

**Appendix to the Auditor's Report
on the Consistency of the Report on Result
of Operations of the National Bank of
Slovakia for the year 2010 with the
Financial Statements**

and

**Report on Result of Operations
of the National Bank of Slovakia
for the year 2010**

**Appendix to the auditor's report
on the consistency of the Report on Result of Operations of the National Bank of
Slovakia for the year 2010 with the financial statements**

To the Bank Board of the National Bank of Slovakia:

- I. We have audited the financial statements of the National Bank of Slovakia ("the Bank") as at 31 December 2010 presented in the report for the National Council of the Slovak Republic. We issued the following audit report dated 15 March 2011 on the financial statements:

"Independent Auditors' Report

To the Bank Board of the National Bank of Slovakia:

We have audited the accompanying financial statements of the National Bank of Slovakia ('the Bank'), which comprise the balance sheet as at 31 December 2010, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

Responsibility of the Bank Board of the National Bank of Slovakia for the Financial Statements

Bank Board of the National Bank of Slovakia is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with the Guideline of the European Central Bank of 11 November 2010 on the legal framework for accounting and financial reporting in the European System of Central Banks No ECB/2010/20 ('the ECB Guideline') and with Act No. 431/2002 Coll. on Accounting, as amended ('the Act on Accounting') and for such internal control as the Bank Board of the National Bank of Slovakia determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Bank Board of the National Bank of Slovakia, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2010 and of its financial performance for the year then ended in accordance with the ECB Guideline and the Act on Accounting.

15 March 2011

Bratislava, Slovak Republic

*Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257*

*Ing. Dalimil Draganovský
SKAU Licence No.893"*

- II. We have also audited the consistency of the Report on Result of Operations of the National Bank of Slovakia for the year 2010 ("Report on Result of Operations") with the above-mentioned financial statements. The Bank Board of the National Bank of Slovakia is responsible for the accuracy of preparation of the Report on Result of Operations. Our responsibility is to express an opinion on the consistency of the Report on Result of Operations with the financial statements, based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the accounting information presented in the Report on Result of Operations and derived from the financial statements is consistent, in all material respects, with the financial statements. We have checked that the information presented in the Report on Result of Operations is consistent with that contained in the audited financial statements as at 31 December 2010. We have not audited information that has not been derived from audited financial statements or Bank accounting records. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit, the accounting information presented in the Report on Result of Operations is consistent, in all material respects, with the financial statements of the Bank as at 31 December 2010.

15 March 2011
Bratislava, Slovak Republic

A stylized blue ink signature of the Ernst & Young firm.

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A blue ink signature of Ing. Dalimil Draganovský.
Ing. Dalimil Draganovský
SKAU Licence No.893

Report on Result of Operations of the National Bank of Slovakia for the year 2010

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1. Profit/Loss of the NBS

1.1. Executive Summary

In 2010, the NBS reported an overall loss of EUR 515,173 thousand, when total costs and total revenues reached EUR 1,501,141 thousand and EUR 985,968 thousand, respectively (refer to Table 1 and Chart 1).

The overall loss of the NBS was largely influenced by the loss in monetary area of EUR 445,831 thousand, which was significantly affected by a loss resulting from the administration of foreign exchange reserves, wherein unrealized losses from the valuation of financial assets to profit/loss of EUR 673,530 thousand were reported. The profit of EUR 49,701 thousand generated from performance of the monetary policy, thanks to the NBS refinancing position, had a favourable impact on reduction of the loss.

Table 1: Profit/Loss of the NBS

	L. No.	Note	Actual figure		Index 2010/2009	Year-on-year change
			2010	2009		
Monetary area	1					
Result from monetary policy operations (profit+/loss-)	2	1.2.1.	49,701	-9,717	x	59,418
Result from administration of foreign exchange reserves (profit+/loss-)	3	1.2.2.	-523,675	91,364	x	-615,039
Profit/loss from transactions with ECB (profit+/loss-)	4	1.2.3.	27,631	48,977	0.56	-21,346
Result from transactions with clients and from interbank payment system (profit+/loss-)	5	1.2.4.	512	597	0.86	-85
Result from the monetary area (profit+/loss-)	6	1.2.	-445,831	131,221	x	-577,052
Issue of money and commemorative coins	7					
Result from the issue of money and commemorative coins (profit+/loss-)	8	1.3.	-12,337	-3,651	3.38	-8,686
Operations	9					
Result from operations (profit+/loss-)	10	1.4.	-57,005	-56,982	1.00	-23
Total costs for the NBS	11	1.1.	-1,501,141	-935,932	1.60	-565,209
Total revenues for the NBS	12	1.1.	985,968	1,006,520	0.98	-20,552
Profit/loss from the NBS operations (profit+, loss-)	13	1.1.	-515,173	70,588	x	-585,761

Chart 1

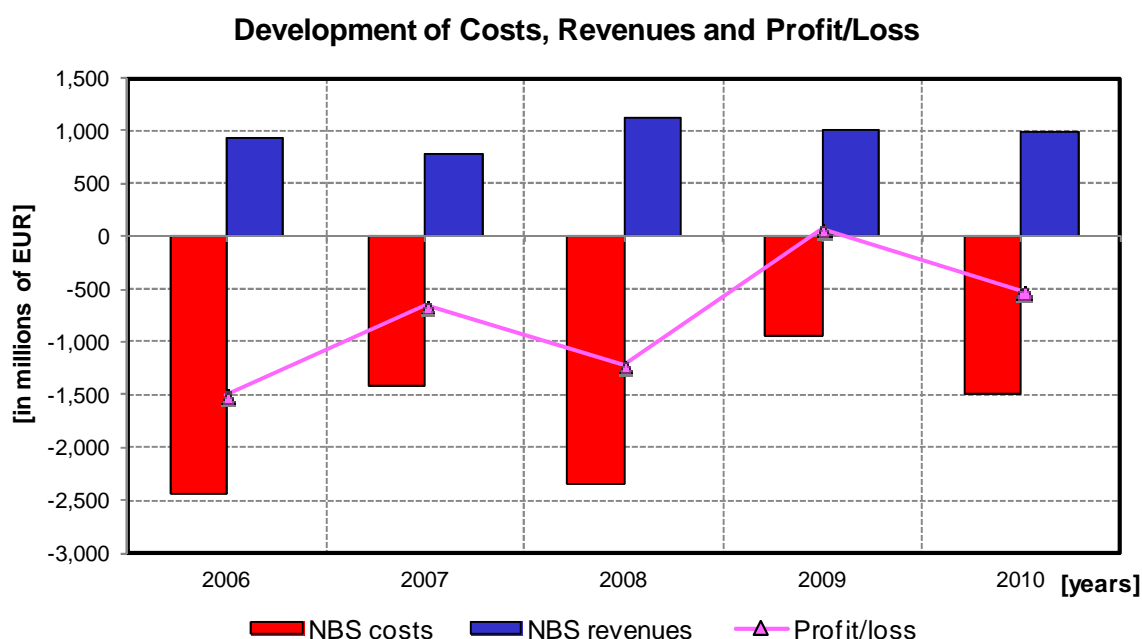
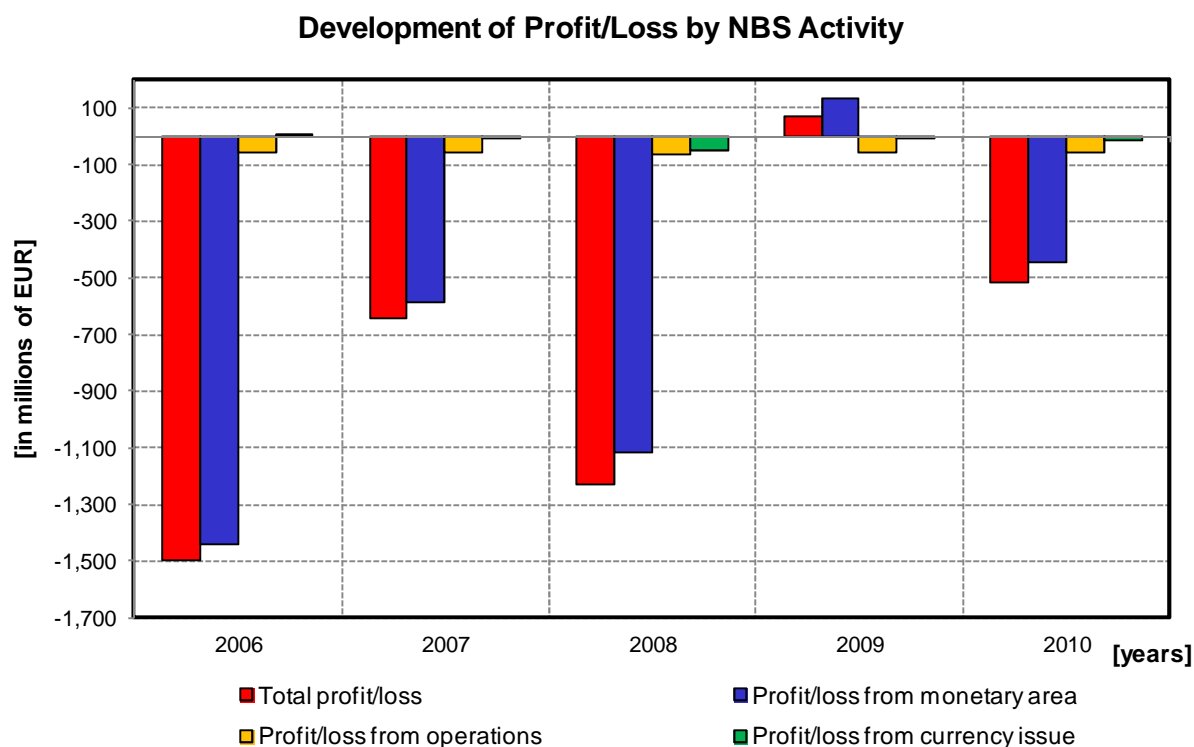


Chart 2 displays the significant impact of the monetary area results on the overall profit/loss of the bank.

Chart 2



In 2010, from the issue of banknotes, circulating and commemorative coins, the NBS reported net costs (costs less revenues) of EUR 12,337 thousand (2009: EUR 3,651 thousand), i.e. a year-on-year increase by an index of 3.38 (refer to Table 7, par. 1.3.). Costs incurred in connection with the issue of euro banknotes represented the greatest sum to the costs from issuance activities, whereas the issue of euro banknotes was realized for the first time in the NBS history totalling 218.5 million items.

In 2010, net costs for NBS operations (i.e. operating costs less revenues from operations) reached EUR 57,005 thousand, which was the same level as in 2009 (refer to Table 9, par. 1.4.). Compared to the previous year 2009, lower costs regarding items such as deliveries of services and material were recognized in the internal structure of costs (refer to Table 10).

1.2. Monetary Area

In the monetary area, the NBS ensures activities relating to performance of the monetary policy within the framework of the euro area, the administration of foreign exchange reserves, transactions with the ECB, transactions with the Slovak Republic and other clients, and performance of the interbank payment system.

In 2010, loss in the monetary area was reported in the amount of EUR 445,831 thousand (2009: profit of EUR 131,221 thousand), which was substantially affected by losses from the valuation of financial assets to market prices recognized in profit/loss of EUR 673,530 thousand, of which the valuation of financial instruments to market prices and unrealized foreign exchange losses from the valuation of foreign currency amounted to EUR 667,265 thousand and EUR 6,265 thousand, respectively.

Table 2: Profit/Loss from Monetary Area

	L. No.	Note	Actual figure		Index 2010/2009	Year-on-year change
			2010	2009		
Monetary area	1					
Result from monetary policy operations (profit+/loss-)	2	1.2.1.	49,701	-9,717	x	59,418
Result from administration of foreign exchange reserves (profit+/loss-)	3	1.2.2.	-523,675	91,364	x	-615,039
Profit/loss from transactions with ECB (profit+/loss-)	4	1.2.3.	27,631	48,977	0.56	-21,346
Result from transactions with clients and from interbank payment system (profit+/loss-)	5	1.2.4.	512	597	0.86	-85
Costs for monetary area	6	1.2.	-1,424,863	-866,434	1.64	-558,429
Revenues from monetary area	7	1.2.	979,032	997,655	0.98	-18,623
Result from the monetary area (profit+/loss-)	8	1.2.	-445,831	131,221	x	-577,052

1.2.1. Performance of Monetary Policy

For 2010, the NBS reported a profit from the performance of monetary policy of EUR 49,701 thousand (2009: loss of EUR 9,717 thousand). Compared to the prior year, the favourable outcome was caused by the transition from the NBS sterilisation position to the refinancing position. In accordance with the rules effective for the Eurosystem from 1 January 2009, the NBS uses main refinancing transactions, longer-term refinancing transactions, fine-tuning transactions, structural transactions and automated transactions for monetary policy purposes.

Table 3: Profit/Loss from Performance of Monetary Policy

	L. No.	Note	Actual figure		Index 2010/2009	Year-on-year change
			2010	2009		
Performance of monetary policy	1					
Free market operations together (l. 3, 6, 8, 11):	2		57,113	5,693	10.03	51,420
Main operations (l. 4, 5)	3		1,071	-4,538	x	5,609
- interest received	4		1,071	1,074	1.00	-3
- interest paid	5		0	-5,612	0.00	5,612
Longer-term refinancing operations (l. 7):	6		14,517	9,722	1.49	4,795
- interest received	7		14,517	9,722	1.49	4,795
Fine-tuning operations (l. 9, 10)	8		-275	-279	0.99	4
- interest received	9		0	0	x	0
- interest paid	10		-275	-279	0.99	4
Structural operations (l. 12, 13):	11		41,800	788	53.05	41,012
- interest received	12		44,821	2,407	18.62	42,414
- interest paid	13		-3,021	-1,619	1.87	-1,402
Automatic operations (l. 15, 16):	14		-462	-5,831	0.08	5,369
- interest received	15		1	11	0.09	-10
- interest paid	16		-463	-5,842	0.08	5,379
Compulsory minimum reserves (l. 18, 19):	17		-6,951	-9,610	0.72	2,659
- interest received	18		0	0	x	0
- interest paid	19		-6,951	-9,610	0.72	2,659
Charges, contractual fines from MPO (l. 20, 21):	20		1	31	0.03	-30
- charges and fines received	21		4	35	0.11	-31
- charges paid	22		-3	-4	0.75	1
Costs for performance of monetary policy	23	1.2.1.	-10,713	-22,966	0.47	12,253
Revenues from performance of monetary policy	24	1.2.1.	60,414	13,249	4.56	47,165
Profit/loss from performance of monetary policy (profit+/loss-) (l. 23 and 24)	25	1.2.1.	49,701	-9,717	x	59,418

In view of the extraordinary circumstances prevailing on the financial markets, which were noted as the cause of considerable tension in certain market segments, on 9 May 2010 the Governing Council of the ECB decided to introduce a temporary programme for markets with SMP securities. The programme is part of the single monetary policy of the Eurosystem

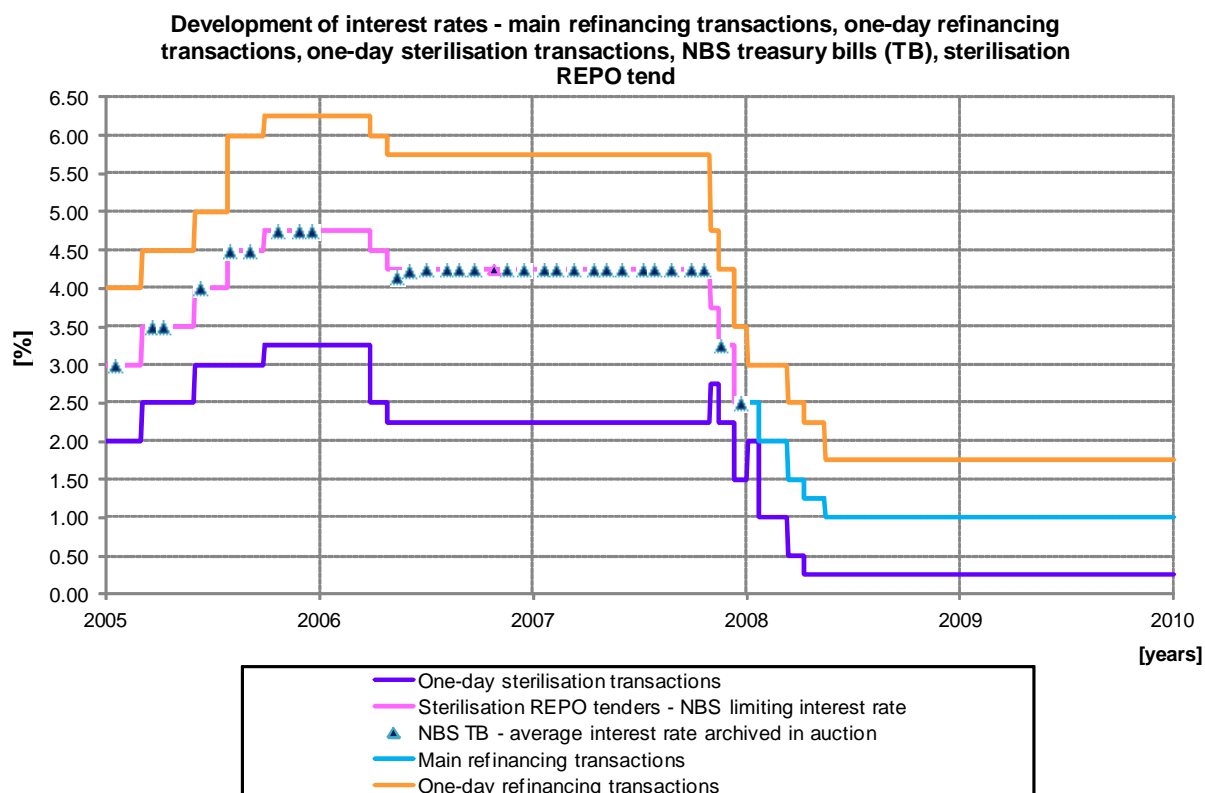
aiming at removing defects in the functioning of markets with securities and restoring due functioning of the transmission mechanism of the monetary policy.

Within the framework of performance of the monetary policy, the most substantial volume was brought about by structural operations with a net profit of EUR 41,800 thousand, which represent the Covered Bond Purchase Programme (hereinafter only "CBPP") and the Securities Markets Programme (hereinafter only "SMP").

As at 31 December 2010, under the CBPP the NBS purchased covered bonds at a cost of EUR 553.9 million (of which net interest received and recognized amounted to EUR 15,619 thousand) and under the SMP securities at a cost of EUR 840.4 million (of which net interest received and recognized amounted to EUR 26,181 thousand). The programme for purchasing covered bonds – CBPP – was completed in Q2 of 2010.

The main refinancing transactions in the Eurosystem fulfil a key role in achieving the aims of controlling both the interest rates and the liquidity situation on the market, and in conveying signals as to monetary policy intentions. They are performed via reverse transactions, provide refinancing facilities against collateral, have a weekly frequency and a normal maturity of one week. They are carried out in the form of standard tenders for all contractual parties. At the interest rate of 1% (refer to Chart 3) the NBS received interest amounting to EUR 1,071 thousand (in 2009, the interest rate ranged from 1.00% to 2.50% and interest received totalled EUR 1,074 thousand).

Chart 3



Longer-term refinancing transactions are supplementary transactions on the free market performed in the Eurosystem, aiming at additional and longer-term refinancing of the financial sector. They are performed in the form of standard tenders for all contractual parties of the NBS. From these transactions, the NBS received interest of EUR 14,517 thousand at the interest rate of 1.00% (in 2009, the interest rate ranged from 1.00% to 2.50% and interest received amounted to EUR 9,722 thousand).

The least frequently used instrument within the framework of automated transactions was represented by one-day refinancing transactions (the decrease in the volume of realized

transactions on 2009 was by an index of 0.17), of which the NBS received interest of EUR 1 thousand. In 2009, the interest received was EUR 11 thousand, whereby the year-on-year decrease was by an index of 0.09.

In 2010, the management of daily liquidity by means of automated transactions was used only to a small extent compared to 2009. The decline resulted from the use of one-day refinancing transactions as well as one-day sterilisation transactions, of which the NBS paid interest of EUR 463 thousand at the interest rate of 0.25%, i.e. a year-on-year decrease in costs by an index of 0.08 (in 2009, the NBS spent EUR 5,842 thousand on one-day sterilisation transactions when the interest rate ranged from 0.25% to 2.00%).

The fine-tuning of term deposits represents a bank liquidity management instrument which has been used since 2009. From these transactions, the NBS paid out interest of EUR 275 thousand (2009: EUR 279 thousand), wherein a decline by an index of 0.99 was recorded, which resulted from lower interest rates provided for these transactions, as there was an increase in the volume of realized transactions for the period under review by an index of 1.06.

In 2010, the NBS paid interest to banks of EUR 6,951 thousand (2009: EUR 9,610 thousand) from the compulsory minimum reserves, at the interest rate of 1% (in 2009, the interest rate ranged from 1.00% to 2.50% p.a.).

1.2.2. Administration of Foreign Exchange Reserves

The administration of reserves means the management of investment portfolios held for trading, which consist of, specifically, securities, currency swaps, interest rate swaps, option transactions, repo transactions, gold repo transactions and transactions on nostro accounts. In 2010, from the administration of foreign exchange reserves, the NBS reported a loss of EUR 523,675 thousand (refer to Table 4), resulting from the settlement of unrealized losses from the valuation of financial assets to profit/loss of EUR 673,530 thousand.

In 2010, the NBS reported a net profit from transactions with securities amounting to EUR 48,447 thousand (2009: profit of EUR 527,848 thousand), which was mainly influenced by interest income from securities of EUR 430,656 thousand. The resulting transactions with securities were unfavourably affected by the settlement of unrealized losses from the valuation of securities to profit/loss in the amount of EUR 440,520 as at 31 December 2010 (2009: EUR 10,340 thousand), resulting from the decline in the market prices of securities experienced in 2010.

A contribution to the reported loss was also represented by interest paid from remuneration of the debit position in TARGET2 of EUR 141,974 thousand, which declined by an index of 0.87 on the previous year (2009: EUR 163,967 thousand) owing to the interest rate which in 2010 was lowered to 1% for main refinancing transactions and which represents interest for the use of funds from TARGET2, in particular for the purposes of administering foreign exchange reserves, CBPP and SM

The results of transactions with gold (refer to Table 4, I. 7) were largely influenced by unrealized losses from the valuation of options at a fair value of EUR 61,077 thousand, which in turn were mostly affected by the increase in gold prices. Transactions with gold also include repo transactions with gold (gold swaps). As at 31 December 2010, the NBS concluded four long-term repo transactions with gold with a maturity of ten years and six short-term repo transactions with gold with a maturity of three months. The interest paid from repo transactions with gold amounted to EUR 4,830 thousand, whereas the interest received totalled EUR 2,396 thousand.

Table 4: Profit/Loss from Administration of Foreign Exchange Reserves

	L. No.	Note	Actual figure		Index 2010/2009	Year-on-year change
			2010	2009		
Administration of foreign exchange reserves	1					
Securities (I. 3 up to 6):	2		48,447	527,848	0.09	-479,401
- revenues from interest	3		430,656	460,057	0.94	-29,401
- cost of interest	4		-55,152	-95,609	0.58	40,457
- revenues from operations with securities	5		136,123	177,912	0.77	-41,789
- costs of operations with securities and unrealized losses from revaluation	6		-463,180	-14,512	31.92	-448,668
Transactions in gold (I. 8 up to 10)	7		-63,512	-52,864	1.20	-10,648
- interest received	8		2,407	888	2.71	1,519
- interest paid	9		-4,842	-5,162	0.94	320
- costs of transactions in gold and unrealized losses from revaluation	10		-61,077	-48,590	1.26	-12,487
Transactions in derivatives (I. 12 up to 15):	11		-360,428	-218,455	1.65	-141,973
- interest received	12		174,207	72,476	2.40	101,731
- interest paid	13		-386,911	-174,928	2.21	-211,983
- revenues from transactions in derivatives	14		96,637	168,022	0.58	-71,385
- costs of transactions in derivatives and unrealized losses from revaluation	15		-244,361	-284,025	0.86	39,664
Credit operations (I. 17, 18):	16		-1,222	334	x	-1,556
- interest received	17		253	334	0.76	-81
- interest paid	18		-1,475	0	x	-1,475
Current accounts and deposits (I. 20, 21):	19		591	207	2.86	384
- interest received	20		594	665	0.89	-71
- interest paid	21		-3	-458	0.01	455
Foreign exchange rate differences (I. 23 up to 25):	22		-6,998	-932	7.51	-6,066
- realized exchange rate gains	23		44,122	52,095	0.85	-7,973
- realized exchange rate losses	24		-44,855	-50,739	0.88	5,884
- unrealized exchange rate losses from revaluation	25		-6,265	-2,288	2.74	-3,977
Receivables/payables against TARGET2 (I. 27, 28):	26		-141,974	-163,967	0.87	21,993
- interest received	27		0	0	x	0
- interest paid	28		-141,974	-163,967	0.87	21,993
Fees for administration of foreign exchange reserves (I. 30, 31):	29		1,421	-807	x	2,228
- fees received	30		2,516	359	7.01	2,157
- fees paid	31		-1,095	-1,166	0.94	71
Costs of administration of foreign exchange reserves	32	1.2.2.	-1,411,190	-841,444	1.68	-569,746
Revenues from administration of foreign exchange reserves	33	1.2.2.	887,515	932,808	0.95	-45,293
Profit/loss from administration of foreign exchange reserves (profit+/-/loss-) (I. 32 and 33)	34	1.2.2.	-523,675	91,364	x	-615,039

From trades with derivatives, a loss of EUR 360,428 thousand was reported (2009: a loss of EUR 218,455 thousand). The negative value reflects the need to control interest rate risk with respect to the portfolio of securities.

The reported loss of EUR 1,222 thousand from credit transactions consisted of interest paid from repo transactions of EUR 1,475 thousand and interest received on a redistribution loan from Slovenská záručná a rozvojová banka, a.s., granted in the amount of EUR 252 thousand for housing construction.

1.2.3. Transactions with the ECB

Transactions with the ECB are realized in accordance with the Protocol on the Statute of the European System of Central Banks and of the European Central Bank and the ECB's decision. From these transactions, the Bank reported a net profit of EUR 27,631 thousand (refer to Table 5).

Income of the NBS totalling EUR 14,565 thousand represented the share of the NBS in the ECB's net profit for 2009. In accordance with Article 33 of the Protocol on the Statute of the ESCB and the ECB, the Governing Council at its meeting on 4 March 2010 decided on the full allocation of the ECB's net profit referred to above among the individual central banks (based on the key on the ECB's paid-up capital).

The year-on-year decline in the volume of net interest received from the issue of banknotes by an index of 0.13 was largely caused by reducing the receivable from the issue of banknotes and a fall in the main refinancing interest rate on 2009. A concurrent impact was also brought about by non-redistribution of the ECB's income from euro banknotes in circulation (seigniorage) for 2010 among national central banks on the grounds of creating the ECB's reserves to cover credit, foreign exchange rate, interest rate and gold price risks (in 2009, the income amounted to EUR 7,821 thousand), which was resolved by the Governing Council on 16 December 2010.

Yield from monetary revenues for 2010 resulting from the performance of ESCB's monetary policy tasks amounted to EUR 6,192 thousand (Table 5, part of I. 8). Interest from a receivable from a transfer of foreign exchange reserves to the ECB totalled EUR 3,442 thousand.

Table 5: Profit/Loss from Transactions with the ECB

	L. No.	Note	Actual figure		Index 2010/2009	Year-on-year change
			2010	2009		
Transactions with ECB	1					
Receivables from transfer of foreign exchange reserves to ECB (I. 3):	2		3,442	4,374	0.79	-932
- interest received	3		3,442	4,374	0.79	-932
Receivables/payables from issuance of banknotes (I. 5, 6):	4		4,073	31,785	0.13	-27,712
- interest received	5		4,240	31,785	0.13	-27,545
- interest paid	6		-167	0	x	-167
Monetary revenue from ECB (I. 8, 9):	7		5,551	12,818	0.43	-7,267
- revenue	8		6,202	12,819	0.48	-6,617
- cost	9		-651	-1	651.00	-650
Share in ECB's profit from previous year	10		14,565	0	x	14,565
Costs from transactions with ECB	11	1.2.3.	-818	-1	818.00	-817
Revenues from transactions with ECB	12	1.2.3.	28,449	48,978	0.58	-20,529
Profit/loss from transactions with ECB (profit+/-loss-) (I. 11 and 12)	13	1.2.3.	27,631	48,977	0.56	-21,346

1.2.4. Transactions with Clients and Interbank Payment System

This area covers costs and revenues generated by the Bank in transactions with clients, in ensuring the interbank payment system and other transactions with domestic banks which are not associated with performance of the monetary policy. Net profit reported from transactions with clients and interbank payment system amounted to EUR 512 thousand (refer to Table 6). Of the above amount, fees received for SIPS related to ensuring performance of the interbank payment system in the Slovak Republic totalled EUR 1,788 thousand (2009: EUR 1,731 thousand).

Interest of EUR 1,984 thousand was paid mainly from the deposit accounts of clients with accounts administered by the NBS. The increase by an index of 1.07 on 2009 (EUR 1,855 thousand) resulted from an increase in the interest paid for auxiliary financial institutions due to an increase in the principal on their deposit accounts.

Table 6: Profit/Loss from Transactions with Clients and Interbank Payment System

	L. No.	Note	Actual figure		Index 2010/2009	Year-on-year change
			2010	2009		
Transactions with clients and interbank payment system	1					
Current accounts and deposits of clients:	2		-1,873	-1,738	1.08	-135
- interest received	3		117	121	0.97	-4
- interest paid	4		-1,984	-1,855	1.07	-129
- interest paid to the Slovak Republic	5		-6	-4	1.50	-2
Other banking operations	6		0	-2	0.00	2
- other revenues	7		0	0	X	0
- other costs	8		0	-1	0.00	1
- decrease (-)/increase (+) of value of receivables against clients	9		0	-1	0.00	1
Fees from transactions with clients, interbank payment system and other banking operations	10		2,385	2,337	1.02	48
- fees received	11		405	425	0.95	-20
- fees paid	12		-115	-124	0.93	9
- received financial fees SIPS	13		1,788	1,731	1.03	57
- received financial fees TARGET2	14		344	343	1.00	1
- paid financial fees TARGET2	15		-37	-38	0.97	1
Cost of transactions with clients on interbank payment system	16	1.2.4.	-2,142	-2,023	1.06	-119
Revenues from transactions with clients and from interbank payment system	17	1.2.4.	2,654	2,620	1.01	34
Result from transactions with clients and from interbank payment system (profit+/-loss-) (I.16 and 17)	18	1.2.4.	512	597	0.86	-85

1.3. Issue of Banknotes and Coins

Table 7: Profit/Loss from the Issue of Banknotes and Coins

	L. No.	Note	Actual figure		Index 2010/2009	Year-on-year change
			2010	2009		
Issue of money and collector coins	1					
Costs of banknotes printing and coins minting	2		-14,442	-7,548	1.91	-6,894
Revenues from issue of banknotes and coins	3		2,105	3,897	0.54	-1,792
Result from issue of money and collector coins (profit+/-loss-)	4	1.3.	-12,337	-3,651	3.38	-8,686

In 2010, the NBS expended total costs of EUR 14,442 thousand. Total costs increased on 2009 by an index of 1.91, largely due to the costs of printing euro banknotes, which was realized for the first time in the history of the NBS.

In 2010, the NBS provided for the production and distribution of 218.5 million items of banknotes for the needs of the Eurosystem. This amount also includes euro banknotes which, after translation using the key reflecting the intensity of printing individual nominal values, are equivalent to the 188 million items of euro banknotes which the NBS borrowed from the Eurosystem for the purposes of frontloading in 2008.

In addition, in 2010, the NBS provided for the minting of 81.6 million items of circulating euro coins, of which 0.6 million items were delivered to annual sets of euro coins.

In accordance with the 2010 issue plan of collector coins, 69,165 coins were minted (refer to Table 8).

In 2010, revenues from the issue amounted to EUR 2,105 thousand, which represents a decrease on 2009 by an index of 0.54. They largely consisted of revenues from the sale of collector coins.

Table 8: Commemorative Coins Issued in 2010

Name of collector coin	Number of coins in pcs
Silver collector coin of nominal value EUR 10 UNESCO World Heritage – Wooden Churches of the Slovak Part of the Carpathian Mountain Area – issued on 15 March 2010	
standard version	9,900
proof	17,325
Silver collector coin of nominal value EUR 10 Martin Kukučín – 150th birth commemoration – issued on 3 March 2010	
standard version	7,500
proof	9,300
Silver collector coin of nominal value EUR 20 Protection of Nature and Landscape – Poloniny National Park – issued on 29 September 2010	
standard version	8,150
proof	10,350
Gold collector coin of nominal value EUR 100 UNESCO World Heritage – Wooden Churches of the Slovak Part of the Carpathian Mountain Area – issued on 1 December 2010	
standard version	-
proof	6,640
Total	69,165

1.4. Operating Costs and Revenues

The NBS has maintained a stable level of operating costs over the long-term (refer to Chart 2). In 2010, net costs (i.e. costs less revenues) of EUR 57,005 thousand for provision of the operation and administration were reported, which is the same level as in 2009 (refer to Table 9).

Table 9: Operating Profit/Loss

	L. No.	Note	Actual figure		Index 2010/2009	Year-on-year change
			2010	2009		
Operating costs and revenues	1					
Staff costs	2	1.4.1.	-22,339	-21,638	1.03	-701
Social costs	3	1.4.1.	-12,026	-9,931	1.21	-2,095
Purchased performance	4	1.4.2.	-16,310	-18,796	0.87	2,486
Depreciation of tangible assets	5	1.4.2.	-7,899	-8,701	0.91	802
Amortization of intangible assets	6	1.4.2.	-3,262	-2,884	1.13	-378
Received fees and contributions of financial market entities	7	1.4.2.	4,054	4,058	1.00	-4
Other operating revenues	8	1.4.2.	777	910	0.85	-133
Operating costs	9	1.4.	-61,836	-61,950	1.00	114
Operating revenues	10	1.4.	4,831	4,968	0.97	-137
Operating profit/loss (loss-)	11	1.4.	-57,005	-56,982	1.00	-23

1.4.1. Staff Costs and Social Costs

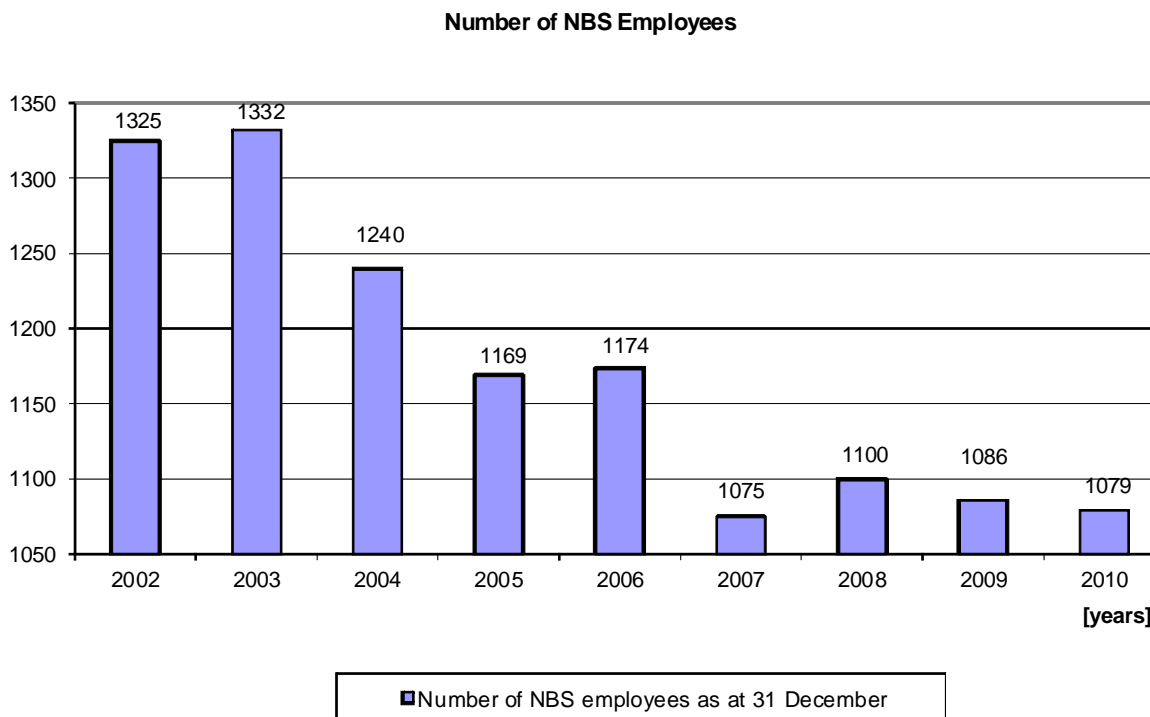
Staff costs include wages and salaries as well as other personnel costs. In 2010, they were drawn in the amount of EUR 22,339 thousand with a year-on-year index of 1.03.

In 2010, the average headcount was 1,082, which is one employee less than in the previous period. As at 31 December 2010, a total of 1,079 employees were recorded, being seven employees fewer than in 31 December 2009, i.e. by 0.6% (refer to Chart 4).

In 2010, social costs represented EUR 12,026 thousand with a year-on-year index of 1.21. The increase in the above largely resulted from an increase in the maximum assessment bases of individual insurance funds effective from 1 July 2010. Social costs largely consisted of costs for statutory social insurance paid to the Social Insurance Agency

and the health insurance companies (EUR 7,303 thousand) as well as costs for the social policy concerning employees applied in accordance with the Collective Agreement (EUR 4,723 thousand).

Chart 4



1.4.2. Administrative and Operating Costs and Revenues

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

In 2010, administrative and operating costs were drawn in a total of EUR 27,471 thousand. They include costs required for operation and administration of EUR 16,310 thousand and depreciation of tangible and intangible assets of EUR 11,161 thousand.

Costs required for operation and administration (refer to Table 10) declined on a year-on-year basis by an index of 0.87.

Operating revenues were EUR 4,831 thousand and mainly consisted of contributions by the financial market entities overseen.

Table 10: Costs Required for Operation and Administration

Item	L. No.	Note	Actual figure		Index 2010/2009	Year-on-year change
			2010	2009		
Costs of IS technical support and maintenance	1		3,074	2,520	1.22	554
Repairs and maintenance	2		3,134	2,815	1.11	319
Energy consumption	3		1,816	2,100	0.86	-284
Telecommunications costs	4		1,714	1,873	0.92	-159
Travel costs	5		1,199	1,357	0.88	-158
Consumption of material	6		1,083	1,378	0.79	-295
Cleaning services	7		453	479	0.95	-26
Financial donations	8		403	340	1.19	63
Contributions to legal entities and membership contributions	9		380	316	1.20	64
Representation costs	10		373	497	0.75	-124
Data transmission systems	11		343	1,125	0.30	-782
Taxes and fees	12		280	527	0.53	-247
Promotional costs and costs related to books, periodicals, non-periodicals and information material	13		262	785	0.33	-523
Rent	14		206	171	1.20	35
Costs of rating and audit	15		197	220	0.90	-23
Costs of protection of facilities and protection of transport of currency in circulation	16		195	423	0.46	-228
Premium paid	17		180	167	1.08	13
Costs of translation, interpreting and advisory services	18		112	191	0.59	-79
Other administrative and operating costs	19		906	1,512	0.60	-606
Services purchased and other costs required for operation and administration (l. 1 to 19)	20	1.4.2.	16,310	18,796	0.87	-2,486

2. Distribution of Profit/Loss

The NBS covers its costs solely from its activities; it is funded neither from the state budget nor from public administration budgets and draws no funds generated by the taxes of taxpayers. Similarly, when distributing profit, the NBS may not transfer any free funds to the state budget.

In accordance with Article 39 (4) of the NBS Act, the NBS generates either a profit or a loss over the accounting period. Profit generated by the NBS is allocated to the reserve fund and other funds generated from profit, or is used to settle losses from prior years. The NBS may settle the loss for the accounting period from the reserve fund or from other funds. Any loss that the Bank Board of the NBS may decide to remain outstanding is to be transferred to the next accounting period.

In 2010, the NBS generated a loss of EUR 515,173 thousand. By the decision of the Bank Board of the NBS dated 15 March 2011, the loss for 2010 was settled against the accumulated losses from previous years (refer to Table 11).

Table 11: Settlement of Profit/Loss

Item	L. No.	Settlement of profit/loss	
		2010	2009
Profit(+)/Loss(-) of the current year	1	-515,173	70,588
Transfer in funds (appropriations (-), transfers form (+)):			
Statutory fund	2	0	0
Reserve fund	3	0	0
Capital funds	4	0	0
Profit (+)/Loss (-) of the current year after transfers in funds (item 1 - item 2 up to 4)	5	-515,173	70,588
Transfer against losses from previous years	6	-515,173	70,588
Profit (+)/Loss (-) of the current year after settlement (item 5 - item 6)	7	0	0



Doc. Ing. Jozef Makúch, PhD.
 Governor



Ing. Viliam Ostrožlík, MBA
 Vice-Governor



Ing. Katarína Taragelová
 Director of Financial
 Management Department