



discretions for institutions under a separate regulation

Decree No 24/2014 of Národná banka Slovenska of 9 December 2014 on the submission of statements by payment institutions and electronic money institutions.

Decree No 25/2014 of Národná banka Slovenska of 16 December 2014 amending Decree No 12/2014 of Národná banka Slovenska on the submission of statements, reports, and other disclosures by banks and branches of foreign banks for supervision purposes.

10 INSTITUTIONAL DEVELOPMENTS

10.1 INSTITUTIONAL FRAMEWORK

Národná banka Slovenska (NBS) was established as the independent central bank of the Slovak Republic on 1 January 1993, under Act No 566/1992 Coll. on Národná banka Slovenska.

The primary objective of Národná banka Slovenska is to maintain price stability. To this end the central bank:

- participates in the common monetary policy set for the euro area by the Governing Council of the European Central Bank (ECB);
- issues euro banknotes and euro coins in accordance with separate regulations that apply in the euro area to the issuance of euro banknotes and coins;
- promotes the smooth operation of payment and settlement systems; regulates, coordinates and oversees currency circulation, payment systems, and payment settlements; and ensures that these systems are run efficiently and cost-effectively;
- maintains and manages foreign reserves and conducts foreign exchange operations in accordance with separate regulations applicable to Eurosystem operations;
- performs other activities relating to its participation in the European System of Central Banks;
- performs other tasks, such as those required under the Financial Market Supervision Act.

NBS contributes to the stability of the financial system as well as to the security and smooth functioning of the financial market, with the aim of ensuring financial market credibility, customer protection, and compliance with

competition rules. NBS is also the financial supervisory authority in Slovakia, meaning that it exercises supervision over banks, branches of foreign banks, investment firms, stock exchanges, central securities depositories, asset management companies, investment funds, foreign collective investment undertakings, insurance companies, reinsurers, pension funds management companies, pension funds, supplementary pension management companies, supplementary pension funds, payment institutions, credit rating agencies, electronic money institutions, independent financial brokers, financial advisers, the Deposit Protection Fund, the Investment Guarantee Fund, the Slovak Insurers' Bureau, and other financial market participants which are subject to regulatory supervision.

On 1 January 2009, when Slovakia joined the euro area, NBS became a member of the Eurosystem, which is the central banking system of the euro area within the European System of Central Banks (ESCB).

The Eurosystem comprises:

- the European Central Bank (ECB); and
- the national central banks (NCBs) of the EU Member States whose common currency is the euro.

The Eurosystem is thus a subset of the ESCB. Since the decisions of the ECB's Governing Council (on, for example, monetary policy) apply only to euro area countries, it is in reality the Eurosystem which carries out the central bank functions for the euro area. Therefore the ECB and the NCBs contribute jointly to attaining the common goals of the Eurosystem.



There are three main reasons for having a system of central banking in Europe:

- The Eurosystem approach builds on the existing competences of the NCBs, their institutional set-up, infrastructure, expertise, and operational capabilities. Moreover, several central banks perform additional tasks besides those of the Eurosystem.
- Given the large geographical size of euro area and the long-established relationships between the national banking communities and their NCBs, it was deemed appropriate to give the credit institutions an access point to central banking in each participating Member State.
- Owing to the multitude of nations, languages and cultures in the euro area, the individual NCBs (rather than a supranational institution) are best located to serve as access points of the Eurosystem.

The euro area NCBs, as an integral part of the Eurosystem, perform the Eurosystem's tasks in line with the rules set by the decision-making bodies of the ECB. The NCBs contribute to the activities of the Eurosystem and the ESCB by participating in the various Eurosystem/ESCB committees.

EUROSYSTEM/ESCB COMMITTEES

The Eurosystem/ESCB committees play an important role in assisting the ECB's decision-making bodies. They provide expertise in their fields of competence and perform specific tasks mandated by the ECB's Governing Council.

- Accounting and Monetary Income Committee
- Banknote Committee
- Committee on Controlling
- Eurosystem/ESCB Communications Committee
- Financial Stability Committee
- Information Technology Committee
- Internal Auditors Committee
- International Relations Committee
- Legal Committee
- Market Operations Committee
- Monetary Policy Committee
- Organisational Development Committee
- Payment and Settlement Systems Committee
- Risk Management Committee
- Statistics Committee
- Budget Committee
- Eurosystem IT Steering Committee³⁸
- Human Resources Conference

THE ECB'S TASKS WITHIN THE BANKING UNION

Regulation (EU) No 1024/2013 confers on the ECB specific tasks concerning policies relating to the prudential supervision of credit institutions, with the aim of contributing to the safety and soundness of credit institutions and the stability of the financial system within the participating EU Member States.

In this context, a new system of financial supervision – the Single Supervisory Mechanism (SSM) – began operation on 4 November 2014. The SSM is based on mutual cooperation between national competent authorities (NCAs). The NCA in Slovakia is Národná banka Slovenska.

The second pillar of the euro area banking union – the Single Resolution Mechanism (SRM) – was completed in 2014. In Slovakia, in accordance with the Act on resolution in the financial market, the Resolution Council was established as from 1 January 2015 as an independent legal entity. Tasks related to the specialist and organisational activities of the Council and of its competencies is performed by NBS.

10.2 ORGANISATION AND MANAGEMENT

THE BANK BOARD OF NÁRODNÁ BANKA SLOVENSKA

The highest governing body of Národná banka Slovenska is the Bank Board. The scope of its powers is laid down in the Act on Národná banka Slovenska ('the NBS Act'), other generally applicable legislation, and the Organisational Rules of NBS.

The Bank Board had five statutory positions in 2014 (pursuant to the NBS Act), including the Governor and two Deputy Governors. Since one of the Deputy Governor positions remained vacant the Bank Board had four sitting members in 2014.³⁹

The Governor and Deputy Governors are appointed, and may be dismissed, by the President of the Slovak Republic at the proposal of the Government and subject to the approval of the Slovak Parliament. The other two members of the Bank Board are appointed, and may be dismissed, by the Slovak Government at the proposal of the NBS Governor.

The term of office of Bank Board members commences as of the effective date of their

³⁸ The operation of this committee was suspended as of 27 November 2014.

³⁹ Under an amendment to the NBS Act, the number of Bank Board positions was increased to six with effect from 1 January 2015. The term of office of Bank Board members is six years, or five years for those appointed before 1 January 2015.

Members of the NBS Bank Board as at 31 December 2014



First row (from the left): Jozef Makúch, Ján Tóth.
Second row (from the left): Vladimír Dvořáček, Karol Mrva.

appointment. There are no term limits for Bank Board members, but no one may serve as Governor or Deputy Governor for more than two terms.

The members of the Bank Board as at 31 December 2014 were:

- doc. Ing. Jozef Makúch, PhD., Governor;
- Mgr. Ján Tóth, M.A., Deputy Governor with responsibility for monetary policy, statistics and research;
- Ing. Vladimír Dvořáček, Executive Director of the Financial Market Supervision Unit;
- RNDr. Karol Mrva, Executive Director for financial market operations and payment services.

The following Bank Board member ended his term of office in 2014:

- Ing. Štefan Králik, on 1 April 2014.

THE EXECUTIVE BOARD OF NÁRODNÁ BANKA SLOVENSKA

The Executive Board of Národná banka Slovenska was established by the NBS Bank Board with effect from 1 August 2012, in accordance with Article 6(2)(i) of the NBS Act. The Executive Board is the managing, executive and coordination authority of NBS.

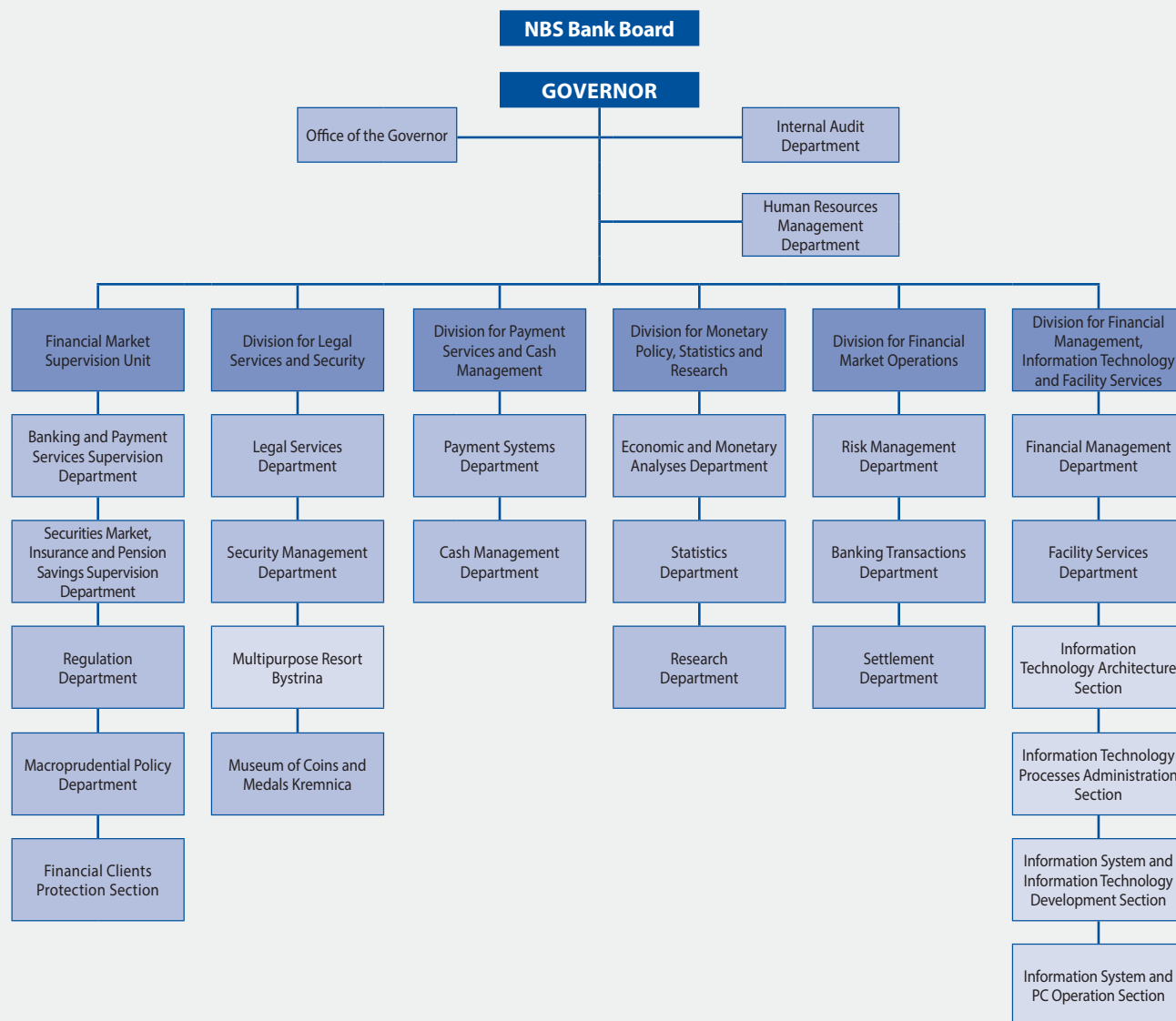
The Executive Board is composed of the NBS Governor, Executive Directors, and other senior management appointed by the Governor. Meetings of the Executive Board are chaired by the Governor or, in his absence, another member of the Executive Board appointed by the Governor.

The members of the Executive Board as at 31 December 2014 were:

- doc. Ing. Jozef Makúch, PhD., Governor;
- Ing. Štefan Králik, Executive Director for legal services and security;



NBS organisation structure as at 31 December 2014



- RNDr. Karol Mrva, Executive Director for financial market operations and payment services;
- Ing. Vladimír Dvořáček, Executive Director of the Financial Market Supervision Unit;
- Ing. Miroslav Uhrin, Executive Director for financial management, information technology and facility services;
- Ing. Renáta Konečná, General Director of the Economic and Monetary Analyses Department.

In line with decisions of the NBS Bank Board, five amendments to the NBS Organisational Rules

were approved in 2014, one of which entered into force on 1 March 2015. These amendments resulted in changes to the NBS organisational structure and to the duties and competences of certain senior managers.

10.3 HUMAN RESOURCES

Národná banka Slovenska had 1,027 employees as at 31 December 2014. A total of 59 employees left the bank in 2014. During the year the bank conducted 74 recruitment campaigns and hired 83 new employees.



Staff exchanges between ESCB national central banks, the ECB and other international financial institutions support staff mobility within the ESCB, the exchange of experience and know-how, and the development of human resources. A total of ten NBS employees were on secondment to the ECB or European Banking Authority during the whole or part of 2014.

The rules and principles of staff remuneration at the bank are laid down in internal NBS Work Regulation No 28/2008 on the remuneration of NBS employees as amended. The average monthly salary in 2014 was €1,913.18.

The employees who left the bank last year due to organisational reasons received all the payments owed to them under the Labour Code, NBS Collective Agreement, and internal work regulations.

Severance payments were made to 22 employees who left the bank on grounds of retirement, early retirement or invalidity.

The number of NBS employees enrolled in the supplementary pension scheme stood at 846 as at 31 December 2014.

10.4 EDUCATION

To support staff in their educational and professional development, the Human Resources Department, in cooperation with NBS's Institute of Banking Education, arranges staff participation in courses tailored to their identified requirements and the needs of their respective unit.

The courses run in 2014 were attended by 911 employees in total, and they focused on the following areas:

- specialist training,
- management training and development,
- language training,
- IT training,
- social skills training,
- general training.

In 2014 NBS organised three international training projects: *Economics for Non-Economists*, *English in Legal and Contractual Central Banking Practice*, and *English of European Law*.

Every year a number of NBS staff members conduct professional training by performing teaching, lecturing, and consultation activities. In 2014 a total of 88 staff members from 20 departments were involved in such work.

Eighteen students completed internships at NBS in 2014, including five from universities in Slovakia and thirteen studying in other European Union countries.

10.5 ENVIRONMENT POLICY

Národná banka Slovenska is an institution that takes a responsible approach to the environment. It complies with Slovak legislation and European Commission recommendations which lay down procedures in regard to ecologically sustainable management.

For its activities in the area of environmental policy, NBS has specified four groups of priorities, and in 2014 it implemented several measures aimed at meeting them.

PROTECTION OF THE ATMOSPHERE

Adjustments to the operating regime for NBS technological facilities reduced CO₂ emissions by 12.5% year-on-year. The use of fully halogenated hydrocarbons and halons continued to be reduced in 2014, with the replacement of older air-conditioning systems at two NBS branches.

PROTECTION AND RATIONAL USE OF WATER

NBS uses modern technology that enables efficient water management at the end-points of consumption. By replacing one of its water conditioners with a more state-of-the-art mechanism, NBS contributed to improving the quality of incoming water, which in turn was beneficial for equipment and helped reduce energy demands.

EFFICIENT ENERGY USE

NBS sets itself long-term and short-term energy objectives, with the aim of making the bank's activities less energy demanding. Energy consumption is reduced by constant monitoring of energy consumption and the use of energy-effective and efficient technologies, IT equipment, and electronic appliances and equipment. In 2014 the exterior lights at one of NBS's buildings



were replaced with energy-saving LED reflector lamps. In addition, the bank is gradually phasing in energy-efficient photocopiers as old machines are replaced. These and other measures ensured energy savings of 5.5% in comparison with 2013.

WASTE MANAGEMENT

NBS ensures that its waste is sorted and reduces the amount of municipal waste. Great

importance is placed on recycling and on the ecological disposal and assessment of electrical waste and other dangerous waste materials.

NBS has for several years been involved in the worldwide Earth Day initiative, which aims to focus attention on the fact that the Earth's resources are not inexhaustible and need to be protected for future generations.



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM

SECTION C

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF NBS AS AT 31 DECEMBER 2014

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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 2014, 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 2014 and of its financial performance for the year then ended in accordance with the ECB Guideline and the Act on Accounting.

10 March 2015
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



Národná banka Slovenska
Financial statements as at 31 December 2014 – Balance Sheet
(in thousands of EUR)

BALANCE SHEET of Národná banka Slovenska

ASSETS		Note	31 Dec 2014 EUR '000	31 Dec 2013 EUR '000
A1	Gold and gold receivables	1	1,006,401	887,649
A2	Claims on non-euro area residents denominated in foreign currency	2	1,819,180	670,543
A3	Claims on euro area residents denominated in foreign currency	3	103,367	36,472
A4	Claims on non-euro area residents denominated in euro	4	3,904,956	2,931,025
A5	Lending to euro area credit institutions related to monetary policy operations denominated in euro	5	570,326	328,900
A6	Other claims on euro area credit institutions denominated in euro	6	55,977	33,113
A7	Securities of euro area residents denominated in euro	7	6,160,578	7,727,275
A8	General government debt denominated in euro			
A9	Intra-Eurosystem claims	8	3,973,029	3,377,923
A10	Items in course of settlement			
A11	Other assets	9	5,480,476	6,083,461
A12	Loss for the year			
TOTAL ASSETS			23,074,290	22,076,361
LIABILITIES				
L1	Banknotes in circulation	10	10,322,943	8,701,284
L2	Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	11	751,999	1,284,770
L3	Other liabilities to euro area credit institutions denominated in euro	12	4,601,404	2,960,118
L4	Debt certificates issued			
L5	Liabilities to other euro area residents denominated in euro	13	1,228,097	2,917,838
L6	Liabilities to non-euro area residents denominated in euro	14	2,942,803	3,059,016
L7	Liabilities to euro area residents denominated in foreign currency	15	397,075	115,946
L8	Liabilities to non-euro area residents denominated in foreign currency	16	260,600	62,995
L9	Counterpart of special drawing rights allocated by the IMF	17	405,987	380,758
L10	Intra-Eurosystem liabilities			75,966
L11	Items in course of settlement			
L12	Other liabilities	18	659,166	777,770
L13	Provisions	19	524,830	304,654
L14	Revaluation accounts	20	519,396	587,603
L15	Capital and reserves	21	357,797	357,797
L16	Profit for the year	33	102,193	489,846
TOTAL LIABILITIES			23,074,290	22,076,361

This version of the accompanying financial statements 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 financial statements takes precedence.



Národná banka Slovenska
Financial statements as at 31 December 2014 – Profit and Loss Account
(in thousands of EUR)

PROFIT AND LOSS ACCOUNT of Národná banka Slovenska

	Note	31 Dec 2014 EUR '000	31 Dec 2013 EUR '000
1.1 Interest income		430,245	596,887
1.2 Interest expense		(216,183)	(284,544)
1 Net interest income	23	214,062	312,343
2.1 Realized gains arising from financial operations		147,055	220,717
2.2 Write-downs on financial assets and positions		(53,677)	(6,802)
2.3 Transfer to/from provisions for foreign exchange rate, interest rate, credit and gold price risks		(220,000)	(50,000)
2 Net result of financial operations, write-downs and risk provisions	24	(126,622)	163,915
3.1 Fees and commissions income		734	577
3.2 Fees and commissions expense		(999)	(1,044)
3 Net income/(expense) from fees and commissions	25	(265)	(467)
4 Income from equity shares and participating interests	26	10,575	19,224
5 Net result of pooling of monetary income	27	47,072	50,381
6 Other income	28	32,416	12,421
Total net income		177,238	557,817
7 Staff costs	29	(35,096)	(33,770)
8 Administrative expenses	30	(22,463)	(17,449)
9 Depreciation of tangible and intangible fixed assets	31	(7,714)	(9,007)
10 Banknote production services	32	(6,255)	(3,585)
11 Other expenses	28	(3,361)	(2,786)
12 Income tax and other items decreasing income		(156)	(1,374)
Profit	33	102,193	489,846

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Národná banka Slovenska
Financial statements as at 31 December 2014 – Notes
(in thousands of EUR)

NOTES
to the financial statements
as at 31 December 2014

Bratislava, 10 March 2015

This version of the accompanying financial statements 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 financial statements takes precedence.

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Národná banka Slovenska
Financial statements as at 31 December 2014 – Notes
(in thousands of EUR)

A. GENERAL INFORMATION ON NÁRODNÁ BANKA SLOVENSKA

Národná banka Slovenska ("NBS" or "the Bank") is the independent central bank of the Slovak Republic. The NBS was established in accordance with Act No. 566/1992 Coll. on Národná banka Slovenska as amended ("the NBS Act"). The NBS commenced its activities on 1 January 1993 as the bank issuing the currency of Slovakia.

Upon euro adoption in Slovakia on 1 January 2009, the NBS became a full member of the Eurosystem. The NBS abides by the Protocol on the Statute of the

European System of Central Banks and of the European Central Bank ("the Statute").

In accordance with Article 39 (5) of the NBS Act, the NBS submits the annual report on results of its operations to the National Council of the Slovak Republic within three months after the end of the calendar year. In addition to the NBS financial statements and the auditor's opinion thereon, the report provides information on the NBS's operating costs. If so requested by the National Council of the Slovak Republic, the NBS is obliged, within six weeks, to supplement the report as requested and/or to provide explanations to the report as submitted.

The supreme governing body of the NBS is the Bank Board. As at 31 December 2014, the Bank Board had the following structure:

Name	Term of Office in the Bank Board		Current Position	Date of Appointment
Doc. Ing. Jozef Makúch, PhD.	1 Jan 2006	12 Jan 2015	Governor	12 Jan 2010
Mgr. Ján Tóth, M.A.	5 Nov 2012	5 Nov 2017	Deputy Governor	5 Nov 2012
RNDr. Karol Mrva	1 Jun 2012	1 Jun 2017	Member	1 Jun 2012
Ing. Vladimír Dvořáček	2 Apr 2014	2 Apr 2019	Member	2 Apr 2014

Bank Board member Ing. Štefan Králik's term ended as at 1 April 2014.

B. ACCOUNTING PRINCIPLES AND ACCOUNTING METHODS APPLIED

(a) Legal framework and accounting principles

The Bank applies its accounting principles 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"). In recognizing transactions not regulated by the ECB Guideline, the Bank observes International Financial Reporting Standards (IFRS). In other cases, the Bank acts in accordance with Act No. 431/2002 Coll. on Accounting, as amended ("the Act on Accounting"). In accordance with this legal framework, the Bank applies the following basic accounting principles:

- Economic reality and transparency
- Prudence
- Recognition of post-balance-sheet events
- Materiality
- Accrual basis of accounting
- The going-concern assumption
- Consistency and comparability

Assets and liabilities are held on the balance sheet only if it is probable that any future economic benefits attributable to them will flow to the credit or debit of the Bank, any risks and benefits have been transferred to the Bank and the assets or liabilities can be measured reliably.

Foreign exchange transactions and financial instruments, excluding securities and the corresponding accruals, are subject to the economic principle, i.e., transactions are recorded on off-balance sheet accounts



Národná banka Slovenska
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on the trade date. On the settlement date, off-balance sheet booking entries are reversed and the transactions are recorded on the balance sheet. Other economic transactions, including transactions with debt securities, are recorded in accordance with the cash settlement principle, i.e., no accounting entries are made on the trade date and the transaction is recorded on the balance sheet on the settlement date.

Accruals of interest rates attributable to financial instruments are calculated and recorded on a daily basis. Accruals of premium and discount are recorded using the internal rate of return method (IRR). In other cases, the linear method is applied.

When preparing the financial statements, the Bank acts in accordance with the recommended harmonized procedures for the preparation of disclosures to the financial statements of a national central bank within the Eurosystem.

b) Valuation of assets and liabilities

Financial assets and liabilities, excluding HTM securities, securities held for monetary policy purposes and participating interests, are measured on a monthly basis at mid-rates and market prices. Foreign exchange, including balance sheet and off-balance sheet transactions, is measured for each currency separately; securities are measured for each ISIN separately and interest rate swaps and futures agreements are measured individually. In the case of gold, there is no distinction between price and exchange rate valuation differences.

Securities held for monetary policy purposes are measured at amortized cost and are subject to an impairment test. In the event of impairment, provisions are created as at the end-of-year date and reassessed on an annual basis. The impairment provisions for certain types of securities held for monetary policy purposes are shared within the Eurosystem, based on the shares in the paid-up capital of the ECB, valid at the time of initial impairment.

Participating interests, except the BIS investment Pool Sovereign China fund denominated in CNY (Chinese Yuan Renminbi) ("BISIP CNY"), are measured at historical cost and are subject to an impairment test. Impairment in participating interests is recognized as impairment charges through profit/loss. The BISIP CNY fund is measured at market value on a monthly basis, based on the supporting documentation from the Bank for International Settlements ("BIS") in Basel, Switzerland.

The exchange rates of key foreign currencies against 1 euro, used to value the assets and liabilities as at 31 December 2014, were as follows:

Currency	31 Dec 2014	31 Dec 2013	Change
GBP	0.77890	0.83370	(0.05480)
USD	1.21410	1.37910	(0.16500)
JPY	145.23000	144.72000	0.51000
XDR	0.83864	0.89421	(0.05557)
EUR/t oz	987.769	871.220	116.54900

* t oz (troy ounce) = 31.1034807 g

(c) Accounting and recognition of revenues

Realized gains and losses are derived from the daily measurement of changes in assets and liabilities and represent the difference between the transaction value and the average value of the respective financial instrument or currency. They are recognized on the face of the profit and loss account.

Unrealized gains and losses result from the monthly measurement of assets and liabilities and represent the difference between the average value and the month-end market value of the respective financial instrument or currency. Unrealized gains are shown in equity on revaluation accounts (see Note 21). Unrealized losses in excess of unrealized revaluation gains from the given financial instrument or currency are recognized in the profit and loss account. Unrealized losses on one financial instrument or currency are not set



off against unrealized gains made on another financial instrument or currency. In the event of an unrealized loss at year-end, the average acquisition cost is adjusted to the year-end exchange rate or fair value of the measured item. Unrealized revaluation losses on interest rate swaps and marketable securities are amortized to income in the following years.

Premiums and discounts of acquired securities are recognized in the profit and loss account against interest income.

(d) Gold and gold receivables

Gold swap transactions are recognized as repurchase transactions with gold (see Notes 12, 14, and 15). The gold used in such transactions remains in the Bank's total assets under the item "Gold".

(e) Debt securities

Securities are recognized together with the accruals of the premium and the discount. Coupons are recorded under "Other assets".

The impairment test for bonds held for monetary policy purposes and bonds acquired within the Securities Markets Programme ("SMP") is carried out centrally by the ECB and is subject to the approval of the Governing Council of the ECB. The impairment test for bonds acquired within the first Covered Bonds Purchase Programme ("CBPP1") and within the third Covered Bond Purchase Programme ("CBPP3") is coordinated by the ECB. Based on the decision of the Bank Board, the NBS accepts the results of tests for CBPP1 coordinated by the ECB. The results of tests for CBPP3 are subject to the approval of the Governing Council of the ECB.

(f) Derivatives

For the purposes of calculating the average acquisition cost of currencies and foreign exchange rates gains and losses, spot, forward and swap contracts are included in the net currency positions. They are

recognized on off-balance sheet accounts at the spot rate of the transaction on the trade date.

The difference between the spot and forward values of the transaction is considered as interest expense or interest income.

In the case of currency swaps, forward positions are measured together with the corresponding spot position. Therefore, currency positions are only affected by accruals of interest rates in a foreign currency.

In the case of interest rate swaps, the nominal value is recorded on the off-balance sheet from the trade date to the interest rate swap maturity date. They are measured based on generally acceptable valuation models using corresponding yield curves derived from listed interest rates.

In the case of interest rate or currency swaps, if there is an increase or a decrease in the net swap position, a collateral adjustment in the form of deposits with daily extension is agreed upon contractually with selected counterparties. Payment of interest is on a monthly basis (see Notes 9 and 18).

The Bank recognizes futures contracts on off-balance sheet accounts from the trade date to the settlement at the nominal value of the underlying instrument. Initial margins may be provided either in cash or in the form of securities. The initial deposit in the form of securities is not accounted for. The daily settlement of revaluation differences on the margin account is recognized in the profit and loss account.

(g) Reverse transactions

Reverse transactions are those transactions the Bank conducts under reverse repurchase agreements or collateralized loan transactions.

Transactions conducted under a repurchase agreement (repurchase transaction) are recognized as a



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(in thousands of EUR)

collateralized inward deposit on the liabilities side of the balance sheet, while the item provided as collateral remains on the assets side of the balance sheet. Securities provided under a repurchase transaction remain part of the portfolio of the Bank.

Reverse repurchase agreements are recognized as a collateralized outward loan on the assets side of the balance sheet. Securities accepted under a reverse repurchase transaction are not accounted for.

If the collateral value deviates from the respective loan value, representing an increased counterparty credit risk, collateral is required in the form of a deposit. These deposits bear interest and are extended on a daily basis (see Notes 12 and 14).

The Bank does not account for security lending transactions conducted under an automated security lending programme. Revenues from these transactions are recognized in the profit and loss account.

(h) Banknotes in circulation

Pursuant to Decision ECB/2010/29 as amended, euro banknotes are issued jointly by the national central banks within the Eurosystem and the ECB. The total amount of banknotes in circulation is allocated to individual central banks in the Eurosystem on the last working day of each month, according to the Banknote Allocation Key. The ECB's share in the total amount of banknotes in circulation is 8%. Pursuant to the Decision cited above, the NBS's share in the total issue of euro banknotes within the Eurosystem is 1.0155%. The share of banknotes in circulation is recognized under liabilities "Banknotes in Circulation" (see Note 10).

The difference between the banknotes allocated according to the Banknote Allocation Key and the banknotes actually in circulation represents an interest-bearing receivable or liability within the Eurosystem. This is disclosed under the item "Net Claims

or Liabilities Related to Allocation of Euro Banknotes within the Eurosystem".

Over a period of five years from the Bank's transition to euro as cash (1 January 2009), receivables or liabilities relating to the allocation of euro banknotes within the Eurosystem are adjusted in order to eliminate major changes in the yield position of the Bank compared to prior years. The adjustment is based on the average issue of banknotes of the local currency two years prior to accession to the Eurosystem. For the NBS, the period of adjusting banknotes issue ended on 31 December 2014.

Interest income or interest expense from these receivables/liabilities is disclosed in the Bank's profit and loss account against the item "Net Interest Income" (see Note 23).

(i) ECB profit redistribution

In accordance with Decision ECB/2014/57 as amended, the ECB's income, consisting of the remuneration of the ECB's 8% share in euro banknotes issue and net income from securities purchased by the ECB under the SMP, CBPP3 and asset-backed securities programme is re-allocated among the Eurosystem's individual central banks in the same financial year as accrued in the form of an interim distribution of the ECB's profit (see Note 26).

Under Article 33 of the Statute, the ECB's remaining net profit is re-allocated among the central banks within the Eurosystem upon approval of the ECB's financial statements, i.e. in the following calendar year.

(j) Fixed assets

With effect from 1 January 2010 and pursuant to the ECB's Guideline, the NBS's fixed assets include tangible and intangible fixed assets with an input price higher than EUR 10,000 and with a useful life of more than one year. Immovable, works of art, immovable historic landmarks and collections with the exception of those



listed under separate regulations (Act No. 206/2009 Coll. on Museums and Galleries and on the Protection of Cultural Valuables, as amended by Act No. 38/2014 Coll.) are recognized on the balance sheet irrespective of their input price. The assets listed under separate regulations are recognized on the off-balance sheet and in records maintained for collection items at acquisition cost. Tangible and intangible fixed assets up to EUR 10,000 that were acquired and put in use prior to 1 January 2010 are depreciated as put in use until they are fully depreciated.

Fixed assets held for sale are recognized at cost net of accumulated depreciation and provisions, or at fair value net of cost of sale, whichever amount is lower.

Depreciation group	Depreciation period in years
	30
1. Buildings and structures	4 - 12 ¹⁾
2. Utility network	20
3. Machines and equipment	4 - 12
4. Transport means	4 - 6
5. Fittings and fixtures	4 - 12
6. Software	2 - 4
7. Other intangible fixed assets	2 - 4
	or as per contract
8. Fixed property investments	30
9. Technical improvements of immovable historic landmarks	30

¹⁾ asset components

(k) Taxes

In accordance with Article 12 of Act No. 595/2003 Coll. on Income Taxes as amended, the NBS is not liable to corporate income tax. Only income taxed by withholding tax is subject to taxation.

The NBS has been a registered VAT payer since 1 July 2004, pursuant to Act No. 222/2004 Coll., as amended.

(l) Provisions

The Bank creates a general provision for foreign exchange rate, interest rate and credit risks as well as risk from changes in

gold prices (see Note 19 and 24), which is presented in the Bank's equity. The amount and reasonableness of the general provision is reassessed on an annual basis with the impact on the profit and loss account. The provision is subject to the approval of the Bank Board.

The Bank creates a provision in relation to the impairment of securities acquired as part of the single monetary policy of the Eurosystem (see Section B, Note e).

The Bank also creates provisions in line with the Act on Accounting (see Note 19).

(m) NBS profit redistribution

In accordance with Article 39 (4) of the NBS Act, the financial result of the NBS for a reporting period is the profit it generated or loss it incurred. The profit generated by the Bank is allocated to the reserve fund and other funds created from profit, or it is used to cover accumulated losses from prior years. Any loss incurred in the current reporting period may be settled by the NBS from the reserve fund or from other funds. Alternatively, the Bank Board may decide to carry the accumulated loss forward to the following reporting period.

C. NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT ITEMS

1. Gold and gold receivables

	31 Dec 2014	31 Dec 2013	Change
Bars in repo transactions	952,959	840,582	112,377
Gold on stock	1,554	1,371	183
Gold stored in banks	51,888	45,696	6,192
	<u>1,006,401</u>	<u>887,649</u>	<u>118,752</u>

As at 31 December 2014, gold comprised a total of 1,019 thousand t oz. of gold (1,019 thousand t oz. of gold as at 31 December



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2013), of which 965 thousand t oz. of gold were used in repurchase transactions, 52 thousand t oz. were deposited in correspondent banks and 2 thousand t oz. of gold were deposited with the Bank.

Changes in the balances of gold and gold receivables were mostly affected by gold revaluation accounts (see Note 20).

2. Claims on non-euro area residents denominated in foreign currency

	31 Dec 2014	31 Dec 2013	Change
Receivables from the IMF	608,831	630,013	(21,182)
Balances with banks and security investments, external loans and other external assets	1,210,349	40,530	1,169,819
	<u>1,819,180</u>	<u>670,543</u>	<u>1,148,637</u>

Receivables from the International Monetary Fund

	31 Dec 2014		31 Dec 2013		Change
	Equivalent mil. XDR	ths. EUR	Equivalent mil. XDR	ths. EUR	ths. EUR
Receivables from IMF:	779	928,396	837	934,813	(6,417)
1) Quota:	428	510,003	428	477,812	32,191
a) Quota in local currency	268	319,565	273	304,800	14,765
b) Reserve position	160	190,438	155	173,012	17,426
- Foreign exchange part of members' quotas	18	20,867	18	19,570	1,297
- FTP reserve position	142	169,571	137	153,442	16,129
2) Nostro account in IMF	323	385,208	355	396,691	(11,483)
3) Bilateral loans	28	33,185	54	60,310	(27,125)
Payables to IMF	268	319,565	273	304,800	14,765
1) Loro accounts in IMF	251	299,639	282	315,116	(15,477)
2) Valorization account	17	19,926	(9)	(10,316)	30,242
Total reported amount (net)		<u>608,831</u>		<u>630,013</u>	<u>(21,182)</u>

The FTP reverse position represents the receivable of the NBS relating to loans provided to the IMF.

Liabilities in local currency change depending on the IMF representative exchange rate, which is recorded in the currency valuation adjustment account. A significant part of the liabilities on the IMF loro accounts consists of a note in the amount of EUR 297,682 thousand (EUR 312,533 thousand as at 31 December 2013).

The Bank records a liability to the IMF from the allocation disclosed under L9 "Counterpart of special drawing rights allocated by the IMF" (see Note 17).

Balances with banks and security investments, external loans and other external assets

	31 Dec 2014	31 Dec 2013	Change
Debt securities	484,686		484,686
Other	725,663	40,530	685,133
	<u>1,210,349</u>	<u>40,530</u>	<u>1,169,819</u>

As at 31 December 2014, the caption "Debt securities" mainly consists of bonds issued by financial institutions and denominated in USD.

The caption "Other" mainly included cash in foreign currency on nostro accounts.



3. Claims on euro area residents denominated in foreign currency

	31 Dec 2014	31 Dec 2013	Change
Debt securities	103,270	36,363	66,907
Current accounts	97	109	(12)
	<u>103,367</u>	<u>36,472</u>	<u>66,895</u>

Debt securities categorized under this caption are denominated in USD. As per security issuers, as at 31 December 2014 the Bank mainly recorded securities of monetary financial institutions.

The increase in the volume of debt securities compared to the preceding period was due to the purchase of securities denominated in USD.

4. Claims on non-euro area residents denominated in euro

As at 31 December 2014, under this caption, the Bank mainly recognized debt securities of non-euro area residents of EUR 3,904,556 thousand (EUR 2,931,025 thousand as at 31 December 2013). As per the security issuers, the Bank mainly recorded securities of monetary financial institutions.

5. Lending to euro area credit institutions related to monetary policy operations denominated in euro

In accordance with the rules for monetary policy operations in the Eurosystem, the NBS recognized longer-term refinancing operations of EUR 385,320 thousand as at 31 December 2014 (EUR 301,900 thousand as at 31 December 2013).

Longer-term refinancing operations are regular liquidity-providing reverse transactions of a longer period; as at 31 December 2014, transactions with a maturity of three to four years were recognized. These transactions are performed through standard tenders and bear interest at the main refinancing rate, which is 0.05% p.a. Under these transactions, the Bank also recognizes targeted longer-term refinancing operations

to support bank lending to the non-financial private sector (with the exception of lending to households for the purpose of house purchases). As at 31 December 2014, the targeted longer-term refinancing operations were EUR 215,320 thousand, bearing the main refinancing rate increased by 10bp.

As at 31 December 2014, the Bank recognized the main refinancing transactions of EUR 185,000 thousand (EUR 27,000 thousand as at 31 December 2013) at a 0.05% p.a. rate. The main refinancing transactions are regular liquidity-providing reverse transactions at one week intervals with a current maturity of one week.

As at 31 December 2014, the Bank recognized the marginal lending facilities of EUR 6 thousand (EUR 0 as at 31 December 2013) at a 0.30% p.a. rate. The marginal lending facility is an overnight liquidity-providing transaction, secured by collateral.

The risks arising from monetary policy transactions are subject to sharing with the involved central banks in proportion to their capital key pursuant to Article 32 (4) of the Statute.

6. Other claims on euro area credit institutions denominated in euro

	31 Dec 2014	31 Dec 2013	Change
Redistribution loan	28,533	32,416	(3,883)
Current accounts	27,224	697	26,527
Deposits to reverse transactions	220		220
	<u>55,977</u>	<u>33,113</u>	<u>22,864</u>

The redistribution loan provided to finance comprehensive housing construction was delimited following the separation of the balance sheet of the State Bank of Czechoslovakia. As at 31 December 2014, the redistribution loan bore interest of 0.5% p.a. (0.5% p.a. as at 31 December 2013).

As at 31 December 2014, the NBS recorded a state guarantee of EUR 29,722 thousand received for the redistribution loan on the off-balance sheet (EUR 33,830



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thousand as at 31 December 2013). The amount of the state guarantee represents the principal and interest up to the loan maturity.

7. Securities of euro area residents denominated in euro

	31 Dec 2014	31 Dec 2013	Change
Debt securities held for monetary policy purposes	1,358,176	1,670,087	(311,911)
Other securities	4,802,402	6,057,188	(1,254,786)
	<u>6,160,578</u>	<u>7,727,275</u>	<u>(1,566,697)</u>

Debt securities held for monetary policy purposes

As at 31 December 2014, under the "Securities held for monetary policy purposes" caption, the Bank disclosed securities purchased under the CBPP1, CBPP3 and SMP, issued mainly by the public authorities and monetary financial institutions of the euro area. The decrease of EUR 311,911 thousand compared to the preceding period was due to the maturity of securities.

CBPP1

Under the CBPP1 programme, the ECB and national central banks have purchased the covered bonds denominated in euro, issued by euro area institutions. The purchases under this programme were fully implemented by the end of June 2010.

CBPP3

In October 2014, the technical parameters of CBPP3 programme were announced by the Governing Council of the ECB. Under the programme, the ECB and national central banks started purchasing covered bonds denominated in euro, issued by euro area institutions with the aim of easing funding conditions for credit institutions. The programme will last at least for two years.

SMP

Under the SMP programme announced in May 2010, the ECB and national central banks purchased public and private debt

securities denominated in euro, in order to address malfunctioning of certain segments of the euro area debt securities markets and to restore the proper functioning of the monetary policy transmission mechanism. In September 2012, the Governing Council of the ECB decided to immediately close the programme.

The Governing Council of the ECB evaluates the risks related to bonds purchased under the SMP and CBPP3 programmes on a regular basis. The total amount of SMP and CBPP3 securities in the euro area as at 31 December 2014 was EUR 161,499,286 thousand, out of which the NBS recognizes the amount of EUR 1,111,494 thousand. In accordance with Article 32 (4) of the Statute, all risks, if material, are shared by the national central banks of the Eurosystem, according to their capital key.

On the basis of the results of the impairment test for securities acquired under the SMP and CBPP3 conducted as at 31 December 2014 and pursuant to a decision of the Governing Council of the ECB, it is expected that all the future cash flows related to these securities will be received. For this reason, the Bank did not create a provision for impairment losses (see Section B, Note e).

On the basis of the results of the impairment test for securities acquired under the CBPP1, as coordinated by the ECB, the Bank Board decided that it was not necessary to create a provision for impairment losses (see Section B, Note e).

	31.12.2014		31.12.2013		Change	
	Amortised cost	Market value	Amortised cost	Market value	Amortised cost	Market value
CBPP1	246,682	260,167	387,319	403,441	(140,637)	(143,274)
CBPP3	291,407	292,449			291,407	292,449
SMP	820,087	912,425	1,282,768	1,351,422	(462,681)	(438,997)
	<u>1,358,176</u>	<u>1,465,041</u>	<u>1,670,087</u>	<u>1,754,863</u>	<u>(311,911)</u>	<u>(289,822)</u>

Other securities

As at 31 December 2014, under this caption, the Bank recognized trading securities, mainly issued by monetary



financial institutions and public authorities of the euro area.

The decrease compared to the preceding period of EUR 1,254,786 thousand was mainly caused by the sale of securities.

8. Intra-Eurosystem claims

	31 Dec 2014	31 Dec 2013	Change
Participating interest in ECB	262,722	228,701	34,021
Claims equivalent to the transfer of foreign reserves	447,672	398,761	48,911
Net claims related to the allocation of euro banknotes within the Eurosystem	965,669		965,669
Other claims within the Eurosystem	2,296,966	2,750,461	(453,495)
	<u>3,973,029</u>	<u>3,377,923</u>	<u>595,106</u>

Participating interest in ECB

As at 31 December 2014, the Bank recorded a participating interest in the ECB's subscribed capital of EUR 83,623 thousand (EUR 74,487 thousand as at 31 December 2013) and a claim of EUR 24,885 thousand, raised from the changes of its participating interest in the ECB's net equity. The increase of the NBS's share in the ECB's capital and the rise to the claim related to changes of NBS's participating interest in the ECB's net equity, was caused by a quinquennial capital key adjustment effective from 1 January 2014.

In accordance with Article 49 (2) of the Statute and the decision of the ECB Governing Council, the NBS contributed EUR 154,214 thousand to the ECB's provisions to cover credit, foreign exchange, interest rate and gold price risks and to the ECB revaluation accounts.



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	Capital Key for Subscription of ECB's Capital (%) from 1.1.2014	Paid-up Capital (EUR) until 31.12.2013	Paid-up Capital (EUR) from 1.1.2014	Decrease(-) /Increase(+) in paid-up capital due to a quinquennial Capital Key adjustment	Eurosystem Key (%) - share in ECB's paid-up capital from 1.1.2014
Banque National de Belgique	2.4778	261,705,370.91	268,222,025.17	6,516,654.26	3.5408
Eesti Pank	0.1928	19,268,512.58	20,870,613.63	1,602,101.05	0.2755
Deutsche Bundesbank	17.9973	2,030,803,801.28	1,948,208,997.34	(82,594,803.94)	25.7184
Central Bank and Financial Services Authority of Ireland	1.1607	120,276,653.55	125,645,857.06	5,369,203.51	1.6587
Bank of Greece	2.0332	210,903,612.74	220,094,043.74	9,190,431.00	2.9055
Banco de España	8.8409	893,420,308.48	957,028,050.02	63,607,741.54	12.6338
Banque de France	14.1792	1,530,028,149.23	1,534,899,402.41	4,871,253.18	20.2623
Banca d'Italia	12.3108	1,348,471,130.66	1,332,644,970.33	(15,826,160.33)	17.5923
Central Bank of Cyprus	0.1513	14,429,734.42	16,378,235.70	1,948,501.28	0.2162
Latvijas Banka	0.2821	1,113,081.35	30,537,344.94	29,424,263.59	0.4031
Banque centrale du Luxembourg	0.2030	18,824,687.29	21,974,764.35	3,150,077.06	0.2901
Central Bank of Malta	0.0648	6,873,879.49	7,014,604.58	140,725.09	0.0926
De Nederlandsche Bank	4.0035	429,352,255.40	433,379,158.03	4,026,902.63	5.7210
Oesterreichische Nationalbank	1.9631	209,680,386.94	212,505,713.78	2,825,326.84	2.8053
Banco de Portugal	1.7434	190,909,824.68	188,723,173.25	(2,186,651.43)	2.4913
Banka Slovenije	0.3455	35,397,773.12	37,400,399.43	2,002,626.31	0.4937
Národná banka Slovenska	0.7725	74,486,873.65	83,623,179.61	9,136,305.96	1.1039
Suomen Pankki – Finlands Bank	1.2564	134,836,288.06	136,005,388.82	1,169,100.76	1.7954
Subtotal euro-area NCBs*	69.9783	7,530,782,323.83	7,575,155,922.19	44,373,598.36	100.00
Българска народна банка (Bulgarian National Bank)	0.8590	3,508,926.04	3,487,005.40	(21,920.64)	
Česká národní banka	1.6075	5,901,929.17	6,525,449.57	623,520.40	
Danmarks Nationalbank	1.4873	5,989,205.79	6,037,512.38	48,306.59	
Lietuvos bankas	0.4132	1,661,503.27	1,677,334.85	15,831.58	
Magyar Nemzeti Bank	1.3798	5,577,584.89	5,601,129.28	23,544.39	
Narodowy Bank Polski	5.1230	19,720,862.57	20,796,191.71	1,075,329.14	
Banca Națională a României	2.6024	9,924,772.42	10,564,124.40	639,351.98	
Sveriges Riksbank	2.2729	9,179,064.74	9,226,559.46	47,494.72	
Bank of England	13.6743	58,584,938.26	55,509,147.81	(3,075,790.45)	
Hrvatska narodna banka	0.6023	2,413,300.01	2,444,963.16	31,663.15	
Subtotal non-euro area NCBs*	30.0217	122,462,087.16	121,869,418.02	(592,669.14)	
Total*	100.00	7,653,244,410.99	7,697,025,340.21	43,780,929.22	

* Subtotals and totals may not correspond, due to the effect of rounding.



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Claims equivalent to the transfer of foreign reserves

The NBS recognizes a claim of EUR 447,672 thousand (EUR 398,761 thousand as at 31 December 2013), equivalent to the transfer of foreign reserves to the ECB, made according to the NBS capital key under Article 30 (1) of the Statute. The claim increased due to a quinquennial capital key adjustment as at 1 January 2014. The receivable bears interest amounting to 85% of the main refinancing operations rate. As at 31 December 2014, interest income from the claim, equivalent to the transfer of foreign reserves, amounted to EUR 629 thousand (see Note 23).

Net claims related to allocation of banknotes in the Eurosystem

The caption represents the net claim related to banknotes allocation within the Eurosystem of EUR 965,669 thousand (a liability of EUR 75,966 thousand as at 31 December 2013, see Note 10), bearing the interest rate for the main refinancing operations. For the financial year ending 31 December 2014, the Bank recognized interest income of EUR 457 thousand related to allocation of banknotes in the Eurosystem (see Note 23).

Other intra-Eurosystem claims

Intra-Eurosystem claims and liabilities represent the position of NBS towards other members of the European System of Central Banks ("ESCB") arising from cross-border transactions. The most significant part of this caption represents the claim of the NBS against other central banks and the ECB, arising from operations within TARGET2, which amounted to EUR 2,240,613 thousand as at 31 December 2014 (EUR 2,686,542 thousand as at 31 December 2013). The position bears an interest rate for the main refinancing operations. The total amount of received interest amounted to EUR 8,497 thousand as at 31 December 2014 (see Note 23).

Other significant amounts within this caption are claims arising from the pooling and allocation of monetary income amounting to EUR 47,072 thousand and NBS's share in the ECB's interim profit distribution for 2014 amounting to EUR 9,281 thousand (see Notes 27 and 26).

9. Other assets

	31 Dec 2014	31 Dec 2013	Change
Tangible and intangible fixed assets	137,501	141,554	(4,053)
Other financial assets	51,691	10,241	41,450
Off-balance sheet instruments revaluation differences		1,999	(1,999)
Accruals and prepaid expenditure	167,506	193,986	(26,480)
Accumulated losses from previous years	4,916,607	5,406,453	(489,846)
Sundry	207,171	329,228	(122,057)
	<u>5,480,476</u>	<u>6,083,461</u>	<u>(602,985)</u>



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Tangible and intangible fixed assets

This item comprises fixed assets of the NBS as at 31 December 2014 in the following breakdown:

	TA & advances and assets under construction	IA & advances and assets under construction	TOTAL
Acquisition cost as at 1 January 2014	262,996	29,481	292,477
Additions	2,408	4,613	7,021
Disposals	2,639	1,027	3,666
Acquisition cost as at 31 December 2014	262,765	33,067	295,832
Accumulated depreciation as at 1 January 2014	130,018	25,781	155,799
Additions	6,504	1,210	7,714
Disposals	1,219		1,219
Accumulated depreciation and provisions as at 31 December 2014	135,303	26,991	162,294
Carrying amount of TA and IA as at 1 January 2014	132,978	3,700	136,678
Carrying amount of TA and IA as at 31 December 2014	127,462	6,076	133,538

As at 31 December 2014, the NBS recognized fixed assets held for sale of EUR 3,963 thousand (EUR 4,876 thousand as at 31 December 2013).

Other financial assets

	31 Dec 2014	31 Dec 2013	Change
Shares of BISIP			
CNY fund	41,012		41,012
Share certificates of RVS, a.s.	3,585	3,585	0
Shares of BIS Institute of Banking Education	7,038	6,600	438
Shares of SWIFT	33	33	0
	23	23	0
	51,691	10,241	41,450

As at 31 December 2014, the NBS recognized shares within the BISIP CNY programme which represents an indirect form of investing in the on-shore Chinese government bonds market. The purchase of shares was realized in December 2014 and represents a 3.9% share of the fund's total value.

In accordance with the Commercial Code (Act No. 513/1991 Coll. as amended), the NBS is the controlling entity in the voting rights in RVS, a.s. Bratislava, with a 52% equity share. Despite the significant influence of the NBS in RVS, a.s., in accordance with Article 22 of the Act on Accounting, the Bank does not prepare consolidated financial statements.

The Bank recognizes a participating interest in the Bank for International Settlements in Basel, Switzerland. The Bank's share on the BIS capital represents 0.51%. The participating interest in BIS is recognized in the amount of paid-up capital (25%). The unpaid proportion of the capital (75%) is payable on demand. Dividends are distributed in euro from the total share of the NBS in BIS as held in XDR (see Note 26).

As at 31 December 2014, the Bank recognized a deposit in the registered capital of the Inštitút bankového vzdelávania NBS, n. o. Bratislava, which was established by NBS on 28 October 2008. The Bank is the only shareholder of the company.

The Bank holds a 0.0063% capital share in SWIFT. The allocation took place in April 2013 based on share reallocation to individual members depending on their financial compensation, paid for using SWIFT services in 2011.

Accruals and prepaid expenditure

This item mainly represents accrued bond coupons of EUR 138,677 thousand (EUR 168,193 thousand as at 31 December 2013) and interest accrued on interest rate swaps of EUR 6,433 thousand (EUR 10,204 thousand as at 31 December 2013). The value of purchased bond coupons of



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EUR 16,491 thousand (EUR 6,489 thousand as at 31 December 2013) also represents a significant part of this caption.

Sundry

	31 Dec 2014	31 Dec 2013	Change
Deposits – collaterals to derivatives	173,131	297,401	(124,270)
Claims on foreign entities	18,076	18,076	
FV of interest rate swaps	2,367	15,279	(12,912)
Interest rate futures	1,890	2,901	(1,011)
Investment and consumer loans granted to employees	8,452	9,428	(976)
Other	3,255	4,219	(964)
	<u>207,171</u>	<u>329,228</u>	<u>(122,057)</u>

The purpose of the deposits granted – collaterals to derivatives – is to secure counterparty credit risk in respect of a decrease in the value of the swap on the part of the NBS. The year-on-year decrease in the volume of deposits is due to a decrease in the volume of interest rate swaps.

10. Banknotes in circulation

	31 Dec 2014	31 Dec 2013	Change
Euro banknotes in circulation issued by NBS	9,357,274	8,777,250	580,024
Euro banknotes not issued by NBS	965,669	(75,966)	1,041,635
Total volume of euro banknotes in line with the NBS Banknote Allocation Key	<u>10,322,943</u>	<u>8,701,284</u>	<u>1,621,659</u>

As at 31 December 2014, the Bank issued banknotes amounting to EUR 9,357,274 thousand; down by EUR 965,669 thousand (up by EUR 75,966 thousand as at 31 December 2013) compared to the volume allocated to the NBS by the Banknote Allocation Key (see part B, para h). This difference represents a claim of the NBS on the Eurosystem (see Note 8). Following the quinquennial capital key adjustment and entry of Latvia into the Eurosystem, the Banknote Allocation Key for the NBS increased from 0.9100% to 1.0155% as at 1 January 2014.

11. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro

	31 Dec 2014	31 Dec 2013	Change
Current accounts covering the minimum reserve system	651,999	1,096,170	(444,171)
Deposit facility	100,000	5,600	94,400
Fixed-term deposits		183,000	(183,000)
	<u>751,999</u>	<u>1,284,770</u>	<u>(532,771)</u>

Current accounts represent monetary reserves of credit institutions that are subject to the minimum reserve system (MRS) in accordance with the Statute. The MRS enables the average fulfillment of monetary reserves of credit institutions over the maintenance period set, as published by the ECB. The MRS holdings are remunerated at the average rate of the Eurosystem's main refinancing operations, valid over the given maintenance period. In accordance with Decision ECB/2014/23 as amended, reserve holdings exceeding the required minimum reserves shall be remunerated at zero per cent or the deposit facility rate, whichever is lower. With effect from 10 September 2014, the ECB applies the negative interest rate 0.20% p.a. for the deposit facility.

The deposit facility represents overnight deposits at a pre-specified interest rate as announced by the ECB. The purpose of such deposits is to provide contracting parties with the option to deposit short-term surplus liquidity. As at 31 December 2014, a negative interest rate 0.20% p.a. was applied for this type of transaction.

12. Other liabilities to euro area credit institutions denominated in euro

	31 Dec 2014	31 Dec 2013	Change
Tri-party repo transactions	2,400,000	2,150,000	250,000
Liabilities from repo transactions	2,146,378	777,320	1,369,058
Liabilities from repo transactions with gold	34,230	30,660	3,570
Deposits received for repo transactions	271	1,242	(971)
Interbank clearing in Slovakia (SIPS)	20,525	896	19,629
	<u>4,601,404</u>	<u>2,960,118</u>	<u>1,641,286</u>



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The interest rate applicable to repo transactions is from -0.075 to 0.050% p.a. (from 0.171 to 0.250% p.a. as at 31 December 2013).

The increase in liabilities from repo transactions compared to the preceding period is due to an increase in the volume of repo transactions.

13. Liabilities to other euro area residents denominated in euro

	31 Dec 2014	31 Dec 2013	Change
General government	1,000,977	2,722,653	(1,721,676)
Other liabilities	227,12	195,185	31,935
	<u>1,228,097</u>	<u>2,917,838</u>	<u>(1,689,741)</u>

General government

As at 31 December 2014, under this caption, the NBS recognized term deposits from the Ministry of Finance of the Slovak Republic ("MFSR") amounting to EUR 1,000,000 thousand (EUR 1,800,000 thousand as at 31 December 2013), and current accounts of the State Treasury amounting to EUR 977 thousand (EUR 922,653 thousand as at 31 December 2013).

The interest rate applicable to term deposits is 0.357% p.a. (from 0.140 to 0.365% p.a. as at 31 December 2013).

Other liabilities

	31 Dec 2014	31 Dec 2013	Change
Client current accounts	12,442	12,127	315
Client term deposits	30,070	28,137	1,933
Current accounts of auxiliary financial institutions	895	3,831	(2,936)
Term deposits of auxiliary financial institutions	183,713	151,090	32,623
	<u>227,120</u>	<u>195,185</u>	<u>31,935</u>

As at 31 December 2014 and 2013, the Bank recognized current accounts and deposits from clients and auxiliary financial institutions (the Deposit Protection Fund and the Investment Guarantee Fund) within this item.

14. Liabilities to non-euro area residents denominated in euro

	31 Dec 2014	31 Dec 2013	Change
Liabilities from term deposits	2,424,102	2,400,000	24,102
Liabilities from repo transactions with gold	513,333	473,407	39,926
Liabilities from repo transactions		180,795	(180,795)
Liabilities to international financial institutions	5,367	4,794	573
Deposits received for repo transactions		20	(20)
Clients' loan accounts	1		1
	<u>2,942,803</u>	<u>3,059,016</u>	<u>(116,213)</u>

Liabilities from inward term deposits represent central banks' deposits with maturity from one day to one month at an interest rate from -0.030 to 0.030% p.a. (0.190% p.a. as at 31 December 2013).

15. Liabilities to euro area residents denominated in foreign currency

	31 Dec 2014	31 Dec 2013	Change
Liabilities from repo transactions	295,493		295,493
Liabilities from repo transactions with gold	101,580	87,890	13,690
Current accounts of the State Treasury in foreign currency	2	28,056	(28,054)
	<u>397,075</u>	<u>115,946</u>	<u>281,129</u>

The interest rate applicable to repo transactions is from 0.250 to 0.330% p.a.

16. Liabilities to non-euro area residents denominated in foreign currency

	31 Dec 2014	31 Dec 2013	Change
Liabilities from repo transactions	188,079		188,079
Liabilities from repo transactions with gold	72,521	62,995	9,526
	<u>260,600</u>	<u>62,995</u>	<u>197,605</u>

The interest rate applicable to repo transactions denominated in USD is from 0.330 to 0.380% p.a.

As at 31 December 2014, the Bank recognized liabilities from long-term repo transactions with gold due in 2015 and 2016.



17. Counterpart of special drawing rights allocated by the IMF

As at 31 December 2014, the Bank recorded a liability to the IMF from the allocation of EUR 405,987 thousand (EUR 380,758 thousand as at 31 December 2013). The liability from the allocation is denominated in XDR. As part of the general allocation and the special allocation, the IMF allocated XDR 265 million and XDR 75 million to Slovakia, as at 31 December 2014 and 31 December 2013, respectively.

18. Other liabilities

	31 Dec 2014	31 Dec 2013	Change
Off-balance sheet instruments revaluation differences	15,729	743	14,986
Accruals and income collected in advance	82,796	119,457	(36,661)
Sundry	560,641	657,570	(96,929)
	<u>659,166</u>	<u>777,770</u>	<u>(118,604)</u>

Off-balance sheet instruments revaluation differences

As at 31 December 2014, this item represented exchange losses from the revaluation of currency swaps of EUR 15,729 thousand (EUR 743 thousand as at 31 December 2013).

Accruals and income collected in advance

As at 31 December 2014, the major part of accruals was represented by interest expense from interest rate swaps in EUR of EUR 78,856 thousand (EUR 113,119 thousand as at 31 December 2013).

Sundry

	31 Dec 2014	31 Dec 2013	Change
FV of interest rate swaps	95,632	191,224	(95,592)
Deposits – collaterals to derivatives	218,620	201,820	16,800
Euro coins in circulation	141,627	132,478	9,149
SKK banknotes in circulation	76,735	79,235	(2,500)
SKK coins in circulation	23,193	46,985	(23,792)
Other	4,834	5,828	(994)
	<u>560,641</u>	<u>657,570</u>	<u>(96,929)</u>

The value of interest rate swaps as at 31 December 2014 represented the cumulative year-end revaluation loss which is gradually amortized to the profit/loss under net realized gains on interest rate swaps in accordance with the ECB Guideline (see Note 24).

The purpose of deposits received – collateral for derivatives – is to secure the NBS credit risk in respect of a decrease in the value of the swap on the part of the counterparty.

The year-on-year decrease of SKK coins in circulation mainly reflects the extraordinary issuance gain related to old Slovak coins that remained in circulation after their expiration as at 2 January 2014 in accordance with legal requirements (see Note 28).

19. Provisions

	31 Dec 2014	31 Dec 2013	Change
General provision for financial risks	520,000	300,000	220,000
Provisions for payables to employees	3,805	3,715	90
Provisions for legal disputes	340	301	39
Provisions for unbilled supplies	685	638	47
	<u>524,830</u>	<u>304,654</u>	<u>220,176</u>

The Bank created a general provision for financial risks in order to protect against foreign exchange, interest rate, credit risks and risk from changes in gold prices. The amount of provision is reassessed on an annual basis, and corresponds to an estimate of potential loss from the total investment reserves and gold of the NBS, taking into account historical scenarios of financial market development. In accordance with the decision of the Bank Board, the provision will be used to cover future realized and unrealized losses from financial activities. The potential negative development on the financial markets in the subsequent period has been taken into account in creating the provision.



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20. Revaluation accounts

	31 Dec 2014	31 Dec 2013	Change
Revaluation accounts of:			
gold	373,167	254,418	118,749
securities	125,537	306,367	(180,830)
derivatives	2,367	15,279	(12,912)
foreign currency	18,129	11,539	6,590
shares of BISIP CNY	196		196
	<u>519,396</u>	<u>587,603</u>	<u>(68,207)</u>

The increase in the revaluation accounts of gold compared to the prior year is due to increased gold prices. The year-on-year decrease in the revaluation accounts of securities is linked to the development in the financial markets.

21. Capital and reserves

This item includes the statutory fund representing the paid-up capital assumed from separation of the balance sheet of the former State Bank of Czechoslovakia, which has been in the amount of EUR 15,490 thousand since the establishment of the NBS, and the assumed registered capital of the Financial Market Authority (Úrad pre finančný trh, "ÚFT") of EUR 551 thousand. With effect from 1 January 2006, the ÚFT was dissolved and merged with the NBS in accordance with the applicable law.

Reserves consist of general reserves and capital reserves.

As at 31 December 2014, the closing balance of the NBS's general reserves amounted to EUR 340,874 thousand (EUR 340,874 thousand as at 31 December 2013). The general reserves consist of contributions from profits of EUR 337,412 thousand generated from previous years. As at 1 January 2006, following the merger of the ÚFT with the NBS, the ÚFT's reserve fund of EUR 3,462 thousand was transferred to the NBS reserves.

As at 31 December 2014, the closing balance of the NBS's capital reserves amounted to EUR 882 thousand (EUR 882 thousand as at 31 December 2013).



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Summary of changes in equity and accumulated losses

	Statutory fund	Capital reserves	General reserves	General provision for financial risks	Revaluation accounts profit/(loss)	Accumulated (loss) from previous years	Profit/(loss) of current year	Equity
1. Balance as at 31 December 2013	16,041	882	340,874	300,000	587,603	(5,406,453)	489,846	(3,671,207)
2. Transfer of profit for 2013 to accumulated loss from previous years						489,846	(489,846)	
3. Transfer to statutory fund								
4. Transfer to general reserves								
5. Change in the general provision for financial risks				220,000				220,000
6. Change in revaluation accounts of securities					(180,830)			(180,830)
7. Change in revaluation accounts of derivatives					(12,912)			(12,912)
8. Change in revaluation accounts of gold					118,749			118,749
9. Change in revaluation accounts of foreign currencies					6,590			6,590
10. Change in revaluation accounts of shares in BISIP CNY fund					196			196
11. Profit for the current reporting period							102,193	102,193
12. Change for the reporting period				220,000	(68,207)	489,846	(387,653)	253,986
13. Balance as at 31 December 2014	16,041	882	340,874	520,000	519,396	(4,916,607)	102,193	(3,417,221)

22. Off-balance sheet instruments

	31 Dec 2014		31 Dec 2013		Change	
	Receivables	Liabilities	Receivables	Liabilities	Receivables	Liabilities
Currency swaps in EUR (forward leg)	1,176,507	358,768	74,235	30,506	1,102,272	328,262
Currency swaps in USD (forward leg)	357,878	429,454	30,455	18,853	327,423	410,601
Currency swaps in JPY (forward leg)	2,327	614,088		23,729	2,327	590,359
Currency swaps in GBP (forward leg)	1,708	27,089		30,347	1,708	(3,258)
Currency swaps in CHF (forward leg)		124,750			0	124,750
	1,538,420	1,554,149	104,690	103,435	1,433,730	1,450,714

	31 Dec 2014		31 Dec 2013		Change	
	Receivables	Liabilities	Receivables	Liabilities	Receivables	Liabilities
Interest rate futures in EUR		45,700		35,000	0	10,700
Interest rate futures in USD		5,271			0	5,271
	0	50,971	0	35,000	0	15,971



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23. Net interest income

	31 Dec 2014	31 Dec 2013	Change
Investments in EUR	142,631	191,081	(48,450)
Investments in foreign currency	1,176	1,688	(512)
Monetary operations	60,672	92,120	(31,448)
net interest income from securities	61,161	89,527	(28,366)
net interest (expense)/income from loans and deposits	(13)	4,650	(4,663)
net interest expense from MRS	(476)	(2,057)	1,581
Remuneration of claim from transfer of foreign currency reserves	629	1,904	(1,275)
Remuneration of eurobanknotes	457	(4,655)	5,112
Remuneration of TARGET 2	8,497	30,205	(21,708)
	214,062	312,343	(98,281)

The decrease in net interest income from investments in EUR is mainly linked to the decrease in the net interest income from securities. The lower interest income from securities is due to the decrease of the ECB's basic interest rate and volume of securities portfolio (see Note 7).

The decrease of the ECB's basic interest rate has led to a decrease of interest income from remuneration of claims within the Eurosystem (see Note 8).

24. Net result of financial operations, write-downs and risk provisions

	31 Dec 2014	31 Dec 2013	Change
Gains realized from financial operations	147,055	220,717	(73,662)
Net gains from interest rate swaps	128,346	198,215	(69,869)
Net gains from sale of securities	15,950	21,138	(5,188)
Net gains from other operations	2,759	1,364	1,395
Write-downs on financial assets and positions	(53,677)	(6,802)	(46,875)
Losses from interest rate swaps valuation	(43,392)	(1,229)	(42,163)
Losses from securities valuation	(1,473)	(2,469)	996
Losses from foreign currency valuation	(8,812)	(3,104)	(5,708)
Transfer to/from provisions for foreign exchange rate, interest rate, credit and gold price risks	(220,000)	(50,000)	(170,000)
General provision for financial risks	(220,000)	(50,000)	(170,000)
	(126,622)	163,915	(290,537)

25. Net result from fees and commissions

	31 Dec 2014	31 Dec 2013	Change
Fees and commissions from investment portfolio:	(248)	(396)	148
Net profit from operations with securities	179	106	73
Net profit from operations with clients	216	247	(31)
Net loss from operations with banks	(598)	(701)	103
Net loss from interest futures	(32)	(36)	4
Other	(13)	(12)	(1)
Fees and commissions from monetary operations:	(71)	(129)	58
Net loss from operations with banks	(108)	(188)	80
Net profit from operations with securities	37	59	(22)
Net profit from exchange of euro coins	54	58	(4)
	(265)	(467)	202

26. Income from equity shares and participating interests

	31 Dec 2014	31 Dec 2013	Change
Interim ECB's profit distribution	9,281	13,550	(4,269)
Participating interest in the ECB's net profit from previous year	599	4,196	(3,597)
Share on the ECB's net equity		438	(438)
Dividends from BIS shares	695	1,040	(345)
	10,575	19,224	(8,649)

27. Net result of pooling of monetary income

Monetary income in accordance with Article 32 (1) of the Statute and Decision ECB/2010/23 as amended represents the net annual income derived from the assets of the national central bank, held against its banknotes in circulation and deposit liabilities to credit institutions. Monetary income is the income accruing in the performance of the monetary policy function of the ESCB.

Monetary income is distributed to the NBS in proportion to its paid-up shares in the capital of the ECB at the end of each financial year (1.1039%).

Monetary income pooled by the NBS for 2014 into the common pool of monetary income of the Eurosystem amounted to EUR 64,684 thousand. The monetary income equivalent to the 1.1039% share of



the NBS amounted to EUR 109,803 thousand. The difference of EUR 45,119 thousand (EUR 50,381 thousand as at 31 December 2013) represents the net result of the pooling of monetary income. The additional net income of the NBS in the amount of EUR 1,953 thousand resulted from revisions of monetary income for the period 2009-2013.

28. Other income and other expenses

As at 31 December 2014, the most significant part of the Bank's "Other Income" was mainly represented by extraordinary gain from issuance of Slovak coins of EUR 23,778 thousand (see Note 18), income from fees and contributions from financial market entities of EUR 4,203 thousand (EUR 4,027 thousand as at 31 December 2013), earned fees from participation in settlement systems of EUR 2,643 thousand (EUR 2,701 thousand as at 31 December 2013), and income from sale of commemorative coins and coins in circulation of EUR 1,269 thousand (EUR 1,749 thousand as at 31 December 2013).

As at 31 December 2014, the Bank's "Other Expenses" mainly represented costs of the minting of general circulation and collector coins, including costs of related services, of EUR 2,409 thousand (EUR 2,776 thousand as at 31 December 2013).

29. Staff costs

	31 Dec 2014	31 Dec 2013	Change
Wages and salaries	(23,257)	(22,346)	(911)
Social security costs	(8,364)	(8,153)	(211)
Other employee costs	(3,475)	(3,271)	(204)
	<u>(35,096)</u>	<u>(33,770)</u>	<u>(1,326)</u>

As at 31 December 2014, the average FTE number of employees was 1,008 (1,005 as at 31 December 2013), of whom 97 were managers (93 as at 31 December 2013).

Wages and employee benefits of the Bank Board's members for 2014 amounted to EUR 542 thousand (EUR 635 thousand in 2013). As at 31 December 2014 and 2013, the Bank recorded no outstanding loans to the members of the Bank Board.

The Bank has created a supplemental pension plan for its employees in cooperation with supplementary pension management companies. Contributions to the supplemental pension plans are recognized under "Other employee costs".

30. Administrative expenses

As at 31 December 2014, this item mainly included the costs of complex assessments of three major credit institutions in the Slovak Republic by external audit firms that resulted from the Single Supervisory Mechanism in the Eurosystem, costs of technical support and IS maintenance, repairs and maintenance, energy consumption and telecommunications costs totaling EUR 13,661 thousand (EUR 9,397 thousand as at 31 December 2013).

Costs of audit and verification of the financial statements by the auditor amounted to EUR 71 thousand as at 31 December 2014 (EUR 71 thousand as at 31 December 2013). As at 31 December 2014, the Bank did not record any costs of assurance and audit services and tax consulting as per Article 18 (6) of the Act on Accounting.

31. Depreciation of tangible and intangible fixed assets

	31 Dec 2014	31 Dec 2013	Change
Depreciation of tangible fixed assets	(6,504)	(6,630)	126
Depreciation of intangible fixed assets	(1,210)	(2,377)	1,167
	<u>(7,714)</u>	<u>(9,007)</u>	<u>1,293</u>

32. Banknote production services

As at 31 December 2014, the cost of printing euro banknotes amounted to EUR 6,255 thousand (EUR 3,585 thousand as at 31 December 2013).

33. Profit for the year

The overall financial result of the Bank as at 31 December 2014 was a profit of EUR 102,193 thousand (profit of EUR 489,846



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thousand as at 31 December 2013). The most significant part of this item is represented by net interest income (see Note 23).

D. POST-BALANCE SHEET EVENTS

In accordance with Article 33 of the Statute, at its meeting on 18 February 2015, the ECB Governing Council decided to distribute the ECB's net profit for 2014 to individual central banks based on the key on the ECB's paid-up capital. The NBS income of EUR 1,635 thousand from the distribution of profit is accounted for in the 2015 reporting period.

In connection with the entry of Lithuania into the Eurosystem, the Eurosystem keys of the national central banks were adjusted

accordingly in line with Decision ECB/2014/61. As at 1 January 2015, the Eurosystem key of NBS was adjusted to 1.0974% (1.1039% until 31 December 2014). The Banknote Allocation Key was adjusted to 1.0095% (1.0155% until 31 December 2014).

On 12 January 2015, doc. Ing. Jozef Makúch, PhD. was reappointed for a second term as the Governor of Národná banka Slovenska by the President of the Slovak Republic. The Government of the Slovak Republic on 11 February 2015 appointed a member of the Bank Board prof. Ľuboš Pástor, PhD. with effect from 15 March 2015.

No significant events occurred subsequent to 31 December 2014 that would require any adjustments to the 2014 financial statements.

Bratislava, 10 March 2015

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



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**Appendix to the independent auditor's report
on the consistency of annual report with audited financial statements
in accordance with Act No. 540/2007 Z.z. § 23 par. 5**

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 2014 presented in the annual report on pages 68 – 92. We issued the following audit report dated 10 March 2015 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 2014, 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 2014 and of its financial performance for the year then ended in accordance with the ECB Guideline and the Act on Accounting.

10 March 2015

Bratislava, Slovak Republic

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

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

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- II. We have also audited the consistency of the annual report with the above-mentioned financial statements. The management of the National Bank of Slovakia is responsible for the accuracy of preparation of the annual report. Our responsibility is to express an opinion on the consistency of the annual report 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 annual report 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 annual report is consistent with that contained in the audited financial statements as at 31 December 2014. 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 annual report is consistent, in all material respects, with the financial statements of the Bank as at 31 December 2014 and is in accordance with the Act No 566/1992 Coll. on the National Bank of Slovakia, as amended and special regulations valid for the Eurosystem.

28 April 2015
Bratislava, Slovak Republic

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

Ing. Dalimil Draganovský
SKAU Licence No.893

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