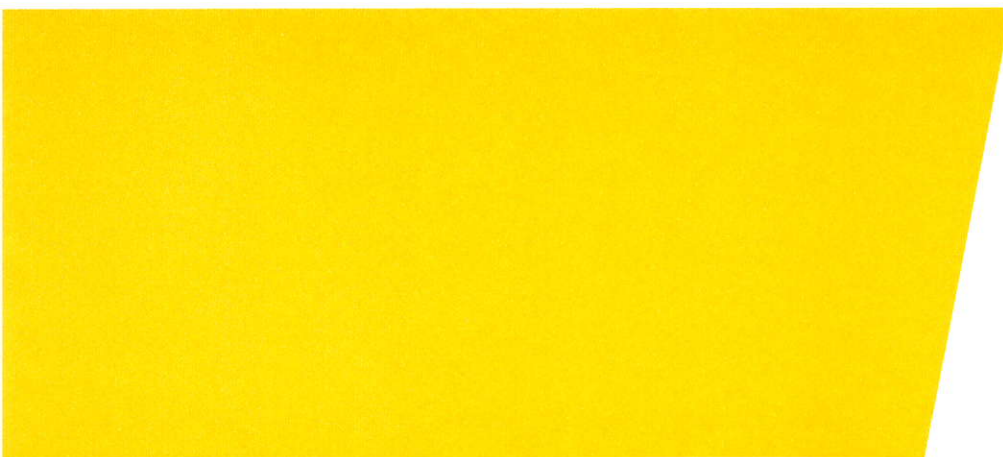


Appendix to the auditor's report on the consistency  
of the Report on Results of Operations of  
the National Bank of Slovakia (NBS)  
for the year 2012 with the financial statements

and

Report on Results of Operations of the NBS  
for the year 2012





**Appendix to the auditor's report  
on the consistency of the Report on Results of Operations of the National Bank  
of Slovakia for the year 2012 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 2012 presented in the report for the National Council of the Slovak Republic. We issued the following audit report dated 19 March 2013 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 2012, 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, as amended ("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 2012 and of its financial performance for the year then ended in accordance with the ECB Guideline and the Act on Accounting.*

**19 March 2013**

**Bratislava, Slovak Republic**

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

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

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

- II. We have also audited the consistency of the Report on Results of Operations of the National Bank of Slovakia for the year 2012 ("Report on Results 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 Results of Operations. Our responsibility is to express an opinion on the consistency of the Report on Results 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 Results of Operations and derived from the financial statements is consistent, in all material respects, with the financial statements. We have verified that the information presented in the Report on Results of Operations is consistent with the information contained in the audited financial statements as at 31 December 2012. We have not audited information that not has been derived from the audited financial statements or the Bank's 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 Results of Operations is consistent, in all material respects, with the financial statements of the Bank as at 31 December 2012.

19 March 2013  
Bratislava, Slovak Republic

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

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

A handwritten signature in blue ink, likely belonging to Ing. Dalimil Draganovský.

Ing. Dalimil Draganovský  
SKAU Licence No.893



**Appendix to the auditor's report on the  
consistency of the Report on  
Results of Operations of the National  
Bank of Slovakia (NBS) for the year 2012  
with the financial statements**

**and**

**Report on Results of Operations of the  
NBS for the year 2012**



# **Report on Results of Operations of the NBS for the year 2012**

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## 1. Profit/Loss of the NBS

### 1.1. Executive Summary

In 2012, the NBS reported an overall profit of EUR 199,439 thousand, wherein total costs and total revenues reached EUR 1,068,994 thousand and EUR 1,268,433 thousand, respectively (refer to Table 1 and Chart 1).

The overall profit of the NBS was influenced by the recognized gain in the monetary area of EUR 254,352 thousand, net operating costs of EUR 53,430 thousand and net costs for the issue of currency and collector coins of EUR 1,483 thousand.

Table 1: Profit/Loss of the NBS

	L. No.	Actual figure		Multiple 2012/2011	Year-on-year change
		2012	2011		
<b>Monetary area</b>	1				
Results from monetary policy operations (profit+/loss-)	2	201,913	82,911	2.44	119,002
Results from administration of foreign exchange reserves (profit+/loss-)	3	57,720	-104,191	x	161,911
Profit/loss from transactions with ECB (profit+/loss-)	4	4,523	10,402	0.43	- 5,879
Results from transactions with clients (profit+/loss-)	5	-9,804	-2,059	4.76	-7,745
<b>Results from monetary area (profit+/loss-)</b>	6	<b>254,352</b>	<b>-12,937</b>	<b>x</b>	<b>267,289</b>
<b>Issue of currency and collector coins</b>	7				
Results from issue of currency and collector coins (profit+/loss-)	8	-1,483	-5,868	0.25	4,385
<b>Operations</b>	9				
Results from operations (profit+/loss-)	10	-53,430	-57,929	0.92	4,499
<b>Total costs for NBS</b>	11	<b>-1,068,994</b>	<b>-1,443,854</b>	<b>0.74</b>	<b>374,860</b>
<b>Total revenues for NBS</b>	12	<b>1,268,433</b>	<b>1,367,120</b>	<b>0.93</b>	<b>-98,687</b>
<b>Profit/loss from NBS operations (profit+, loss-)</b>	13	<b>199,439</b>	<b>-76,734</b>	<b>x</b>	<b>276,173</b>

Note: 2011 data are retranslated to 2012 methodology. The change of methodology relates to the reclassification of recognition of fees relating to payment systems SIPS, Target2 and SWIFT from Financial Activities into Operating Activities, reclassification of the fees for the account administration in Target 2 from the Operations with Clients to the Administration of the Foreign Exchange Reserves, reclassification of the monetary income from the operations with the ECB into the Execution of Monetary Policy and reclassification of the seigniorage within the Transactions with ECB. The training costs were reclassified from the Staff costs into the administration expenses and are presented together with the Travel costs. The costs of the systems for the data transfer are presented as at part of the Cost of IS technical support and maintenance.

Chart 1

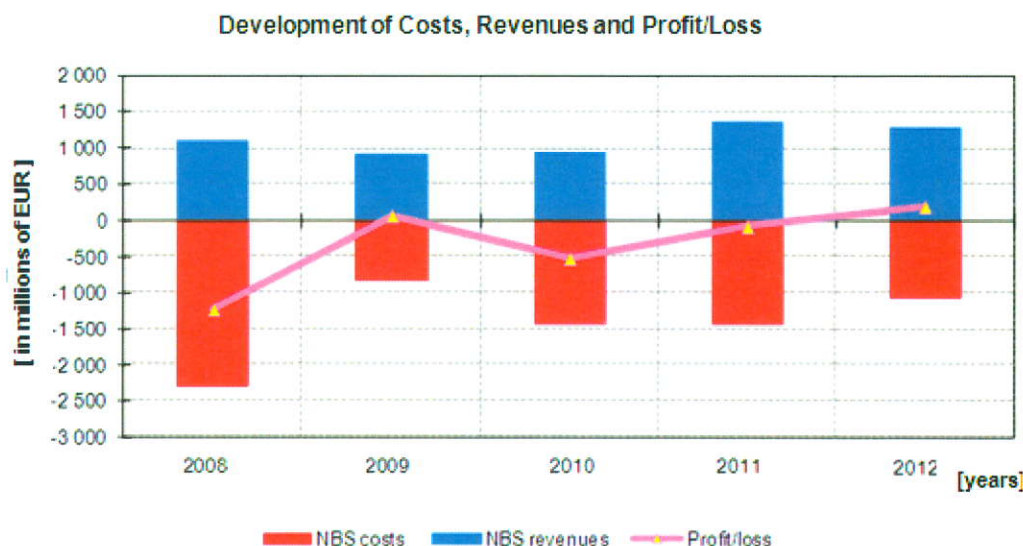
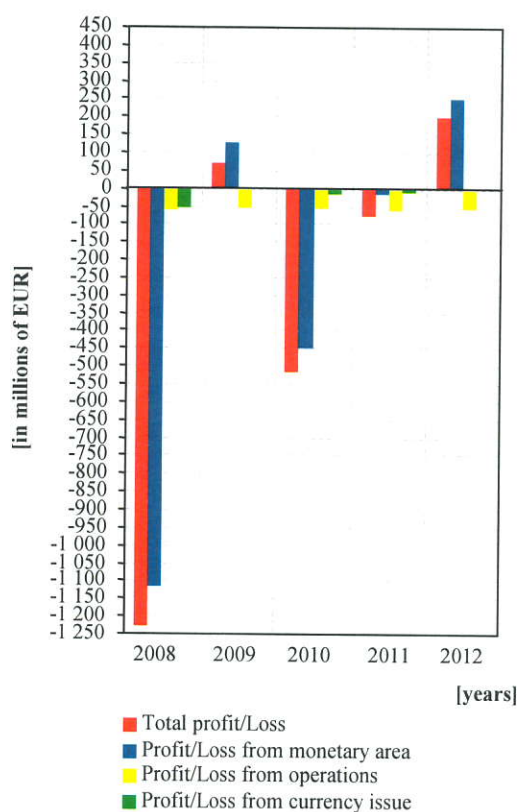




Chart 2 displays the impact of individual activities on the overall profit/loss of the Bank. The results in the monetary area significantly influence the overall results generated in the current year.

Chart 2

Development of Profit/Loss by NBS  
Activity



## 1.2. Monetary area

In the monetary area, the NBS conducts activities related to execution of monetary policy within the euro area, administration of investment reserves, transactions with the ECB, transactions with the Slovak Republic and other clients.

In 2012, a profit of EUR 254,352 thousand was reported in the monetary area (2011: loss of EUR 12,937 thousand), which was substantially affected by results from monetary policy operations, amounting to EUR 201,913 thousand and results from administration of foreign exchange reserves amounting to EUR 57,720 thousand.

The recognized results from the monetary area decreased unrealized losses from the valuation of financial assets to market prices in the amount of EUR 200,949 thousand (EUR 461,988 thousand as at 31 December 2011) and created provision for general financial risks in the amount of EUR 250,000 thousand.

Table 2: Profit/Loss from Monetary Area

	L. No.	Actual figure		Multiple 2012 2011	Year-on-year change
		2012	2011		
<b>Monetary area</b>	1				
Results from monetary policy operations (profit+/loss-)	2	201,913	82,911	2.44	119,002
Results from administration of foreign exchange reserves (profit+/loss)	3	57,720	-104,191	x	161,911
Profit/loss from transactions with ECB (profit+/loss-)	4	4,523	10,402	0.43	-5,879
Results from transactions with clients (profit+/loss-)	5	-9,804	-2,059	4.76	-7,745
Costs for monetary area	6	-1,004,550	-1,369,034	0.73	364,484
Revenues from monetary area	7	1,258,902	1,356,097	0.93	-97,195
<b>Results from monetary area (profit+/loss-)</b>	8	<b>254,352</b>	<b>-12,937</b>	<b>x</b>	<b>267,289</b>

**1.2.1. Execution of Monetary Policy**

For 2012, the NBS reported a profit from execution of monetary policy of EUR 201,913 thousand (2011: profit of EUR 82,911 thousand). Compared to the prior year, the favourable result was largely due

to higher interest income received from structural operations (multiple of 1.43) and an increase in monetary income redistributed from the Eurozone (more than 5 times).

*Table 3: Profit/Loss from Execution of Monetary Policy*

	L. No.	Actual figure		Multiple 2012 2011	Year-on- year change
		2012	2011		
<b>Execution of monetary policy</b>	<b>1</b>				
<b>Open market operations total (I. 3, 6, 8, 11):</b>	<b>2</b>	<b>121,315</b>	<b>76,442</b>	<b>1.59</b>	<b>44,873</b>
<b>Main refinancing operations (I. 4, 5)</b>	<b>3</b>	<b>304</b>	<b>1,496</b>	<b>0.20</b>	<b>-1,192</b>
- interest received	4	304	1,496	0.20	-1,192
- interest paid	5	0	0	x	0
<b>Longer-term refinancing operations (I. 7):</b>	<b>6</b>	<b>16,421</b>	<b>2,369</b>	<b>6.93</b>	<b>14,052</b>
- interest received	7	16,421	2,369	6.93	14,052
<b>Fine-tuning operations (I. 9, 10)</b>	<b>8</b>	<b>-42</b>	<b>-489</b>	<b>0.09</b>	<b>447</b>
- interest received	9	1	0	X	1
- interest paid	10	-43	-489	0.09	446
<b>Structural operations (I. 12, 13):</b>	<b>11</b>	<b>104,632</b>	<b>73,066</b>	<b>1.43</b>	<b>31,566</b>
- interest received	12	104,632	73,066	1.43	31,566
- interest paid	13	0	0	X	0
<b>Standing facilities (I. 15, 16):</b>	<b>14</b>	<b>-998</b>	<b>-256</b>	<b>3.90</b>	<b>-742</b>
- interest received	15	14	3	4.67	11
- interest paid	16	-1,012	-259	3.91	-753
<b>Compulsory minimum reserves (I. 18, 19):</b>	<b>17</b>	<b>-3,348</b>	<b>-8,884</b>	<b>0.38</b>	<b>5,536</b>
- interest received	18	0	0	X	0
- interest paid	19	-3,348	-8,884	0.38	5,536
<b>Monetary policy operations ('MPO') in USD (I. 21, 22):</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>X</b>	<b>0</b>
- interest received	21	30	22	1.36	8
- interest paid	22	-30	-22	1.36	-8
<b>Share on monetary income of Eurosystem (I. 24, 25):</b>	<b>23</b>	<b>85,088</b>	<b>15,601</b>	<b>5.45</b>	<b>69,487</b>
- revenue	24	85,088	15,603	5.45	69,485
- expense	25	0	-2	0.00	2
<b>Charges, contractual fines from MPO (I. 27, 28):</b>	<b>26</b>	<b>-144</b>	<b>8</b>	<b>x</b>	<b>-152</b>
- charges received	27	49	10	4.90	39
- charges paid	28	-193	-2	96.50	-191
<b>Costs for execution of monetary policy</b>	<b>29</b>	<b>-4,626</b>	<b>-9,658</b>	<b>0.48</b>	<b>5,032</b>
<b>Revenues from execution of monetary policy</b>	<b>30</b>	<b>206,539</b>	<b>92,569</b>	<b>2.23</b>	<b>113,970</b>
<b>Profit/loss from execution of monetary policy (profit+/loss-) (I. 29 and 30)</b>	<b>31</b>	<b>201,913</b>	<b>82,911</b>	<b>2.44</b>	<b>119,002</b>

Net profit from structural operations represented EUR 104,632 thousand (2011: net profit of EUR 73,066 thousand). Structural operations include the Covered Bond Purchase Programme (CBPP) and the Securities Markets Programme (SMP).

As at 31 December 2012, under the CBPP, the NBS recognized purchased covered bonds at an amortized cost totalling EUR 490.6 million (of which net interest received and recognized amounted to EUR

17,245 thousand). Under the SMP securities were recognized at an amortized cost of EUR 1,720.5 million (of which net interest received and recognized amounted to EUR 87,387 thousand). The participation of the NBS in the CBPP and SMP programmes resulted from the execution of common Eurozone monetary policies. Purchases of securities under the CBPP and SMP were terminated in 2010 and 2012 respectively.

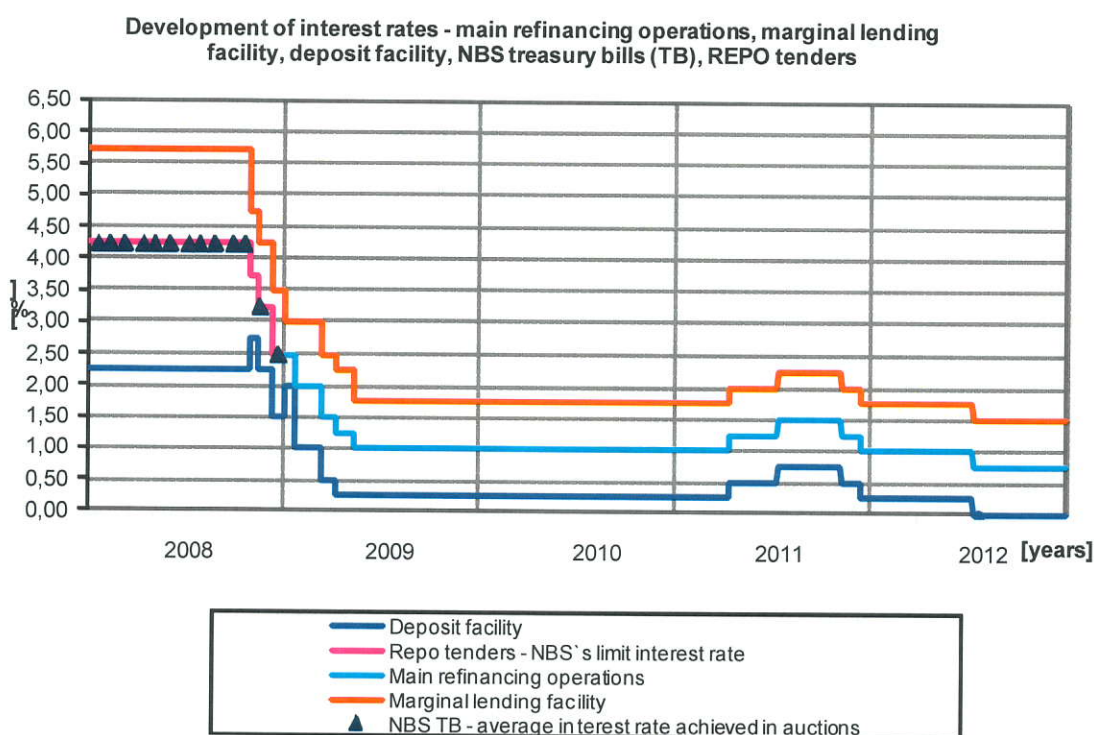


The share of Eurozone monetary income had a positive impact on income from monetary policy in the amount of EUR 85,088 thousand. Of that, EUR 84,748 thousand represents monetary income for 2012, EUR 327 thousand represents the revised monetary income for 2011, 2010, 2009 and the remaining EUR 13 thousand is related interest income (2011: EUR 15,601 thousand).

The main refinancing operations are performed via reverse transactions and provide refinancing facilities against collat-

eral. They are realized on a weekly basis, usually with a maturity of one week and are realized in the form of standard tenders for all contractual parties. At interest rates ranging from 0.75% to 1.00% p.a. (refer to Chart 3) the NBS received interest amounting to EUR 304 thousand (in 2011, the interest rate ranged from 1.00% to 1.50 % p.a. and interest received totalled EUR 1,496 thousand).

Chart 3



Longer-term refinancing operations are performed via reverse transactions, providing refinancing facilities against collateral. They are usually concluded with a maturity of 3 months (maximum of 3 years) and are realized in the form of standard tenders for all contractual parties. From these operations, the NBS received interest of EUR 16,421 thousand at interest rates ranging from 0.75% to 1.00% p.a. (in 2011 the interest rate ranged from 1.00 % to 1.50% p.a. and interest received totalled EUR 2,369 thousand).

Fine-tuning operations focus on smoothing the effects of unexpected liquidity fluctuations on interest rates. They are characterized by irregularity and are executed in the form of quick tenders or bilateral procedures. From these transactions, the NBS paid out interest of EUR 43 thousand (2011: EUR 489 thousand).

In 2012, the management of daily liquidity by means of standing facilities compared to 2011 increased by a multiple of 3.90. The increase was due to the use of a deposit facility. Compared to 2011 there



was an increase in the volume of transactions by a multiple of 8.12, for which the NBS paid interest of EUR 1,012 thousand at interest rates ranging from 0.00% to 0.25% p.a. In 2011, the NBS paid EUR 259 thousand at interest rates ranging from 0.25% to 0.75% p.a. In 2012, the NBS paid interest to banks from compulsory minimum reserves of EUR 3,348 thousand (2011: EUR 8,884 thousand). Paid interest from compulsory minimum reserves decreased by a multiple of 0.38 in accordance with

Decision of the ECB no. 1358/2011 from 14 December 2011 which changed and amended Decision no. 1745/2003. This decreased compulsory minimum reserves from 2 % to 1 % and applied to all other liabilities included in the base for calculation of compulsory minimum reserves. Further, the decrease was influenced by the decrease in the interest rate for main refinancing operations in 2012.

### 1.2.2. Administration of Foreign Exchange Reserves

The administration of reserves means the management of investment portfolios held for trading. These consist of securities, currency swaps, interest rate swaps, repo transactions, gold repo transactions and transactions on nostro accounts.

In 2012, the NBS reported a profit of EUR 57,720 thousand from the administration of foreign exchange reserves (refer to Table 4). This result was favourably influenced by a net profit from operations with securities amounting to EUR 604,502 thousand. This was offset by a loss from operations with derivatives amounting to EUR 230,462 thousand and by the creation of a general provision for financial risks in the amount of EUR 250,000 thousand.

The general provision was created in accordance with the Decision of the ECB from 10 December 2012, amending its Guideline ECB/2010/20 on the legal framework for accounting and financial reporting in the European System of Central Banks. Also, the NBS Bank Board decided to use it to partly eliminate the uncertainty of developments in European financial markets and protect the Bank against risks associated with FX, interest, credit and changes in the gold price.

The Bank used the funds from TARGET 2 mainly for the purposes of administration of foreign exchange reserves and execution of monetary policy operations under the CBPP and SMP. The decrease of paid interest (refer to Table 4, line 29) by a multiple of 0.35, was caused mainly by an improved debit position in

TARGET 2 during the year. This was influenced by a gradual decrease in the volume of investment portfolios, together with more intense use of repo deposit transactions. Further, the development was also influenced by a decrease in the interest rate for TARGET 2 debit balances (interest rate depends on main refinancing rate and during the year decreased from 1.00 % to 0.75%). At the year end the credit position achieved in TARGET 2 was influenced by received deposits from the client Slovak Republic).

Paid out dividends from BIS, on revenues from operations with securities for financial year 2011/2012, accounted for EUR 1,057 thousand (2011: EUR 934 thousand) (refer to Table 4, part of I.5).

The reported loss from trades with derivatives amounting to EUR 230,462 thousand (multiple of 0.89 compared to 2011) resulted mainly from the loss from revaluation of IR swaps amounting to EUR 197,534 thousand and a net loss from received or paid interest from IR swaps amounting to EUR 157,654 thousand (see Table 4, part of I. 13,14). The negative amount reflects the need to manage interest rate risk in relation to the portfolio of securities.

The reported loss of EUR 14,607 thousand from credit transactions consisted mainly of interest paid from repo transactions of EUR 14,823 thousand. NBS used these more frequently in comparison to prior years. The reported loss was partially offset by received interest on a redistribution loan for housing construction, from



Slovenská záručná a rozvojová banka, a.s. in the amount of EUR 191 thousand (Table 4, part of I. 18, 19).

The net loss from fees for administration of foreign exchange reserves

amounting to EUR 408 thousand was influenced mainly by paid fees for administration and execution of operations on NBS accounts in banks.

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

	L. No.	Actual figure		Multiple 2012 2011	Year-on-year change
		2012	2011		
<b>Administration of foreign exchange reserves</b>	<b>1</b>				
<b>Securities (I. 3 to 6):</b>	<b>2</b>	<b>604,502</b>	<b>347,350</b>	<b>1.74</b>	<b>257,152</b>
- revenues from interest	3	558,834	556,565	1.00	2,269
- cost of interest	4	0	0	X	0
- revenues from operations with securities	5	51,611	16,760	3.08	34,851
- costs of operations with securities and unrealized losses from revaluation	6	-5,943	-225,975	0.03	220,032
<b>Transactions with gold (I. 8 to 11)</b>	<b>7</b>	<b>-2,418</b>	<b>-28,867</b>	<b>0.08</b>	<b>26,449</b>
- interest received	8	2,134	2,305	0.93	-171
- interest paid	9	-4,552	-6,298	0.72	1,746
- revenues from transactions with gold	10	0	502	0.00	-502
- costs of transactions in gold and unrealized losses from revaluation	11	0	-25,376	0.00	23,376
<b>Transactions with derivatives (I. 13 to 16):</b>	<b>12</b>	<b>-230,462</b>	<b>-260,071</b>	<b>0.89</b>	<b>29,609</b>
- interest received	13	162,100	309,616	0.52	-147,516
- interest paid	14	-319,696	-453,694	0.70	133,998
- revenues from transactions in derivatives	15	156,636	148,357	1.06	8,279
- costs of transactions in derivatives and unrealized losses from revaluation	16	-229,502	-264,350	0.87	34,848
<b>Credit operations (I. 18, 19):</b>	<b>17</b>	<b>-14,607</b>	<b>-25,975</b>	<b>0.56</b>	<b>11,368</b>
- interest received	18	230	237	0.97	-7
- interest paid	19	-14,837	-26,212	0.57	11,375
<b>Current accounts and deposits (I. 21, 22):</b>	<b>20</b>	<b>742</b>	<b>943</b>	<b>0.79</b>	<b>-201</b>
- interest received	21	1,435	966	1.49	469
- interest paid	22	-693	-23	30.13	-670
<b>Foreign exchange rate differences (I. 24 to 26):</b>	<b>23</b>	<b>-148</b>	<b>4,933</b>	<b>X</b>	<b>-5,081</b>
- realized exchange rate gains	24	107,337	212,583	0.50	-105,246
- realized exchange rate losses	25	-106,969	-200,786	0.53	93,817
- unrealized exchange rate losses from revaluation	26	-516	-6,864	0.08	6,348
<b>Receivables/payables against TARGET2 (I. 28, 29):</b>	<b>27</b>	<b>-49,481</b>	<b>-143,684</b>	<b>0.34</b>	<b>94,203</b>
- interest received	28	1,320	0	X	1,320
- interest paid	29	-50,801	-143,684	0.35	92,883
<b>Fees for administration of foreign exchange reserves (I. 31, 32):</b>	<b>30</b>	<b>-408</b>	<b>1,180</b>	<b>x</b>	<b>-1,588</b>
- fees received	31	628	2,445	0.26	-1,817
- fees paid	32	-1,036	-1,265	0.82	229
<b>General reserve for financial risks</b>	<b>33</b>	<b>-250,000</b>	<b>0</b>	<b>x</b>	<b>-250,000</b>
Costs of administration of foreign exchange reserves	34	-984,545	-1,354,527	0.73	369,982
Revenues from administration of foreign exchange reserves	35	1,042,265	1,250,336	0.83	-208,071
<b>Profit/loss from administration of foreign exchange reserves (profit+/loss-) (I. 34 and 35)</b>	<b>36</b>	<b>57,720</b>	<b>-104,191</b>	<b>x</b>	<b>161,911</b>

### 1.2.3. Transactions with 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 decisions. From these transactions, the Bank reported a net profit of EUR 4,523 thousand (refer to Table 5).

The profit reported from the transactions with the ECB comprised mainly a share of ECB profit amounting to EUR 6,449 thousand, out of which EUR 5,694 thousand represents the NBS share of ECB profit distribution from euro banknotes in circulation for the year 2012. The remaining part of EUR 755 thousand is the share on residual profit earned in year 2011.



Received interest on claims from the transfer of foreign exchange reserves into the ECB decreased by a multiple of 0.71 and amounted to EUR 3,042 thousand (2011: EUR 4,301 thousand) as a result of a decrease in the interest rate referenced to the interest rate for main refinancing operations.

Paid interest relating to the issue of banknotes in current year amounted to EUR

4,968 thousand (2011: EUR 2,294 thousand). Interest expenses relating to the issue of banknotes are from an accrued compensated amount stated by the ECB. The compensated amount limits the volume of banknotes in circulation for a new EMU member state for a period of 5 years according to the Banknote Allocation Key).

Table 5: Profit/Loss from Transactions with the ECB

	L. No.	Actual figure		Multiple 2012/2011	Year-on-year change
		2012	2011		
<b>Transactions with ECB</b>	<b>1</b>				
Receivables from transfer of foreign exchange reserves to ECB (I. 3):	2	3,042	4,301	0.71	-1,259
- interest received	3	3,042	4,301	0.71	-1,259
Receivables/payables from issue of banknotes (I. 5, 6):	4	-4,968	-2,057	2.42	-2,911
- interest received	5	0	237	0.00	-237
- interest paid	6	-4,968	-2,294	2.17	-2,674
Share on ECB profit	7	6,449	8,158	0.79	-1,709
Costs from transactions with ECB	8	-4,968	-2,294	2.17	-2,674
Revenues from transactions with ECB	9	9,491	12,696	0.75	-3,205
Profit/loss from transactions with ECB (profit+/-loss-) (I. 8 and 9)	10	4,523	10,402	0.43	-5,879

#### 1.2.4. Transactions with Clients

This area covers costs and revenues generated by the Bank in transactions with clients and other transactions with domestic banks not associated with the execution of monetary policy. Net loss reported from transactions with clients and other bank operations amounted to EUR 9,804 thousand; an increase by a multiple of 4.76.

This amount comprised mostly interest paid to the client, Slovak Republic, from term deposits in the amount of EUR 7,806 thousand and current accounts in the amount of EUR 24 thousand (in 2011 the client Slovak Republic did not have a deposit account in the Bank) and deposits from other clients amounting to EUR 2,574 thousand.

Table 6: Profit/Loss from Transactions with Clients

	L. No.	Actual figure		Multiple 2012/2011	Year-on-year change
		2012	2011		
<b>Transactions with clients and interbank payment system</b>	<b>1</b>				
Current accounts and deposits of clients (I. 3 to 5):	2	-10,286	-2,431	4.23	-7,855
- interest received	3	118	121	0.98	-3
- interest paid	4	-2,574	-2,552	1.01	-22
- interest paid to the Slovak Republic	5	-7,830	0	X	-7,830
Other banking operations (I. 7):	6	-1	0	X	-1
- decrease (-)/ increase (+) of value of claims against clients	7	-1	0	X	-1
Fees from transactions with clients and from other banking operations (I.9,10)	8	483	372	1.30	111
- received fees	9	489	375	1.30	114
- paid fees	10	-6	-3	2.00	-3
Cost of transactions with clients	11	-10,411	-2,555	4.07	-7,856
Revenues from transactions with clients	12	607	496	1.22	111
Result from transactions with clients (profit+/-loss-) (I.11 and 12)	13	-9,804	-2,059	4.76	-7,745

### 1.3. Issue of Banknotes and Coins

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

	L. No.	Actual figure		Multiple 2012 2011	Year-on- year change
		2012	2011		
<b>Issue of currency and collector coins</b>	<b>1</b>				
Costs of printing banknotes and minting coins	2	-3,891	-9,734	0.40	5,843
Revenues from issue of banknotes and coins	3	2,408	3,866	0.62	-1,458
<b>Result from issue of currency and collector coins (profit+/loss-)</b>	<b>4</b>	<b>-1,483</b>	<b>-5,868</b>	<b>0.25</b>	<b>4,385</b>

In 2012, total costs of currency issue represented EUR 3,891 thousand. Out of these, costs of minting collector and circulating euro coins in the amount of EUR 3,680 thousand were used for 10.89 million circulating items (out of which 10.5 million items were one-cent eurocoins and 390 thousand items for annual collections). These costs also cover minting of 73 thou-

sand pieces of 6 types of collector coins (refer to Table 8).

In 2012, the NBS participated in pilot production of a second set of banknotes in nominal value of 10 EUR in the amount of 1.99 million items.

Revenues from the issue consisted mainly of sales of collector coins.

Table 8: Collector Coins Issued in 2012

Name of commemorative circulating coin, collector coin	Number of coins in pcs
<b>Silver collector coin in nominal value of EUR 10</b> <b>Master Pavol from Levoča</b> <b>– issued on 24 May 2012</b>	
standard version	7,400
Proof	11,870
<b>Silver collector coin in nominal value of EUR 10</b> <b>Chatam Sofer – 250<sup>th</sup> anniversary of birth</b> <b>– issued on 18 June 2012</b>	
standard version	5,800
Proof	7,900
<b>Silver collector coin in nominal value of EUR 10</b> <b>Anton Bernolák – 250<sup>th</sup> anniversary of birth</b> <b>– issued on 18 September 2012</b>	
standard version	5,200
Proof	6,950
<b>Gold collector coin in nominal value of EUR 100</b> <b>Bratislava's coronations – 300<sup>th</sup> anniversary of coronation of Karol III.</b> <b>– issued on 10 December 2012</b>	
standard version	-
Proof	5,200
<b>Silver collector coin in nominal value of EUR 10</b> <b>National bank of Slovakia – 20<sup>th</sup> anniversary of origin</b> <b>– issued on 11 January 2013</b>	
standard version	4,100
Proof	9,150
<b>Silver collector coin of nominal value of EUR 20</b> <b>Monument reservation Košice, Košice – European Capital of culture</b> <b>– issued on 25 February 2013</b>	
standard version	3,350
Proof	6,350
<b>Total</b>	<b>73,270</b>



## 1.4. Operating Costs and Revenues

The NBS has maintained a stable level of operating costs over the long-term, whereas net costs (i.e. costs less revenues) for securing operations and administration in 2012 were reported in the amount of EUR 53,430 thousand. This represents a decrease in absolute terms of EUR 4,499 thousand compared to prior year (refer to

Chart 2). The 8% year-to-year decrease in operational costs was a result of a significant decrease in the average number of employees (53), due to organizational changes. Cost savings also resulted from more favourable purchase prices and cancellation of some planned activities.

Table 9: Operating Profit/Loss

	L. No.	Actual figure		Multiple 2012 2011	Year-on-year change
		2012	2011		
<b>Operating costs and revenues</b>	<b>1</b>				
Staff costs	2	21,879	22,242	0.98	-363
Social costs	3	10,708	11,071	0.97	-363
Operating and administration expenses	4	18,467	21,431	0.86	-2,964
Depreciation of tangible assets	5	6,866	7,399	0.93	-533
Amortization of intangible assets	6	2,633	2,943	0.89	-310
Fees and contributions of financial market entities received	7	-3,875	-4,281	0.91	406
Other operating revenues	8	-3,248	-2,876	1.13	-372
<b>Operating costs</b>	<b>9</b>	<b>60,553</b>	<b>65,086</b>	<b>0.93</b>	<b>-4,533</b>
<b>Operating revenues</b>	<b>10</b>	<b>-7,123</b>	<b>-7,157</b>	<b>1.00</b>	<b>34</b>
<b>Operating profit/loss (loss-)</b>	<b>11</b>	<b>53,430</b>	<b>57,929</b>	<b>0.92</b>	<b>-4,499</b>

### 1.4.1. Staff Costs and Social Costs

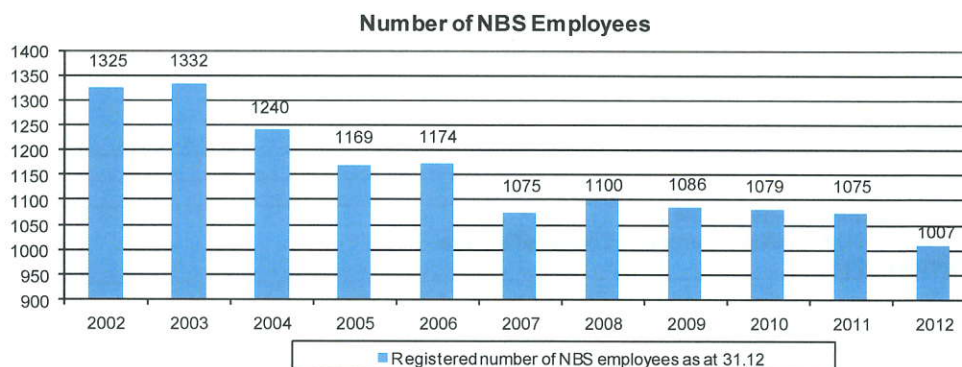
Staff costs include wages and salaries as well as other personnel costs. In 2012, they were drawn in the amount of EUR 21,879 thousand, a lower multiple of 0.98 compared to 2011.

In 2012, the average headcount was 1,020 employees, 53 less than in the previous period. As at 31 December 2012, NBS had a total of 1,007 employees, 68 fewer

than a year before, i.e. a reduction of 6.3% (refer to Chart 4 below).

In 2012, social costs represented EUR 10,708 thousand with a year-to-year decrease of 3%. They largely consisted of costs of statutory social insurance paid to the Slovak Insurance Agency and the health insurance companies (EUR 7,497 thousand) as well as costs of social policy concerning employees (EUR 3,211 thousand).

Chart 4



### 1.4.2. Operating and Administration Expenses 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 2012, administrative and operating costs were drawn in a total of EUR 27,966 thousand. They include costs of EUR 18,467 thousand for operations and administration and of EUR 9,499 thousand for depreciation of tangible assets and amortization of intangible assets.

Costs incurred for operations and administration (refer to Table 10) decreased and on a year-on-year basis were represented by a multiple of 0.86. This was due

to savings in operational costs, achieving more favourable purchase prices and cancellation of some planned activities. Also in 2012, there were no such costs that would have an adverse impact on the operating and administrative costs of the Bank (while in 2011 provision was created for the probable liabilities of EUR 2,519 thousand and additional costs of EUR 1,019 thousand resulting from the reclassification of the buildings of closed branches of the NBS to assets held for sale).

Operating revenues amounted to EUR 7,123 thousand and largely consisted of contributions from the supervised financial market entities (EUR 3,568 thousand) and of received fees for the usage of the domestic interbank payment system SIPS (EUR 2,030 thousand).

Table 10: Operating and Administration Expenses

Item	L. No.	Actual figure		Multiple 2012 2011	Year-on-year change
		2012	2011		
Costs of IS technical support and maintenance	1	3,880	3,755	1.03	125
Repairs and maintenance	2	2,652	3,050	0.87	-398
Energy consumption	3	1,760	1,983	0.89	-223
Consumption of material	4	1,578	1,468	1.07	110
Telecommunications costs (data transfer included)	5	1,561	1,710	0.91	-149
Contributions to legal entities and membership	6	1,064	592	1.80	472
Complex education	7	1,022	992	1.03	30
Travel costs	8	874	818	1.07	56
Promotional costs and costs related to books, periodicals, non-periodicals and information materials	9	489	396	1.23	93
Representation costs	10	422	389	1.08	33
Cleaning services	11	415	465	0.89	-50
Financial donations	12	388	363	1.07	25
Taxes and fees	13	274	288	0.95	-14
Costs of rating and audit	14	236	228	1.04	8
Rent	15	210	206	1.02	4
Insurance paid	16	179	175	1.02	4
Costs of protection of facilities and protection of transport of currency in circulation	17	169	210	0.80	-41
Costs of translation, interpreting and advisory services	18	38	69	0.55	-31
Other administrative and operating costs	19	1,256	4,274	0.29	-3,018
<b>Services purchased and other operating and administration expenses (l. 1 to 19)</b>	<b>20</b>	<b>18,467</b>	<b>21,431</b>	<b>0.86</b>	<b>-2,964</b>



**2. Distribution of Profit/Loss**


In accordance with Article no 39, par.4 of the Act on NBS, the NBS reported result is either profit or loss. The NBS uses profit for allocation into a reserve fund and other funds created from profit, eventually to cover losses from previous years. The loss in the respective year can be settled from the reserve fund or from other funds. If the Bank Board decides that an incurred

loss remains unsettled, it is transferred into the following accounting period.

In 2012, the NBS generated a profit of EUR 199,439 thousand. By the decision of the Bank Board of the NBS dated to 19 March 2013, the profit for the year 2012 was settled against the accumulated losses from previous years (refer to Table 11).

Table 11: Distribution/Settlement of Profit/Loss

Item	L. No.	Settlement of profit/loss	
		2012	2011
Profit(+)/Loss(-) for current year	1	199,439	-76,734
Transfer in funds (appropriations (-), transfers form (+)):			
Statutory fund	2	0	0
Reserve fund	3	0	0
Capital funds	4	0	0
<b>Profit (+)/Loss (-) for current year after transfers in funds (item 1 to item 4)</b>	<b>5</b>	<b>199,439</b>	<b>-76,734</b>
Transfer against losses from previous years	6	-199,439	76,734
<b>Profit (+)/Loss (-) for current year after settlement (item 5 - item 6)</b>	<b>7</b>	<b>0</b>	<b>0</b>



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