

## **Národná banka Slovenska**

Appendix to the auditor's report on the consistency  
of the Report on Results of Operations of Národná  
banka Slovenska for the year 2015 with the financial  
statements

and

Report on Results of Operations of the Národná  
banka Slovenska for the year 2015



**Appendix to the auditor's report  
on the consistency of the Report on Results of Operations of Národná banka Slovenska  
for the year 2015 with the financial statements**

To the Bank Board of Národná banka Slovenska:

- I. We have audited the financial statements of Národná banka Slovenska ("the Bank") as at 31 December 2015 presented in the report for the National Council of the Slovak Republic. We issued the following audit report dated 8 March 2016 on the financial statements:

**"Independent Auditors' Report"**

*To the Bank Board of Národná banka Slovenska:*

*We have audited the accompanying financial statements of Národná banka Slovenska ("the Bank"), which comprise the balance sheet as at 31 December 2015, the profit and loss account for the year then ended and the notes, which include a summary of significant accounting policies and other explanatory information.*

*Responsibility of the Bank Board of Národná banka Slovenska for the Financial Statements*

*Bank Board of Národná banka Slovenska 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 Národná banka Slovenska 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 Národná banka Slovenska, 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 2015 and of its financial performance for the year then ended in accordance with the ECB Guideline and the Act on Accounting.*

**8 March 2016**

**Bratislava, Slovak Republic**

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

**Ing. Tomáš Přeček  
UDVA Licence No. 1067"**

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT



Building a better  
working world

- II. We have also audited the consistency of the Report on Results of Operations of Národná banka Slovenska for the year 2015 ("Report on Results of Operations") with the above mentioned financial statements. The Bank Board of Národná banka Slovenska 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 financial statements as at 31 December 2015. We have not audited information that not has been derived from the 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 2015.

8 March 2016  
Bratislava, Slovak Republic

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

  
Ing. Tomáš Přeček  
UDVA Licence No. 1067

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

# **Report on Results of Operations of Národná banka Slovenska for the year 2015**

## **Contents**

<b>1. Profit/Loss of the NBS</b>	p. 2
<b>1.1. Executive Summary</b>	p. 2
<b>1.2. Financial Activities</b>	p. 3
1.2.1. Monetary Policy Operations	p. 4
1.2.2. Administration of Investment Reserves	p. 6
1.2.3. Transactions with ECB	p. 7
1.2.4. Transactions with Clients	p. 7
<b>1.3. Issue of Banknotes and Coins</b>	p. 8
<b>1.4. Operating Activities</b>	p. 9
1.4.1. Staff Costs and Social Costs	p. 10
1.4.2. Administrative and Operating Expenses and Revenues	p. 11
<b>2. Distribution of Profit/Loss</b>	p. 12

This version of the Report on Results of Operations of the NBS for the year 2015 is a translation from the original, which was prepared in Slovak, and all due care has been taken to ensure that it is an accurate representation. However, in interpreting information, views or opinions, the original language version of the report takes precedence.



## 1. Profit/Loss of the NBS

### 1.1. Executive Summary

The NBS reached a gross profit of EUR 144,604 thousand before the creation of the general provision for financial risks. By decision of the Bank Board, the NBS created the general provision for financial risks of EUR 660 million. Creation of the provision is reflected in costs in 2015 in the amount of EUR 140 million. The provision is presented in the equity. It is created in order to eliminate uncertainties for financial markets development and to protect against foreign exchange, interest rate, credit risks and risks arising from movements in gold prices.

In 2015, the reported net profit of NBS was EUR 4,604 thousand.

The overall profit of the NBS was influenced by the recognized gain from financial activities of EUR 65,932 thousand. Net operating costs represented EUR 54,660 thousand and net costs for the issue of currency and collector coins were EUR 6,668 thousand.

Table 1: Profit/Loss of the NBS

	L. No.	Actual figures		Δ 2015 2014	Year-on-year change
		2015	2014		
<b>Financial activities</b>	1				
Profit/(Loss) from financial operations	2	205,932	364,665	56%	(158,733)
Creation of the general provision for financial risks	3	(140,000)	(220,000)	64%	80,000
Profit/(Loss) from financial activities	4	65,932	144,665	46%	(78,733)
<b>Issue of currency and collector coins</b>	5				
Profit/(Loss) from issue of currency and collector coins	6	(6,668)	16,383	X	(23,051)
<b>Operating activities</b>	7				
Profit/(Loss) from operating activities	8	(54,660)	(58,855)	93%	4,195
<b>Profit/(Loss) of the NBS before creation of the general provision for financial risks (l. 2, 6, 8)</b>	9	<b>144,604</b>	<b>322,193</b>	<b>45%</b>	<b>(177,589)</b>
<b>Creation of the general provision for financial risks</b>	10	<b>(140,000)</b>	<b>(220,000)</b>	<b>64%</b>	<b>80,000</b>
Total costs for NBS	11	(920,172)	(844,019)	109%	(76,153)
Total revenues for NBS	12	924,776	946,212	98%	(21,436)
<b>Profit/(Loss) of the NBS</b>	13	<b>4,604</b>	<b>102,193</b>	<b>5%</b>	<b>(97,589)</b>

Chart 1

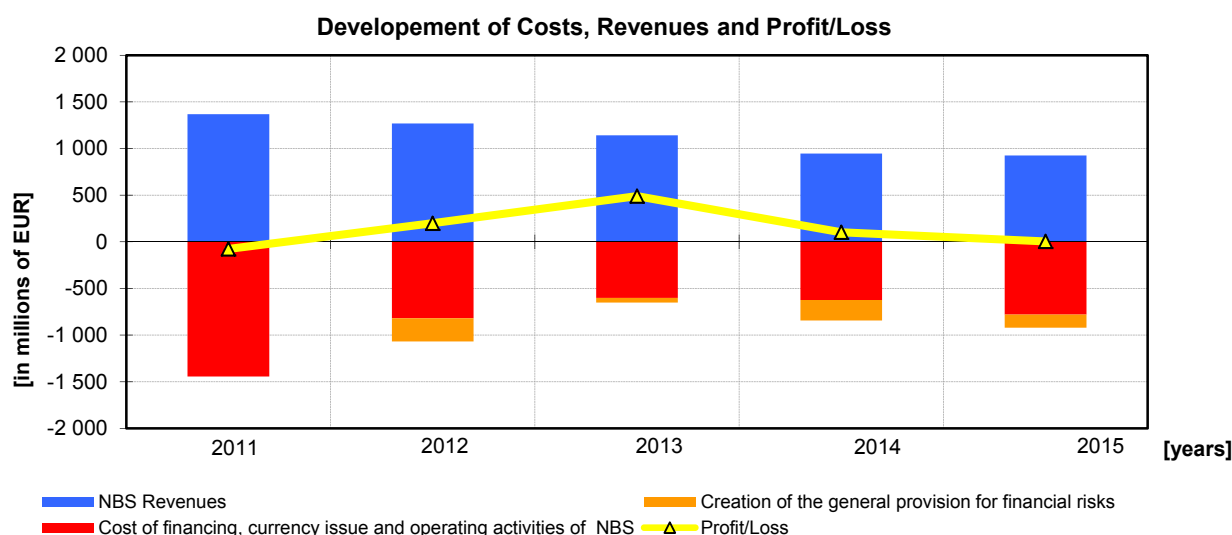
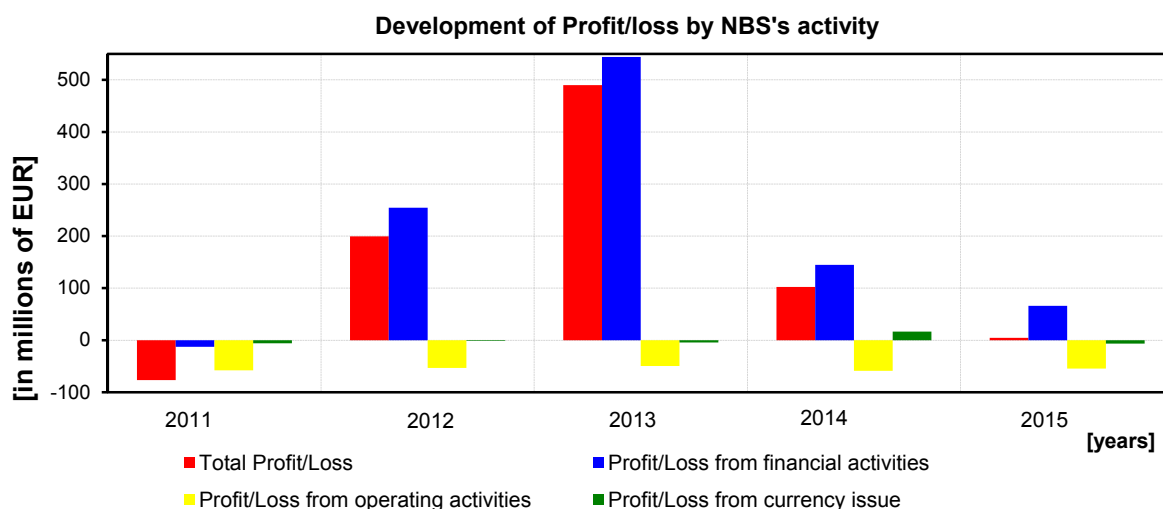


Chart 2 displays the impact of individual activities on the overall profit/loss of the Bank. The result from financial activities significantly influences the Bank's overall result generated in the current year. The impact of the operational area and the area of currency issue is stable with respect to the year-on-year change, except for the issuing activity in 2014, when the Bank reported a currency issue gain from unchanged SKK circulation coins, for which the validity was legally terminated as at 2 January 2014.

Chart 2



## 1.2. Financial Activities

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

NBS has participated in Covered Bond Purchase Programme ("CBPP1" and "CBPP3"), the Securities Markets Programme ("SMP") and the Public Sector Purchase Programme ("PSPP"), which resulted from the performance of the single monetary policy of the Eurosystem. In March 2015 NBS conducted the first purchase under the new PSPP program. Securities purchased under the CBPP3 program are still running (the first purchase was in October 2014) and the CBPP1 and SMP programs have been completed (CBPP1 in 2010, SMP in 2012). An annual increase of financing securities in the monetary policy portfolio represents 78% on the volume of EUR 6.4 billion (EUR 1.4 billion as at 31.12.2014).

The investment portfolio was gradually reduced by reached maturity of european securities and also due to lack of investment opportunities with higher returns, when there was a decrease of the investment portfolio denominated in EUR by 33% to the volume of EUR 5.8 billion (EUR 8.7 billion as at 31 December 2014). In 2015 there was also an increase of purchases of securities in the investment portfolio denominated in USD by 50% to the volume of EUR 1.2 billion (EUR 0.6 billion on 31 December 2014).

In 2015, a profit of EUR 205,932 thousand was reported in the area of financial operations (2014: profit of EUR 364,665 thousand), which was substantially affected by the result from the monetary policy operations in the amount of EUR 104,702 thousand and the result from administration of investment reserves, amounting to EUR 90,622 thousand. The created general provision for financial risks led to a significant decrease of the overall profit from financial activities by EUR 140,000 thousand (2014: 220,000 thousand).

The year-on-year decrease in the profit from financial activities was mainly due to lower net income from securities as a result of persisting record-low interest rates in the financial markets.

Table 2: Profit/Loss from financial activities

	L. No.	Actual figures		Δ 2015 2014	Year-on-year change
		2015	2014		
<b>Financial activities</b>	1				
Profit/(Loss) from monetary policy operations	2	104,702	107,683	97%	(2,981)
Profit/(Loss) from administration of investment reserves	3	90,622	252,964	36%	(162,342)
Profit/(Loss) from transactions with ECB	4	11,221	10,966	102%	255
Profit/(Loss) from transactions with clients	5	(613)	(6,948)	9%	6,335
<b>Profit/(Loss) from financial activities before creation of the general provision for financial risks</b>	6	<b>205,932</b>	<b>364,665</b>	<b>56%</b>	<b>(158,733)</b>
<b>Creation of general provision for financial risks</b>	7	<b>(140,000)</b>	<b>(220,000)</b>	<b>64%</b>	<b>80,000</b>
Costs of financial activities	8	(849,314)	(769,131)	110%	(80,183)
Revenues from financial activities	9	915,246	913,796	100%	1,450
<b>Profit/(Loss) from financial activities</b>	10	<b>65,932</b>	<b>144,665</b>	<b>46%</b>	<b>(78,733)</b>

## 1.2.1. Monetary Policy Operations

For 2015, the NBS reported a profit from monetary policy operations of EUR 104,702 thousand (2014: profit of EUR 107,683 thousand). The favourable result was mainly due to net income from structural operations and the NBS's share on the monetary income of the Eurosystem.

Table 3: Profit/Loss from monetary policy operations

	L. No.	Actual figures		Δ 2015 2014	Year-on-year change
		2015	2014		
<b>Monetary policy operations</b>	1				
<b>Open market operations total (l. 3, 5, 7, 9):</b>	2	<b>52,966</b>	<b>61,120</b>	<b>87%</b>	<b>(8,154)</b>
<b>Main refinancing operations (l. 4)</b>	3	<b>22</b>	<b>125</b>	<b>18%</b>	<b>(103)</b>
- interest received	4	22	125	18%	(103)
<b>Longer-term refinancing operations (l. 6):</b>	5	<b>400</b>	<b>417</b>	<b>96%</b>	<b>(17)</b>
- interest received	6	400	417	96%	(17)
<b>Fine-tuning operations (l. 8)</b>	7	<b>0</b>	<b>(583)</b>	<b>0%</b>	<b>583</b>
- interest paid	8	0	(583)	0%	583
<b>Structural operations (l. 10, 11):</b>	9	<b>52,544</b>	<b>61,161</b>	<b>86%</b>	<b>(8,617)</b>
- interest received	10	54,746	61,161	90%	(6,415)
- withholding tax	11	(2,202)	0	x	(2,202)
<b>Standing facilities (l. 13):</b>	12	<b>17</b>	<b>28</b>	<b>61%</b>	<b>(11)</b>
- interest received	13	17	28	61%	(11)
<b>Minimum reserves system (l. 15, 16):</b>	14	<b>479</b>	<b>(476)</b>	<b>x</b>	<b>955</b>
- interest received	15	690	167	413%	523
- interest paid	16	(211)	(643)	33%	432
<b>Share on monetary income of Eurosystem (l. 18, 19):</b>	17	<b>51,465</b>	<b>47,082</b>	<b>109%</b>	<b>4,383</b>
- revenue	18	51,585	47,082	110%	4,503
- expense	19	(120)	0	x	(120)
<b>Fees, contractual penalties (l. 21 to 23):</b>	20	<b>(225)</b>	<b>(71)</b>	<b>317%</b>	<b>(154)</b>
- interest paid	21	(1)	0	x	(1)
- fees received	22	119	39	305%	80
- fees paid	23	(343)	(110)	312%	(233)
Costs of execution of monetary policy	24	(2,877)	(1,336)	215%	(1,541)
Revenues from execution of monetary policy	25	107,579	109,019	99%	(1,440)
<b>Profit/(Loss) from monetary policy operations (l. 24 and 25)</b>	26	<b>104,702</b>	<b>107,683</b>	<b>97%</b>	<b>(2,981)</b>

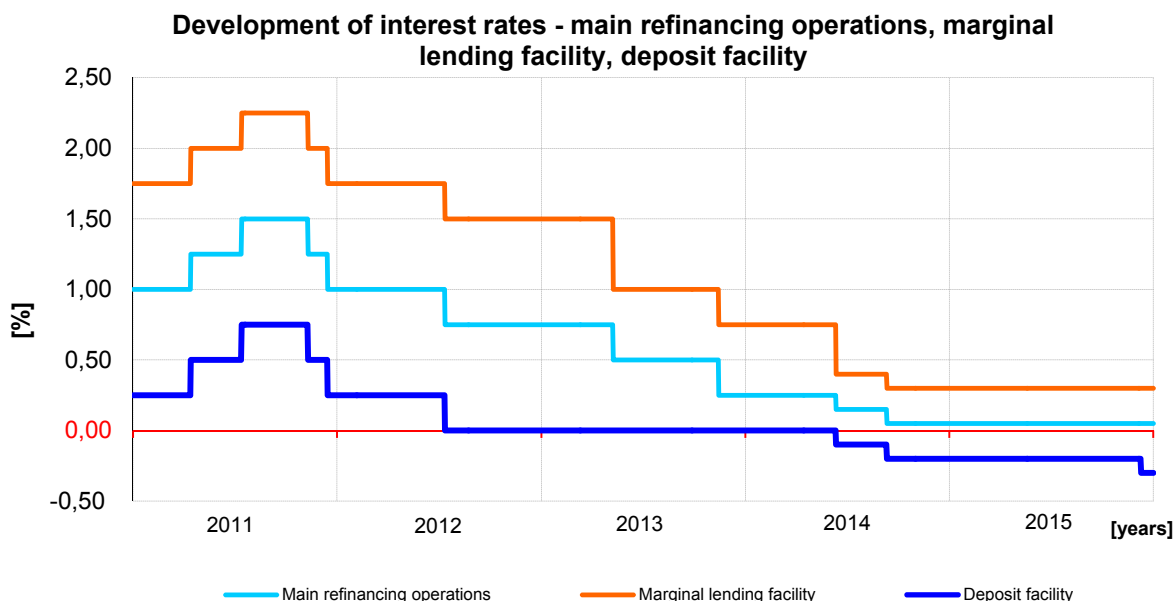


Net profit from structural operations represented EUR 52,544 thousand (2014: net profit of EUR 61,161 thousand). Structural operations include the CBPP1, CBPP3, SMP and PSPP programs. As at 31 December 2015, under the CBPP1 program, the NBS recognized purchased covered bonds at an amortized cost totalling EUR 152 million (of which net interest received was recognized in the amount of EUR 6,684 thousand); under the CBPP3 program, it recognized securities at an amortized cost of EUR 1,455 million (of which net interest received was recognized in the amount to EUR 4,947 thousand - after the payment of the withholding tax on interest income to the state budget of the Slovak Republic in the amount of EUR 44 thousand); under the SMP program, it recognized securities at an amortized cost of EUR 635 million (of which net interest received was recognized in the amount of EUR 36,434 thousand) and under the PSPP program, it recognized securities at an amortized cost of EUR 4,141 million (of which net interest received was recognized in the amount of EUR 4,479 thousand - after the payment of the withholding tax on interest income to the state budget of the Slovak Republic in the amount of EUR 2,158 thousand) .

The share on the Eurosystem monetary income amounted to EUR 51,465 thousand, of which EUR 51,583 thousand represented monetary income for 2015, EUR 2 thousand received interest income and EUR 120 thousand represented cost from the correction of the monetary income for the year 2014 (2014: EUR 47,082 thousand of which, EUR 45,119 thousand represented monetary income for 2014, EUR 10 thousand represented received interest and EUR 1,953 thousand represented net income from the correction of the monetary income of prior years).

In 2015, the NBS paid interest in respect of the minimum reserves system ("MRS") to banks of EUR 211 thousand (2014: EUR 643 thousand). Paid interest on MRS decreased by 67% resulting from a decrease of the interest rate for main refinancing operations in 2015 (in 2014 this rate was in the range from 0.05% to 0.25%, in 2015 it was 0.05%). In accordance with the Decision of the European central bank (ECB/2014/23) of 5 June 2014 on the remuneration of deposits, balances and holdings of excess reserves, reserve holdings exceeding the MRS are remunerated at 0% p.a. or the deposit facility rate, whichever is lower. (refer to Chart 3). Due to the application of a negative interest rate the Bank received interest from exceeded compulsory minimum reserves of EUR 690 thousand (EUR 167 thousand in 2014) and EUR 16 thousand from deposit facility.

Chart 3



## 1.2.2. Administration of Investment Reserves

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

In 2015, the NBS reported a profit of EUR 90,622 thousand from the administration of investment reserves (refer to Table 4). This result was favourably influenced mainly by a net profit from operations with securities amounting to EUR 113,466 thousand. 82.6% (2014: 93.7%) of the Bank's investment portfolio consisted of bonds denominated in EUR issued by monetary financial institutions, the public sector and other institutions.

The NBS received interest from TARGET 2 of EUR 503 thousand. Paid interest from the TARGET 2 balances depend on the main refinancing rate. The year-on-year decrease of the received interest was due to a decrease of the TARGET 2 position and a lower interest rate (average daily interest rate in 2015 was 0.05% and 0.16% in 2014).

Dividends from BIS paid out for the financial year 2014/2015, accounted for EUR 808 thousand on income from operations with securities (2014: EUR 695 thousand, refer to Table 4, part of I.4).

Table 4: Profit/Loss from administration of investment reserves

	L. No.	Actual figures		Δ 2015 2014	Year-on-year change
		2015	2014		
<b>Administration of investment reserves</b>	<b>1</b>				
<b>Securities (I. 3 to 5):</b>	<b>2</b>	<b>113,466</b>	<b>318,490</b>	<b>36%</b>	<b>(205,024)</b>
- interest income	3	105,211	303,473	35%	(198,262)
- income from operations with securities	4	12,042	16,720	72%	(4,678)
- costs of operations with securities and unrealized losses from revaluation	5	(3,787)	(1,703)	222%	(2,084)
<b>Transactions with gold (I. 7, 8)</b>	<b>6</b>	<b>2,412</b>	<b>24</b>	<b>x</b>	<b>2,388</b>
- interest received	7	5,086	2,888	176%	2,198
- interest paid	8	(2,674)	(2,864)	93%	190
<b>Transactions with derivatives (I. 10 to 13):</b>	<b>9</b>	<b>(19,206)</b>	<b>(60,306)</b>	<b>32%</b>	<b>41,100</b>
- interest received	10	11,114	33,254	33%	(22,140)
- interest paid	11	(76,631)	(170,103)	45%	93,472
- income from transactions with derivatives	12	71,320	148,948	48%	(77,628)
- costs of transactions with derivatives and unrealized losses from revaluation	13	(25,009)	(72,405)	35%	47,396
<b>Credit operations (I. 15, 16):</b>	<b>14</b>	<b>1,919</b>	<b>(4,222)</b>	<b>x</b>	<b>6,141</b>
- interest received	15	4,888	302	x	4,586
- interest paid	16	(2,969)	(4,524)	66%	1,555
<b>Current accounts and deposits (I. 18, 19):</b>	<b>17</b>	<b>(2,246)</b>	<b>(2,760)</b>	<b>81%</b>	<b>514</b>
- interest received	18	494	656	75%	(162)
- interest paid	19	(2,740)	(3,416)	80%	676
<b>Foreign exchange rate differences (I. 21 to 23):</b>	<b>20</b>	<b>(5,750)</b>	<b>(6,054)</b>	<b>95%</b>	<b>304</b>
- realized foreign exchange rate gains	21	584,845	278,260	210%	306,585
- realized foreign exchange rate losses	22	(578,364)	(275,502)	210%	(302,862)
- unrealized foreign exchange rate losses from revaluation	23	(12,231)	(8,812)	139%	(3,419)
<b>Receivables/payables against TARGET2 (I. 25, 26):</b>	<b>24</b>	<b>503</b>	<b>8,497</b>	<b>6%</b>	<b>(7,994)</b>
- interest received	25	511	8,509	6%	(7,998)
- interest paid	26	(8)	(12)	67%	4
<b>Fees (I. 28, 29):</b>	<b>27</b>	<b>(476)</b>	<b>(705)</b>	<b>68%</b>	<b>229</b>
- fees received	28	227	180	126%	47
- fees paid	29	(703)	(885)	79%	182
Costs of administration of investment reserves	30	(705,116)	(540,226)	131%	(164,890)
Revenues from administration of investment reserves	31	795,738	793,190	100%	2,548
<b>Profit/(Loss) from administration of investment reserves (I. 30 and 31)</b>	<b>32</b>	<b>90,622</b>	<b>252,964</b>	<b>36%</b>	<b>(162,342)</b>

The reported profit of EUR 1,919 thousand from credit operations consisted mainly of interest received from repo transactions of EUR 1,788 thousand and of interest received from a redistribution loan of EUR 130 thousand. The loan was provided to Slovenská záručná a rozvojová banka, a.s. to finance housing construction in 1990 (refer to Table 4, part of I. 15, 16). The net loss from fees for administration of investment reserves amounting to EUR 476 thousand was influenced mainly by fees paid for administration and execution of operations on NBS accounts in banks.

### 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 11,221 thousand (refer to Table 5).

The share of the NBS in the ECB's profit amounted to EUR 10,548 thousand, out of which EUR 8,913 thousand represents the NBS's share in the ECB's profit for 2015 and EUR 1,635 thousand represents the NBS's received share in the ECB's net profit for 2014 (2014: the share in ECB's profit amounted to EUR 9,880 thousand, out of which EUR 9,281 thousand represented the NBS's share in the ECB's profit for 2014 and EUR 599 thousand its share for 2013).

Received interest on claims from the transfer of investment reserves into the ECB decreased by 69 % and amounted to EUR 193 thousand (2014: EUR 629 thousand) as a result of a decreased interest rate for main refinancing operations (the interest payable on that receivable is 85 % of that rate).

Received interest relating to receivable of banknotes allocation within Euro-system amounted to EUR 480 thousand (2014: the NBS received interest in the amount of EUR 457 thousand).

Table 5: Profit/Loss from transactions with the ECB

	L. No.	Actual figures		Δ 2015 2014	Year-on-year change
		2015	2014		
<b>Transactions with ECB</b>	<b>1</b>				
<b>Claims equivalent to the transfer of foreign reserves to ECB (I. 3):</b>	<b>2</b>	<b>193</b>	<b>629</b>	<b>31%</b>	<b>(436)</b>
- interest received	3	193	629	31%	(436)
<b>Receivables/payables from issue of banknotes (I. 5, 6):</b>	<b>4</b>	<b>480</b>	<b>457</b>	<b>105%</b>	<b>23</b>
- interest received	5	480	457	105%	23
- interest paid	6	0	0	0%	0
<b>Share in the ECB's profit</b>	<b>7</b>	<b>10,548</b>	<b>9,880</b>	<b>107%</b>	<b>668</b>
Costs of transactions with ECB	8	0	0	X	0
Revenues from transactions with ECB	9	11,221	10,966	102%	255
<b>Profit/(Loss) from transactions with ECB (I. 8 and 9)</b>	<b>10</b>	<b>11,221</b>	<b>10,966</b>	<b>102%</b>	<b>255</b>

### 1.2.4. Transactions with Clients

This area covers costs and revenues generated by the Bank from transactions with clients and other transactions with domestic banks not associated with the execution of the monetary policy. The NBS reported a loss from transactions with clients and other bank operations of EUR 613 thousand. In comparison with the year 2014 (EUR 6, 948 thousand), the net loss decreased by EUR 6,335 thousand. This was mainly the result of lower interest paid to the Slovak Republic for its deposits and current accounts of EUR 147 thousand in 2015 (2014: EUR 6,012 thousand) due to its termination of a term deposit without further deposit transactions.

Table 6: Profit/Loss from transactions with clients

	L. No.	Actual figures		Δ 2015 2014	Year-on- year change
		2015	2014		
<b>Transactions with clients</b>	<b>1</b>				
<b>Current accounts and clients' deposits (I. 3 to 6):</b>	<b>2</b>	<b>(1,050)</b>	<b>(7,458)</b>	<b>14%</b>	<b>6,408</b>
- interest received	3	175	106	165%	69
- interest received from the Slovak Republic	4	84	0	x	84
- interest paid to the Slovak Republic	5	(147)	(6,012)	2%	5,865
- other interest paid	6	(1,162)	(1,552)	75%	390
<b>Other banking operations (I. 8):</b>	<b>7</b>	<b>0</b>	<b>(1)</b>	<b>0%</b>	<b>1</b>
- decrease (-)/ increase (+) of receivables from clients	8	0	(1)	0%	1
<b>Fees (I.10,11)</b>	<b>9</b>	<b>437</b>	<b>511</b>	<b>86%</b>	<b>(74)</b>
- fees received	10	449	515	87%	(66)
- fees paid	11	(12)	(4)	300%	(8)
Cost of transactions with clients	12	(1,321)	(7,569)	17%	6,248
Revenues from transactions with clients	13	708	621	114%	87
<b>Profit/(Loss) from transactions with clients (I.12 and 13)</b>	<b>14</b>	<b>(613)</b>	<b>(6,948)</b>	<b>9%</b>	<b>6,335</b>

### 1.3. Issue of Banknotes and Coins

Table 7: Profit/Loss from issue of banknotes and coins

	L. No.	Actual figures		Δ 2015 2014	Year-on- year change
		2015	2014		
<b>Issue of currency and collector coins</b>	<b>1</b>				
Costs of printing banknotes and minting coins	2	(7,893)	(8,664)	91%	771
Revenues from issue of banknotes and coins	3	1,225	1,269	97%	(44)
Extraordinary profit from currency issue	4	0	23,778	x	(23,778)
<b>Profit/(Loss) from issue of currency and collector coins</b>	<b>5</b>	<b>(6,668)</b>	<b>16,383</b>	<b>x</b>	<b>(23,051)</b>

In 2015, the currency issue costs in the amount EUR 7,893 thousand represented mainly costs of minting collector and circulation euro coins in the amount of EUR 5,569 thousand, which were used for the minting of 45.2 million pieces of circulation euro coins (out of which 23.1 million pieces were one-cent euro coins, 12.6 million pieces were two-cent euro coins, 7.3 million pieces were two-euro euro coins, 2 million pieces were commemorative circulating euro coins in the nominal value of EUR 2 and 0.2 million pieces were euro coins for annual collections) and for the minting of 31 thousand pieces of 5 kinds of collector coins (refer to Table 8). The cost of producing 45.8 million banknotes with a nominal value of EUR 10 was in the amount of EUR 2,254 thousand.

Revenues from currency issue included mainly revenues from the sale of collector coins and were of a similar amount as in 2014.

An opposite development of the result from issue of currency and collector coins compared to the prior year was due to recording of an extraordinary currency issue profit from unexchanged SKK circulation coins in 2014. Validity of these coins was legally terminated as at 2 January 2014.

*Table 8: Collector and commemorative coins minted or issued in 2015*

Name of commemorative circulation coin, collector coin	Number of coins in pcs
<b>Silver collector coin with nominal value of EUR 10</b> <b>UNESCO World Natural Heritage - Primeval Beech Forests of the Carpathians</b> <b>– issued on 23 March 2015 <sup>1)</sup></b>	
standard version	3,300
proof	6,200
<b>Commemorative coin with nominal value of EUR 2</b> <b>30th anniversary of the European Union flag</b> <b>– issued on 24 September 2015</b>	
standard version	1,000,000
proof	-
<b>Commemorative coin with nominal value of EUR 2</b> <b>Ľudovít Štúr – the 200th Anniversary of the birth</b> <b>– issued on 23 October 2015</b>	
standard version	1,000,000
proof	-
<b>Silver collector coin with nominal value of EUR 10</b> <b>Ľudovít Štúr – the 200th anniversary of the birth</b> <b>– issued on 23 October 2015</b>	
standard version	3,100
proof	6,100
<b>Gold collector coin in nominal value of EUR 100</b> <b>UNESCO World Natural Heritage – Primeval Beech Forests of the Carpathians</b> <b>– issued on 3 December 2015</b>	
standard version	-
proof	4,100
<b>Silver collector coin with nominal value of EUR 10</b> <b>Ladislav Nádaši-Jégé - the 150th anniversary of the birth</b> <b>– issued on 19 January 2016</b>	
standard version	3,200
proof	5,600
<b>Silver collector coin with nominal value of EUR 20</b> <b>Historical Preservation Area of Banská Bystrica</b> <b>– issued on 30 March 2016</b>	
standard version	2,900
proof	5,400
<b>Total</b>	<b>2,039,900</b>
thereof minted in 2015	2,031,000

1) Note: Silver collector coin UNESCO World Natural Heritage – Primeval Beech Forests of the Carpathians - 8,900 pieces were minted in 2014 and in 600 pieces in 2015

#### 1.4. Operating activities

In 2015, operating activities of the Bank were mainly influenced by new activities and tasks related to the assumption of competences over the financial consumer protection in Slovakia and tasks arising from the Single Supervisory Mechanism of the Eurosystem. These tasks required new staff recruitment of the Bank.

Net costs (i.e. costs less revenues) for securing operations and administration in 2015 amounted to EUR 54,660 thousand. This represented a decrease in absolute terms of EUR 4,195 thousand compared to the year 2014 (refer to Chart 2).



Table 9: Profit/Loss from operating activities

	L. No.	Actual figures		Δ 2015 2014	Year-on-year change
		2015	2014		
<b>Operating activities</b>	1				
Staff costs	2	(25,575)	(23,257)	110%	(2,318)
Social costs	3	(12,456)	(11,839)	105%	(617)
Operating and administration expenses	4	(17,584)	(23,414)	75%	5,830
Depreciation of tangible assets	5	(6,489)	(6,504)	100%	15
Amortization of intangible assets	6	(861)	(1,210)	71%	349
Fees and contributions received from financial market entities	7	5,176	4,203	123%	973
Other operating revenues	8	3,129	3,166	99%	(37)
Operating costs	9	(62,965)	(66,224)	95%	3,259
Operating revenues	10	8,305	7,369	113%	936
<b>Profit/(Loss) from operating activities</b>	11	<b>(54,660)</b>	<b>(58,855)</b>	<b>93%</b>	<b>4,195</b>

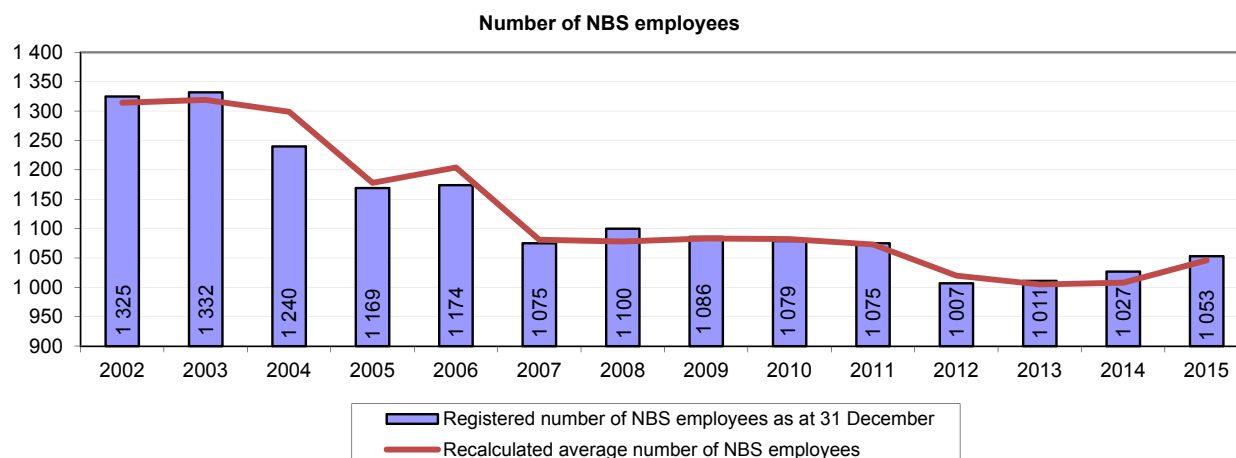
### 1.4.1 Staff Costs and Social Costs

In 2015, the average headcount was 1,046 employees, which represents an average annual increase by 38 employees. As at 31 December 2015, the NBS had a total of 1,053 employees (refer to Chart 4). The increase in the number of employees was mainly due to ensuring new tasks related to the financial consumer protection in the financial market in accordance with the amendment of Act no. 747/2004 on financial market supervision (an increase in the average number of employees by 27), due to tasks resulting from the legal requirements related to the crisis management in the financial market (an increase in the average number of employees by 9) and by the engagement of the NBS in the joint banking supervision within the Eurosystem.

Staff costs include wages and salaries and other personnel costs. In 2015, they amounted to EUR 25,575 thousand. The quantitative impacts (an increase in the number of employees) and qualitative impacts (an increase in the average wage by 5.07 %) equally contributed to the year-on-year increase in the costs.

In 2015, the social costs amounted to EUR 12,456 thousand with a year-to-year increase of 5 %. In relation to employees, the social policy did not change in comparison to the prior year. They largely (73%) consisted of costs of statutory social insurance paid to the Slovak Insurance Agency and the health insurance companies (EUR 9,105 thousand). Costs of social policy concerning employees were EUR 3,351 thousand.

Chart 4



#### 1.4.2. Administrative and Operating Expenses and Revenues

Administrative and operating expenses 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. The Bank strives to achieve stabilization of operating costs and efficient spending of resources on administration.

In 2015, administrative and operating expenses amounted to EUR 24,934 thousand. They include operating and administration expenses of EUR 17,584 thousand and depreciation of tangible assets and amortization of intangible assets of EUR 7,350 thousand.

These costs are a quarter lower when compared to the prior year mainly due to the performed extraordinary comprehensive assessment of three major credit institutions in Slovakia by external audit firms (EUR 4,238 thousand) in 2014, which resulted from the Single Supervisory Mechanism in the Eurosystem.

The most significant item of operating costs in 2015 were expenses related to technical support and licence fees for information systems and common Eurosystem projects (especially Target), which have shown an upward trend.

Operating revenues mainly consisted of contributions and fees from the supervised financial market entities (EUR 5,176 thousand) and of received fees for the usage of the domestic inter-bank payment system SIPS (EUR 2,294 thousand).

*Table 10: Operating and administration expenses*

Item	L. No.	Actual figures		Δ 2015 2014	Year-on- year change
		2015	2014		
Costs of IS technical support and maintenance	1	(4,637)	(4,097)	113%	(540)
Repairs and maintenance	2	(2,701)	(2,702)	100%	1
Consumption of material	3	(1,614)	(2,159)	75%	545
Energy consumption	4	(1,513)	(1,660)	91%	147
Telecommunications costs (data transfer included)	5	(1,080)	(1,588)	68%	508
Contributions to legal entities and membership	6	(1,063)	(1,072)	99%	9
Travel costs	7	(976)	(892)	109%	(84)
Education	8	(917)	(804)	114%	(113)
Advertising costs, periodicals, non-periodicals, information brochures	9	(468)	(450)	104%	(18)
Financial donations	10	(467)	(401)	116%	(66)
Cleaning services	11	(452)	(435)	104%	(17)
Representation costs	12	(369)	(335)	110%	(34)
Costs of rating, audit and other assurance services	13	(303)	(4,533)	7%	4,230
Taxes and fees	14	(290)	(257)	113%	(33)
Rent	15	(215)	(239)	90%	24
Costs of protection of facilities and protection of transport of currency	16	(147)	(146)	101%	(1)
Insurance paid	17	(134)	(154)	87%	20
Costs of translation, interpreting and advisory services	18	(46)	(60)	77%	14
Other administrative and operating costs	19	(192)	(1,430)	13%	1,238
<b>Services purchased and other operating and administration expenses (l. 1 to 19)</b>	<b>20</b>	<b>(17,584)</b>	<b>(23,414)</b>	<b>75%</b>	<b>5,830</b>

## 2. Distribution of Profit/Loss

In accordance with Article 39 (4) of the Act on NBS, the result of the NBS's operations is either a profit or loss. The NBS uses the profit for allocation into a reserve fund and other funds created from profit, or to cover losses from previous years. The loss generated in the reporting period 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 2015, the NBS generated a profit of EUR 4,604 thousand. By the decision of the Bank Board of the NBS dated 8 March 2016, the profit for the year 2015 was settled against the accumulated losses from previous years (refer to Table 11).

Table 11: Distribution of Profit / Settlement of Loss

Item	L. No.	Distribution of profit/loss	
		2015	2014
Profit/(Loss) for current year	1	4,604	102,193
Transfer in funds (appropriations (-), transfers from (+)):			
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 (I. 1 to I. 4)</b>	<b>5</b>	<b>4,604</b>	<b>102,193</b>
Transfer against losses from previous years	6	(4,604)	(102,193)
<b>Profit /(Loss) for current year after distribution (I. 5 + I. 6)</b>	<b>7</b>	<b>0</b>	<b>0</b>

  
doc. Ing. Jozef Makúch, PhD.  
Governor

  
Ing. Miroslav Uhrin  
Executive Director  
Division for Financial  
Management, Information  
Technology and Facility  
Services

  
Ing. Katarína Taragelová  
Director  
Financial Management  
Department



