



## Meetings of the NBS Bank Board

The 19th Meeting of the Bank Board of the National Bank of Slovakia was held on 20 September 2002, chaired by Marián Jusko, Governor.

- The Bank Board of the NBS discussed the Situation Report on Monetary Development in August 2002. In line with the NBS expectations, the consumer prices development was characterized by the accelerated growth of both headline and core inflations on a year-on-year basis. This development was influenced by changes in telecommunication services charges, which were reflected not only in the increase of regulated prices, but had an impact on market services prices as well. Along with the above, a year-on-year slowdown in prices of foodstuffs and fuels was reflected in the price development. The development of consumer prices was in August determined in particular by the factor on offer side, while the stabilised development of net inflation without fuels continuously signalled a subdued influence of the demand side.

In July, the development of foreign trade showed a slight decrease in the deficit balance, although it still remained at high levels. In particular the operations on the imports side led to the lower trade balance deficit figure.

The preliminary data on the GDP development in the first half of 2002 indicated that a relatively high pace of growth continued, drawn in particular by domestic demand, even though signs of a slight recovery of external demand were also recorded. In terms of domestic demand the higher pace of growth of the final consumption continued regarding households and the state administration, with the ongoing subdued investment demand. The growth of consumer demand reflected the wage growth, which, however, corresponded with the development neither of labour productivity nor inflation. The real wage growth (by 5.5%) exceeded the economy potential and might lead to the excessive demand pressures.

With the ongoing deficit development in the areas of foreign trade, and risks contained in the area of public finances, as well as with regard to the wage development reflected in the acceleration of the final consumption, and also in spite of the favourable development of consumer prices, the Bank Board of the NBS considers the current levels of the interest rates as adequate. The Bank Board of the NBS therefore decided on leaving the current interest rates at unchanged levels, i.e. the overnight sterilization rate at 6.5 %, the overnight refinancing rate at 9.5 %, and the two-week REPO tender limit rate at 8.25 %.

Over the month to come the National Bank of Slovakia expects the ongoing moderately accelerated growth in both headline and core inflations. In the light of low base of foodstuff prices in the same period last year, their estimated rise should be particularly reflected in the price development dynamic. According to the short-term prediction of the NBS, the end-of-year figure for headline inflation dynamic is likely to be somewhere close to the bottom limit of the programmed range. The core inflation figure is likely to be below the bottom limit

set in the Revised Monetary Programme of the NBS for 2002. These estimates are conditioned by a relatively stable development in terms of the exchange rate of the Slovak koruna vis-à-vis Euro and vis-à-vis USD. A significant increase in crude oil prices, due to unsettled situation in the Near East, could result in the real development divergence from the NBS estimate.

- The Bank Board of the NBS approved the Report on Development of the Banking Sector and the Assessment of Prudential Conduct of Banks as at 30 June 2002.

Over the first half of 2002, the restructuring process, as approved by the Slovak Government, and privatisation of the banking sector continued by winding up Konsolidáčna banka, š.p.ú., without liquidation, by finalizing privatisation of Investičná a rozvojová banka, a.s., and by the sale of Istrobanka, a.s.

The share of foreign investors in the total subscribed registered capital increased, as well as the total assets they control. Along with a moderate growth in total assets, some of the financial ratios also improved, and favourable development in the observance of prudential banking operations ratios was recorded as well.

## The banking sector development

1. As at 30 June 2002, there were 20 banking entities operating in the Slovak banking sector (18 banks and 2 branches of foreign banks) and 9 representative offices of foreign banks. There were 6 banks and 1 branch of a foreign bank licensed for conduct of mortgage transactions.

2. As at 30 June 2002, the banking sector reported net profit of SKK 5.6 bn.

3. As at 30 June 2002, the capital adequacy in the SR banking sector was 20.98%. As at the end of period, the capital adequacy limit was observed by all banks.

4. As at 30 June 2002, the total subscribed registered capital in the banking sector (excluding NBS) was SKK 38.8 bn. The share of foreign investors in the total subscribed registered capital of banks was 83.6%.

5. As at 30 June 2002, the total assets in the banking sector were SKK 929.9 bn.

6. As at 30 June 2002, banks' total claims in respect of loans were SKK 324.9 bn.

7. The classified loans accounted for SKK 41.2 bn, and their share in loans was 12.69%.

## Banking Supervision

As many as five on-site examinations were pursued in five banks over the first half of 2002. The Banking Supervision focused on consistent monitoring and evaluation of risks contained in banking operations. The Banking Supervision Division of the NBS issued 89 decisions, both in the area of licensing procedures and in the form of proceedings, including the proceedings incurred from law violation.

In order to ensure banking supervision conduct at the in-

ternational level, the memoranda on cooperation with supervisory authorities of Germany and Hungary have been concluded since the beginning of 2002, and currently there have been final negotiations about concluding memoranda with supervisory authorities in France and Italy.

The full-text version of this material will be published on the website of the NBS in the folder Banking Sector/Banking Supervision next week.

The Bank Board of the NBS approved the NBS Decree, which amends the NBS Decree No. 1/1998 stipulating conditions for places of foreign exchange to perform certain transactions with foreign exchange assets.

The Decree shifts the power to grant a foreign exchange licence for the sale of foreign currency from branches of the National Bank of Slovakia to its Headquarters. It shall mean, that applicants for a foreign exchange licence for the sale of foreign currency will submit the application and related documents to the Headquarters of the National Bank of Slovakia.

The Bank Board of the NBS made note of the Information on the Development of the Balance of Payments of the Slovak Republic in the first half of 2002.

**Ján Onda, Spokesman of the NBS**

### **New Methodological Direction of NBS Banking Supervision**

In connection with fulfilling the program of the long-term plan of the development of NBS banking supervision and with the aim to increase the level of transparency the banking supervision section of the National Bank of Slovakia announces that from 1 October 2002 the following instruments will be applied in directing companies subject to the banking supervision of the National Bank of Slovakia:

1. methodological direction,
2. recommendation.

Methodological direction is an instrument of the ban-

king supervision section that serves in particular to give direction to companies subject to banking supervision in the form of an explanation of generally applicable legal regulations (e.g. laws and NBS measures).

A recommendation is an instrument of the banking supervision section that serves in particular to express the opinion of the banking supervision section on the procedures, activities and orientation of companies subject to banking supervision. The subject of a recommendation may in particular be a procedure or practices that are a component of the set of recommendations of the Basle Committee for Banking Supervision.

**Press Department of OVI NBS**

## **NOTICE**

### **The Financial Market Authority hereby publishes a current list of securities dealers applying for a new licence**

Securities dealers that perform their activity on the basis of a securities trading licence issued pursuant to Act no. 600/1992 Zb. on Securities, were pursuant to § 166 of Act no. 566/2001 Z.z. on Securities and Investment Services and on the amendment to and supplementing of certain acts (the Act on Securities) obliged in the term to 30.9.2002 to apply to the Financial Market Authority for the issuing of a licence for the provision of investment services.

Where applications have not been submitted within the stated term, the licence for securities trading lapsed through the elapsing of this term, i.e. as at 1.10.2002. In such a case the securities trader is no longer authorised to perform this activity on the basis of this licence.

In the case of foreign securities dealers the respective term pursuant to § 167 of the Act on Securities for submitting an application for a licence was to 30.6.2002.

Subjects that submitted the stated application in time are up to the time of the decision of the Financial Market

Authority regarding this application coming into effect are authorised to continue in the activity pursuant to the licence for securities trading, where they perform the activity in accordance with the Act no. 600/1992 Zb. on Securities.

The Financial Market Authority hereby through this notice publishes the list of securities dealers to which a licence for securities trading had been granted prior to 1.1.2002 and those securities dealers in respect of which an application for a licence for the provision of investment services has been delivered to the Financial Market Authority by 1.10.2002 inclusive.

The Financial Market Authority to date has granted one licence for the provision of investment services to a subject which had been denied a licence on the basis of Act no. 600/1992 Zb. on Securities.

Besides this, another two applications for a licence for the provision of investment services have been delivered to the Authority by founders of new subjects.



No	Business name	Registered office
1	AB GLOBAL, a. s. o. c. p.	Bajkalská 25, 827 18 Bratislava
2	ABN AMRO Portfolio Management, a. s.	Hilleho 6, 602 00 Brno, Česká republika (Branch in SR Vajnorská 98/D, 831 04 Bratislava)
3	Across Investment Services, o. c. p., a. s.	Svoradova 1, 811 03 Bratislava
4	ACTIVE FINANCE, o. c. p., a. s.	Národná trieda 71, 040 01 Košice
5	AMSLICO AIG Securities, o. c. p., a. s.	Hviezdoslavovo námestie 20, 811 02 Bratislava
6	ATS Brokers, o. c. p., a. s.	Metodova 7, 821 08 Bratislava
7	Banka Slovakia, a. s.	J. Kráľa 1, 974 01 Banská Bystrica
8	BARTOLOMEI FINANCE, o. c. p., a. s.	Kutlíkova 17, 852 50 Bratislava
9	BROKERSKÝ DOM, o. c. p. a. s.	Kuklovska 74, 841 05 Bratislava
10	CAPITAL INVEST, o. c. p., a. s.	Poľná 1, 811 08 Bratislava
11	Capital Partners, o. c. p., a. s.	Hattalova 12/A, 831 03 Bratislava
12	Citibank (Slovakia), a. s.	Viedenská cesta 5, 851 01 Bratislava
13	CONTACT BROKERS, o. c. p., a. s.	Petzwalova 46, 949 01 Nitra
14	CREDIT LYONNAIS BANK SLOVAKIA, a. s.	Klemensova 2/A, 811 09 Bratislava
15	Československá obchodní banka, a. s.	Na Příkopě 14, 115 20 Praha 1-Nové Město (Branch in SR Michalská 18, 815 63 Bratislava)
16	Danubia Invest, a. s., obchodník s cennými papiermi	Hviezdoslavovo nám. 14, 811 02 Bratislava
17	DLHOPIŠ, o. c. p., a. s.	Drieňová 27, 821 01 Bratislava
18	Drukos finance, o. c. p., a. s.	prof. Sáru 5, 974 01 Banská Bystrica
19	EURÓPSKA KAPITÁLOVÁ, o. c. p., a. s.	Jesenského 25, 036 01 Martin
20	EX BROKERS, o. c. p., a. s.	Zvonárska 15, 040 01 Košice
21	FINAL INVEST, o. c. p., a. s.	Madáchova 6, 821 06 Bratislava
22	FIN ASSET MANAGEMENT, o. c. p., a. s.	Kukučínova 18, 974 01 Banská Bystrica
23	Fio Slovakia, o. c. p., a. s.	Kollárovo nám. 15, 811 06 Bratislava
24	FOCUS FINANCE, o. c. p., a. s.	Grösslingová 45, 811 09 Bratislava
25	GASFIN, a. s., o. c. p.	Kozia 17, 815 37 Bratislava
26	HVB Bank Slovakia, a. s.	Mostová 6, 811 02 Bratislava
27	ING Bank N.V.,	Strawinskylaan 2631, 1077/22 Amsterdam, Holandsko (Branch in SR Kolárska 6, 811 06 Bratislava)
28	INVEST BROKERS, o. c. p., a. s.	Križkova 9, 811 04 Bratislava
29	ISTROBANKA, a. s.	Laurinská 1, 811 01 Bratislava
30	J & T SECURITIES (Slovakia), a. s., o. c. p.	Lamačská cesta 3, 841 04 Bratislava
31	KAPITÁL, a. s., o. c. p.	Slovenská 26, 040 01 Košice
32	KINGSTON FINANCIAL CONSULTING, o. c. p., a. s.	Michalská 14, P. O. Box 330, 811 01 Bratislava
33	Komerční banka Bratislava, a. s.	Medená 6, 811 02 Bratislava
34	LUDOVÁ BANKA, a. s.	Vysoká 9, 810 00 Bratislava
35	MARADA INTERNATIONAL, o. c. p., a. s.	Žižkova 6, 040 01 Košice
36	OTP Banka Slovensko, a. s.	Štúrova 5, 813 54 Bratislava
37	Palatium, o. c. p., a. s.	Obchodná 42, 811 06 Bratislava
38	PALČO BROKERS, o. c. p., a. s.	Sabinovská 8, 821 08 Bratislava
39	Poštová banka, a. s.	Gorkého 3, 814 99 Bratislava
40	Pro Partners, o. c. p., a. s.	Michalská 7, 811 01 Bratislava
41	PRVÁ KOMUNÁLNA BANKA, a. s.	Hodžova 11, 010 11 Žilina
42	PRVÁ PAROPLAVEBNÁ, O. C. P., A. S.	Nám. 1. mája 14, 811 06 Bratislava
43	RM - S Market, o. c. p., a. s.	Zámocké schody 2/A, 811 01 Bratislava
44	SEVISBROKERS FINANCE, o. c. p., a. s.	Kuzmányho 8, 010 01 Žilina
45	SLÁVIA CAPITAL, a. s., obchodník s cennými papiermi	Heydukova 6, 814 99 Bratislava
46	Slovenská sporiteľňa, a. s.	Suché mýto 4, 816 07 Bratislava
47	Stredoeurópsky maklérsky dom, obchodník s cennými papiermi, akciová spoločnosť	Grösslingová 45, 811 09 Bratislava
48	Tatra banka, akciová spoločnosť	Vajanského nábrežie 5, 810 06 Bratislava
49	TOP INVEST, akciová spoločnosť, obchodník s cennými papiermi	Trieda SNP 104, 040 11 Košice
50	UniBanka, a. s.	Vajnorská 21, 832 65 Bratislava
51	V BROKERS, o. c. p., a. s.	Miletičova 1, 821 08 Bratislava
52	Všeobecná úverová banka, a. s.	Mlynské nivy 1, 829 90 Bratislava