

THE NBS BANK BOARD MEETING

The 23rd Meeting of the Bank Board of the National Bank of Slovakia, chaired by Marian Jusko, Governor, was held on 14 November 2003.

- The Bank Board of the NBS approved the Interim Financial Statements and Report on the NBS's Result of Operations as at 30 September 2003.

As at 30 September 2003, the NBS reported a loss of SKK 18.4bn, owing mainly to the development of the Slovak koruna exchange rate against the EUR and the USD, and the sterilisation operations connected with the excess liquidity in the banking sector.

- The Bank Board of the NBS also approved the wording of Supplement II to the Agreement on the SIPS Payments System. The supplement sets the legal background for granting intraday loans to direct participants of the SIPS payments system in order to smooth the process of interbank payments.

The Bank Board of the NBS approved the draft Decree on the second issue of the SKK 5000 banknotes with the year 1999 design.

- The banknotes will be put into circulation from 10 December 2003 and are to be identical with the SKK 5000 banknotes issued in the previous years. The new banknotes have the same theme and security features, and have been printed using the same printing techniques and colours as all the 1999 design banknotes. However, there will be one difference on the reverse side, where the name of the Austrian printing works "OESTERREICHISCHE BANKNOTEN- UND SICHERHEITSDRUCK GMBH" printed on the 5mm-wide white margin of the banknote will replace the previous text "GIESECKE & DEVRIENT", the German printing works which printed the 1995 and 1999 design banknotes. All the SKK 5000 banknotes, which have previously been issued by the NBS, are to remain valid.

- The Bank Board of the NBS approved the decree to end the validity of both 10- and 20-halier nominal value coins. Their validity will end on 31 December 2003. Between 1 January 2004 and 31 December 2004, all these coins, which were minted in the period from 1993 to 2003, can be exchanged without charge at the National Bank of Slovakia and at banks and branch offices of foreign banks. From 1 January 2005 until 31 December 2008, the 10- and 20-halier coins will be exchanged only by the National Bank of Slovakia. After this deadline it will no longer be possible to exchange these coins.

The coins may be exchanged at the cash counters of the NBS, banks and branch offices of foreign banks for cash or by depositing to an account kept with the Natio-

nal Bank of Slovakia, with a relevant bank or a branch office of a foreign bank. It will be possible to exchange the coins for cash in the amounts that are divisible by 50 without remainder. When depositing the coins to an account, the total sum of their nominal values will be credited to the account in full amount.

The 24th Meeting of the Bank Board of the National Bank of Slovakia, chaired by Marian Jusko, Governor, was held on 25 November 2003.

- The Bank Board of the NBS discussed the Situation Report on Monetary Development in Slovakia in October 2003, and decided on maintaining the overnight sterilization rate at 4.75 %, the overnight refinancing rate at 7.75 %, and the limit rate for two-week repo tenders with commercial banks at 6.25 %.

Commentary to the NBS Bank Board Decision on Interest Rates of 25 November 2003

The level of inflation measured by the consumer price index has stabilized. Price dynamics continues to be generated by growth of regulated prices and indirect taxes. Core inflation represents a quarter of the aggregate price growth. Short-term prognoses of the NBS regarding the price development have materialized, when headline inflation was under opposing influences of rising food prices and declining prices of fuels. Food prices should preserve their growth potential until the end of the year, while in other sectors development should stagnate or slow down. Current predictions of inflation development for the end of the year have not changed compared with the previous month, they are in the upper part of the interval and confirm assumptions that the projected targets of the Updated Monetary Program of the NBS will be achieved.

The end of the calendar year is characterized by seasonal growth of consumer demand, which will be projected especially into a deteriorated foreign trade result compared with the preceding months. An anticipated temporary worsening of the trade balance should be caused by higher imports of consumer goods in the period before Christmas and lower exports at the end of the year because of the holiday season. Long-term development tendencies in foreign trade will continue. This anticipated development will not change the downward trend of the 12-month cumulative trade balance.

The main contributors to the dynamic growth of exports are primarily passenger cars, components and accessories for motor vehicles, machines and equipment, iron and steel. Rising export of these commodities is accompanied

by growth of relevant local industrial production. Based on economic outlook surveys, continued production growth can be anticipated until the end of the year, which could have a positive effect on exports. The exchange rate of the Slovak koruna appreciated in October compared with the previous month, on the average by 0.5 percent toward the euro and by 5 percent toward the US dollar. The nominal appreciation of the Slovak koruna vis-à-vis both currencies has also continued in November. Under the influence of this continuing development of the nominal exchange rate of the Slovak koruna, its effective real exchange rate will substantially appreciate on the cumulative basis.

The development of monetary aggregates in October followed its previous trend. The growth rate of money supply slightly accelerated compared with September, as

well as the lending activities of banks. Lending to households continues to lead over loans to businesses, and businesses continue to prefer loans in foreign currencies to those in Slovak koruna. In the second half of the year, loans to households continued their growth trend, which may be due to drawing of the remainder of mortgages from contracts signed in the first half of the year.

The development of economic and monetary indicators in October did not indicate a change in the tendencies hitherto. With regard to temporary and seasonal character of the rising consumer demand as well the absence of other factors that would require monetary policy changes, the Bank Board of the NBS has decided to maintain its key interest rates at unchanged levels.

Press department

PRESS REPORTS

Press Release Concerning Halier Coins

Governor of the National Bank of Slovakia Marián Jusko and Chief Executive Director of the Currency Division Ján Mathes informed journalists at a news conference on November 25, 2003 about a decision of the Bank Board of the NBS to terminate the validity of 10 and 20 halier coins as of December 31, 2003. They also explained the main reasons of the NBS decision to cancel the halier coins.

Between January 1, 2004 and December 31, 2004, it will be possible to exchange these coins free of charge in the National Bank of Slovakia and in all banks and branch offices of foreign banks. From January 1, 2005 to December 31, 2008, only the National Bank of Slovakia will exchange 10 and 20 halier coins. After that date, their exchange will no longer be possible. In the meantime, it will be possible to exchange the 10 and 20 halier coins at cash desks of the National Bank of Slovakia and cash desks of banks and branch offices of foreign banks

by depositing an amount in cash in an account kept with the National Bank of Slovakia or a bank or a branch office of a foreign bank. It will only be possible to exchange for cash coins with an aggregate sum of nominal values divisible by fifty without a remainder. When coins are deposited in an account, the aggregate sum of their nominal values will be credited to the account in full.

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Statement of the NBS to an Investigation into Operations of VÚB

In connection with a widely publicized investigation into operations in Všeobecná úverová banka, a. s. (VÚB) in 1998 – 2000, the National Bank Slovakia deems necessary to point out that activities that are

the subject of the investigation cannot have any effect on the present stable position of VÚB, a. s.

The outcome of an extensive process of restructuring and privatization of VÚB in 2001 was the entry of a strategic bank investor, which is Banca Intesa, which now represents a guarantee of professional management of the bank and security for its clients.

Fulfillment of Disclosure Duty by Issuers of Securities

Pursuant to the Securities Act, issuers of securities floated on the basis of a public offer have the duty to disclose their midyear and annual financial reports. One of the institutions to which these financial reports are submitted is the Financial Market Authority. There, the financial reports are registered and further processed. Since communication by e-mail now represents a standard for most issuers, as well as the fact that unification of formats of presented reports will simplify their processing and publication of relevant data, the Financial Market Authority has prepared a project pertaining to the fulfillment of

the disclosure duty in electronic form by issuers of securities floated based on a public offer. The Authority expects the first use of the prepared proposal for processing of annual reports for the year 2003.

The draft project was published on the web page of the Authority (www.uft.sk) in the section "Public Discussion." This section provides access to all required returns pursuant to provisions of Article 130 of the Securities Act (Disclosure Duty), together with instructions how they should be filled-in.

The Financial Market Authority would like to ask all issuers of securities for their comments on the draft project, which it expects at its e-mail address emienti@uft.sk.

Wüstenrot, životná poisťovňa, a.s. will Merge with Univerzálna Banková Poisťovňa, a.s.

The Financial Market Authority has issued a prior approval of a merger of life insurance company Wüstenrot, životná poisťovňa, a.s. Karadžičova 17, 811 09 Bratislava, IČO: 35 752 432 (hereinafter WZP) with the company Univerzálna banková poisťovňa,

a.s. Košická 52, 829 24 Bratislava, IČO: 31383 408 (hereinafter "UBP"). The decision became effective on November 14, 2003, whereby legal effects of the merger are expected on January 1, 2004, after they are recorded in the Corporate Register of the Slovak Republic. As the merger of WZP and UBP takes effect, the trade name of UBP should be changed to Wüstenrot, životná poisťovňa, a.s.

M. Kačmár, Financial Market Authority

Distance Learning for Employees of Tatra Banka, a.s.

On October 15, 2003, the head office of the National Bank of Slovakia hosted the official completion of a distance learning course Bank Management for employees of Tatra Banka, a.s. Seventeen graduates have successfully completed the challenging four semester course, who received certificates from Ing. Štefan Králik, Executive Director of the Presidial Division of the NBS in the presence of the Director of the Institute of Banking Education Ing. Dušan Garay, CSc., and Director of the Human Resources Department Ing. Jela Ferjancová.

The distance learning course Bank Management has been accredited by the Ministry of Education of the Slovak Republic and the graduation certificate is valid nationwide. Distance learning form of

study is a permanent component of activities of the NBS Institute of Banking Education.

D. Garay



Tatra Banka Prize for Culture 2003

On Saturday, November 29, Tatra Banka Prize for Culture 2003 was awarded for the eighth year in the Opera of the Slovak National Theater. A representative of the board of directors of Tatra Banka handed over the prizes to the winners at a ceremonial gala evening called Energy of Art. Based on a decision of

a ten-member expert jury, this year's winner of a glass pyramid and a financial grant of SKK 150,000 was actress Emília Vášaryová for her performing art, opera singer Elena Kittnarová for her lifelong achievements, and writer Ivan Štrpka for a creative deed of the year. An in memoriam prize without a financial grant was awarded to Július Satinský for his extraordinary contribution to Slovak culture. **(pol)**