

MEETINGS OF THE NBS BANK BOARD

The 10th Meeting of the Bank Board of the National Bank of Slovakia was held on 23 May 2003 in Kremnica, chaired by Marian Jusko, Governor.

- The Bank Board discussed The Survey of the National Bank of Slovakia's Tasks arising from the recommendations in the Assessment Reports on FSAP, EFSAL and Peer Review for 2002, and also approved the tasks and their fulfilment in the National Bank of Slovakia according to the time schedule set in the submitted document.

- The Bank Board of the National Bank of Slovakia made note of the Auditor's Report on the financial statement in the abridged form prepared by the audit agency Deloitte & Touche spol. s r. o., to be published in the Annual Report. In the Auditor's Report, the auditor expressed the opinion that the abridged financial statement is consistent in all material aspects with the financial statement, prepared in compliance with the Act on Accounting, from which it was derived.

- The Bank Board of the National Bank of Slovakia made note of the Auditor's Report prepared by the audit agency Deloitte & Touche spol. s r. o. on the financial statements of the National Bank of Slovakia, compiled in accordance with the International Standards for Financial Statements, as of 31 December 2002 and 2001. The audit was made in accordance with the International Auditing Standards and the auditor expressed his opinion that the final statements present fairly in all material respects the financial position of the bank as of 31 December 2002 and 2001, as well as the related results of its operation, cash flow and any changes in its equity, in accordance with the International Standards for Financial Reporting.

- The Bank Board of the National Bank of Slovakia discussed and made note of the document "Quarterly financial statement and the report on results of operation of the NBS as of 31 March 2003. The National Bank of Slovakia reported a loss in the amount of SKK 5.7bn as of 31 March 2003. This loss was mainly due to the appreciation of the Slovak koruna against the euro and US dollar.

- The Bank Board of the NBS approved the adjusted plan for the commemorative coins issue for 2004: the bimetal gold and platinum commemorative coin with nominal value of SKK 10 000 and the silver commemorative coin with nominal value of SKK 200, both related to the Slovak Republic's accession to the EU, were included in the plan.

The 11th Meeting of the Bank Board of the National Bank of Slovakia was held on 30 May 2003, chaired by Marian Jusko, Governor.

- The Bank Board of the NBS discussed the Situation

Report on the Monetary Development of Slovakia in April 2003.

The year-on-year pace of growth of the headline inflation was 7.7% in April; consumer prices rose by 0.2% on a month-on-month basis.

The month-on-month rise in consumer prices was in April mainly due to the rise in regulated prices and, within the core inflation items, to the market services prices, resulting from the secondary impact of the administrative measures implemented at the beginning of the year. All in all, the price development continues to be determined above all by the impact of the cost factors.

In March, the year-on-year downward tendency in the current account deficit continued, resulting exclusively from the favourable development in the trade balance. Almost 40% of the year-on-year decline in the deficit in the foreign trade balance, however, resulted from the Slovak koruna exchange rate development, in particular against the US dollar. The foreign trade results in April show a mild slowdown in the year-on-year trade deficit decrease. The NBS expects a gradual slowing in the favourable export growth rate, which is in the first half of the year influenced also by slow development in exports over the previous year.

In May the price development should be ongoingly influenced by the adjustments in regulated prices, as well as by the diminishing secondary impact resulting from administrative interference of the previous period. Owing to the expected rise in excise taxes effective of July 2003, from June onwards the year-on-year headline inflation growth rate will accelerate.

Although the current price development or its prediction until the end of the year do not indicate a rise in potential demand inflationary pressures, the Bank Board of the NBS considers the current interest rates adequate regarding the real-economy performance development, and with regard to the real interest rates and savings ratio. In case of unfounded pressures on the appreciation of the Slovak koruna exchange rate, the National Bank of Slovakia will use the money market instruments more actively. The Bank Board decided on leaving the current interest rates at unchanged levels, i.e. for the overnight sterilisation rate at 5.0%, for the overnight refinancing rate at 8.0%, and for the two-week REPO tender limit rate at 6.5%.

The Bank Board of the NBS approved the Memorandum of Understanding between the Central Bank of Cyprus and the National Bank of Slovakia in the area of banking supervision

Press Department of OVI NBS

PRESS REPORTS

Transacty Slovakia's International Ambitions

Through its entry in the SR Commercial Register on 25 April 2003 the joint-stock company Autorizačné Centrum Slovenska (ACS) officially changed its commercial name and will now operate under the name Transacty Slovakia. The shareholders of ACS approved the change to the company's name at an extraordinary general meeting in early March 2003.

The decision on the change of business name was motivated by the intention to emphasise the international aspect of the company's business activities and its affiliation to the Norwegian Telenor AS, which has been its majority shareholder since 2001, as well as to give a clearer signal as regards the main aspect of its business, which is processing electronic payment transactions.

Transacty Slovakia currently provides its services to all banks in Slovakia and its strategic aim is to expand its activities also into other Central and East European countries. Its primary aim in the coming period is to complete its internal transformation to a customer-oriented company, which will provide a wide range of services in the field of payment systems outsourcing at a high quality and at maintainably competitive prices.

The company's history dates back to 1971. Following more than 30 years of experience in the non-

cash system of payments, authorisation services, administration and management of payment cards it has maintained its leading position in the Slovak financial market. It operates around the clock non-cash payment authorisation system, performing on average more than 6 million authorisations per month. The authorisation system is connected to the VISA, MasterCard, Diners Club, and American Express international networks and is interconnected with the banks to which Transacty Slovakia provides its services. Banks have 903 ATM's connected to the Transacty authorisation centre and approximately 7 000 EFT POS terminals realised payment card withdrawals or payments in the amount of more than SKK 10 billion.

Transacty Slovakia in 2002

The company had registered capital of EUR 3.5 million, equity of EUR 10.9 million, revenues standing at EUR 7.8 million and employed more than 110 staff. The system's reliability and availability exceeded 99.99%. More than 1.5 million cards were in the company's administration and the number of all transactions exceeded 69 million.

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ISTROBANKA Balances

Istrobanka, wholly-owned since March 2002 by the Austrian banking group BAWAG - Bank für Arbeit und Wirtschaft AG Wien, evaluated the past year with justified satisfaction. According to Slovak accounting standards it achieved a profit of SKK 102.8 million, whereas only one year earlier it had reported a loss of SKK 890.4 billion. According to international accounting standards the economic result was 261 million SKK in comparison with a loss of 409 million SKK in 2001. Istrobanka's assessment is also supported by other positive indicators. As at the year end the bank's total assets had reached a SKK 27.52 billion, an increase of almost 15% on the previous year. Capital adequacy grew from 7.9% at the end of 2001 to 14.4% as at the end of 2002. From March 2002 onwards, the volume of classified loans fell from SKK 4.01 billion, to SKK 2.94 billion at the end of the same year. Client deposits grew only moderately, the number of clients, however, increased by almost 25 000.

Istrobanka's strategic shareholder, the banking group

BAWAG is the third largest financial group in Austria in terms of its total assets at EUR 48.842 billion. It has the largest centrally managed sales network, comprising 160 branches and 1 883 post offices. It enjoys the highest rating from among the Austrian non-state banks. Its pre-tax profit of EUR 126.5 and an equity stake of 11.56% allow the bank ample room to further expand in the Central European area.

This positive trend of development continued also in the first quarter of 2003. Istrobanka made a second issue of mortgage bonds, set up the leasing company IstroLeasing, s.r.o., and launched its new product Maxi-Hypo. It also is planning to expand its branch network by three new outlets. In the framework of providing real-estate project financing it is aiming to expand business with municipal authorities and towns. Its main aim, however, remains that of expanding its retail business and to concurrently maintain its position as a strong commercial bank.

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