeits seized

Danger degree	2		3		4		N**		Total					
	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%				
1994	116	6.8	49	2.9	1,424	83.3	100	5.8	5	0.3	15	0.9	1,709	100
1995	95	4.7	25	1.2	1,857	93.1	10	0.5	2	0.1	9	0.4	1,998	100
1996	91	10.4	8	0.9	704	80.1	17	1.9	1	0.1	58	6.6	879	100
1997	73	17.0	5	1.2	301	69.8	17	3.9	1	0.2	34	7.9	431	100

*) Banknotes not allocated any particular danger category are those in which the nominal value has been changed.

The United States has continued to upgrade the security features of its dollar bills. After a new US\$ 100 bill introduced in 1996, the next to be introduced was a new US\$ 50 bill in 1997. Despite additional security features in the new banknotes, a counterfeit of the 1996 100-dollar bill was seized in 1997, with a Class 3 quality, i.e. quite good.

Number of other foreign currency counterfeits seized in 1994-1997

(in pcs)

	DEM	ITL	FRF	GBP	ATS	CZK	HUF	Other	Total	Value in Sk
1994	463	110	48	6	12	0	1,074	25	1,738	2,020,377.60
1995	311	60	32	18	1	447	73	1	943	1,648,431.40
1996	237	66	22	8	1	9	0	1	344	914,937.60
1997	543	99	101	16	7,731	22	5,211	8	13,731	26,608,951.70
Total	1,554	335	203	48	7,745	478	6,358	35	16,756	31,192,698.30

Classification of dangerous foreign currency counterfeits

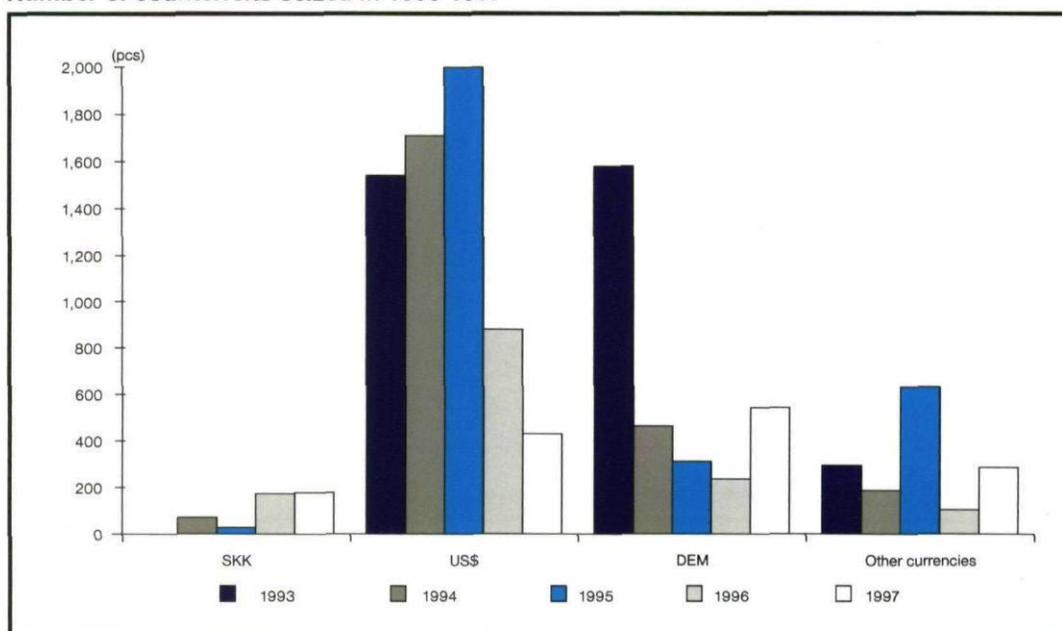
Danger degree	1		2		3		4		5		N*)		Total	
	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%	pcs	%
1994	0	0	9	0.5	1,711	98.4	1	0.1	0	0	17	1	1,738	100
1995	0	0	14	1.5	921	97.7	1	0.1	2	0.2	5	0.5	943	100
1996	3	0.9	13	3.8	321	93.3	3	0.9	0	0	4	1.1	344	100
1997	6	0.1	502	3.6	13,199	96.1	11	0.1	12	0.1	1	0	13,731	100

*) In counterfeit banknotes not allocated any particular danger category the face value has simply been altered.

Of all the counterfeits seized, 412 were already in circulation and 13,319 were seized by police before entering circulation. The greater part of the haul consisted of 1,000 ATS and 5,000 HUF banknotes seized by police on uncovering three forgery operations.

The general trend in the number of counterfeits detected in circulation since 1993 is shown in the graph below.

Number of counterfeits seized in 1993-1997



2.3 Appraisal of Damaged Slovak Banknotes

In 1997, the National Bank of Slovakia received 99 applications for expert appraisal and compensation for banknotes and coins damaged by natural causes or other unpredictable events, and where the damage was so severe that they could only be replaced by the NBS itself. The nominal value of damaged banknotes and coins presented for replacement amounted to Sk 3,911,833.60, for which compensation of Sk 3,867,584.60 was given, i.e. 98.86% of the nominal value.