

Report of Independent Auditors





**PricewaterhouseCoopers
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REPORT OF INDEPENDENT AUDITORS

To the Bank Board of the Národná banka Slovenska:

- 1 We have audited the accompanying financial statements of Národná banka Slovenska („the NBS“) for the year 2004, that comprises the balance sheet as of 31 December 2004, the related statement of income for the year then ended and the notes thereto. These financial statements are the responsibility of the Bank Board of Národná banka Slovenska. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 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 about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by NBS management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 In our opinion, the financial statements present fairly, in all material respects, the financial position of Národná banka Slovenska as of 31 December 2004 and the results of its operations for the year then ended in accordance with the Accounting Act of the Slovak Republic and related accounting regulation.



PricewaterhouseCoopers Slovensko, s.r.o.
SKAU licence No.: 161




Ing. Ján Bubeník
SKAU licence No.: 544

Bratislava, 24 March 2005

The company's ID (IČO) No. 35739347.
Tax Identification No. of PricewaterhouseCoopers Slovensko, s.r.o. (DIČ) 2020270021.
VAT Reg. No. of PricewaterhouseCoopers Slovensko, s.r.o. (IČ DPH) SK2020270021.
Spoločnosť je zapísaná v Obchodnom registri Okresného súdu Bratislava 1, pod vložkou č. 16611/B, oddiel: Sro.
The company is registered in the Commercial Register of Bratislava 1 District Court, ref. No. 16611/B, Section: Sro.



The Ministry of Finance of the Slovak Republic
no. 21 832/2002-92

Balance Sheet ÚĚ B 1-01

BALANCE SHEET
of Národná banka Slovenska at 31 December 2004
in thousands of SKK

Line	Notes	Current year		Previous year		
		Gross Value 1	Adjustments 2	Net value 3	31.12.2003 4	
I	Cash and deposits in foreign banks of issue					
	of which: Cash	23 318		23 318	28 462	
		23 318		23 318	28 462	
II	Government bonds without coupons and other securities accepted by the NBS for refinancing	0		0	0	
	a) state bonds	0		0	0	
	b) other securities	0		0	0	
III	Receivables from clients	10.2	206 084	37	206 047	8 037 925
	a) current accounts		6 861		6 861	8 772
	b) standard loans		199 178		199 178	184 549
	c) standard loans with qualification and classified loans		45	37	8	15 094
	d) accounts of government bodies, local government bodies, and funds				0	7 829 510
IV	Debt securities	7.1	352 075 221		352 075 221	336 661 173
	a) of government bodies	7.1	229 676 373		229 676 373	236 732 600
	b) of other entities	7.1	122 398 848		122 398 848	99 928 573
V	Shares and other investments	7.3	255 267		255 267	162 677
VI	Shares and ownership interest in companies with significant influence	7.2	108 000		108 000	108 000
	a) banks					
	b) other entities		108 000		108 000	108 000
VII	Shares and ownership interest in companies with controlling influence		0		0	0
	a) banks					
	b) other entities					
VIII	Intangible fixed assets		198 211	150 793	47 418	25 449
	a) software		195 278	149 189	46 089	23 612
	b) other intangible fixed assets		2 933	1 604	1 329	1 837
IX	Tangible fixed assets		8 976 612	2 448 591	6 528 021	6 790 667
	a) land and buildings for operating activities		6 031 712	588 282	5 443 430	5 222 037
	b) other tangible fixed assets		2 944 900	1 860 309	1 084 591	1 568 630
X	Other assets		14 217 258	48 351	14 168 907	15 906 181
	of which: Gold	6	14 066 926		14 066 926	15 482 480
XI	Accruals and prepayments		8 865		8 865	15 255
XII	Receivables from the International Monetary Fund	9	3 800 426		3 800 426	4 197 381
XIII	Receivables from banks of the ESCB		45 333		45 333	112 387
XIV	Receivables from other foreign entities		146 487 555		146 487 555	82 706 093
	of which: Repurchase transactions	10.1	134 380 115		134 380 115	73 496 560
XV	Loans to domestic banks	10.1	4 727 527	10 848	4 716 679	7 998 617
	of which: Repurchase transactions		0		0	0
XVI	Other receivables from domestic entities		7 490 850		7 490 850	10 399 710
	ASSETS TOTAL		538 620 527	2 658 620	535 961 907	473 149 977
	of which: special agenda of NBS		10 929 669		10 929 669	11 468 152
	receivables of State from foreign institutions		5 202 681		5 202 681	6 500 423



LIABILITIES				
Line		Notes	Current year 5	Previous year 31.12.2003 6
I	Liabilities to clients		4 602 771	19 413 166
	a) current accounts		177 584	159 654
	b) term deposits		1 001 092	1 197 812
	c) special - purpose deposits			
	d) accounts of government bodies, local government bodies, and funds		3 424 095	18 055 700
II	Liabilities from debt securities		0	0
	a) issued debt securities			
	b) other liabilities from debt securities			
III	Other liabilities		367 032	3 890 547
IV	Accruals and deferred income		8 682	2 698
V	Provisions	17	151 015	111 640
VI	Subordinate financial liabilities			
VII	Liabilities to the International Monetary Fund	9	3 761 749	4 155 546
VIII	Liabilities to banks of the ESCB		5 153	0
IX	Liabilities to other foreign entities		88 391 631	69 157 005
	of which: Repurchase transactions	13	87 398 068	66 301 525
X	Monetary reserve accounts of banks with the NBS		10 948 646	11 504 998
XI	Securities issued by the NBS	15	59 724 590	55 759 761
XII	Other liabilities to domestic entities		230 939 969	123 497 930
	of which: Repurchase transactions	13	219 041 370	105 753 442
XIII	Banknotes and coins in issue	16	109 900 050	102 546 365
XIV	Account of the government	14	10 432 988	17 075 247
XV	Government fund and other offsets against the national budget		0	11 026 001
XVI	Offsetting special transactions with funds of the Slovak Republic		70 803 442	71 380 880
XVII	Capital (Statutory fund)		466 667	466 667
XVIII	Reserve funds and other profit reserves		10 164 859	10 164 859
	a) Legal reserve fund			
	b) Reserve fund		10 164 859	10 164 859
	c) Other profit reserves			
XIX	Other capital funds		76 784	76 670
XX	Valuation variances		11 874 441	13 289 763
	a) fund for the revaluation of gold	6	11 874 441	13 289 763
	b) from revaluation of hedging derivatives			
	c) from revaluation of shares and ownership interests			



XXI	Gain/losses from revaluation of assets and liabilities from previous years		0	15 900 550
XXII	Loss carried forward		-40 369 766	-24 836 019
XXIII	Profit (loss) for the period	18	-36 288 796	-31 434 297
	LIABILITIES TOTAL		535 961 907	473 149 977
	of which: special agenda of NBS		11 857 662	18 555 046
	State liabilities to foreign institutions		5 202 681	6 500 423

Date: 24 March 2005

Prepared by: Ing. Ivan Šramko
Marta Drescherová

Signature of a member (members) of the legal entity's statutory body:

Person responsible for bookkeeping (name, surname, signature):
Ing. Milena Koreňová

Person responsible for the statements (name, surname, signature):
Ing. Katarína Taragelová

Phone No.: 5787 2310

Imprint of the stamp:
Národná banka Slovenska
Bratislava



Off-balance sheet

OFF-BALANCE SHEET ASSETS

Line	Notes	Current year 1	Previous year 31.12.2003 2
I	Commitments to grant loans, commitments from guarantees	0	0
	a) commitments to grant loans	0	0
	b) provided guarantees	0	0
II	Provided guarantees	0	0
	a) assets pledged	0	0
	b) currency	0	0
	c) securities	0	0
	d) others	0	0
III	Receivables from spot operations with:	0	0
	a) interest-rate instruments	0	0
	b) FX instruments	0	0
	c) share instruments	0	0
	d) commodity instruments	0	0
	e) loan instruments	0	0
IV	Receivables from fixed-term operations with:	1 615 161	3 051 015
	a) interest-rate instruments	1 615 161	1 777 518
	b) FX instruments	0	1 273 497
	c) share instruments	0	0
	d) commodity instruments	0	0
	e) loan instruments	0	0
V	Receivables from options with:	3 263 798	3 770 502
	a) interest-rate instruments	0	0
	b) FX instruments	3 263 798	3 770 502
	c) share instruments	0	0
	d) commodity instruments	0	0
	e) loan instruments	0	0
VI	Receivables written-off	6 137	6 128
VII	Values given to custody, management, deposit	11 433	11 433
VIII	Own values of NBS for depositing	270 113 836	274 706 238
IX	Balancing and suspense accounts	295 798 477	195 647 765
	TOTAL OFF-BALANCE SHEET ASSETS	570 808 842	477 193 081

OFF-BALANCE SHEET LIABILITIES

Line	Notes	Current year 1	Previous year 31.12.2003 2
I	Commitments for acceptance of loans, commitments from guarantees	0	0
	a) commitments for acceptance of loans	0	0
	b) received guarantees	0	0
II	Received guarantees	184 343 736	91 323 753
	a) assets pledged	0	0
	b) loans	4 989 196	17 732 008
	c) securities	512 062	591 560
	d) others	0	242 197
	e) collaterals - securities	178 842 478	72 757 988
III	Liabilities from spot operations with:	0	0
	a) interest-rate instruments	0	0
	b) FX instruments	0	0
	c) share instruments	0	0
	d) commodity instruments	0	0
	e) loan instruments	0	0



IV	Liabilities from fixed-term operations with:	8	1 615 161	2 908 346
	a) interest-rate instruments		1 615 161	1 777 518
	b) FX instruments			1 130 828
	c) share instruments			
	d) commodity instruments			
	e) loan instruments			
V	Liabilities from options with:	8	4 994 682	5 496 751
	a) interest-rate instruments			
	b) FX instruments		4 994 682	5 496 751
	c) share instruments			
	d) commodity instruments			
	e) loan instruments			
VI	Values taken for custody, management, deposit		30 959	48 227
VII	Own values of NBS to depositing		379 824 304	377 416 004
VIII	Balancing and suspense accounts			
	TOTAL OFF-BALANCE SHEET LIABILITIES		570 808 842	477 193 081

Date: 24 March
2005

Prepared by:
Marta Drescherová

Signature of a member (members) of the legal entity's statutory body:

Ing. Ivan Šramko

Imprint of the stamp:

Národná banka Slovenska
Bratislava

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Person responsible for
bookkeeping (name, surname,
signature):

Ing. Milena Koreňová

Person responsible for
the statements (name,
surname, signature):

Ing. Katarína Taragelová

Phone No.: 5787 2310



The Ministry of Finance of the Slovak Republic
no. 21 832/2002-92

INCOME STATEMENT ÚĚ B 2-01

INCOME STATEMENT
of Národná banka Slovenska as at 31 December 2004
in thousands of SKK

Line	Notes	Previous year		
		Current year 1	31.12.2003 2	
I	Interest income and similar revenues	19	10 183 005	10 648 376
	of which a) interest on debt securities		8 067 174	8 255 530
	b) interest on repurchase transactions		1 257 047	908 858
II	Interest expense and similar costs	19	-16 034 870	-18 061 342
	of which a) interest on debt securities		-3 122 220	-3 094 223
	b) interest on repurchase transactions		-8 186 973	-7 451 002
III	Revenues from shares and ownership interests in companies:		39 682	28 639
	of which: a) revenues from shares and ownership interests in companies with significant influence			
	b) revenues from shares and ownership interests in companies with controlling influence			
	c) revenues from shares and other ownership interests in companies		39 682	28 639
IV	Revenues from fees and commissions	20	155 237	144 466
V	Fees and commissions expenses	20	-27 921	-61 391
VI	Net profit / loss from financial operations	21	-28 731 716	-22 201 876
VII	Other financial revenues		48 661	17 068
VIII	Other financial expenses		-217 826	-151 723
IX	General operational expenses	22	-1 235 232	-1 155 523
	of which: a) staff costs		-785 037	-662 912
	aa) salaries		-575 578	-495 524
	ab) social costs		-209 459	-167 388
	b) other general operational expenses		-450 195	-492 611
X	Other operational revenues		78 791	46 434
XI	Other operational expenses		-83 045	-133 720
XII	Use of provisions and valuation allowances for tangible and intangible assets	12	52 412	5 987
	a) use of provisions for tangible assets			
	b) use of valuation allowances for tangible assets		52 412	5 987
	c) use of valuation allowances for intangible assets			
XIII	Depreciation, set up of provisions and valuation allowances for tangible and intangible assets	11	-482 657	-522 079
	a) depreciation of tangible assets		-470 248	-451 959
	b) set up of provisions for tangible assets			
	c) set up of valuation allowances for tangible assets			-52 412
	d) amortisation of intangible assets		-12 409	-17 708
	e) set up of valuation allowances for intangible assets			
XIV	Use of provisions and valuation allowances for receivables and guarantees, revenues from assigned receivables and receivables written off	12	15 102	127 903
	a) use of provisions for receivables and guarantees			
	b) use of valuation allowances for receivables and receivables from guarantees		15 102	127 903
	c) revenues from assigned receivables and receivables written off			



XV	Depreciation, set up of provisions and valuation allowances for receivables and receivables from guarantees		-7 370	-53 206
	a) set up of valuation allowances for receivables and receivables from guarantees	12	-7 361	-47 102
	b) set up of provisions for receivables and receivables from guarantees			
	c) set up of provisions for guarantees			
	d) receivables written off, loss from assigned receivables		-9	-6 104
XVI	Use of valuation allowances to investments with significant and controlling influence		0	0
XVII	Set up of valuation allowances to investments with significant influence and to investments with controlling influence		0	0
XVIII	Use of other provisions	17	111 640	0
XIX	Set up of other provisions	17	-151 015	-111 640
XX	Use of other valuation allowances		0	0
XXI	Set up of other valuation allowances	12	-1 492	0
XXII	Profit/(loss) for the period from ordinary activities before the transfer from profit		-36 288 614	-31 433 627
XXIII	Extraordinary revenues		0	0
XXIV	Extraordinary expenses		0	0
XXV	Profit/loss from extraordinary activities before transfer from profit		0	0
XXVI	Income tax - withholding tax		-182	-670
XXVII	Transfer from profit		0	0
XXVIII	Profit / loss for the accounting period after transfer from profit	18	-36 288 796	-31 434 297
A	Total expenses		-68 101 281	-65 665 740
B	Total revenues		31 812 485	34 231 443

Date: 24 March 2005

Prepared by: Marta Drescherová

Signature of a member (members) of the legal entity's statutory body:

Ing. Ivan Šramko

Imprint of the stamp:

Národná banka Slovenska
Bratislava

-194-

Person responsible for bookkeeping (name, surname, signature):

Ing. Milena Koreňová

Person responsible for the statements (name, surname, signature):

Ing. Katarína Taragelová

Phone No.: 5787 2310



NOTES
to the financial statements as at 31 December 2004

Bratislava, 24 March 2005



NÁRODNÁ BANKA SLOVENSKA
Notes to the financial statements as at 31 December 2004
(in thousands of SKK)

1. General information

Národná banka Slovenska (The National Bank of Slovakia - "the NBS" or "the Bank") is the central bank of the Slovak Republic. The NBS was established in accordance with Act No. 566/1992 Coll. on the National Bank of Slovakia as amended ("the NBS Act"). It commenced its activities on 1 January 1993 as the bank of issue of the Slovak Republic. The NBS is a legal entity (Corporate ID: 30 844 789) seated at Imricha Karvaša 1, Bratislava. With regard to its own assets, the NBS acts as a business entity. The NBS has its head office in Bratislava, three branches in the Slovak Republic (in Bratislava, Banská Bystrica, and Košice), as well as special-purpose organisational units.

The Bank's key objective is to maintain price stability, therefore the NBS:

- determines the national monetary policy,
- issues banknotes and coins,
- manages, co-ordinates, and ensures money circulation, payment transactions, and the clearing of payment transaction data,
- supervises the safe functioning of the banking system and bank activities,
- represents Slovakia in international financial institutions and ensures fulfilment of tasks resulting from such representations, and
- represents Slovakia in international financial market operations related to the implementation of the monetary policy.

The NBS's supreme managing body is the NBS Bank Board ("the Bank Board"). According to the NBS Act, the Bank Board has eight members: the Governor, vice-governors, NBS Executive directors, and other members. The Governor and vice-governors are appointed and dismissed by the president of the Slovak Republic. Executive directors and other members of the Bank Board are appointed and dismissed by the government of the Slovak Republic. According to Act No. 149/2001 Coll. of 6 April 2001 amending the NBS Act as of 1 May 2001, the term of the office of Bank Board members is five years. Until 30 April 2001, the term of office of the Governor, vice-governors, and the executive directors was six years. The term of office of other Bank Board members was four years. Membership in the Bank Board is limited to a maximum of two consecutive terms of office. The NBS is represented by the Governor.

In 2004, the Bank Board members were:

Name	Position	Term of office	
Ing. Marián Jusko, CSc.	Governor	from 30 July 1999	to 31 December 2004
Ing. Elena Kohútiková, CSc.	Vice-governor	from 28 March 2000	to 27 March 2006
Ing. Ivan Šramko	Vice-governor	from 11 January 2002	to 10 January 2007
Ing. Ján Mathes	Executive Director	from 1 January 1999	to 31 December 2004
RNDr. Karol Mrva	Executive Director	from 1 December 2000	to 30 November 2006
Ing. Peter Ševčovic	Executive Director	from 1 October 2004	to 30 September 2009
Prof. Ing. Jozef Košnár, DrSc.	Member	from 1 December 2000	to 30 November 2004
Doc. JUDr. Ladislav Balko, PhD.	Member	from 1 October 2004	to 30 September 2009
Ing. Martin Barto, CSc.	Member	from 1 December 2004	to 30 November 2009

For their activities performed in the Bank's managing body, the Bank Board members received remuneration totalling SKK 6,240 thousand paid from the remuneration fund in 2004 (at 31 December 2003: SKK 5,760 thousand).

The president of the Slovak Republic appointed Ing. Ivan Šramko to the position of the NBS Governor as of 1 January 2005 and Ing. Martin Barto, CSc. to the position of the NBS Vice-Governor as of 31 January 2005.

These Notes are an integral part of the NBS's financial statements.

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NÁRODNÁ BANKA SLOVENSKA
Notes to the financial statements as at 31 December 2004
(in thousands of SKK)

Ing. Milena Koreňová, the Executive Director, became a new Bank Board Member as of 1 January 2005.

All the costs necessary for the Bank's activities are covered from its revenues. According to § 38 of the NBS Act during the accounting period, the Bank generates either a profit or a loss. Profit generated is allocated to the statutory reserve fund and to other profit reserves, or for settling losses carried forward. The remaining profit is transferred to the state budget or, based on the Slovak Government's resolution, to state financial assets under a special regulation. The NBS may settle the loss for the current period from the statutory reserve fund or from other reserves, or the Bank Board may decide to transfer the unsettled loss to the next accounting period (see Note 18).

In the reporting year, the average number of staff was 1,299 (at 31 December 2003: 1,319), 140 of which were managers (at 31 December 2003: 152).

2. Method for preparing the financial statements

The NBS financial statements at 31 December 2004 have been prepared in accordance with generally binding legal regulations, in particular with:

- Act No. 431/2002 Coll. on Accounting, as amended by Act No. 562/2003 ("Accounting Act"),
- Directive No. 20 359/2002-92 of the Slovak Ministry of Finance from 13 November 2002, as amended by its Directives No. 13 593/2003-92 from 17 June 2003 and No. 11 938/2004-74 from 16 December 2004, that sets out details on accounting procedures and the general chart of accounts for banks, branches of foreign banks, the NBS, the Deposit Protection Fund, dealers with securities, branches of foreign dealers with securities, the Guarantee Fund for Investments, asset management companies, branches of foreign asset management companies, and unit trusts ("the Directive"),
- Directive No. 21 832/2002-92 of the Slovak Ministry of Finance from 10 December 2002 that sets out details on the arrangement, the description of items in individual financial statements, the contents of these items, and the extent of data from the financial statements designated for publishing for banks, branches of foreign banks, the NBS, the Deposit Protection Fund, dealers with securities, branches of foreign dealers with securities, the Guarantee Fund for Investments, asset management companies, branches of foreign asset management companies, and unit trusts.

The financial statements have been prepared as ordinary financial statements at 31 December 2004.

On the balance sheet at 31 December 2004, the NBS showed receivables and liabilities from transactions with securities held by the Bank, performed upon contracts on providing services, known as "Securities Lending". Due to the change in accounting for these receivables and liabilities in 2004, and considering the change in presenting interest revenue in the income statement at 31 December 2004, the data for the previous accounting period has been adjusted accordingly in both the balance sheet and the income statement, so that they can be compared to the year 2004. This had no impact to the profit/(loss) or equity.

The total amount of assets and liabilities presented in the financial statements at 31 December 2003 (SKK 440,315,146 thousand) differs from those disclosed in these financial statements in the column "Previous year" (SKK 473,149,977 thousand), as a result of ensuring compliance with the comparability principle for receivable and liability items resulting from Securities Lending transactions on the asset side (Line XIV) and the liability side (Line IX). There is a receivable and a liability from the Securities Lending transactions totalling SKK 32,834,831 thousand.



NÁRODNÁ BANKA SLOVENSKA
Notes to the financial statements as at 31 December 2004
(in thousands of SKK)

To ensure compliance with the comparability principle, the amount of SKK 60,632 thousand, shown in the income statement at 31 December 2004 in the column "Previous year", was transferred from line VI "Net profit or net loss from financial operations" to line I "Interest income and similar revenues".

To comply with the principle of fair presentation set out in the Accounting Act, interest from swap transactions at 31 December 2003 (costs of SKK 69,929 thousand – line IIc in the income statement, and revenues of SKK 91,355 thousand – line Ic in the income statement) are disclosed in these financial statements in column "Previous year" in line VI "Net profit or net loss from financial operations".

The 2003 annual financial statements were approved at the fifth meeting of the NBS Bank Board on 12 March 2004.

3. Accounting principles and accounting methods applied

3.1. Accounting event

In accordance with the Directive, the Bank posts an accounting entry on the day the accounting event has occurred, i.e. on the day when cash was paid or received; in the case of a direct debit, on the payment day (when withdrawing money from a third party account); in the case of securities, derivative financial instruments, and gold, on the transaction day; in the case of guarantees, on the day the guarantee was issued or received; in the case of cash in foreign currency, on the day it was credited according to the deal message received; in the case of property relations, on the day the property title was acquired or terminated; and in the case of a shortage, deficit, or surplus, on the day the difference was identified.

Interest income and interest expense, fees and commissions are recognised when incurred. All costs and expenses are accounted for and disclosed in the financial statements in accordance with the accrual principle.

3.2. Principles for classifying receivables

In accordance with the Accounting Act and the Bank's internal legal regulations, the Bank assesses the level of risk related to receivables. These receivables are classified and provisions are set up to comply with the principle of fair presentation in accounting. Based on the risk assessment, the Bank classifies receivables into the following categories: standard, standard with qualification, non-standard, doubtful, and loss-making.

Bad debts are written off based on a court decision and upon the Bank Board's resolution and the related provisions are released into revenues.

3.3. Conversion of foreign currencies

Assets and liabilities in foreign currencies are converted to Slovak crowns applying the NBS rate on the day of the accounting event and the exchange rate at 31 December 2004 for the financial statements. All exchange gains and losses are shown in the income statement.



NÁRODNÁ BANKA SLOVENSKA
Notes to the financial statements as at 31 December 2004
(in thousands of SKK)

Exchange rates of main foreign currencies applied for the valuation of assets and liabilities at 31 December 2004 were:

Currency	Amount	2004	2003
EUR	1	38.796	41.161
USD	1	28.496	32.920
JPY	100	27.455	30.779
XDR	1	44.123	48.742

3.4. Repurchase and reverse repurchase transactions

Transactions in which the Bank accepted securities in exchange for cash, along with the commitment to return these securities at a certain date in exchange for the transferred cash amount plus interest (reverse repurchase transaction), are disclosed as loans provided. The collateral accepted in the reverse repurchase transaction is recorded at fair value on the off-balance sheet and is re-valued at the balance sheet date. The revaluation of the collateral does not have any impact on either the balance sheet or the income statement.

Transactions in which the Bank provided securities or gold in exchange for cash, along with the commitment to accept back these securities or gold at a certain future date in exchange for the original cash amount plus interest (a repurchase transaction), are shown as received loans with a transfer of collateral. The collateral provided in a repurchase transaction remains on the balance sheet and is fair valued at the balance sheet date.

Except for repurchase and reverse repurchase transactions performed by the Bank directly, the Bank has authorised, based on the Securities Lending Agreements, certain banks to trade in securities held by the Bank. Based on these agreements, the selected banks provide securities held by the NBS in the name of the Bank in exchange for cash, along with the commitment to accept these securities back (a repurchase transaction), and subsequently accept securities on the NBS's account in exchange for cash from the previous repurchase transaction, along with the commitment to return these securities (reverse repurchase transactions), or invest the cash received into term deposits under agreed limits. In these transactions, the Bank receives part of the revenue (which is the difference between the cost of the repurchase transactions and revenues from reverse repurchase transactions or term deposits) that is disclosed in the income statement. Transactions the selected banks perform with the NBS securities under the Securities Lending Agreements are shown on the Bank's balance sheet (see Notes 2, 10.1, 13, 20, 23).

The Bank's market and credit risks in these transactions are minimised by specifying products in which the cash received can be invested, as well as counterparties with whom deals are allowed to be performed.

3.5. Provisions

Provisions are liabilities of uncertain timing or amount that have arisen from past events and the settlement of which is expected to result in an outflow of resources embodying economic benefits that can be measured under the Accounting Act, and are disclosed in the financial statements.



NÁRODNÁ BANKA SLOVENSKA
Notes to the financial statements as at 31 December 2004
(in thousands of SKK)

3.6. Currency in circulation

The NBS administers the issue of banknotes and coins and their withdrawal from circulation. The respective liability from the issue of currency in circulation is stated on the balance sheet at its nominal value.

3.7. Cost of employee benefits

The social fund, the remuneration fund, and the retirement fund that the NBS set up in the past to cover employee benefits are recognised on the respective liability accounts.

The NBS makes regular contributions on behalf of its employees to health insurance agencies for health insurance and to the Social Insurance Agency for sickness, retirement, accident, guarantee, and unemployment insurance, and a contribution to the Guarantee Fund. Contributions are paid in the amounts required by law in the respective year. The Bank also pays a contribution for not employing the obligatory percentage of persons with a disability, as set out in the Employment Act.

In co-operation with agencies offering additional retirement insurance, the NBS has created an additional pension scheme for its employees.

3.8. Taxation

The NBS in accordance with § 12 of Act No. 595/2003 Coll. on Income Taxes as amended ("Income Taxes Act") is only liable to corporate income tax arising from the application of withholding tax.

Since 1 July 2004, the Bank is registered as a VAT payer.

4. Valuation methods

In the valuation of assets and liabilities, the NBS follows §§ 24 to 28 of the Accounting Act. At the day of the accounting event, assets and liabilities are stated either at acquisition cost, at their nominal value, production costs, or their replacement costs. At the balance sheet date, selected items of assets and liabilities are re-valued as follows:

- Securities at their market value, except for shares in the registered capital of commercial companies and securities issued by the Bank; and
- Derivatives at their market value, or at the value set by an expert valuation.

If it was not possible to determine an objective fair value at the valuation date, the Bank used the valuation in accordance with § 25 of the Accounting Act.

4.1. Gold

Gold is stated at its fair value based on the market price of London's commodity market morning fix of gold in USD/oz. Changes in the fair value of gold affect the Bank's equity. The sale of gold is reflected in the income statement.

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As a result of gold revaluation to its fair value in 2003, a reserve for a new valuation of gold was created, the balance of which represented the difference between the market price of gold at 31 December 2002 of 342.75 USD/oz. and its historical acquisition cost of 62.54451 SKK/g (see Note 6). When selling gold, the revaluation related to the respective amount of gold sold is transferred from this reserve to the profit/(loss).

Swap transactions with gold are recorded in accordance with the effective regulations as repurchase transactions with gold. This means that gold used in these transactions as collateral is part of the balance sheet amount under the item "Gold".

4.2. Securities in the portfolio

According to the Accounting Act and the Directive, based on purpose of acquisition, the Bank is obliged to classify securities into the following categories:

- Securities held for trading,
- Securities available for sale,
- Shares and ownership interests in commercial companies with significant influence.

Valuation of securities was done in line with § 24 and § 27 of the Accounting Act.

4.2.1. Securities held for trading

When initially recognised, bonds without coupons are stated at their acquisition cost, which is gradually increased by the accrued difference between the acquisition cost and the nominal value – the discount. This accrued discount is part of interest income.

Bonds with coupons, when initially recognised, are stated at their net acquisition cost (without the purchased coupon), which is gradually amortised for the accrued difference between the net acquisition cost and the nominal value (discount or premium) that is part of interest income. The coupon is an interest income that is accrued on a monthly basis.

At the balance sheet date, securities classified as held for trading are fair valued, fair values being the market price announced on public markets. If the market price is not available, valuation based on an appropriate estimate is used.

Change in fair values affects the Bank's profit/(loss).

Upon disposal, securities are eliminated at the weighted average cost. This valuation method is used for the same type of securities only if they are from the same issuer and in the same currency.

4.2.2. Shares and ownership interests in commercial companies with significant influence

The Bank has a stake and ownership interest with significant influence in the company RVS, a.s. Bratislava (see Note 7.2). Shares of RVS, a.s. Bratislava are stated at acquisition cost.



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4.2.3. Other investments

The Bank has a stake in the Bank for International Settlement, Basel, Switzerland ("BIS"). Shares in the BIS are stated at acquisition cost. The equity interest in the BIS is disclosed in the amount of the paid-up share (25%). The unpaid part (75%) is due upon request.

Dividends are paid out from the total of the NBS's share in the BIS in Swiss francs (see Note 7.3).

At 1 May 2004, the NBS became a member of the European System of Central Banks. In accordance with the statutes of the European Central Bank ("ECB"), the NBS has paid the initial minimum contribution to the ECB's capital. The amount of the total capital share of individual national central banks depends on the capital key determined on the basis of the following statistical categories – GDP and population. In accordance with the Protocol on the Statute of the European System of Central Banks and the ECB, the capital key is adjusted every five years or when new joiners enter the European System of Central Banks. The Bank has paid the initial contribution to the ECB's capital in the amount of 7% of the NBS's total contribution to the ECB. The remaining share of 93% is due when the Slovak Republic joins the European Monetary Union (see Note 7.3).

4.3. Derivative financial instruments

Derivative financial instruments are shown on the balance sheet at their fair value. As the conditions for assessing fixed term and option contracts that the Bank concluded in the past do not meet all the criteria for hedge accounting, the Bank has classified these derivative financial instruments as held for trading.

Derivative financial instruments are recorded at fair value, based on market prices, discounted cash flows, or (in the case of options) the Black-Scholes model. Changes in fair values are recorded in the income statement.

4.4. Loans and provisions

Loans are shown on the balance sheet at the accumulated amount, i.e. at the principal amount increased by the accrued but as yet unpaid interest. Loans granted are recorded after any provisions for potential losses. The set-up, use, and release of provisions (when the respective risk ceased to exist) are recorded to the income statement.

4.5. Securities issued

The Bank issues short-term securities falling due within one year (NBS bills). In 2004, they were issued for creating a sufficient stock of securities to perform sterilising repurchase transactions. Sterilising repurchase transactions were connected with the implementation of the monetary policy in transactions on the open market.

From the settlement date of the issue to the due date, the valuation of issued and sold NBS bills is gradually increased by the accrued interest (the so-called accumulated value). On the balance sheet, issued NBS bills are shown set off by any bills repurchased to the NBS portfolio, including the accrued interest.

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4.6. Non-current assets

Non-current assets include tangible and intangible assets, the acquisition cost of which is higher than the limit set out in the Income Taxes Act and the economic useful life is longer than one year. On the balance sheet, they are stated at cost, including the related acquisition costs. The carrying value of depreciated non-current assets is shown net of accumulated depreciation. The respective valuation allowance reflects the difference between the lower realisable value of the asset and its carrying value after deducting the accumulated depreciation. Land, art collections, and tangible fixed assets under construction are not subject to depreciation.

The NBS's non-current assets were classified into individual depreciation groups and depreciated on a straight-line basis in accordance with the depreciation plan.

Depreciation group	2004	
	Depreciation period in years	Annual depreciation rate in %
1. Office equipment, data processing machines, passenger cars and vans	4	25,0
2. Devices and personal technical equipment	6	16,7
3. Security equipment	12	8,4
4. Energy equipment	20	5
5. Buildings and structures	30	3,4
6. Objects and subjects depreciated under a special rate	separately specified	separately specified

4.7 Inventories

Inventories are stated at cost, i.e. including the costs related to their acquisition. A valuation allowance is set up if the holding period exceeds one year.

5. The use of financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The NBS's balance sheet contains, to a large extent, financial instruments. These instruments expose the Bank to several financial risks. The main objective is to ensure the minimum level of risks related to the administration of financial instruments, including the derivatives. This means that the most important task is the safe administration of financial instruments. All other criteria are subordinated to this goal.

To ensure these goals, the Bank sets principles for administering financial instruments. These principles set out the types and limits of acceptable risk relating to the operation of the NBS as a conservative investor on financial and capital markets.

The Bank uses and recognises gold as a financial instrument (see Notes 4.1 and 6).



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5.1. Credit risk

Credit risk management is a priority for the Bank, as the entire investment may be lost if a contractual partner defaults.

To reduce credit risk, limits are set for investments that should prevent the concentration of risk from a single issuer. Limits for individual issuers or counterparties, as well as for individual types of transactions, are continuously adjusted according to rating changes or to market conditions. The NBS uses the regularly updated data of the Fitch rating agency as the main source of information for assessing the quality of its transaction partners. For assessing the quality of securities the Bank is trading in, the assessments of the Standard & Poor's and Moody's rating agencies are used. At the end of 2004, about 70% of investments were allocated to debt instruments with the highest AAA rating – issued by governments of the G7 countries, the BIS, agencies sponsored by the US Administration, or into mortgage bonds of the public sector in Germany. Up to 30% of investments were deposit and repurchase transactions with selected financial institutions and transactions with gold.

The credit risk from repurchase transactions is minimised, as all loans are secured by high-liquidity securities collateral with the highest investment rating.

Loans that the NBS has granted to domestic financial and other institutions are secured by state guarantees (see Note 24), and monitoring the indebtedness of these institutions significantly reduces the credit risk.

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The analysis of loans granted by the remaining time to maturity at 31 December 2004:

	due within 1 month	due within 1 – 3 months	3 months - 1 year	due within 1 – 5 years	due after more than 5 years	Not defined	Total
Foreign banks	134 380 115						134 380 115
Securities Lending	82 997 838						82 997 838
Loans granted in repurchase transactions in foreign currency	51 382 277						51 382 277
Domestic banks	154 073	114 640	295 052	1 393 104	2 759 810		4 716 679
Redistribution loans	154 073		203 727	804 240	2 750 649		3 912 689
Loans granted to domestic banks for supporting business activities from JBIC and EIB funds in SKK		86 377	76 214	526 509	9 161		698 261
Loans granted to domestic banks for supporting business activities from EIB funds in foreign currency		28 263	15 111	62 355			105 729
Other financial institutions	773 855		2 795 575	3 808 960			7 378 390
Total loans to banks	135 308 043	114 640	3 090 627	5 202 064	2 759 810		146 475 184
Standard loans	6 888	112	1 612	43 004	154 423		206 039
Employees	6 888	112	1 612	43 004	154 423		206 039
General Government							
Classified loans						8	8
Non-financial organisations						8	8
Total loans to clients	6 888	112	1 612	43 004	154 423	8	206 047
Total	135 314 931	114 752	3 092 239	5 245 068	2 914 233	8	146 681 231

The analysis of loans granted by the remaining time to maturity at 31 December 2003:

	due within 1 month	due within 1 – 3 months	due within 1 year	due within 1 – 5 years	due after more than 5 years	Not defined	Total
Foreign banks	68 553 053	4 943 507					73 496 560
Securities Lending	32 834 831						32 834 831
Loans granted in repurchase transactions in foreign currency	35 718 222	4 943 507					40 661 729
Domestic banks	234 564	172 461	1 198 441	2 770 338	3 622 813		7 998 617
Redistribution loans	234 564		1 052 701	1 876 416	3 428 295		6 591 976
Loans granted to domestic banks for supporting business activities from JBIC and EIB funds in SKK		124 320	99 586	783 338	193 955		1 201 199
Loans granted to domestic banks for supporting business activities from EIB funds in foreign currency		48 141	46 154	110 584	563		205 442
Other financial institutions	751 572		2 335 776	7 224 787			10 312 135
Total loans to banks	69 539 189	5 115 968	3 534 217	9 995 125	3 622 813		91 807 312
Standard loans	138 289	1 150 106	1 152 120	5 443 069	139 247		8 022 831
Employees	8 779	106	2 120	43 069	139 247		193 321
General Government	129 510	1 150 000	1 150 000	5 400 000			7 829 510
Classified loans	15 094	0					15 094
Non-financial organisations	15 094	0					15 094
Total loans to clients	153 383	1 150 106	1 152 120	5 443 069	139 247		8 037 925
Total	69 692 572	6 266 074	4 686 337	15 438 194	3 762 060		99 845 237

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5.2. Market risk

The market risk that the Bank is exposed to arises from the open foreign exchange position and from the open position in interest rates.

The analysis of the Bank's assets and liabilities by the remaining time to maturity at 31 December 2004:

	due within 1 month	due within 1 – 3 months	due within 1 year	due within 1 – 5 years	due after more than 5 years	Not defined	Total
Cash and deposits with foreign banks of issue	23 318						23 318
Receivables from clients	6 888	112	1 612	43 004	154 423	8	206 047
Debt securities	53 955 698	52 276 070	60 619 897	169 921 661	15 301 895		352 075 221
Shares and other investments						255 267	255 267
Shares and ownership interests in commercial companies with significant influence						108 000	108 000
Non-current assets						6 575 439	6 575 439
Other assets	2 389 466	2 136 900	3 590 149	5 023 245		1 029 147	14 168 907
Accruals and prepayments	1 859	39	6 567	400			8 865
Receivables from the IMF						3 800 426	3 800 426
Receivables from banks of the ESCB	45 333						45 333
Receivables from other foreign entities	146 487 090	256	209				146 487 555
Loans to domestic banks	154 073	114 640	295 052	1 393 104	2 759 810		4 716 679
Other receivables from domestic entities	886 315		2 795 575	3 808 960			7 490 850
Assets	203 950 040	54 528 017	67 309 061	180 190 374	18 216 128	11 768 287	535 961 907
Liabilities to clients	4 292 666	47 999	168 789	93 317			4 602 771
Other liabilities	245 281	2 776	43			118 932	367 032
Accruals and deferred income	2 208		6 474				8 682
Provisions	36 590	68 246	21 000	8 119		17 060	151 015
Liabilities to the IMF						3 761 749	3 761 749
Liabilities to banks of the ESCB	5 153						5 153
Liabilities to other foreign entities	84 243 209	46 765	25 673	3 393 221		682 763	88 391 631
Monetary reserve accounts of banks with the NBS	10 948 646						10 948 646
Securities issued by the NBS	19 952 479	39 772 111					59 724 590
Other liabilities to domestic entities	230 931 052	8 917					230 939 969
Banknotes and coins in issue						109 900 050	109 900 050
Account of government	10 432 988						10 432 988
Government funds and other offsets against the state budget							
Offsetting special transactions with funds of the Slovak Republic	694 207		70 109 235				70 803 442
Liabilities	361 784 479	39 946 814	70 331 214	3 494 657		114 480 554	590 037 718

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The analysis of the Bank's assets and liabilities by the remaining time to maturity at 31 December 2003:

	due within 1 month	due within 1 – 3 months	due within 1 year	due within 1 – 5 years	due after more than 5 years	Not defined	Total
Cash and deposits with foreign banks of issue	28 462						28 462
Receivables from clients	153 383	1 150 106	1 152 120	5 443 069	139 247		8 037 925
Debt securities	43 975 144	24 576 757	91 255 437	170 486 664	6 367 171		336 661 173
Shares and other investments						162 677	162 677
Shares and ownership interests in commercial companies with significant influence						108 000	108 000
Non-current assets						6 816 116	6 816 116
Other assets	1 263 340	2 484 966	3 433 509	5 780 063		2 944 303	15 906 181
Accruals and prepayments	1 469	1 657	12 129				15 255
Receivables from the IMF						4 197 381	4 197 381
Receivables from banks in the ESCB	112 387						112 387
Receivables from other foreign entities	77 761 466	4 943 678	195			754	82 706 093
Loans to domestic banks	234 564	172 461	1 198 441	2 770 338	3 622 813		7 998 617
Other receivables from domestic entities	839 147		2 335 776	7 224 787	0		10 399 710
Assets	124 369 362	33 329 625	99 387 607	191 704 921	10 129 231	14 229 231	473 149 977
Liabilities to clients	19 102 064	42 225	153 892	114 985			19 413 166
Other liabilities	3 672 696	2 587	34 045	14 857	3 000	163 362	3 890 547
Accruals and deferred income	990	1 708					2 698
Provisions	28 215	67 202	16 223				111 640
Liabilities to the IMF	4 155 546						4 155 546
Liabilities to other foreign entities	58 374 390	5 553 073	592 547	4 566 891	70 104		69 157 005
Monetary reserve accounts of banks with the NBS	11 504 998						11 504 998
Securities issued by the NBS		55 759 761					55 759 761
Other liabilities to domestic entities	123 417 122	10 468				70 340	123 497 930
Banknotes and coins in issue						102 546 365	102 546 365
Account of government	17 075 247						17 075 247
Government funds and other offsets against the state budget	11 026 001						11 026 001
Offsetting special transactions with funds of the Slovak Republic	3 835 240		67 545 640				71 380 880
Liabilities	252 192 509	61 437 024	68 342 347	4 696 733	73 104 102 780 067	489 521 784	

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5.2.1. Currency risk

The impact of exchange rate changes on the NBS's performance is dominant, as the currency risk is closely related not only to the volatility of the SKK/EUR exchange rate, but also to changes in the EUR/USD exchange rate. The currency risk results from the NBS's open foreign exchange position.

The Bank Board has set the currency composition of the open foreign exchange position. The USD percentage in the open foreign exchange position is maintained at 30%, +/- 2%, while its absolute amount must not exceed USD 3.1 billion. If these limits are mutually exclusive, the rule of the maximum absolute value of the open foreign exchange position in USD has priority. The open foreign exchange position is adjusted if the difference between the value of the USD share in the open foreign exchange position and the set limit exceeds +/- USD 10 million. The remaining part of foreign exchange reserves is denominated in euros.

Considering the foreign exchange structure of assets and liabilities on the Bank's balance sheet that results from the NBS's specific position and its priority task of maintaining price stability, the Bank cannot effectively hedge against the currency risk.

Day-to-day currency risk management means preserving the respective part of foreign currency assets in accordance with the currency composition of foreign exchange liabilities and the structure of the open foreign exchange position, in compliance with the Bank Board's resolution. Monitoring and measuring sensitivity are focused on measuring current exchange rate differences and on estimating future impacts of the adverse development in exchange rates (from the profit/(loss) point of view) through the calculation of sensitivity indicators.

During 2004, the exchange rate of the Slovak crown to EUR strengthened by 5.75% (from EUR 1 = SKK 41.161 to EUR 1 = SKK 38.796) and that of the Slovak crown to USD by 13.44% (from USD 1 = SKK 32.920 to USD 1 = SKK 28.496). This strengthening of the Slovak currency significantly contributed to the NBS's loss for the year (see Notes 18 and 21).

In 2004, the net open foreign exchange position increased by 14.41% from SKK 364,377,251 thousand to SKK 416,890,133 thousand compared to the previous year.



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The structure of the open foreign exchange position:

	Line No.	Slovak crowns	Foreign currencies converted to SKK - total	of which:		
				USD	EUR	Other
2004						
Assets	1	19 076 278	516 885 629	133 960 589	378 934 268	3 990 772
Cash and deposits with foreign banks of issue			23 318	7 437	11 109	4 772
Receivables from clients		206 047				
Debt securities			352 075 221	80 546 576	271 528 645	
Shares and other investments			255 267		108 006	147 261
Shares and ownership interests in commercial companies with significant influence		108 000				
Non-current assets		6 575 356	83	83		
Other assets		77 661	14 091 246	14 091 139	107	
Accruals and prepayments		7 414	1 451		1 451	
Receivables from the IMF			3 800 426			3 800 426
Receivables from banks of the ESCB			45 333		31 973	13 360
Receivables from other foreign entities			146 487 555	39 315 354	107 147 248	24 953
Loans to domestic banks		4 610 950	105 729		105 729	
Other receivables from domestic entities		7 490 850				
Liabilities	2	435 966 411	99 995 496	31 796 442	64 431 257	3 767 797
Liabilities to clients		4 602 771				
Other liabilities		322 528	44 504	34 968	8 167	1 369
Accruals and deferred income		6 474	2 208		2 208	
Provisions		150 749	266	28	38	200
Liabilities to the IMF			3 761 749			3 761 749
Liabilities to banks of the ESCB		5 153				
Liabilities to other foreign entities		686 426	87 705 205	31 727 140	55 978 065	
Monetary reserve accounts of banks with the NBS		10 948 646				
Securities issued by the NBS		59 724 590				
Other liabilities to domestic entities		230 939 969				
Banknotes and coins in issue		109 900 050				
Account of government		2 645 631	7 787 357	32 168	7 750 710	4 479
Government funds and other offsets against the state budget						
Offsetting special transactions with funds of the Slovak Republic		70 109 235	694 207	2 138	692 069	
Share capital		466 667				
Reserve funds and other profit reserves		10 164 859				
Other capital funds		76 784				
Valuation variances		11 874 441				
Gains/(losses) from the revaluation of assets and liabilities from previous years						
Loss carried forward		-40 369 766				
Profit/(loss) for the current period		-36 288 796				
Open foreign exchange position	3=1-2	-416 890 133	416 890 133	102 164 147	314 503 011	222 975
2003						
Assets	4	33 523 936	439 626 041	134 535 093	300 508 273	4 582 675
Liabilities	5	397 901 187	75 248 790	15 310 525	54 497 803	5 440 462
Open foreign exchange position	6=4-5	-364 377 251	364 377 251	119 224 568	246 010 470	-857 787
Total y/l difference	7=3-6	-52 512 882	52 512 882	-17 060 421	68 492 541	1 080 762

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5.2.2. Interest rate risk

Interest rate risk arises from the fluctuation of the financial instruments value as a result of market interest rate changes, and affects the Bank's financial position and its cash flow.

Most of the Bank's financial assets and liabilities bear a fixed interest rate. A floating interest rate was used on swaps, repurchase transactions in Slovak crowns, redistribution loans, as well as Two-Step Loans (TSL) and Apex Global Loans (AGL) provided to domestic banks (see Note 10). A contractually agreed floating rate is calculated from the NBS base rate, which is the NBS maximum interest rate on two-week repurchase tenders. Compared to the end of 2003, the base rate dropped by 2 percentage points, from 6% to 4% at 31 December 2004.

In the case of securities, interest rate risk management is reflected in the structure of benchmarks (a benchmark is a risk-neutral portfolio against which an actual portfolio is measured), as well as in the structure of the intervention portfolio. Trading securities comprise more than two-thirds of the fixed interest rate financial assets. The average maturity of a benchmark (duration) has been approved by the Bank Board within the overall foreign exchange reserves management policy, at 1.5 years, with a maximum deviation of ± 6 months from the determined neutral value.

In order to minimise the adverse effects of market price fluctuations on the Bank's operations, a regular analysis is performed simulating the statistically greatest changes in interest rates expected in the following period. The results of this analysis are then taken into account for determining the benchmark's duration of each investment portfolio.

As a supplementary method for the necessity of global and comparable measurement of risk, the Value at Risk (VaR) method is used. This method is based on analysing the probability of various changes in market conditions. The NBS calculates the value of each portfolio, as well as the benchmarks, on a monthly basis to visualize the absolute and relative (compared to the benchmark) risk exposure of portfolios with a longer average maturity period.

Interest on the Bank's assets and liabilities are based on the rates that are close or equal to the market value, except for the interest rate on a loan provided to the Deposit Protection Fund (see Note 10) and the interest rate on monetary reserves of banks which the Bank Board approved at 1.5%.

The majority of interest-free financial liabilities relate to liabilities from the issue of currency in circulation.

In order to meet monetary policy objectives, the NBS performed sterilisation repurchase transactions in 2004, predominantly using the main instrument – two-week sterilisation repurchase tenders. The objective of these sterilisation transactions is to reduce the existing structural surplus of liquidity on the inter-bank market to a level that will not represent a risk of failure to comply with the monetary policy objectives. Sterilised cash cannot be reinvested, because the effectiveness of the monetary policy tool would be eliminated as a result. Therefore, the sterilisation transactions only resulted in an interest expense for the NBS. The maximum interest rate for two-week repurchase tenders was 4% at 31 December 2004.

Since the majority of the Bank's balance sheet assets and liabilities have a fixed interest rate, the level of interest rate risk can be assessed based on tables analysing the assets and liabilities of the Bank according to their remaining time to maturity (see Notes 5.1 and 5.2).

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The following table gives a summary (in percentage) of the average interest rate on financial assets and liabilities for 2004 and 2003 by main currencies:

2004	EUR	USD	XDR	JPY	in %
					SKK
Assets					
Current accounts and deposits in banks	1,51	1,58	1,91	0,00	1,84
Gold		0,03			
Securities held for trading	3,78	1,01			
Loans to banks and other financial institutions	2,93	1,21			4,98
Derivative financial instruments		2,05		2,88	
Membership quota in the IMF			0,00		0,00
Loans to clients					1,00
Liabilities					
Liabilities to banks and other financial institutions	2,23	0,78		2,89	3,32
Derivative financial instruments		1,24			
Liabilities to government					4,00
Securities issued by the NBS					4,76
Liabilities to the IMF			0,00		0,00
Liabilities to other clients	0,92	0,63			2,99

2003	EUR	USD	XDR	JPY	in %
					SKK
Assets					
Current accounts and deposits in banks	1,25	0,85	1,70	0,00	3,42
Gold		0,43			
Securities held for trading	3,28	1,98			
Loans to banks and other financial institutions	3,10	1,10			6,34
Derivative financial instruments		2,05		2,93	
Membership quota in the IMF			0,00		0,00
Loans to clients					7,23
Liabilities					
Liabilities to banks and other financial institutions	2,45	0,73		3,15	4,28
Derivative financial instruments		2,73			
Liabilities to government					5,14
Securities issued by NBS					6,41
Liabilities to the IMF			0,00		0,00
Liabilities to other clients	0,92	0,63			3,96

These Notes are an integral part of the NBS's financial statements.

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5.2.3. Liquidity risk

Liquidity risk results from the need of liquidity for interventions on inter-bank foreign exchange market and for settling the Bank and the government's liabilities. The amount of the intervention portfolio is based on the expected volume of interventions, as well as on the time schedule for NBS payments and the debt service of the state. In determining the size of this portfolio, it is necessary to make an optimum assessment of future liquidity needs to avoid possible insufficiency or relative excess. The structure, manner, and criteria for its management are based on the requirement of ensuring the NBS's satisfactory ability to effectively intervene and meet its liabilities.

The bank has set up a liquid portfolio with a benchmark duration of five months, while more than 90% of the Bank's total foreign exchange reserves can be realised within two to three working days.

5.2.4 Operational risk

Operational risk is the risk of direct or indirect loss, resulting from inadequate or incorrect internal processes and working procedures, human or system failure, including risk related to the usage of information systems.

In the NBS, this risk is limited by a clear definition of responsibilities and working procedures to eliminate possible errors, losses, and incorrect processing. Compliance with the regulations is checked on a regular basis.

6. Gold

Gold comprises the following:

	2004	2003
Bullion in standard form	13 932 096	15 332 558
Gold in other form	134 830	149 922
Total	14 066 926	15 482 480

At 31 December 2004, the item "Gold" comprised 1,127 thousand ounces, of which 716 thousand ounces were deposited in correspondent banks, 400 thousand ounces were used in repurchase transactions, and 11 thousand ounces in another form.

The value of gold provided as collateral in repurchase transactions amounted to SKK 4,994,682 thousand at 31 December 2004 (see Note 13) (SKK 5,496,751 thousand at 31 December 2003).

The market value of gold was 438 USD/oz. at 31 December 2004 (417.25 USD/oz. at 31 December 2003). The drop of the SKK/USD exchange rate (see Note 5.2.1.) adversely affected the amount reported in the item "Gold" (Balance sheet – Assets, line X) and in the item "Reserve for new valuation of gold" (Balance sheet – Liabilities, line XX). At 31 December 2004, the reserve balance was SKK 11,874,441 thousand (SKK 13,289,763 thousand at 31 December 2003).

At 31 December 2004, 12% of trades with gold were performed with European countries inside the Euro zone, 62% with European countries outside the Euro zone (81% at 31 December 2003), and 26% of trades were performed with counterparties from the United States (19% at 31 December 2003).

These Notes are an integral part of the NBS's financial statements.

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7. Securities

7.1. Securities held for trading

At 31 December 2004, the Bank's portfolio of securities held for trading comprised the following:

	2004	2003
State bodies' securities - Total	229 676 373	236 732 600
State coupon bonds	132 177 076	158 634 604
State zero-coupon bonds	95 533 365	76 179 900
Coupons	1 965 932	1 918 096
Securities of other entities - Total	122 398 848	99 928 573
Zero-coupon bonds of foreign Central Banks	5 799 439	2 056 881
Other coupon bonds	83 058 256	71 450 656
Other zero-coupon bonds	31 916 326	25 388 906
Coupons	1 624 827	1 032 130
Total securities	352 075 221	336 661 173

The Bank trades in securities on foreign financial markets, particularly in New York, London, Basel, and the Euro zone countries. These mostly involve transactions outside the stock exchanges.

Variances from the revaluation of securities held for trading positively affected the Bank's profit/(loss) (see Note 21).

At 31 December 2004, as far as geographical segmentation is concerned, 77% of securities held for trading were concentrated in Euro zone countries (64% at 31 December 2003), 3% in other European countries (12% at 31 December 2003), and 20% in the United States (24% at 31 December 2003).

7.2. Shares and ownership interest in commercial companies with significant influence

At 31 December 2004, the Bank held 1,080 certificated shares of RVS, a.s. Bratislava in the amount of SKK 108,000 thousand, which is a 40.51% share in the share capital (Balance sheet – Assets, line VI). At 31 December 2004, the Bank received dividends of SKK 10,800 thousand.

Even though the Bank's share in RVS, a.s. Bratislava is significant, in accordance with § 22 of the Accounting Act, the Bank does not prepare consolidated financial statements.

7.3. Other investments

At 31 December 2004, the Bank held 2,670 shares in the BIS valued at SKK 589,042 thousand (SKK 650,706 thousand at 31 December 2003), which is a 0.45% share in the BIS's share capital. Each share has been paid up to 25% of its nominal value. The liability from unpaid share at 75% of the nominal value of each share amounts to SKK 441,781 thousand (488,029 thousand at 31 December 2003). The share in the BIS is disclosed on the balance sheet at SKK 147,261 thousand, which represents 25% of the paid share (SKK 162,677 thousand at 31 December 2003 in a clearing unit – XDR).

These Notes are an integral part of the NBS's financial statements.

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In 2004, the BIS paid dividends to the NBS of SKK 28,882 thousand (SKK 28,639 thousand at 31 December 2003 – Income statement, line-III c).

At 31 December 2004, the NBS shows the initial paid-up contribution to the ECB's share capital at SKK 108,006 thousand (EUR 2,784 thousand), which is 7% of the Bank's total capital share. The NBS's total share in the ECB's subscribed capital is 0.7147%. The remaining share is due when Slovak Republic joins the European Monetary Union.

8. Derivative financial instruments

The fair value of derivative financial instruments is given in the table below:

	2004		2004		2003		2003	
	Balance sheet	Off balance sheet	Balance sheet	Off balance sheet	Balance sheet	Off balance sheet	Balance sheet	Off balance sheet
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cross-currency interest rate swap P04					141 076		1 273 497	1 130 828
Interest rate swap	24 213		1 615 161	1 615 161	46 355		1 777 518	1 777 518
Purchased put options	374		3 263 798	4 994 682	40 681		3 770 502	5 496 751
Total	24 587		4 878 959	6 609 843	228 112		6 821 517	8 405 097

The Bank entered into a cross-currency interest rate swap P04 of JPY 5.7 billion, with the aim of hedging the remaining part of TSL II and TSL III loans from the Japan Bank for International Cooperation with maturity on 10 March 2005, under which the payment in JPY is converted to USD. According to the Bank Board's resolution, balances of TSL II and TSL III loans were paid up at September 2004. At the same time, the cross-currency interest rate swap P04 was terminated with a loss of SKK 30,720 thousand.

The Bank entered into a long-term gold interest rate swap with maturity in 2005. The NBS pays the counterparty a floating interest rate at 3 months LIBOR-GOFO in USD on a quarterly basis, and the counterparty pays quarterly a fixed interest rate of 2.05% in USD on the notional value of 129,407 ounces of gold.

To eliminate the risk of reducing the market value of gold, the NBS purchased European put options for gold. Currently, the Bank records two European put options for 400 thousand ounces of gold with realizable values of 259.00 USD/oz. and 295.30 USD/oz. due on 16 January and 26 March 2007, respectively (see Note 6).

At 31 December 2004, derivative financial instruments were traded with counterparties in European countries outside the Euro zone (at 31 December 2003, 80% with counterparties outside the Euro zone and 20% with counterparties in the United States).

9. Receivables from and liabilities to the International Monetary Fund

At 31 December 2004, the Bank recorded a receivable from the International Monetary Fund ("IMF") of XDR 357,505 thousand, which is SKK 17,712,640 thousand (SKK 18,462,821 thousand at 31 December 2003), from the Slovak Republic membership quota, converted to Slovak crowns using a representative XDR exchange rate determined by the IMF. In accordance with the IMF statutes, 25% of the membership quota is due in XDR and 75% in Slovak crowns.

The Bank also records a liability to the IMF in the amount of the paid-up XDR part of the membership quota, converted to Slovak crowns by the representative XDR exchange rate. The Bank records a liability of the Slovak government to the IMF of SKK 17,712,640 thousand (SKK 18,462,821 thousand at 31 December 2003). These Notes are an integral part of the NBS's financial statements.

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18,462,821 thousand at 31 December 2003), representing mainly a non-transferable, non-interest bearing promissory note of SKK 17,044,269 thousand issued by the NBS and payable on demand.

The membership quota in SKK and the related liability are netted off on the balance sheet. The receivable from and the payable to the IMF shown on the balance sheet represent 25% of the membership quota paid up in XDR and converted to Slovak crowns using the NBS exchange rate.

10. Loans provided

10.1. Loans provided to banks and other financial institutions

At 31 December 2004, the NBS provided the following loans to banks and other financial institutions:

	2004	2003
Foreign banks	134 380 115	73 496 560
Securities Lending	82 997 838	32 834 831
Loans provided within repurchase transactions in foreign currency	51 382 277	40 661 729
Domestic banks	4 716 679	7 998 617
Redistribution loans	3 912 689	6 591 976
Loans provided to domestic banks for the support of activities from the JBIC and EIB sources in SKK	698 261	1 201 199
Loans provided to domestic banks for the support of activities from EIB sources in foreign currency	105 729	205 442
Other financial institutions	7 378 390	10 312 135
Total	146 475 184	91 807 312

At 31 December 2004, the Bank recorded, based on Securities Lending Agreements, receivables from repurchase transactions of SKK 82,997,838 thousand, of which SKK 28,459,689 thousand was in USD and SKK 54,538,149 thousand in EUR. Loans provided in repurchase transactions with foreign entities total SKK 51,382,277 thousand, which were all granted in EUR.

Collaterals for the repurchase transactions with securities are recorded off the balance sheet (see Note 23).

In 2004, a redistribution loan was prematurely terminated by an extraordinary payment of SKK 1,277,686 thousand. The credit risk arising from redistribution loans provided by the Bank is eliminated by state guarantees for the total outstanding principal amount, including interest and charges. If a debtor fails to settle its obligation at the due date, the respective obligation will be transferred to the Slovak Ministry of Finance (see Note 24).

In 2001, the Bank provided a loan to the Deposit Protection Fund ("DPF") due at 30 December 2005. The loan balance, including interest, was SKK 7,378,390 thousand at 31 December 2004 (SKK 10,312,135 thousand at 31 December 2003). Payments are tied to the obligatory contributions of commercial banks to the DPF and to the calculated income from bankruptcy proceedings. However, the expected development of the DPF's funds will probably not allow repaying the loan in full by the agreed deadline. As a result, the DPF asked for a prolongation of the loan until 31 January 2007, which the Bank Board approved at its meeting in February 2005.



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10.2. Loans provided to clients

At 31 December 2004, the Bank provided the following loans to clients:

	2004	2003
Standard loans	206 039	8 022 831
Employees	206 039	193 321
Public administration (redistribution loan)		7 829 510
Classified loans	8	15 094
Non-financial organisations	8	15 094
Total	206 047	8 037 925

Redistribution loan was repaid in December 2004 through realisation of state guarantee provided by Ministry of Finance of Slovak Republic.

11. Non-current tangible and intangible fixed assets

Non-current tangible and intangible assets in 2004:

	Land	Other non-depreciable tangible assets	Buildings and constructions	Machines and equipment	Other depreciated tangible assets	Software and other intangible assets	Tangible and intangible assets under construction	Total
Acquisition cost at 1 January 2004	283 948	41 580	5 530 580	2 034 955	562 265	164 458	474 841	9 092 627
Additions	568	52	374 300	170 797	4 669	34 602	213 696	798 684
Disposals	15	0	6 608	87 065	18 556	1 616	602 628	716 488
Acquisition cost at 31 December 2004	284 501	41 632	5 898 272	2 118 687	548 378	197 444	85 909	9 174 823
Acc. depreciation at 1 January 2004			477 675	1 271 798	349 271	140 000	37 767	2 276 511
Additions			190 167	230 973	49 108	12 409	0	482 657
Disposals			53 020	85 278	19 870	1 616	0	159 784
Acc. depreciation at 31 December 2004			614 822	1 417 493	378 509	150 793	37 767	2 599 384
Carrying value of tangible and intangible assets at 1 January 2004	283 948	41 580	5 052 905	763 157	212 994	24 458	437 074	6 816 116
Carrying value of tangible and intangible assets at 31 December 2004	284 501	41 632	5 283 450	701 194	169 869	46 651	48 142	6 575 439

The Bank has long-term contracts for renting two administrative buildings in Bratislava that the Bank does not use.

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12. Provisions against assets

In 2004, the Bank set up, used, or released the following provisions:

	2003	Set-up	Use/		2004
			Release		
Provisions for classified receivables from banks	10 848	0	0		10 848
Provisions for classified receivables from clients	15 111	20	15 094		37
Provisions for various receivables	39 526	7 341	8		46 859
Provisions for advances provided	37 767	0	0		37 767
Provisions for inventories	0	1 492	0		1 492
Provisions for temporary diminution in the value of assets	52 412	0	52 412		0
Total	155 664	8 853	67 514		97 003

13. Loans received

At 31 December 2004, the structure of loans received was as follows:

Loan source	Type of loan received	Due in year	FC code	2004		2003	
				Foreign currency	SKK	Foreign currency	SKK
Domestic banks	Repo transactions	2004			219 041 370		105 753 442
JBIC	TSL II	2005	JPY			1 196 103	368 149
	TSL III	2005	JPY			2 978 427	916 729
EIB	AGL II	2010	EUR	5 009	194 322	19 033	783 410
Foreign banks	Repo transactions	2004	USD			150 134	4 942 395
Foreign banks	Repo transactions	2004	EUR			601 355	24 752 368
JP Morgan	Gold repo	2007	USD	88 855	2 532 000	88 633	2 917 812
UBS Warburg	Gold repo	2007	USD	25 964	739 861	25 945	854 119
CITI Bank, New York	Securities Lending		USD	299 301	8 528 892	198 669	6 540 175
HSBC, New York	Securities Lending		USD	647 516	18 451 605		
State Street, London	Securities Lending		USD	51 754	1 474 782		
State Street, London	Securities Lending		EUR	1 434 966	55 670 928	638 824	26 294 656
Total		x	x	x	306 633 760	x	174 123 255

Within the sterilised repurchase transactions in the Slovak inter-bank market, the Bank recorded liabilities from repurchase transactions totalling SKK 219,041,370 thousand at 31 December 2004 (SKK 105,753,442 thousand at 31 December 2003) (Balance sheet – Liabilities, line XII). For sterilised activities, the NBS treasury bills of SKK 220,658,000 thousand (SKK 106,389,000 thousand at 31 December 2003 - see Note 15) were used.

At 31 December 2004, the Bank recorded liabilities of SKK 84,126,207 thousand from Securities Lending Agreements, of which those in USD totalled SKK 28,455,279 thousand and those in EUR totalled SKK 55,670,928 thousand, and liabilities of SKK 3,271,861 thousand from gold repurchase transactions (SKK 3,771,931 thousand at 31 December 2003 – Balance sheet, Liabilities, line IX).

At 31 December 2004, the structure of loans received by geographical segmentation was as follows: 72% of loans were taken from counterparties in Slovakia, 19% from counterparties in other EU countries, and 9% from counterparties in the United States.



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14. Liabilities to government

At 31 December 2004, the Bank's liabilities arising from the State's ordinary operations and from financing the debt service amounted to SKK 10,432,988 thousand (SKK 17,075,247 thousand at 31 December 2003, Balance sheet – Liabilities, line XIV), of which SKK 7,918,912 thousand represents State Treasury funds deposited on accounts in the NBS.

By the end of 2004, government funds were transferred to the State Treasury and were not an NBS client at 31 December 2004.

The settlement of special operations with the funds of the Slovak Republic of SKK 70,803,442 thousand (SKK 71,380,880 thousand at 31 December 2003 – Balance sheet, Liabilities, line XVI) represented, particularly, the special-purpose term deposit of the Slovak Ministry of Finance for the pension reform of SKK 70,109,235 thousand, including interest (SKK 67,545,640 thousand at 31 December 2003).

15. Issued securities

At 31 December 2004, the NBS issued bills of SKK 659,724,590 thousand (SKK 205,759,761 thousand at 31 December 2003) (see Note 4.5).

At 31 December 2004, NBS bills of SKK 280,382,590 thousand were used for sterilisation activities (SKK 162,148,761 thousand at 31 December 2003), of which SKK 220,658,000 thousand (SKK 106,389,000 thousand at 31 December 2003) were in the form of sterilised repurchase transactions, and SKK 59,724,590 thousand (SKK 55,759,761 thousand at 31 December 2003) were in the form of direct issues in the portfolios of domestic banks (Balance sheet, Liabilities, line XI).

16. Currency in circulation

The issue of banknotes and coins (Balance sheet – Liabilities, line XIII) represents the valid national banknotes and coins in circulation:

	2004	2003
Issued coins	2 371 815	2 177 660
Issued banknotes	107 528 235	100 368 705
Total	109 900 050	102 546 365

The NBS will continue to exchange the 10 and 20 haler coins for free, the validity of which was terminated in 2003, until 31 December 2008.

17. Provisions

In 2004, the Bank set up and released the following provisions:

	2003	Set-up	Release	2004
Provision for liabilities to employees	111 640	138 102	111 640	138 102
Provision for outstanding lawsuits	0	8 119	0	8 119
Provision for unbilled supplies	0	4 794	0	4 794
Total	111 640	151 015	111 640	151 015

These Notes are an integral part of the NBS's financial statements.

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In accordance with the Bank's internal legal regulations, the provision of SKK 111,640 thousand for unpaid bonuses, salary compensation, and related payments to insurance funds was released in 2004. At the end of the accounting period, a provision of SKK 138,102 thousand (Income statement, line XVIII) was set up, relating to liabilities at 31 December 2004.

In 2004, a provision of SKK 8,119 thousand for the Bank's outstanding lawsuits was set up.

18. Use of the profit/(loss)

The Bank's 2004 loss amounted to SKK 36,288,796 thousand (loss of SKK 31,434,297 thousand at 31 December 2003 - Balance sheet, Liabilities, line XXIII). In accordance with § 38 of the NBS Act, the Bank Board decided, in March 2005, that the 2004 loss should remain unsettled. The loss carried forward will be offset against future periods' profit, as well as against other NBS sources.

19. Net interest expense

Net interest expense comprises the following items:

	2004	2003
Total interest received (Income statement - line I)	10 183 005	10 648 376
Interest received on securities	8 067 174	8 255 530
Interest received on loans relating to repurchase transactions	1 257 047	908 858
Other interest received	858 784	1 483 988
Total interest paid (Income statement - line II)	-16 034 870	-18 061 342
Interest paid on securities	-3 122 220	-3 094 223
Interest paid on loans relating to repurchase transactions	-8 186 973	-7 451 002
Other interest paid	-4 725 677	-7 516 117
Net interest expense	-5 851 865	-7 412 966

20. Fees and commissions

Income from fees and commission consists of:

	2004	2003
Income from fees and commissions (Income statement - line IV)	155 237	144 466
Expenses from fees and commissions (Income statement - line V)	-27 921	-61 391
Net income from the fees and commissions	127 316	83 075

The result of Securities Lending transactions for 2004 was fee income of SKK 78,669 thousand (SKK 63,546 thousand for 2003).



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21. Net loss on financial operations

Net loss on financial operations comprises the following items:

	2004	2003
Loss(-)/profit from marketable securities	1 165 684	705 521
Revenues from marketable securities	4 593 768	3 345 240
Costs of marketable securities	-3 428 084	-2 639 719
Loss from FX operations	-29 799 974	-22 780 380
Revenues from FX operations	16 469 738	19 574 189
Costs of FX operations	-46 269 712	-42 354 569
Net loss from term operations	-97 426	-127 017
Profits from the valuation of term operations	64 449	293 141
Losses from the valuation of term operations	-161 875	-420 158
Net loss from financial operations (Income statement - line VI)	-28 731 716	-22 201 876

The 2004 net loss on financial operations included mainly a loss on foreign exchange operations of SKK 29,799,974 thousand (SKK 22,780,380 thousand at 31 December 2003).

At 31 December 2004, the NBS suffered a net FX loss from FX operations of SKK 29,802,389 thousand (loss of SKK 22,786,634 thousand at 31 December 2003), related to the strengthening position of the SKK exchange rate.

22. General operating costs

The structure of NBS's general operating costs is as follows:

	2004	2003
Salaries and bonuses	-575 578	-495 524
Social costs	-209 459	-167 388
Total personnel costs (Income statement - line IX a)	-785 037	-662 912
Other general operating costs	-450 195	-492 611
Total general operating costs (Income statement - line IX)	-1 235 232	-1 155 523

The most significant share of general operating costs consisted of fees for using telecommunication systems for data and information transfer, costs for updating the application software systems, and security expenses.

Audit expenses in 2004 were stated at SKK 3,500 thousand.

23. Collaterals received

The value of securities received as collateral in repurchase transactions at 31 December 2004 was SKK 178,842,478 thousand (SKK 72,757,988 thousand at 31 December 2002) (Off balance sheet, Liabilities, line II e), of which those in SKK equalled SKK 43,257,599 thousand, those in EUR equalled SKK 106,587,314 thousand (SKK 61,286 177 thousand at 31 December 2003), and those in USD equalled SKK 28,997,565 thousand (SKK 11,471,811 thousand at 31 December 2003 – see Note 10.1).

NÁRODNÁ BANKA SLOVENSKA**Notes to the financial statements as at 31 December 2004
(in thousands of SKK)**

The value of securities received as collateral in Tripartite Reverse repurchase transactions at 31 December 2004 was SKK 51,373,663 thousand (SKK 34,991,521 thousand at 31 December 2003), whilst the total value of collaterals received consisted of long-term securities in EUR.

The value of securities received as collateral in transactions under the Securities Lending Agreements at 31 December 2004 was SKK 84,211,216 thousand, of which those in EUR equalled SKK 55,213,651 thousand and those in USD equalled SKK 28,997,565 thousand, whilst the total value of collaterals received consisted of long-term collaterals received in Securities Lending.

In connection with providing intra-day loans to banks on the Slovak inter-bank market, the NBS reported both NBS bills of SKK 42,780,396 thousand and short-term, zero-coupon state bonds of SKK 477,203 thousand as collateral.

24. State guarantees

At 31 December 2004, the NBS showed an assumed state guarantee of SKK 4,989,196 thousand for a redistribution loan in its off-balance-sheet records (SKK 17,732,008 thousand at 31 December 2003). The state guarantee is provided for the amount of principal, plus interest to maturity. The decrease in the volume of state guarantees is compared to the previous year results from repaying a redistribution loan in 2004 (see Note 10.1).

25. Post balance-sheet events

After 31 December 2004, there were no significant events, apart from changes in the Bank Board (see Note 1) that would require adjustments or disclosure in the 2004 financial statements.

Bratislava, 24 March 2005



Ing. Ivan Šramko

Governor



Ing. Milena Koreňová
Bank Board member

Executive Director of the Financial Management and Payment Transactions Division



Ing. Katarína Taragelová

Director of the Budget and Accounting Department



STATEMENT OF CHANGES IN EQUITY
of Národná banka Slovenska as at 31 December 2004
in thousands of SKK

	Notes	Current accounting period 31.12.2004 1	Previous accounting period 31.12.2003 2
1. Capital (Statutory fund)			
opening balance		466 667	466 667
increase			
decrease			
closing balance		466 667	466 667
2. Statutory reserve fund			
opening balance		10 164 859	10 164 859
increase			
decrease			
closing balance		10 164 859	10 164 859
3. Other capital funds			
opening balance		76 670	82 435
increase		114	
decrease			-5765
closing balance		76 784	76 670
4. Fund for gold revaluation			
opening balance		13 289 763	
increase			14 700 320
decrease		-1 415 322	-1 410 557
closing balance	6	11 874 441	13 289 763
5. Retained earnings - change in accounting methods			
opening balance		15 900 550	
increase			15 925 567
decrease		-15 900 550	-25 017
closing balance			15 900 550
6. Retained earnings			
opening balance		-24 836 019	-24 836 019
increase		-31 434 297	
decrease		15 900 550	
closing balance	18	-40 369 766	-24 836 019
7. Profit or loss for the period	18	-36 288 796	-31 434 297
8. Equity total		-54 075 811	-16 371 807

Date:
04.03.2004

Signature of statutory
representatives:

Ing. Ivan Šramko

Prepared by:
Ing. Juraj Šarkan

Employee responsible for
accounting
(Name and Surname, Signature):

Ing. Milena Koreňová

Employee responsible for
financial statements
(Name and Surname, Signature):

Ing. Katarína Taragelová

Národná banka Slovenska
Bratislava

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