

**Report on the Result
of Operations of the
National Bank of Slovakia
for 2008**

Contents of the Report

1. Costs and revenues of the NBS	p.	2
1.1. Executive summary	p.	2
1.2. Monetary area	p.	3
1.2.1. Performance of monetary policy	p.	4
1.2.2. Administration of foreign exchange reserves	p.	6
1.2.3. Transactions with clients, interbank payment system and other banking operations	p.	9
1.3. Issue of banknotes and coins	p.	9
1.4. Operating costs and revenues	p.	11
1.4.1. Staff costs and social costs	p.	12
1.4.2. Administrative and operating costs and revenues	p.	12
2. Distribution of profit/loss	p.	13

1. Costs and revenues of the NBS

1.1. Executive summary

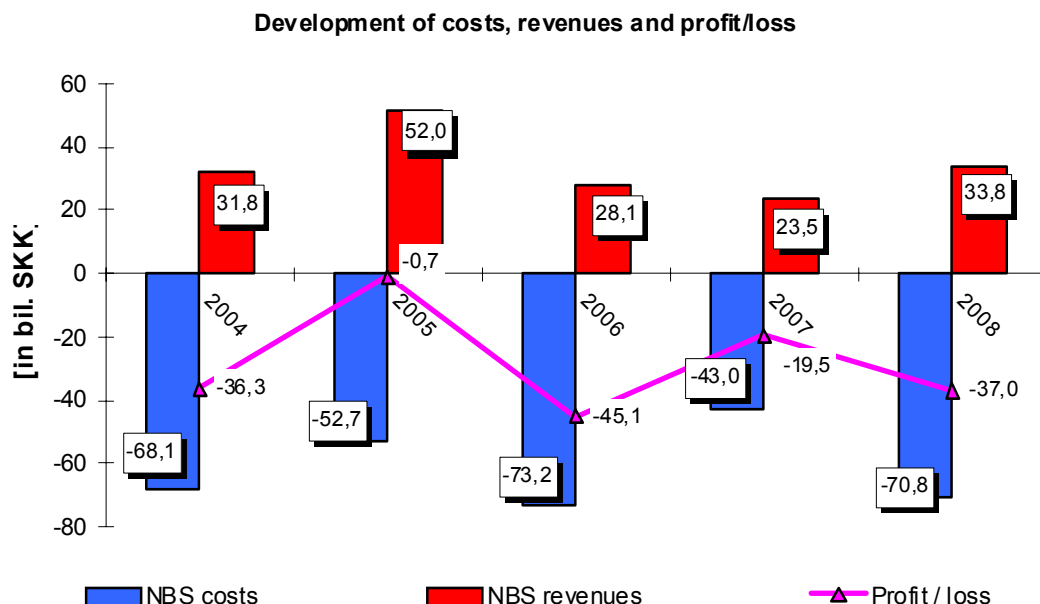
According to the Act of the National Council of the Slovak Republic No. 566/1992 Coll. on the National Bank of Slovakia as amended (hereinafter: the "NBS Act"), the primary objective of the NBS is to maintain price stability. The NBS subordinates all its activities and operations to this objective as well as to the performance of tasks resulting from the NBS Act and from special acts of the financial market, even despite that a positive result of operations will not be reached from them. The NBS' activity is not performed in order to reach the profit.

Table No. 1 Profit/loss from NBS operations

	Line No.	Note	Actual figure 2008				Actual figure 2007	Index 2008/2007
			Total	of which:		of which euro introduction	Total	
				FC	SKK			
Monetary area								
	1							
Result from monetary policy operations (profit +/-loss -)	2	1.2.1.	-16 002	0	-16 002	0	-15 561	1,03
Result from administration of foreign exchange reserves (profit+/loss -)	3	1.2.2.	-17 657	-17 657	0	0	-2 108	8,38
Results from transactions with clients and from interbank payment system (profit +/-loss -)	4	1.2.3.	50	0	50	0	89	0,56
Result from monetary area (profit +/-loss -)	5	1.2.	-33 609	-17 657	-15 952	0	-17 580	1,91
Issue of money and commemorative coins								
	6							
Result from the issue of money and commemorative coins (profit +/-loss -)	7	1.3.	-1 535	0	-1 535	-1 547	-124	.
Operations								
	8							
Result from operations (profit +/-loss -)	9	1.4.	-1 832	0	-1 832	-190	-1 760	1,04
Total costs for NBS	10	1.1.	-70 779	-50 992	-19 787	-1 749	-42 953	1,65
Total revenues for NBS	11	1.1.	33 803	33 335	468	12	23 489	1,44
Profit/loss from NBS operations (profit +, loss -)	12	1.1.	-36 976	-17 657	-19 319	-1 737	-19 464	1,90

In 2008, the total loss of the NBS is reported in the amount of SKK 36 976 mil., when total costs reached SKK 70 779 mil. and total revenues reached SKK 33 803 mil. (see Table No. 1). The loss increased year-on-year by an index of 1.9 (see Chart No.1). The costs were influenced most by the exchange rate loss resulting from strengthening of the Slovak koruna from the beginning of the year as of the date of setting the conversion rate against the euro, by implications of the sterilisation of excessive liquidity of the national banking sector and costs for the minting of euro coins.

Chart No. 1



In 2008, in the monetary area the NBS reported a loss of SKK 33,609 mil., which comprises the loss from the administration of foreign exchange reserves, loss from monetary policy operations, profit from transactions with clients and from interbank payment system (see Table 2, par. 1.2.).

From the performance of monetary policy, a loss of SKK 16 002 mil. (in 2007, the loss of SKK 15 561 mil.) was associated mainly with the sterilisation of excessive liquidity of the banking sector (sterilisation repo tenders were used for its performance, the issue of NBS treasury bills; O/N deposits were used less). In 2008, costs for sterilisation of excessive liquidity of the banking sector, with average daily sterilisation of SKK 377.517 bil., reached SKK 15 596 mil. (in 2007, with average daily sterilisation of SKK 360.713 bil., they reached SKK 15 219 mil., see Table 3, par. 1.2.1.).

From the administration of foreign exchange reserves a loss of SKK 17 657 mil. was reported (in 2007 a loss of SKK 2 108 mil., see Table 4, par. 1.2.2.). In 2008, the net foreign exchange loss (i.e. realized foreign exchange gains and losses from terminated transactions and unrealized foreign exchange losses from revaluation) reached SKK 35 127 mil. (in 2007 an amount of SKK 17 531 mil.). The reason for the unfavourable development was continued strengthening of the Slovak koruna against EUR and USD in the first half-year of 2008. From 8.7.2008, when the conversion rate of the Slovak koruna against the euro was set, the SKK/EUR exchange rate oscillated around the conversion rate. In 2008, the Slovak koruna appreciated against EUR by 10.4% (in 2007 by 2.8%) and against USD by 6.5% (in 2007 by 12.9%). A favourable influence on the loss shown from foreign exchange reserves had the profit from operations with securities amounting to SKK 17 793 mil..

From transactions with clients and from interbank payment system the NBS reached a profit of SKK 50 mil..

From the issue of banknotes, circulating and commemorative coins the NBS reported net costs (costs less revenues) of SKK 1 535 mil. in 2008 (in 2007 it was SKK 124 mil.). These costs resulted mainly from the minting of euro coins in 2008, amounting to SKK 1 528 mil. (see Table 6, par 1.3.).

In 2008, net costs for NBS operations (i.e. operating costs less revenues from operations) reached SKK 1 832 mil. and were influenced considerably by the euro introduction process. For the provision of operation the NBS spent absolute costs amounting to SKK 2 137 mil. (in 2007 it was SKK 1 885 mil.), of which costs associated with the euro preparations accounted for SKK 190 mil. (see Table 8, par. 1.4.).

In 2008, the average headcount was 1,078. The year-on-year index of 0.99 represents a drop by 3 employees.

In 2008, the average monthly salary reached SKK 45,915. Year-on-year growth of real salary is expressed by the 1.1% index.

1.2. Monetary area

In the monetary area the NBS ensures activities related to the performance of monetary policy, administration of foreign exchange reserves, transactions with the Slovak Republic and with other clients and to the performance of interbank payment system in the Slovak Republic.

For 2008 the NBS reached a loss in the monetary area in the amount of SKK 33 609 mil. with year-on-year growth by an index of 1.91. The most significant effect on the loss had foreign exchange losses as a result of the strengthening of the Slovak koruna in the first half-year of 2008 (see details in Part 1.2.2.) and costs associated with the performance of monetary policy (see details in Part 1.2.1.).

Table No. 2 Profit/loss from monetary area

	Line No.	Note	Actual figure 2008				Actual figure 2007	Index 2008/2007
			Total	of which:		of which euro introduction	Total	
				FC	SKK			
Monetary area	1							
Result from monetary policy operations (profit +/-loss -)	2	1.2.1.	-16 002	0	-16 002	0	-15 561	1,03
Result from administration of foreign exchange reserves (profit +/-loss -)	3	1.2.2.	-17 657	-17 657	0	0	-2 108	8,38
Results from transactions with clients and from interbank payment system (profit +/-loss -)	4	1.2.3.	50	0	50	0	89	0,56
Costs for monetary area	5	1.2.	-67 071	-50 992	-16 079	0	-40 939	1,64
Revenues from monetary area	6	1.2.	33 462	33 335	127	0	23 359	1,43
Result from monetary area (profit +/-loss -)	7	1.2.	-33 609	-17 657	-15 952	0	-17 580	1,91

1.2.1. Performance of monetary policy

For 2008, the NBS reported a loss from the performance of monetary policy of SKK 16 002 mil. (in 2007 a loss of SKK 15 561 mil.) caused mainly by the performance of operations related to the absorption of excessive liquidity of the banking sector (see Table No. 3). Average daily amount of sterilisation of the banking sector was in absolute figures SKK 377.517 bil. and increased year-on-year by SKK 16,804 bil. (see Chart No. 2). In 2008, for the purpose of liquidity management in the banking sector the NBS used mainly repo transactions and the issue of NBS treasury bills, O/N deposits of banks were used less (so called overnight deposits) and overnight refinancing operations.

Table No. 3 Profit/loss from performance of monetary policy

	Line No.	Actual figure 2008				Actual figure 2007	Index 2008/2007
		Total	of which:		of which euro introduction	Total	
			FC	SKK			
Performance of monetary policy	1						
Costs of interest on NBS treasury bills issued	2	-2 720	0	-2 720	0	-1 903	1,43
Interest paid on sterilisation repo tendres	3	-12 719	0	-12 719	0	-12 934	0,98
Interest paid on O/N deposits	4	-157	0	-157	0	-382	0,41
Interest paid on minimum reserves	5	-410	0	-410	0	-366	1,12
Interest received on O/N - refinancing repo	6	3	0	3	0	24	0,13
Interest received on delay of sterilisation repo tendres	7	1	0	1	0	0	.
Penalty interest received for non-fulfilment of minimum reserves	8	0	0	0	0	0	.
Costs for performance of monetary policy	9	-16 006	0	-16 006	0	-15 585	1,03
Revenues from performance of monetary policy	10	4	0	4	0	24	0,17
Profit/loss from performance of monetary policy (profit +/-loss -) (l. 9 and 10)	11	-16 002	0	-16 002	0	-15 561	1,03

In 2008, average daily sterilisation using repo tenders was SKK 305.125 bil. , which represents an increase of sterilised amount by 1.0% (in 2007 average daily sterilisation was SKK 303.176 bil. at interest rates from 4.25% to 4.75%). In 2008, interest paid to banks represented SKK 12 719 mil., at the basic interest rate ranging from 2.50% to 4.25%.

Issue of the NBS treasury bills was reflected in costs amounting to SKK 2 720 mil.. In 2008, the average daily amount of the issue of the NBS treasury bills accounted for SKK 64.546 bil. (year-on-year growth of the amount by an index of 1.47, while in 2007 average daily amount reached SKK 44.027 bil.). For this reason an increase in costs was recorded compared to 2007 (index of 1.43) at interest rates ranging from 2.49% to 4.25% p.a. (in 2007 interest rates fluctuated from 4.05% to 4.25% p.a.). The NBS issued 5 issues of treasury bills into its own portfolio and performed 13 auctions for commercial banks.

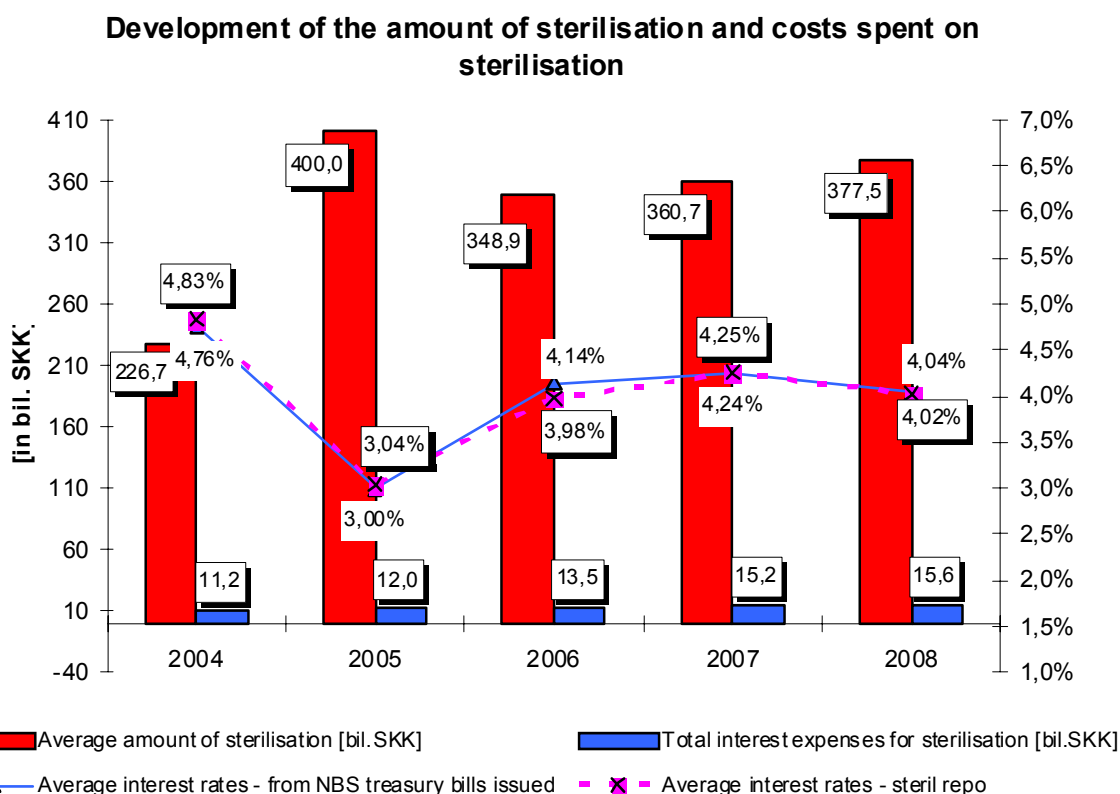
In the context of daily liquidity management, in 2008, O/N deposits were used less in the NBS (so called O/N deposits). Liquidity was absorbed daily on average from the banking sector using O/N deposits in the amount of SKK 7.846 bil. at the interest rate

from 1.50% to 2.75%. In 2008, the NBS spent SKK 157 mil. on O/N deposits, which represents a year-on-year drop of costs by an index of 0.41 (in 2007, the NBS spent SKK 382 mil. on O/N deposits, and average daily sterilisation was SKK 13.510 bil. and the interest rate fluctuated from 2.25% to 3.25%).

In the context of daily liquidity management of banks, the least used instrument was overnight refinancing repo operations, from which the NBS received interest in the amount of SKK 3 mil.. The average daily amount of refinancing accounted for SKK 0.042 bil. at the interest rate 3.50% to 5.75% (in 2007, the NBS received interest amounting to SKK 24 mil. At average daily amount of refinancing SKK 0.406 bil. and interest rates 5.75% to 6.25%). Interest received from overnight refinancing operations dropped by an index of 0.13.

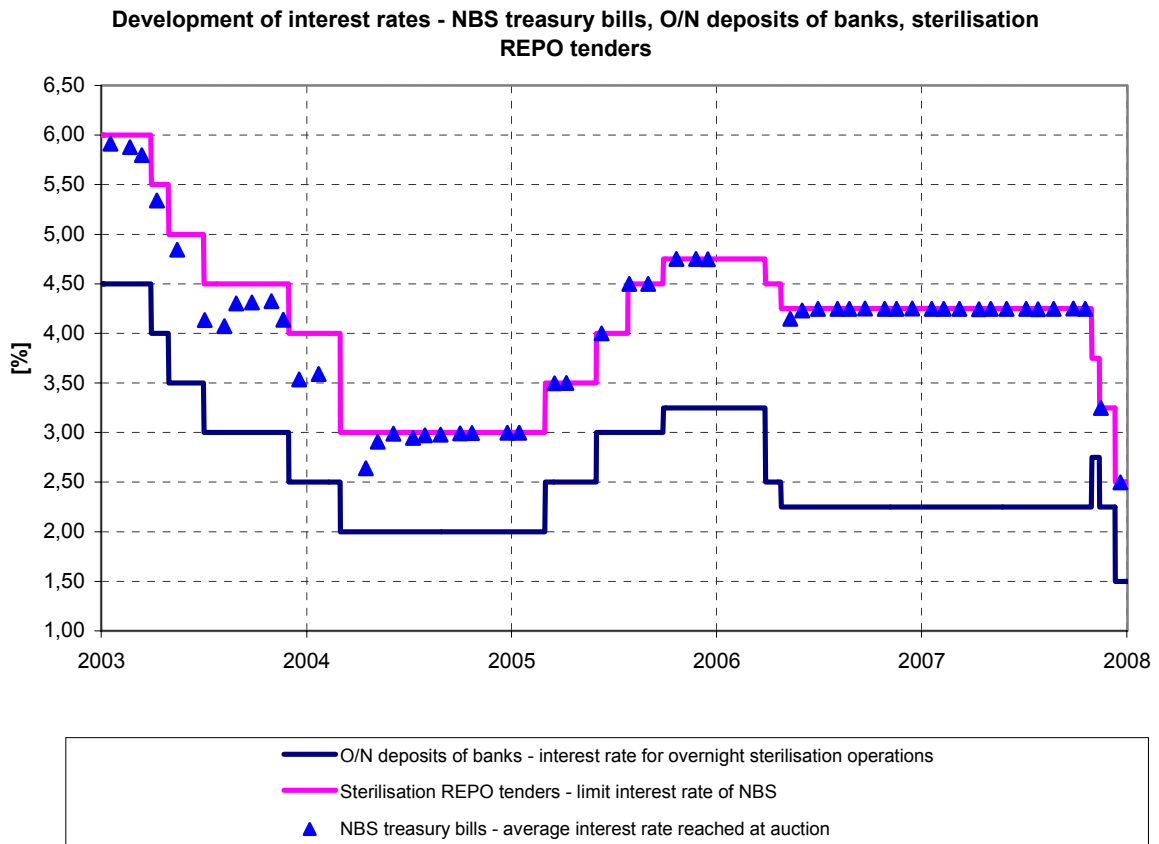
In 2008, the NBS paid interest to banks on minimum reserves in the amount of SKK 410 mil. (in 2007 it was SKK 366 mil.), whereas the interest rate was on the level of the year 2007, i.e. 1.5% p.a.

Chart No. 2



Development of changes in interest rates is stated in Chart No. 3.

Chart No. 3



1.2.2. Administration of foreign exchange reserves

Administration of foreign exchange reserves means the management of foreign exchange reserves as well as of public funds of the Slovak Republic by the central bank in fulfilling the requirements imposed on security, liquidity and profits. In 2008, the NBS reported a loss of SKK 17 657 mil. from the administration of foreign exchange reserves, mainly as a result of foreign exchange losses from appreciation of the Slovak koruna against the euro and USD from the beginning of the year until the conversion rate of the Slovak koruna against the euro was set (see Table No. 4).

Table No. 4 Profit/loss from administration of foreign exchange reserves

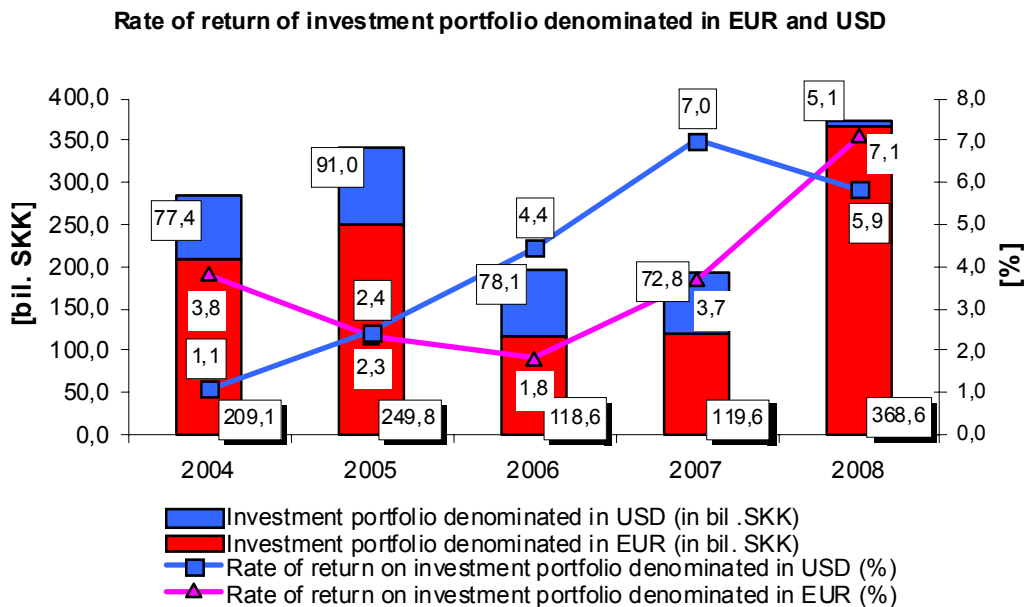
	Line No.	Actual figure 2008				Actual figure 2007	Index 2008/2007
		Total	of which:		of which euro introduction	Total	
			FC	SKK			
Administration of foreign exchange reserves	1						
Revenues from interest on securities in foreign currency	2	16 037	16 037	0	0	15 427	1,04
Costs of interest on securities in foreign currency	3	-900	-900	0	0	-426	2,11
Revenues from transaction with securities in foreign currency	4	4 365	4 365	0	0	256	17,05
Costs of transactions with securities in foreign currency	5	-1 709	-1 709	0	0	-524	3,26
Result from securities in foreign currency (profit +/-loss -) (l. 2 to 5)	6	17 793	17 793	0	0	14 733	1,21
Interest received on operations in gold and derivatives	7	9	9	0	0	1	9,00
Interest paid on operations in gold and derivatives	8	0	0	0	0	0	.
Revenues from operations in derivatives and gold	9	1 735	1 735	0	0	386	4,49
Costs of operations in derivatives and gold	10	-2 837	-2 837	0	0	-1 382	2,05
Result from operations in gold and derivatives (profit +/-loss -) (l. 7 to 10)	11	-1 093	-1 093	0	0	-995	1,10
Interest received on repo in foreign currency	12	588	588	0	0	1 616	0,36
Interest paid on repo in foreign currency	13	-137	-137	0	0	-295	0,46
Interest received on loans in foreign currency	14	0	0	0	0	1	0,00
Interest paid on loans in foreign currency	15	-1	-1	0	0	-2	0,50
Decrease in value of receivables to banks	16	0	0	0	0	0	.
Results from loans in foreign currency (profit +/-loss -) (l. 12 to 16)	17	450	450	0	0	1 320	0,34
Interest received on current accounts and deposits in foreign currency	18	66	66	0	0	206	0,32
Interest paid in the Slovak Republic in foreign currency	19	0	0	0	0	0	.
Interest paid on current accounts and deposits in foreign currency	20	0	0	0	0	0	.
Results from current accounts and deposits in foreign currency (profit +/-loss -) (l. 18 to 20)	21	66	66	0	0	206	0,32
Realized foreign exchange gains	22	10 259	10 259	0	0	5 113	2,01
Realized foreign exchange losses	23	-10 473	-10 473	0	0	-6 215	1,69
Unrealized foreign exchange losses from valuation	24	-34 913	-34 913	0	0	-16 429	2,13
Result from foreign exchange differences (profit +/-loss -) (l. 22 to 24)	25	-35 127	-35 127	0	0	-17 531	2,00
Fees received from banking operations in foreign currency	26	276	276	0	0	174	1,59
Fees paid from banking operations in foreign currency	27	-22	-22	0	0	-15	1,47
Result from fees in foreign currency (profit +/-loss -) (l. 26 and 27)	28	254	254	0	0	159	1,60
Costs of administration of foreign exchange reserves	29	-50 992	-50 992	0	0	-25 288	2,02
Revenues from administration of foreign exchange reserves	30	33 335	33 335	0	0	23 180	1,44
Profit/loss from administration of foreign exchange reserves (profit+/-loss -) (l. 29 and 30)	31	-17 657	-17 657	0	0	-2 108	8,38

The level of volatility of the SKK/EUR and SKK/USD exchange rates and the size of the open foreign exchange position of the NBS (difference between foreign exchange assets and foreign exchange liabilities) influence the currency risk to which the NBS is exposed. As at 31 December 2008, the open foreign exchange position dropped compared to 31 December 2007 by 5.6% from SKK 433 423 mil. to SKK 409 180 mil. (see Chart No. 5). Over the course of 2008, the contribution of USD to open foreign exchange position was kept based on decision of the Bank Board of the NBS on the level of 30% +/-2%, maximum USD 3.1 bil.. The remaining part of foreign exchange reserves was denominated in EUR. In the context of the SR's accession to the Monetary Union as at 1.1.2009, a new investment strategy was adopted by the Bank Board of the NBS, which influenced the transformation of the existing portfolios to new conditions and the change of limits of open foreign exchange position for individual currencies as early as in December 2008. The share of investment portfolio denominated in EUR accounted for 98.6%; the remaining part of foreign exchange reserves was denominated in USD (see Chart No. 4).

In 2008, the NBS reported a total foreign exchange loss of SKK 35 127 mil. (in 2007, the loss of SKK 17 531 mil. was reported). In comparison with 2007, in the first half-year of 2008, the Slovak koruna appreciated more significantly. The exchange rate of the Slovak koruna against the reference currency EUR appreciated by 10.4% from 33.603 as at 31 December 2007 to 30.126 as at 31 December 2008 (in 2007 the exchange rate

appreciated by 2.8%). The exchange rate of the Slovak koruna against the US dollar appreciated by 6.5% from 22.870 as at 31 December 2007 to 21.385 as at 31 December 2008 (in 2007 the exchange rate appreciated by 12.9 %, see Chart No. 5).

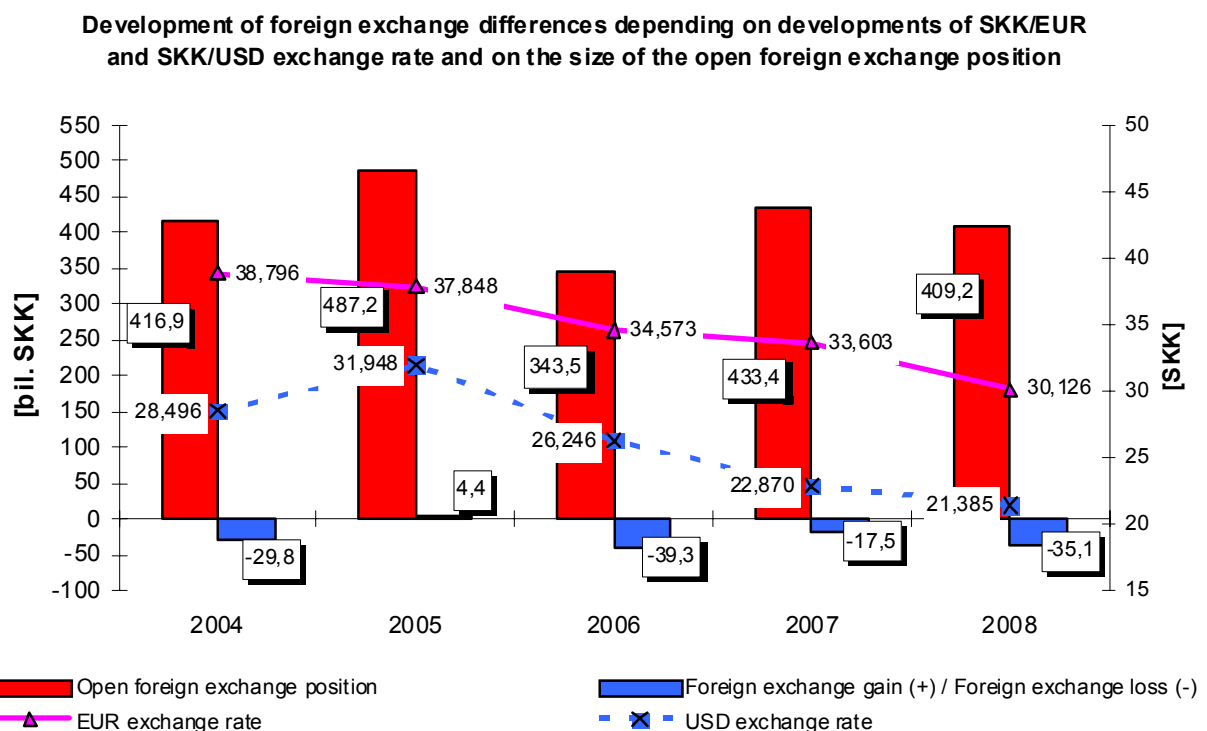
Chart No. 4



For 2008, the NBS reached the net profit of SKK 17 793 mil. from transactions with securities (in 2007 the profit was SKK 14 733 mil.), which resulted mainly from interest income from securities amounting to SKK 16 037 mil.. As a result of deepening global economic recession in the last quarter of 2008, the monetary policy was released considerably, whereas certain central banks reduced their basic interest rates to 0%. The rate of return on NBS portfolio was positive (see Chart No. 4).

For repo transactions in foreign currency the profit of SKK 451 mil. was reached. Primarily tri-party repo transactions were used.

Chart No. 5



1.2.3. Transactions with clients, interbank payment system and other banking operations

This area covers costs and revenues generated to the Bank in transactions with clients, in ensuring the interbank payment system and in other operations with the domestic banks which are not associated with the performance of monetary policy.

Interest received from contractual credit business of the NBS accounted for SKK 65 mil.. They consisted of interest on redistribution loan for building construction in the amount of SKK 54 mil., interest on loans intended for the support of small and medium enterprises and for the support of certain economic sectors in the Slovak Republic.

Interest of SKK 72 mil. was paid mainly to non-profit and other organisations, which have accounts operated with the NBS (e.g. Central Union of Jewish Religious Communities, embassies, Deposit Protection Fund, Investment Guarantee Fund), and to NBS employees.

The NBS ensures the performance of interbank payment system in the Slovak Republic (SIPS). In 2008, fees received for SIPS reached the amount of SKK 43 mil. (in 2007 it was SKK 49 mil.).

Table No. 5 Profit/loss from transactions with clients, interbank payment system and other banking operations

	Line No.	Actual figure 2008				Actual figure 2007	Index 2008 2007
		Total	of which:		of which euro introduction	Total	
			FC	SKK			
Transactions with clients, interbank payment system and other banking operations	1						
Interest received on loans in SKK	2	61	0	61	0	88	0,69
Interest paid on loans in SKK	3	0	0	0	0	0	.
Interest received on current accounts and deposits in SKK	4	4	0	4	0	4	1,00
Interest paid on current accounts and deposits in SKK	5	-72	0	-72	0	-65	1,11
Fees received from SIPS	6	43	0	43	0	49	0,88
Fees received from banking operations in SKK	7	15	0	15	0	14	1,07
Fees paid from banking operations in SKK	8	-1	0	-1	0	-1	1,00
Costs of transactions with clients and of interbank payment system	9	-73	0	-73	0	-66	1,11
Revenues from transactions with clients and from interbank payment system	10	123	0	123	0	155	0,79
Result from transactions with clients and from interbank payment system (profit +/-loss -) (l. 9 and 10)	11	50	0	50	0	89	0,56

1.3. Issue of banknotes and coins

Table No. 6 Profit/loss from the issue of banknotes and coins

	Line No.	Actual figure 2008				Actual figure 2007	Index 2008 2007
		Total	of which:		of which euro introduction	Total	
			FC	SKK			
Issue of money and commemorative coins	1						
Costs of banknote printing and coin minting	2	-1 571	0	-1 571	-1 559	-129	12,18
Revenues from the issue of banknotes and coins	3	36	0	36	12	5	7,20
Result from the issue of money and commemorative coins (profit +/-loss -)	4	-1 535	0	-1 535	-1 547	-124	12,38

In 2008, the NBS spent total costs of SKK 1 571 mil. for the issue activity, mainly for the minting of circulation euro coins the NBS spent SKK 1 528 mil., for the minting of commemorative coins SKK 36 mil. and for destruction of circulation coins SKK 3 mil.. The total costs increased in comparison to 2007 by an index of 12.18, mainly as a result of the euro adoption and the related costs for the minting of euro coins.

Euro coins were minted in Mincovňa Kremnica, š.p. in the amount of 469 mil. pieces in the nominal value of EUR 164 mil.. Out of it, there were supplied 10.6 mil. pieces of euro coins to starter kits. There were borrowed 188 mil. pieces of euro banknotes in the nominal value of EUR 7 bil. from the Central Bank of Austria which the NBS will return in 2010.

Over the course of 2008, there were supplied 2.8 mil. pieces of Slovak coins to the NBS, of which 163,875 pieces were delivered to annual sets of circulation coins.

From the commemorative coins issue plan 2008 for the number of 42,550 pieces (see Table No. 7), 42,347 commemorative coins were sold. Costs for the production of commemorative coins accounted for SKK 36 mil.; revenues from their issue reached SKK 27 mil. in 2008.

Development of banknote printing and coin minting costs is documented by Chart No. 6.

Chart No. 6

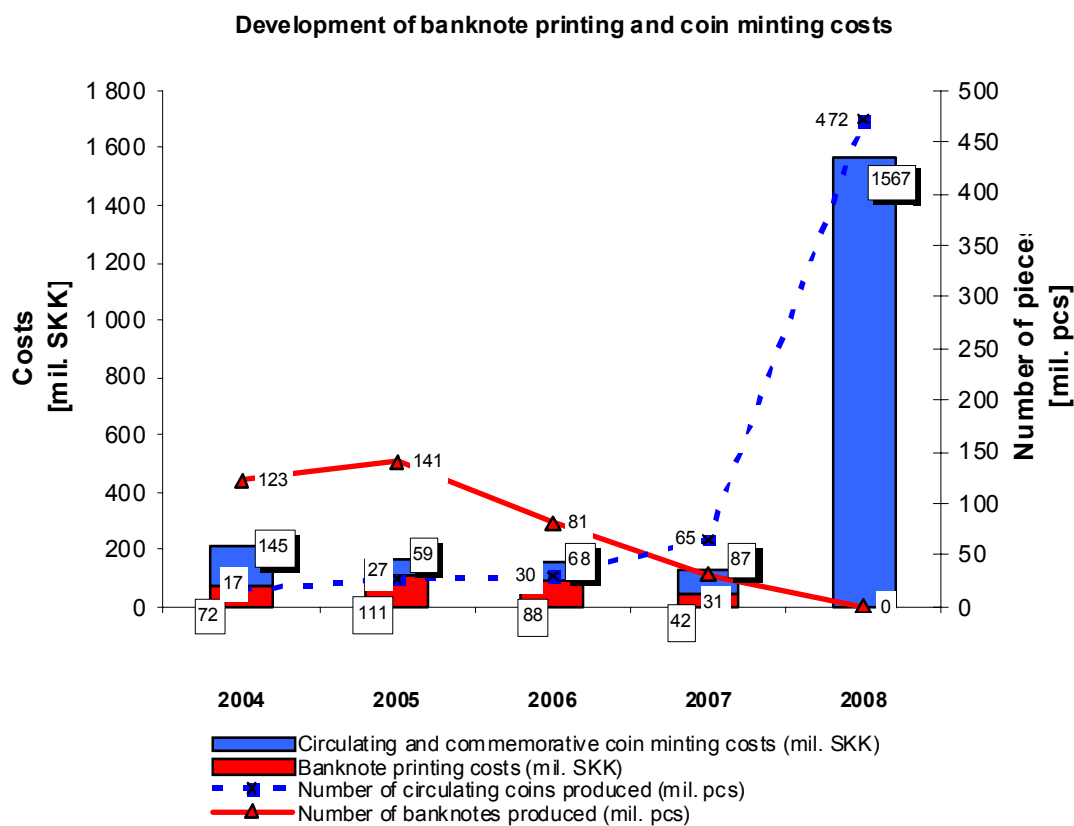


Table No. 7 Commemorative coins issued and sold in 2008

Name of commemorative coin	Number of commemorative coins in pcs
200 SKK silver commemorative coin "Andrej Kmet' - the 100th anniversary of the death" - issued on 12.2.2008	
standard version	4 000
proof	3 400
500 SKK silver commemorative coin "Protection of Nature and Landscape - National Park Low Tatras" - issued on 13.5.2008	
standard version	4 300
proof	4 800
5000 SKK gold commemorative coin "Coronations in Bratislava - 400th anniversary of the coronation of Matej II" - issued on 16.9.2008	
standard version	0
proof	4 050
1000 SKK silver commemorative coin "Farewell to the Slovak Crown" - issued on 1.12.2008	
standard version	0
proof	22 000
Total	42 550

1.4. Operating costs and revenues

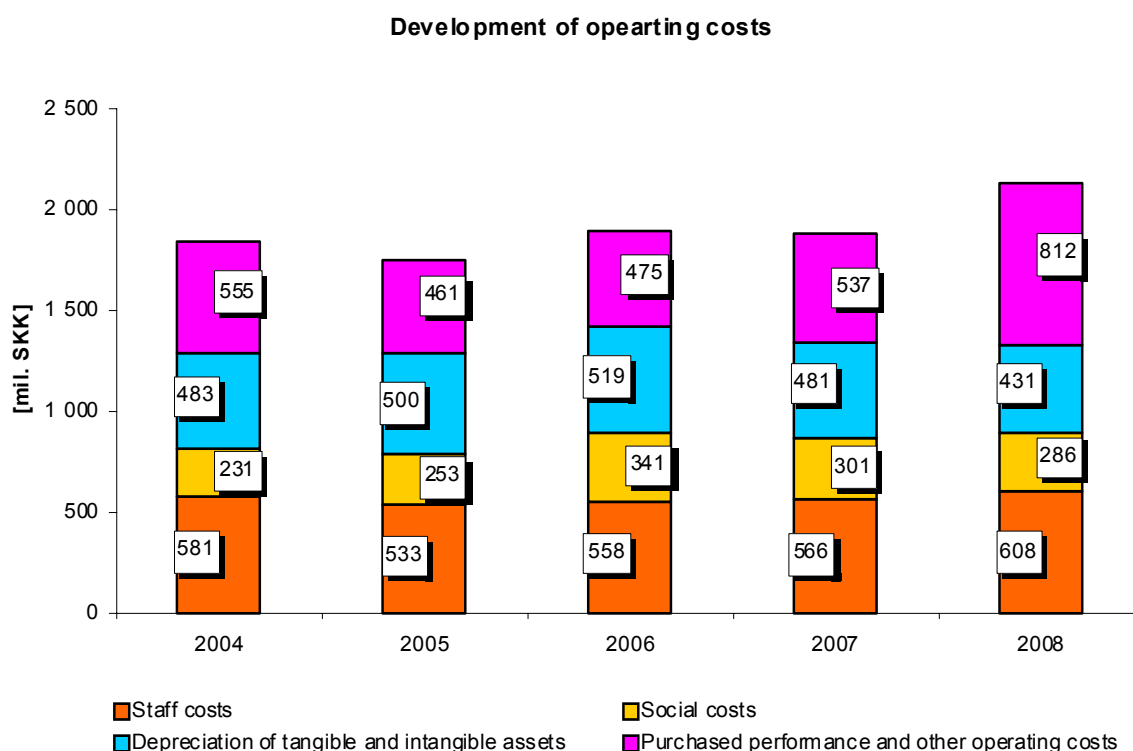
In 2008, net costs (i.e. costs less revenues) for the provision of operation and administration were reported in the amount of SKK 1 832 mil.. The year-on-growth in comparison to 2007 by an index of 1.04 was caused mainly by extraordinary costs associated with preparations for the euro changeover.

Table No. 8 Operating profit/loss

	Line No.	Note	Actual figure 2008				Actual figure 2007	Index 2008 2007
			Total	of which:		of which euro introduction	Total	
				FC	SKK			
Operating costs and revenues	1							
Staff costs	2	1.4.1.	-608	0	-608	-3	-566	1,07
Social costs	3	1.4.1.	-286	0	-286	-1	-301	0,95
Purchased performance	4	1.4.2.	-574	0	-574	-143	-479	1,20
Depreciation of tangible assets	5	1.4.2.	-331	0	-331	-1	-395	0,84
Depreciation of intangible assets	6	1.4.2.	-100	0	-100	0	-86	1,16
Other operating costs	7	1.4.2.	-238	0	-238	-42	-58	4,10
Fees and contributions of financial market entities	8	1.4.2.	120	0	120	0	105	1,14
Other operating revenues	9	1.4.2.	185	0	185	0	20	9,25
Operating costs	10	1.4.	-2 137	0	-2 137	-190	-1 885	1,13
Operating revenues	11	1.4.	305	0	305	0	125	2,44
Operating profit/loss (loss -)	12	1.4.	-1 832	0	-1 832	-190	-1 760	1,04

In 2008, operating costs associated with the euro introduction were spent in the amount of SKK 190 mil. and covered mainly costs of advertising and promotional material, resources for the purchase of equipment for safe transport of euro cash provided to the Ministry of Interior of the Slovak Republic and costs of software modifications at the euro changeover. For the above reason, in particular purchased performance grew year-on-year by an index of 1.20 and other operating costs by an index of 4.10 – for details see par. 1.4.2.

Chart No. 7



1.4.1. Staff costs and social costs

Staff costs include salaries and other costs of staff. In 2008, they were spent in the amount of SKK 608 mil. by a year-on-year index of 1.07.

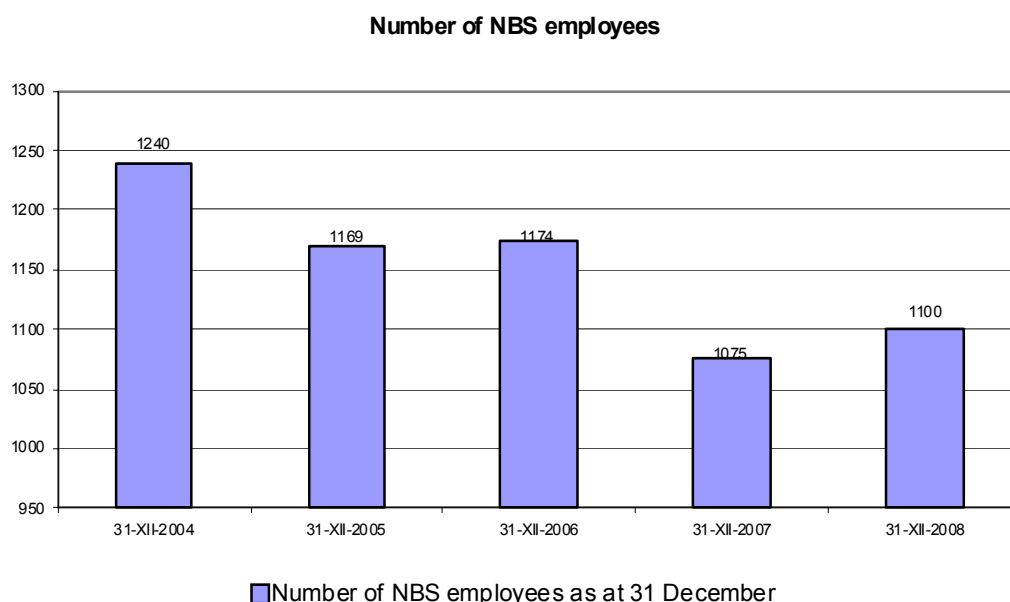
For 2008, the average headcount was 1,078, which is less by 3 employees than in 2007. As at 31.12.2008, there were recorded 1,100 employees in total. The numbers of employees were influenced by organisational changes made within the Bank in the context of the euro introduction and subsequent accession of the Slovak Republic to the Eurosystem (see Chart No.8).

For 2008, the average monthly salary reached SKK 45,915, which represents real year-on-year growth of 1.1 %.

In 2008, social costs with a year-on-year drop by 5 % represented the amount of SKK 286 mil.. Social costs consist in particular of costs for statutory social insurance paid to the Social Insurance Agency and to health insurance companies.

Staff costs and social costs associated with the euro introduction were spent in the total amount of SKK 4 mil..

Chart No. 8



1.4.2. Administrative and operating costs and revenues

Administrative and operating costs and revenues relate to the activity of individual organizational units of the NBS in performing the primary objective and tasks of NBS resulting from the NBS Act.

In 2008, administrative and operating costs were spent in the total amount of SKK 1 243 mil.. They include purchased performance of SKK 574 mil., depreciation of long-term tangible and intangible assets of SKK 431 mil. and other operating costs of SKK 238 mil..

Operating revenues accounted for SKK 305 mil..

Purchased performance and other operating costs (see Table No. 9) were spent in the amount of SKK 812 mil.. They grew year-on-year by an index of 1.51, which was caused by extraordinary costs spent in the context of the euro changeover of SKK 185 mil.. Costs for the euro introduction covered mainly costs of advertising and promotional material in the amount of SKK 77 mil., financial donation provided to the Ministry of Interior on the basis of a special deed of donation for the provision of transport and transport protection

for cash and other values in direct connection to the National Euro Changeover Plan in the Slovak Republic in the amount of SKK 42 mil. and costs of software modifications for the euro changeover of SKK 30 mil..

Year-on-year growth of the costs of transfer of long-term assets by an index of 77.50 was related to the planned sale of a building in Záhradnícka Street in the amount of SKK 155 mil..

Table No. 9 Purchased performance and other operating costs

Item	Line No.	Note	Actual figure 2008				Actual figure 2007	Index 2008/2007
			Total	of which:		of which euro introduction	Total	
				FC	SKK			
Costs of transfer of long-term tangible assets	1		155	0	155	0	2	77,50
Costs for technical support and maintenance of APSs	2		103	0	103	30	73	1,41
Repairs and maintenance	3		73	0	73	3	130	0,56
Energy consumption	4		62	0	62	0	50	1,24
Costs for data transmission, radio networks and postal charges	5		59	0	59	2	49	1,20
Financial donations	6		52	0	52	42	31	1,68
Costs of advertising	7		42	0	42	42	1	42,00
Consumption of promotional material	8		36	0	36	35	2	18,00
Other purchased performance	9		33	0	33	0	30	1,10
Travel costs	10		35	0	35	8	32	1,09
Other operating costs	11		31	0	31	0	25	1,24
Representation costs	12		24	0	24	15	8	3,00
Consumption of packing material for treasuries	13		16	0	16	3	16	1,00
Cleaning	14		13	0	13	0	12	1,08
Costs for protection of facilities and protection of transport of currency in circulation	15		13	0	13	4	8	1,63
Consumption of registered assets	16		12	0	12	0	3	4,00
Telephone costs	17		12	0	12	0	12	1,00
Books, periodicals and non-periodicals	18		8	0	8	0	8	1,00
Consumption of office supplies	19		8	0	8	0	7	1,14
Costs for rating, audit	20		7	0	7	0	16	0,44
Consumption of other material	21		6	0	6	0	6	1,00
Costs for information materials	22		5	0	5	0	3	1,67
Rent	23		4	0	4	0	9	0,44
Costs for translations and interpreting	24		3	0	3	1	3	1,00
Consumption of forms and teller's cheques	25		0	0	0	0	1	0,00
Purchased performance and other operating costs (l. 1 to 25)	26	1.4.2.	812	0	812	185	537	1,51

2. Distribution of profit/loss

According to Article 38 paragraph 2 of the NBS Act, over the accounting period the NBS generates either a profit or a loss. Profit generated by the NBS is allocated to the reserve fund and to other funds generated from the profit, or to settle losses from previous years. The remaining profit is transferred to the State budget or, based on the Slovak Government's decision, to state financial assets. The NBS may settle the loss for the accounting period from the reserve fund or from other funds. The loss on which the Bank Board may decide to remain outstanding shall be transferred to the next accounting period.

For 2008, the NBS reached a loss of SKK 36 976 mil.. According to decision of the NBS Bank Board, the loss for 2008 was included in losses of previous years (see Table No. 10).

Table No. 10 Settlement of profit/loss

Item	Line No.	Settlement of profit/loss		Year-on-year change 2008 - 2007
		2008	2007	
Profit (+) / Loss (-) of the current year	1	-36 976	-19 464	-17 512
Transfer in funds (appropriations (+), transfers from (-)) :				
Statutory fund	2	0	0	0
Reserve fund	3	0	0	0
Capital funds	4	0	0	0
Profit (+) / Loss (-) of the current year after transfers in funds (item 1 - item 2 to item 4)	5	-36 976	-19 464	-17 512
Profit appropriations to the state budget	6	0	0	0
Losses (-) / Profit (+) of previous years	7	-178 805	-141 829	-36 976

The impact of loss shown for 2008 on the NBS equity is documented by Table No. 11.

Table No. 11 Equity

Item	Line No.	Balance		Year-on-year change 2008 - 2007
		2008	2007	
Statutory fund	1	483	483	0
Reserve fund	2	10 269	10 269	0
Capital funds	3	43	43	0
Differences in valuation from revaluation	4	25 186	20 783	4 403
Losses (-) / Profit (+) of previous years	5	-178 805	-141 829	-36 976
Total equity (item 1 to item 5)	6	-142 824	-110 251	-32 573

As at 31 December 2008, the NBS reported a negative equity of SKK 142 824 mil.. As at 31.12.2008, year-on-year change in equity was influenced by a loss of the current year in the amount of SKK 36 976 mil. and by profits from the valuation of derivatives and securities at the market price in the amount of SKK 4 403 mil., which are reported in Equity in compliance with the Guideline of the ECB.



Ing. Ivan Šramko
The Governor



Ing. Viliam Ostrožlík, MBA
The Vice-Governor



Ing. Katarína Taragelová
The Director
of the Financial Management
Department

