



NÁRODNÁ BANKA SLOVENSKA  
EUROSYSTEM

SECTION C

# INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF NBS AS AT 31 DECEMBER 2015

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### Independent Auditors' Report

To the Bank Board of Národná banka Slovenska:

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

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

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

#### *Auditors' Responsibility*

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

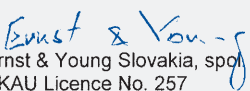
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

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

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2015 and of its financial performance for the year then ended in accordance with the ECB Guideline and the Act on Accounting.

8 March 2016  
Bratislava, Slovak Republic

  
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Ing. Tomáš Přeček  
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THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

Národná banka Slovenska  
Financial statements as at 31 December 2015 – Balance Sheet  
(in thousands of EUR)**BALANCE SHEET**  
**of Národná banka Slovenska**

ASSETS	Note	31 Dec 2015	31 Dec 2014
		EUR '000	EUR '000
A1 Gold and gold receivables	1	991,581	1,006,401
A2 Claims on non-euro area residents denominated in foreign currency	2	1,652,655	1,819,180
A3 Claims on euro area residents denominated in foreign currency	3	186,375	103,367
A4 Claims on non-euro area residents denominated in euro	4	3,323,804	3,904,956
A5 Lending to euro area credit institutions related to monetary policy operations denominated in euro	5	661,380	570,326
A6 Other claims on euro area credit institutions denominated in euro	6	27,846	55,977
A7 Securities of euro area residents denominated in euro	7	8,816,273	6,160,578
A8 General government debt denominated in euro			
A9 Intra-Eurosystem claims	8	2,110,644	3,973,029
A10 Items in course of settlement			
A11 Other assets	9	5,330,188	5,480,476
A12 Loss for the year			
<b>TOTAL ASSETS</b>		<b>23,100,746</b>	<b>23,074,290</b>
<b>LIABILITIES</b>			
L1 Banknotes in circulation	10	10,937,216	10,322,943
L2 Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	11	1,495,594	751,999
L3 Other liabilities to euro area credit institutions denominated in euro	12	4,767,615	4,601,404
L4 Debt certificates issued			
L5 Liabilities to other euro area residents denominated in euro	13	271,270	1,228,097
L6 Liabilities to non-euro area residents denominated in euro	14	1,838,163	2,942,803
L7 Liabilities to euro area residents denominated in foreign currency	15	1,011,276	397,075
L8 Liabilities to non-euro area residents denominated in foreign currency	16	468,225	260,600
L9 Counterpart of special drawing rights allocated by the IMF	17	433,359	405,987
L10 Intra-Eurosystem liabilities			
L11 Items in course of settlement			
L12 Other liabilities	18	416,882	659,166
L13 Provisions	19	665,100	524,830
L14 Revaluation accounts	20	433,645	519,396
L15 Capital and reserves	21	357,797	357,797
L16 Profit for the year	34	4,604	102,193
<b>TOTAL LIABILITIES</b>		<b>23,100,746</b>	<b>23,074,290</b>

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 2015 – Profit and Loss Account  
(in thousands of EUR)

## PROFIT AND LOSS ACCOUNT of Národná banka Slovenska

	Note	31 Dec 2015 EUR '000	31 Dec 2014 EUR '000
1.1 Interest income		191 095	430 250
1.2 Interest expense		(94 465)	(216 188)
<b>1 Net interest income</b>	23	<b>96 630</b>	<b>214 062</b>
2.1 Realized gains arising from financial operations		77 797	147 055
2.2 Write-downs on financial assets and positions		(28 849)	(53 677)
2.3 Transfer to/from provisions for foreign exchange rate, interest rate, credit and gold price risks		(140 000)	(220 000)
<b>2 Net result of financial operations, write-downs and risk provisions</b>	24	<b>(91 052)</b>	<b>(126 622)</b>
3.1 Fees and commissions income		795	734
3.2 Fees and commissions expense		(1 058)	(999)
<b>3 Net income/(expense) from fees and commissions</b>	25	<b>(263)</b>	<b>(265)</b>
<b>4 Income from equity shares and participating interests</b>	26	<b>11 356</b>	<b>10 575</b>
<b>5 Net result of pooling of monetary income</b>	27	<b>51 463</b>	<b>47 072</b>
<b>6 Other income</b>	28	<b>9 530</b>	<b>32 416</b>
<b>Total net income</b>		<b>77 664</b>	<b>177 238</b>
<b>7 Staff costs</b>	29	<b>(38 031)</b>	<b>(35 096)</b>
<b>8 Administrative expenses</b>	30	<b>(17 904)</b>	<b>(22 463)</b>
<b>9 Depreciation of tangible and intangible fixed assets</b>	31	<b>(7 350)</b>	<b>(7 714)</b>
<b>10 Banknote production services</b>	32	<b>(2 254)</b>	<b>(6 255)</b>
<b>11 Other expenses</b>	28	<b>(5 319)</b>	<b>(3 361)</b>
<b>12 Income tax and other charges on income</b>	33	<b>(2 202)</b>	<b>(156)</b>
<b>Profit for the year</b>	34	<b>4 604</b>	<b>102 193</b>

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Národná banka Slovenska  
Financial statements as at 31 December 2015 – Notes  
(in thousands of EUR)

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**NOTES**  
**to the financial statements**  
**as at 31 December 2015**

**Bratislava, 8 March 2016**

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## A. GENERAL INFORMATION ON NÁRODNÁ BANKA SLOVENSKA

Národná banka Slovenska (“the National Bank of Slovakia”, “NBS” or “the Bank”) was established in accordance with Act No. 566/1992 Coll. on the National Bank of Slovakia as amended (“the NBS Act”). The NBS commenced its activities on 1 January 1993.

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 Bank 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 provide explanations to the submitted report.

The supreme governing body of the NBS is the Bank Board of the NBS (“the Bank Board”). As at 31 December 2015, 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 2021	Governor	12 Jan 2015
Mgr. Ján Tóth, M.A.	5 Nov 2012	5 Nov 2017	Deputy Governor	5 Nov 2012
RNDr. Karol Mrva	1 June 2012	1 June 2017	Member	1 June 2012
Ing. Vladimír Dvořáček	2 April 2014	2 April 2019	Member	2 April 2014
prof. Mgr. Ľuboš Pástor, M.A. PhD.	15 March 2015	15 March 2021	Member	15 March 2015

## 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
- Accruals principle
- Going-concern basis
- Consistency and comparability



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

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

Interest accruals 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 agreed recommended harmonized disclosures for Eurosystem national central banks' annual accounts.

#### b) Valuation of assets and liabilities

Financial assets and liabilities, excluding held-to-maturity securities, securities held for monetary policy purposes and participating interests, are measured on a monthly basis at mid-market rates and prices. Foreign currency revaluation, including balance sheet and off-balance sheet transactions, is performed 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 currency revaluation 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 EUR 1, used to value the assets and liabilities as at 31 December 2015, were as follows:

Currency	31 Dec 2015	31 Dec 2015	Change
GBP	0.73395	0.77890	(0.04495)
USD	1.08870	1.21410	(0.12540)
JPY	131.07000	145.23000	(14.16000)
XDR	0.78567	0.83864	(0.05297)
EUR/t oz.*	973.225	987.769	(14.54400)

\* 1 t oz. (troy ounce) = 31.1034807 g





### **(c) Accounting and recognition of revenues**

Realized profits 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 directly in the profit and loss account.

Unrealized profits 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 profits are shown in equity on revaluation accounts (see Note 21). Unrealized losses in excess of unrealized revaluation profits 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 netted off against unrealized profits 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 as interest income.

According to the agreed recommended harmonized disclosure rules, the Bank presents the negative interest income or expense stemming from the application of negative interest rates on a net basis with other interest income or expense on the underlying transactions. The net interest income is included in interest income; net interest expense is included in interest expense.

### **(d) Gold and gold receivables**

Gold swap transactions are recognized as repurchase transactions with gold (see Notes 12, 14, 15 and 16). The gold used in such transactions remains in the Bank's total assets under the item "Gold and gold receivables".

### **(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 Program (SMP) and the Public Sector Purchase Program (PSPP) is carried out centrally by the ECB. The results of the impairment test on securities, from which profit and loss is shared in the Eurosystem, are subject to the approval of the Governing council of the ECB.

The impairment test for bonds acquired within the Covered Bonds Purchase Program (CBPP1) and within the third Covered Bond Purchase Program (CBPP3) is coordinated by the ECB. Based on the decision of the Bank Board, the NBS accepts the results of the coordinated test for CBPP1. The results of the coordinated impairment test for CBPP3 are subject to the approval of the Governing Council of the ECB.

### **(f) Derivatives**

Spot, forward and swap transactions are included in the net currency positions for calculating the average acquisition cost of currencies and foreign exchange gains and losses. They are recognized on off-balance sheet accounts at the spot rate of the transaction on the trade date.





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

The forward position of currency swaps is valued together with the related spot position, so the currency position is only affected by the accrued interest in foreign currency.

Interest rate swaps are recorded in the off-balance sheet accounts from the trade date until the settlement date. They are measured based on generally accepted valuation models using corresponding yield curves derived from quoted 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 the transactions that the Bank conducts under reverse repurchase agreements or collateralized loan transactions.

Transactions conducted under a repurchase agreement (repurchase transaction) are recognized as a 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 program. 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 1.0095%. 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 the allocation of euro banknotes within the Eurosystem”.

Interest income or interest expense from these receivables/liabilities is disclosed net in the Bank’s profit and loss account in “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 banknote issue and net income from securities purchased by the ECB under the SMP, CBPP3, Asset-Backed Securities Purchase Program (ABSPP) and PSPP 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. Immovables, works of art, immovable cultural monuments 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), 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.

<b>Depreciation group</b>	<b>Depreciation period in years</b>
1. Buildings, long term investments, technical enhancements of immovable cultural monuments	30
2. Separable components built into structures identified for depreciation	4 - 20
3. Utility network	20
4. Machines and equipment	2 - 12
5. Transport means	4 - 6
6. Furniture and fixtures	4 - 12
7. Intangible fixed assets - purchased software	2 - 10
8. Other intangible fixed assets	4 or as per contract



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#### (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 (see Note 33).

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 risks from changes in gold prices (see Notes 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 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 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 2015	31 Dec 2014	Change
Gold in repo transactions	987,223	952,959	34,264
Gold stored in banks	2,827	51,888	(49,061)
Gold on stock	1,531	1,554	(23)
	<u>991,581</u>	<u>1,006,401</u>	<u>(14,820)</u>

As at 31 December 2015, gold totaled 1,019 thousand t oz. (1,019 thousand t oz. as at 31 December 2014), of which 1,014 thousand t oz. was used in repurchase transactions, 3 thousand t oz. was deposited with correspondent banks and 2 thousand t oz. was deposited with the Bank.

As at 31 December 2015, the market price of gold was EUR 973,225 per t oz. (EUR 987,769 per t oz. as at 31 December 2014). The change in the balance of "Gold and gold receivables" was most affected by gold revaluation accounts (see Note 20).

Národná banka Slovenska  
Financial statements as at 31 December 2015 – Notes  
(in thousands of EUR)**2. Claims on non-euro area residents denominated in foreign currency**

	31 Dec 2015	31 Dec 2014	Change
Receivables from/Payables to the IMF	569,755	608,831	(39,076)
Balances with banks and security investments, external loans and other external assets	1,082,900	1,210,349	(127,449)
	<u>1,652,655</u>	<u>1,819,180</u>	<u>(166,525)</u>

**Receivables from/Payables to the International Monetary Fund**

	31 Dec 2015		31 Dec 2014		Change EUR '000
	Equivalent mil. XDR	EUR '000	Equivalent mil. XDR	EUR '000	
Receivables from IMF:	755	961 132	779	928 396	32 736
1) Member's quota:	428	544 137	428	510 003	34 134
a) Member's quota in local currency	308	391 377	268	319 565	71 812
b) reserve position	120	152 760	160	190 438	(37 678)
- foreign exchange part of Member's quota	18	22 274	18	20 867	1 407
- FTP reserve position	102	130 486	142	169 571	(39 085)
2) Nostró account in IMF	322	410 758	323	385 208	25 550
3) Bilateral loans	5	6 237	28	33 185	(26 948)
Payables to IMF:	308	391 377	268	319 565	71 812
1) Loro accounts of IMF	303	385 640	251	299 639	86 001
2) Currency valuation adjustment account	5	5 737	17	19 926	(14 189)
Total reported amount (net)		<u>569 755</u>		<u>608 831</u>	<u>(39 076)</u>

The FTP reverse position represents the receivable of the NBS from the loans provided under the IMF's Financial Transactions Plan.

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 of EUR 328,505 thousand (EUR 297,682 thousand as at 31 December 2014).

The Bank records a liability to the IMF from the allocation recorded 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 2015	31 Dec 2014	Change
Debt securities	1,023,896	484,686	539,210
Other	59,004	725,663	(666,659)
	<u>1,082,900</u>	<u>1,210,349</u>	<u>(127,449)</u>

The caption "Debt securities" mainly consists of bonds issued by financial institutions denominated in USD. Compared to the previous period, an increase in the volume of debt securities mainly relates to the purchase of securities in USD.

The caption "Other" mainly includes cash on nostro accounts in foreign currency and overnight investment deposits in USD.



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(in thousands of EUR)

### 3. Claims on euro area residents denominated in foreign currency

	31 Dec 2015	31 Dec 2014	Change
Debt securities	185,812	103,270	82,542
Current accounts	563	97	466
	<u>186,375</u>	<u>103,367</u>	<u>83,008</u>

Debt securities categorized under this caption are denominated in USD. As per security issuers, as at 31 December 2015 the Bank mainly recorded securities of monetary financial institutions.

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

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

As at 31 December 2015, the Bank recognized non-euro area resident debt securities of EUR 3,323,804 thousand under this caption (EUR 3,904,556 thousand as at 31 December 2014). As per security issuers, the Bank mainly recorded securities of monetary financial institutions. Compared to the previous period, a decrease was mainly due to maturity of securities.

### 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 641,380 thousand as at 31 December 2015 (EUR 385,320 thousand as at 31 December 2014).

Longer-term refinancing operations are regular liquidity-providing reverse transactions of a longer period which are performed through standard tenders. Under these transactions, the Bank recognizes targeted longer-term refinancing operations with a maturity of three to four years, bearing interest at the main refinancing rate or main refinancing rate increased by 10 basis points. The targeted longer-term refinancing operations are aimed at improving bank lending to the euro area non-financial private sector (excluding loans to households for house purchase) and as at 31 December 2015 amounted to EUR 641,380 thousand (EUR 215,320 thousand as at 31 December 2014).

As at 31 December 2015, the Bank recognized main refinancing transactions of EUR 20,000 thousand (EUR 185,000 thousand as at 31 December 2014) at a rate of 0.05% p.a. The main refinancing transactions are regular liquidity-providing reverse transactions at one week intervals with a current maturity of one week.

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.

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(in thousands of EUR)**6. Other claims on euro area credit institutions denominated in euro**

	31 Dec 2015	31 Dec 2014	Change
Redistribution loan	24,904	28,533	(3,629)
Deposits to reverse transactions	2,260	220	2,040
Current accounts	682	27,224	(26,542)
	<u>27,846</u>	<u>55,977</u>	<u>(28,131)</u>

Redistribution loan provided to finance comprehensive housing construction was delimited following the separation of the balance sheet of the State Bank of Czechoslovakia. During the year 2015 the redistribution loan bore interest of 0.50% p.a. (0.50% p.a. as at 31 December 2014).

As at 31 December 2015, the NBS recorded a state guarantee for the redistribution loan of EUR 25,891 thousand on the off-balance sheet (EUR 29,722 thousand as at 31 December 2014). 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 2015	31 Dec 2014	Change
Securities held for monetary policy purposes	6,383,101	1,358,176	5,024,925
Other securities	2,433,172	4,802,402	(2,369,230)
	<u>8,816,273</u>	<u>6,160,578</u>	<u>2,655,695</u>

**Securities held for monetary policy purposes**

As at 31 December 2015, under the caption "Securities held for monetary policy purposes", the Bank recorded securities purchased under the CBPP1, CBPP3, SMP and PSPP programs.

They are mainly issued by the public authorities and monetary financial institutions of the euro area. The increase of EUR 5,024,925 thousand, compared to the preceding period, was mainly due to securities purchased under the new PSPP program, which was announced in March 2015.

**CBPP1**

Under the CBPP1 program, the ECB and national central banks purchased covered bonds denominated in euro, issued by euro area institutions. The purchases of the securities under the program were completed in June 2010.

**CBPP3**

In October 2014, the operational details of the CBPP3 program were announced by the Governing Council of the ECB. Under the program, the ECB and national central banks started to purchase, in both the primary and secondary markets, euro-denominated covered bonds issued by euro area institutions. The program aims to facilitate credit provision to the euro area economy, generate positive spillovers to other markets and, as a result, ease the ECB's monetary policy stance.

**SMP**

Under the SMP program announced in May 2010, the ECB and national central banks purchased public and private debt securities denominated in euro, aiming to improve the





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functionality of certain euro area debt security market segments and to restore the proper functioning of the monetary policy transmission mechanism. In September 2012, the Governing Council of the ECB decided to terminate the program.

### PSPP

On 22 January 2015, the Governing Council of the ECB decided that asset purchases should be expanded to include a secondary market public sector purchase program. This program aims to further ease monetary and financial conditions, including those relevant to borrowing conditions of euro area and non-financial corporations and households, thereby supporting aggregate consumption and investment spending in the euro area and ultimately contributing to a return of inflation rates to levels below but close to 2% over the medium term. Under this program the ECB and national central banks may purchase, in the secondary market, euro-dominated securities issued by euro area central governments and European institutions. The combined monthly purchases of CBPP3, ABSPP and PSPP are intended to amount EUR 60 billion and are expected to be carried out until at least March 2017 (if necessary, the program may be extended following the decision of the Governing council of the ECB). Securities purchased under all monetary policy programs are valued at amortized cost basis subject to impairment. Annual impairment tests are conducted on the basis of the estimated recoverable amounts as at the year-end.

The amortized cost of these securities, as well as their market value (which is not recorded on the Balance Sheet or in the Profit and Loss Account but is provided for comparison purposes only) are as follows:

	31 Dec 2015		31 Dec 2014		Change	
	Amortized cost	Market value	Amortized cost	Market value	Amortized cost	Market value
CBPP1	152,555	160,294	246,682	260,167	(94,127)	(99,873)
CBPP3	1,454,929	1,448,812	291,407	292,449	1,163,522	1,156,363
SMP	635,000	703,337	820,087	912,425	(185,087)	(209,088)
PSPP	4,140,617	4,134,294			4,140,617	4,134,294
	<b>6,383,101</b>	<b>6,446,737</b>	<b>1,358,176</b>	<b>1,465,041</b>	<b>5,024,925</b>	<b>4,981,696</b>

The Governing Council of the ECB assesses on a regular basis the financial risks associated with the securities held under the monetary policy programs. As at 31 December 2015, the total Eurosystem national central banks holding amounted to EUR 637,980,474 thousand, of which the NBS held EUR 6,383,101 thousand. In accordance with Article 32.4 of the Statute, losses from holdings of securities, if they were to materialize, are shared in full by the euro area national central banks, in proportion to the prevailing ECB capital key shares.

As a result of the impairment test conducted as at 31 December 2015 on securities purchased under the monetary policy programs and pursuant to a decision of the Governing Council of the ECB, it is expected that all future cash flows on these securities will be received. For this reason, the NBS did not create a provision for impairment losses (see Section B, Note e).

### Other Securities

Under this caption, as at 31 December 2015, the Bank recognized marketable securities, mainly issued by monetary financial institutions and public authorities of the euro area.

The decrease, compared to the preceding period, of EUR 2,369,230 thousand was mainly caused by the maturity of securities.





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## 8. Intra-Eurosystem claims

	31 Dec 2015	31 Dec 2014	Change
Participating interest in ECB	262 722	262 722	0
Claims equivalent to the transfer of foreign reserves	447 672	447 672	0
Net claims related to the allocation of euro banknotes within the Eurosystem	879 240	965 669	(86 429)
Other claims within the Eurosystem	521 010	2 296 966	(1 775 956)
	<u>2 110 644</u>	<u>3 973 029</u>	<u>(1 862 385)</u>

### Participating interest in the ECB

As at 31 December 2015, the Bank recorded a participating interest in the ECB's subscribed capital of EUR 83,623 thousand (EUR 83,623 thousand as at 31 December 2014) and a claim of EUR 24,885 thousand from the changes of its participating interest in the ECB's net equity. On 1 January 2015, following the accession of Lithuania into the Eurosystem, the Eurosystem key of the NBS decreased from 1.1039% to 1.0974%.

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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As at 31 December 2015, the shares of 28 central banks of the European Union in the ECB's capital were as follows:

	Capital Key for Subscription of ECB's Capital (%)	Subscribed Share in the ECB's Capital (EUR)	Paid-up Capital (EUR)	Eurosystem Key (%) - Share on the ECB's Paid-up Capital
Banque National de Belgique	2.4778	268,222,025.17	268,222,025.17	3.5200
Eesti Pank	0.1928	20,870,613.63	20,870,613.63	0.2739
Deutsche Bundesbank	17.9973	1,948,208,997.34	1,948,208,997.34	25.5674
Central Bank and Financial Services Authority of Ireland	1.1607	125,645,857.06	125,645,857.06	1.6489
Bank of Greece	2.0332	220,094,043.74	220,094,043.74	2.8884
Banco de España	8.8409	957,028,050.02	957,028,050.02	12.5596
Banque de France	14.1792	1,534,899,402.41	1,534,899,402.41	20.1433
Banca d'Italia	12.3108	1,332,644,970.33	1,332,644,970.33	17.4890
Central Bank of Cyprus	0.1513	16,378,235.70	16,378,235.70	0.2150
Latvijas Banka	0.2821	30,537,344.94	30,537,344.94	0.4008
Lietuvos bankas	0.4132	44,728,929.21	44,728,929.21	0.5870
Banque centrale du Luxembourg	0.2030	21,974,764.35	21,974,764.35	0.2884
Central Bank of Malta	0.0648	7,014,604.58	7,014,604.58	0.0921
De Nederlandsche Bank	4.0035	433,379,158.03	433,379,158.03	5.6875
Oesterreichische Nationalbank	1.9631	212,505,713.78	212,505,713.78	2.7888
Banco de Portugal	1.7434	188,723,173.25	188,723,173.25	2.4767
Banka Slovenije	0.3455	37,400,399.43	37,400,399.43	0.4908
<b>Národná banka Slovenska</b>	<b>0.7725</b>	<b>83,623,179.61</b>	<b>83,623,179.61</b>	<b>1.0974</b>
Suomen Pankki – Finlands Bank	1.2564	136,005,388.82	136,005,388.82	1.7849
<i>Subtotal euro area NCBs*</i>	<i>70.3915</i>	<i>7,619,884,851.40</i>	<i>7,619,884,851.40</i>	<i>100.0000</i>
Българска народна банка (Bulharská národná banka)	0.8590	92,986,810.73	3,487,005.40	
Česká národní banka	1.6075	174,011,988.64	6,525,449.57	
Danmarks Nationalbank	1.4873	161,000,330.15	6,037,512.38	
Magyar Nemzeti Bank	1.3798	149,363,447.55	5,601,129.28	
Narodowy Bank Polski	5.1230	554,565,112.18	20,796,191.71	
Banca Națională a României	2.6024	281,709,983.98	10,564,124.40	
Sveriges Riksbank	2.2729	246,041,585.69	9,226,559.46	
Bank of England	13.6743	1,480,243,941.72	55,509,147.81	
Hrvatska narodna banka	0.6023	65,199,017.58	2,444,963.16	
<i>Subtotal non-euro area NCBs*</i>	<i>29.6085</i>	<i>3,205,122,218.22</i>	<i>120,192,083.17</i>	
<b>Total*</b>	<b>100.00</b>	<b>10,825,007,069.61</b>	<b>7,740,076,934.57</b>	

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

#### Claims equivalent to the transfer of foreign reserves

The NBS records a claim of EUR 447,672 thousand (EUR 447,672 thousand as at 31 December 2014), in accordance with Article 30 (1) of the Statute. The receivable bears interest amounting to 85% of the main refinancing operations rate. As at 31 December 2015, interest income from the claim, equivalent to the transfer of foreign reserves, amounted to EUR 193 thousand (EUR 629 thousand as at 31 December 2014, see Note 23).



### Net claims related to the allocation of euro banknotes within the Eurosystem

The caption represents the net claim related to euro banknotes allocation within the Eurosystem of EUR 879,240 thousand (EUR 965,669 thousand as at 31 December 2014, see Note 10), bearing the main refinancing operations rate. As at 31 December 2015, the Bank recognized interest income of EUR 480 thousand related to allocation of euro banknotes within the Eurosystem (EUR 457 thousand as at 31 December 2014, see Note 23).

### Other intra-Eurosystem claims

Intra-Eurosystem claims and liabilities represent the NBS position 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 460,634 thousand as at 31 December 2015 (EUR 2,240,613 thousand as at 31 December 2014). The position bears an interest rate for the main refinancing operations. The total amount of the received interest amounted to EUR 503 thousand as at 31 December 2015 (EUR 8,497 thousand as at 31 December 2014, see Note 23).

Other significant amounts within this caption are claims from monetary income of EUR 51,463 thousand (EUR 47,072 thousand as at 31 December 2014, see Note 27) and the share of NBS in the ECB's net profit for 2015 amounting to EUR 8,913 thousand (EUR 9,281 thousand as at 31 December 2014, see Note 26).

## 9. Other assets

	31 Dec 2015	31 Dec 2014	Change
Tangible and intangible fixed assets	133,277	137,501	(4,224)
Other financial assets	57,635	51,691	5,944
Off-balance sheet instruments revaluation differences	749		749
Accruals and prepaid expenditure	179,675	167,506	12,169
Accumulated losses from previous years	4,814,414	4,916,607	(102,193)
Sundry	144,438	207,171	(62,733)
	<u>5,330,188</u>	<u>5,480,476</u>	<u>(150,288)</u>



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### Tangible and intangible fixed assets

This item comprises fixed assets of the NBS as at 31 December 2015:

	Tangible assets, advances and assets under construction	Intangible assets, advances and assets under construction	T O T A L
Acquisition cost as at 1 January 2015	262,765	33,067	295,832
Additions	797	9,230	10,027
Disposals	2,882	6,081	8,963
Acquisition cost as at 31 December 2015	260,680	36,216	296,896
Accumulated depreciation as at 1 January 2015	135,303	26,991	162,294
Additions	6,489	861	7,350
Disposals	1,982	75	2,057
Accumulated depreciation and provisions as at 31 December 2015	139,810	27,777	167,587
Carrying amount of tangible and intangible assets as at 1 January 2015	127,462	6,076	133,538
Carrying amount of tangible and intangible assets as at 31 December 2015	120,870	8,439	129,309

As at 31 December 2015, the NBS recognized fixed assets held for sale of EUR 3,968 thousand (EUR 3,963 thousand as at 31 December 2014).

### Other financial assets

	31 Dec 2015	31 Dec 2014	Change
Shares of BISIP CNY fund	46,097	41,012	5,085
Shares of BIS	7,512	7,038	474
Share certificates of RVS, a.s.	3,901	3,585	316
Institute of Banking Education	33	33	0
Shares of SWIFT	92	23	69
	<u>57,635</u>	<u>51,691</u>	<u>5,944</u>

As at 31 December 2015, the NBS recognized shares within the BISIP CNY program which represents an indirect form of investing in the on-shore Chinese government bonds market. The purchase represents a 1.75% share of the fund's total value. The year-on-year increase is the result of the valuation of shares (see Section B, Note b).

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 54.42% equity share (a 52.33% share as at 31 December 2014). The increase in the amount of EUR 316 thousand is due to the increase of the share capital of RVS, a.s. (a joint stock company) in October 2015. 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's share in the BIS share capital represents 0.51%. The participating interest in BIS is recognized in the amount of the paid-up share (25%). The unpaid portion of the share (75%) is payable on demand. Dividends are distributed in euro from the total share of the NBS in BIS held in XDR (see Note 26).

Since 2008, the Bank has recognized a deposit in the registered capital of the Institute of Banking Education, a non-profit organization (Inštitút bankového vzdelávania NBS, n. o. Bratislava). The Bank is the only shareholder of the company.

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The Bank holds shares of SWIFT, representing a 0.0245% capital share (0.0063% capital share as at 31 December 2014). The increase of EUR 69 thousand was due to the increased shareholding of the Bank.

#### Off-balance-sheet instruments revaluation differences

As at 31 December 2015, this item represented foreign exchange gains from the valuation of currency swaps in the amount of EUR 749 thousand.

#### Accruals and prepaid expenditure

This item mainly represents accrued bond coupons of EUR 137,994 thousand (EUR 138,677 thousand as at 31 December 2014) and the value of purchased bond coupons in the amount of EUR 37,007 thousand (EUR 16,491 thousand as at 31 December 2014).

#### Sundry

	31 Dec 2015	31 Dec 2014	Change
Deposits - collaterals to derivatives	127,440	173,131	(45,691)
Investment loans granted to employees	7,294	8,452	(1,158)
Fair value of interest rate swaps	2,547	2,367	180
Interest rate futures	2,474	1,890	584
Other	4,683	21,331	(16,648)
	<u>144,438</u>	<u>207,171</u>	<u>(62,733)</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 2015	31 Dec 2014	Change
Euro banknotes in circulation issued by NBS	10,057,976	9,357,274	700,702
Euro banknotes not issued by NBS	879,240	965,669	(86,429)
<b>Total volume of euro banknotes in line with the NBS</b>			
Banknote Allocation Key	<u>10,937,216</u>	<u>10,322,943</u>	<u>614,273</u>

As at 31 December 2015, the Bank issued banknotes amounting to EUR 10,057,976 thousand; down by EUR 879,240 thousand (down by EUR 965,669 thousand as at 31 December 2014) compared to the volume allocated to the NBS by the Banknote Allocation Key (see Section B, Note h). This difference represents a claim of the NBS against the Eurosystem (see Note 8). Following the entry of Lithuania into the Eurosystem, the Banknote Allocation Key for the NBS decreased from 1.0155% to 1.0095% as at 1 January 2015.

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

	31 Dec 2015	31 Dec 2014	Change
Current accounts covering the minimum reserve system	1,455,594	651,999	803,595
Deposit facility	40,000	100,000	(60,000)
	<u>1,495,594</u>	<u>751,999</u>	<u>743,595</u>



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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 on the remuneration of deposits, balances and holdings of excess reserves, reserve holdings exceeding the MRS are remunerated at 0% p.a. or the deposit facility rate, whichever is lower. With effect from 9 December 2015, the ECB applies the negative interest rate -0.30% p.a. for the deposit facility (-0.20% p.a. as at 31 December 2014).

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 2015, a negative interest rate of -0.30% p.a. was set for this type of transaction.

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

	31 Dec 2015	31 Dec 2014	Change
Tri-party repo transactions	2,600,000	2,400,000	200,000
Liabilities from repo transactions	2,081,115	2,146,378	(65,263)
Liabilities from repo transactions with gold	85,845	34,230	51,615
Deposits received to repo transactions	520	271	249
Interbank clearing in Slovakia (SIPS)	135	20,525	(20,390)
	<u>4,767,615</u>	<u>4,601,404</u>	<u>166,211</u>

The interest rate applicable to repo transactions are from -0.03 to -0.31% p.a. (from -0.08 to 0.05% p.a. as at 31 December 2014).

The increase in liabilities from tri-party repo transactions, compared to the preceding period, resulted from an increase in the volume of these repo transactions.

## 13. Liabilities to other euro area residents denominated in euro

	31 Dec 2015	31 Dec 2014	Change
General government	318	1,000,977	(1,000,659)
Other liabilities	270,952	227,120	43,832
	<u>271,270</u>	<u>1,228,097</u>	<u>(956,827)</u>

### General government

As at 31 December 2015, under this caption, the NBS recognized current accounts of the State Treasury amounting to EUR 318 thousand (EUR 977 thousand as at 31 December 2014). As at 16 January 2015, term deposits from the Ministry of Finance of the Slovak Republic ("MFSR") amounting to EUR 1,000,000 thousand matured.

### Other liabilities

	31 Dec 2015	31 Dec 2014	Change
Client current accounts	47,317	12,442	34,875
Client term deposits	29,877	30,070	(193)
Current accounts of auxiliary financial institutions	1,432	895	537
Term deposits of auxiliary financial institutions	192,326	183,713	8,613
	<u>270,952</u>	<u>227,120</u>	<u>43,832</u>

The Bank recognizes within this item current accounts and deposits from clients and auxiliary financial institutions (the Deposit Protection Fund and the Investment Guarantee Fund).



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(in thousands of EUR)**14. Liabilities to non-euro area residents denominated in euro**

	31 Dec 2015	31 Dec 2014	Change
Liabilities from term deposits	700,000	2,424,102	(1,724,102)
Liabilities from repo transactions	600,103		600,103
Liabilities from repo transactions with gold	534,182	513,333	20,849
Client current accounts	3,413	5,368	(1,955)
Deposits received to repo transactions	465		465
	<u>1,838,163</u>	<u>2,942,803</u>	<u>(1,104,640)</u>

Liabilities from inward term deposits represent central banks' deposits with maturity from one day to three months at an interest rate of -0.20% p.a. (-0.03 to 0.03% p.a. as at 31 December 2014).

The interest rate applicable to repo transactions in euro are from -0.15 to -0.07% p.a.

**15. Liabilities to euro area residents denominated in foreign currency**

	31 Dec 2015	31 Dec 2014	Change
Liabilities from repo transactions	850,085	295,493	554,592
Liabilities from repo transactions with gold	115,263	101,580	13,683
Liabilities from deposits received	45,927		45,927
Current accounts of the State Treasury in foreign currency	1	2	(1)
	<u>1,011,276</u>	<u>397,075</u>	<u>614,201</u>

The interest rate applicable to repo transactions in USD is 0.58 to 1.40% p.a. (0.25 to 0.33% p.a. as at 31 December 2014). As at 31 December 2015, the Bank recognized liabilities from long-term repo transactions with gold due in September 2016.

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

	31 Dec 2015	31 Dec 2014	Change
Liabilities from repo transactions	217,706	188,079	29,627
Liabilities from repo transactions with gold	213,778	72,521	141,257
Liabilities from deposits received	36,741		36,741
	<u>468,225</u>	<u>260,600</u>	<u>207,625</u>

The interest rate applicable to repo transactions denominated in USD is from 0.83 to 0.91% p.a. (0.33 to 0.38% p.a. as at 31 December 2014). As at 31 December 2015, the Bank recognized liabilities from long-term repo transactions with gold with maturity in January 2016.

**17. Counterpart of special drawing rights allocated by the IMF**

As at 31 December 2015, the Bank recorded a liability to the IMF from the allocation of EUR 433,359 thousand (EUR 405,987 thousand as at 31 December 2014). 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, respectively.

**18. Other liabilities**

	31 Dec 2015	31 Dec 2014	Change
Off-balance sheet instruments revaluation differences	356	15,729	(15,373)
Accruals and income collected in advance	33,378	82,796	(49,418)
Sundry	383,148	560,641	(177,493)
	<u>416,882</u>	<u>659,166</u>	<u>(242,284)</u>

**Off-balance-sheet instruments revaluation differences**

As at 31 December 2015, this item represented foreign exchange losses from the revaluation of





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currency swaps of EUR 356 thousand (EUR 15,729 thousand as at 31 December 2014).

#### Accruals and income collected in advance

As at 31 December 2015, the major part of accruals was represented by interest expense from interest rate swaps denominated in euro of EUR 32,690 thousand (EUR 78,856 thousand as at 31 December 2014).

#### Sundry

	31 Dec 2015	31 Dec 2014	Change
Euro coins in circulation	152,378	141,627	10,751
Deposits - collaterals to derivatives	81,120	218,620	(137,500)
SKK banknotes in circulation	75,085	76,735	(1,650)
Fair value of interest rate swaps	44,845	95,632	(50,787)
SKK coins in circulation	23,191	23,193	(2)
Other	6,529	4,834	1,695
	<u>383,148</u>	<u>560,641</u>	<u>(177,493)</u>

The value of interest rate swaps as at 31 December 2015 represented the cumulative year-end revaluation loss which is gradually amortized to the profit and loss account under net realized gains from interest rate swaps in accordance with the ECB Guideline (see Note 24).

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

#### 19. Provisions

	31 Dec 2015	31 Dec 2014	Change
General provision for financial risks	660,000	520,000	140,000
Provisions for payables to employees	4,123	3,805	318
Provisions for unbilled supplies	969	685	284
Provisions for legal disputes	8	340	(332)
	<u>665,100</u>	<u>524,830</u>	<u>140,270</u>

The Bank created a general provision for financial risks in order to protect against foreign exchange, interest rate, credit risks and risks 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 NBS investment reserves and gold holdings, taking into account historical scenarios of the financial market development. The potential negative development on the financial markets in the subsequent period has been taken into account in creating the provision. In accordance with the decision of the Bank Board, the provision will be used to cover future losses from financial activities.

The provision of EUR 332 thousand created for legal dispute purposes was dissolved due to the completion of the litigation (see Note 28).

#### 20. Revaluation accounts

	31 Dec 2015	31 Dec 2014	Change
Revaluation accounts of gold	358,347	373,167	(14,820)
Revaluation accounts of securities	47,956	125,537	(77,581)
Revaluation accounts of derivatives	2,547	2,367	180
Revaluation accounts of foreign currency	22,260	18,129	4,131
Revaluation accounts of shares in BISIP CNY fund	2,535	196	2,339
	<u>433,645</u>	<u>519,396</u>	<u>(85,751)</u>



The decrease in the revaluation accounts of gold, compared to the prior period, is due to a decrease in the gold price. The year-on-year decrease in the revaluation accounts of securities is linked to the development on 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 2015, the closing balance of the NBS's general reserves amounted to EUR 340,874 thousand (EUR 340,874 thousand as at 31 December 2014). The general reserves consist of contributions from profits of EUR 337,412 thousand generated in previous years. As at 1 January 2006, following the merger of the ÚFT with the NBS, the ÚFT's general reserves of EUR 3,462 thousand were transferred to the NBS's general reserves.

As at 31 December 2015, the closing balance of the NBS's capital reserves was EUR 882 thousand (EUR 882 thousand as at 31 December 2014).

## Summary of changes in equity and accumulated losses

	Statutory fund	Capital reserves	General reserves	General provision for financial risks	Revaluation accounts gain/(loss)	Accumulated (loss) from previous years	Profit/(loss) for the current year	Equity
1. Balance as at 31 December 2014	16,041	882	340,874	520,000	819,396	(4,916,607)	102,193	(3,417,221)
2. Transfer of profit for 2014 to accumulated loss from previous years						102,193	(102,193)	
3. Transfer to statutory fund								
4. Transfer to general reserves								
5. Change in the general provision for financial risks				140,000				140,000
6. Change in revaluation accounts of securities					(77,581)			(77,581)
7. Change in revaluation accounts of derivatives					180			180
8. Change in revaluation accounts of gold					(14,820)			(14,820)
9. Change in revaluation accounts of foreign currencies					4,131			4,131
10. Change in revaluation accounts of shares in BISIP CNY fund					2,339			2,339
11. Profit for the current reporting period							4,604	4,604
12. Change for the reporting period				140,000	(85,751)	102,193	(97,589)	58,853
13. Balance as at 31 December 2015	16,041	882	340,874	660,000	433,645	(4,814,414)	4,604	(3,358,368)



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## 22. Off-balance sheet instruments

	31 Dec 2015		31 Dec 2014		Change	
	Receivables	Liabilities	Receivables	Liabilities	Receivables	Liabilities
Currency swaps in EUR	331,171	399,014	1,176,507	358,768	(845,336)	40,246
Currency swaps in USD	401,764	289,683	357,878	429,454	43,886	(139,771)
Currency swaps in JPY		21,363	2,327	614,088	(2,327)	(592,725)
Currency swaps in GBP		24,484	1,708	27,089	(1,708)	(2,605)
Currency swaps in CHF				124,750	0	(124,750)
	<b>732,935</b>	<b>734,544</b>	<b>1,538,420</b>	<b>1,554,149</b>	<b>(805,485)</b>	<b>(819,605)</b>

	31 Dec 2015		31 Dec 2014		Change	
	Receivables	Liabilities	Receivables	Liabilities	Receivables	Liabilities
Interest rate futures in EUR		61,200		45,700	0	15,500
Interest rate futures in USD		27,556		5,271	0	22,285
		<b>88,756</b>		<b>50,971</b>	<b>0</b>	<b>37,785</b>

## 23. Net interest income

	31 Dec 2015	31 Dec 2014	Change
<b>Investments in EUR:</b>	<b>38 656</b>	<b>142 631</b>	<b>(103 975)</b>
net income from securities	93 977	302 097	(208 120)
net expense from derivatives	(61 591)	(144 628)	83 037
net income/(expense) from repo transactions	7 111	(4 253)	11 364
net expense from current accounts and term deposits	(977)	(10 733)	9 756
other net interest income	136	148	(12)
<b>Investments in foreign currency:</b>	<b>1 134</b>	<b>1 176</b>	<b>(42)</b>
net income from securities	11 234	1 376	9 858
net expense from derivatives	(4 860)	(651)	(4 209)
net (expense)/income from current accounts and term deposits	(2 693)	3	(2 696)
net expense from repo transactions	(2 911)	(93)	(2 818)
compensation from MIF SR	364	541	(177)
<b>Monetary policy operations:</b>	<b>55 664</b>	<b>60 672</b>	<b>(5 008)</b>
net income from securities	54 746	61 161	(6 415)
net income/(expense) from deposits and loans	439	(13)	452
net income/(expense) from MRS	479	(476)	955
<b>Remuneration of the claims equivalent to the transfer of foreign reserves</b>	<b>193</b>	<b>629</b>	<b>(436)</b>
<b>Remuneration of euro banknotes</b>	<b>480</b>	<b>457</b>	<b>23</b>
<b>Remuneration of TARGET2</b>	<b>503</b>	<b>8 497</b>	<b>(7 994)</b>
	<b>96 630</b>	<b>214 062</b>	<b>(117 432)</b>

The decrease in net interest income from investments in euro is mainly linked to the decrease in the net interest income from securities and volume of securities in the portfolio (see Note 7). Interest income from TARGET2 remuneration decreased due to the lower net position of TARGET2 (see Note 8).

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Due to the introduction of negative interest rates on the financial markets since 2014, and the method of reporting (see Section B, Note c), the NBS recorded the following gross interest income and gross interest expense as at 31 December 2015:

Gross interest income	31 Dec 2015	31 Dec 2014	Change
<b>Investments in EUR:</b>	<b>5,014</b>	<b>154</b>	<b>4,860</b>
Repo transactions	4,744	149	4,595
Term deposits	105		105
Client current accounts	165	5	160
<b>Investments in foreign currency:</b>	<b>14</b>		<b>14</b>
Repo transactions	14		14
<b>Monetary policy operations:</b>	<b>706</b>	<b>279</b>	<b>427</b>
MRS	690	167	523
Deposit facility	16	112	(96)
	<u>5,734</u>	<u>433</u>	<u>5,301</u>

Gross interest expense	31 Dec 2015	31 Dec 2014	Change
<b>Investments in EUR:</b>	<b>12</b>		<b>12</b>
Current accounts	12		12
<b>Investments in foreign currency:</b>	<b>1,943</b>		<b>1,943</b>
Current accounts	1,943		1,943
	<u>1,955</u>		<u>1,955</u>

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

	31 Dec 2015	31 Dec 2014	Change
<b>Realised gains arising from financial operations</b>	<b>77,797</b>	<b>147,055</b>	<b>(69,258)</b>
Net gains from interest rate swaps	60,138	128,346	(68,208)
Net gains from sale of securities	11,178	15,950	(4,772)
Net foreign exchange gains	6,481	2,759	3,722
<b>Write-downs on financial assets and positions</b>	<b>(28,849)</b>	<b>(53,677)</b>	<b>24,828</b>
Losses from interest rate swaps revaluation	(12,886)	(43,392)	30,506
Losses from securities revaluation	(3,732)	(1,473)	(2,259)
Losses from foreign currency revaluation	(12,231)	(8,812)	(3,419)
<b>Transfer to/from provisions for foreign exchange rate, interest rate, credit and gold price risks</b>	<b>(140,000)</b>	<b>(220,000)</b>	<b>80,000</b>
General provision for financial risks	(140,000)	(220,000)	80,000
	<u>(91,052)</u>	<u>(126,622)</u>	<u>35,570</u>



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## 25. Net income/(expense) from fees and commissions

	31 Dec 2015	31 Dec 2014	Change
<b>Fees and commissions from investment operations:</b>	<b>(98)</b>	<b>(248)</b>	<b>150</b>
Net loss from operations with banks	(498)	(598)	100
Net profit from operations with clients	210	216	(6)
Net profit from operations with securities	224	179	45
Net loss from interest rate futures	(17)	(32)	15
Other	(17)	(13)	(4)
<b>Fees and commissions from monetary policy operations:</b>	<b>(224)</b>	<b>(71)</b>	<b>(153)</b>
Net loss from operations with banks	(238)	(108)	(130)
Net profit from operations with securities	14	37	(23)
<b>Net profit from exchange of euro coins</b>	<b>59</b>	<b>54</b>	<b>5</b>
	<b>(263)</b>	<b>(265)</b>	<b>2</b>

## 26. Income from equity shares and participating interests

	31 Dec 2015	31 Dec 2014	Change
Income on the ECB's net profit of the current year	8,913	9,281	(368)
Income on the ECB's net profit of the previous year	1,635	599	1,036
Dividends from BIS shares	808	695	113
	<b>11,356</b>	<b>10,575</b>	<b>781</b>

## 27. Net result of pooling of monetary income

Monetary income in accordance with Article 32(1) of the Statute and Decision ECB/2010/23 on the allocation of monetary income of the national central banks of Member States whose currency is the euro, as amended, represents the net annual income derived from their assets, held against banknotes in circulation and deposit liabilities to credit institutions. Monetary income is the income resulting from the performance of the monetary policy of the ESCB.

Monetary income is allocated to the NBS at the end of each financial year in proportion to its share on the ECB's paid-up capital (1.0974%).

Monetary income pooled by the NBS for 2015 into the common pool of monetary income of the Eurosystem amounted to EUR 46,974 thousand. The monetary income equivalent to the 1.0974% share of the NBS amounted to EUR 98,557 thousand. The difference of EUR 51,583 thousand (EUR 45,119 thousand as at 31 December 2014) represents the net result of the pooling of monetary income. The revenues of the NBS decreased by EUR 120 thousand as a result of a revision to Eurosystem monetary income for 2014 (the revenues increased by EUR 1,953 thousand as at 31 December 2014 as a result of a revision for the years 2009 – 2013).

## 28. Other income and other expenses

As at 31 December 2015, the most significant part of the Bank's "Other income" was represented by income from fees and contributions from financial market entities of EUR 5,176 thousand (EUR 4,203 thousand as at 31 December 2014), earned fees from participation in settlement systems of EUR 2,692 thousand (EUR 2,643 thousand as at 31 December 2014), and income from sale of commemorative coins and coins in circulation of EUR 1,225 thousand



(EUR 1,269 thousand as at 31 December 2014). In 2014, the item "Other income" was influenced by an extraordinary gain from the issuance of Slovak coins in the amount of EUR 23,778 thousand.

As at 31 December 2015, the Bank's "Other expenses" mainly represented costs of the minting of general circulation and collector coins, including costs of related services, of EUR 5,638 thousand (EUR 2,409 thousand as at 31 December 2014). This item was positively affected by the release of provision for legal disputes of EUR 332 thousand (see Note 19).

### 29. Staff costs

	31 Dec 2015	31 Dec 2014	Change
Wages and salaries	(25,575)	(23,257)	(2,318)
Social security costs	(9,105)	(8,364)	(741)
Other employee costs	(3,351)	(3,475)	124
	<u>(38,031)</u>	<u>(35,096)</u>	<u>(2,935)</u>

As at 31 December 2015, the average FTE number of employees was 1,046 (1,008 as at 31 December 2014), of whom 98 were managers (97 as at 31 December 2014).

Wages and employee benefits of the Bank Board's members for 2015 amounted to EUR 556 thousand (EUR 542 thousand in 2014). As at 31 December 2015 and 2014, the Bank recorded no outstanding loans to the members of the Bank Board.

The NBS has created a supplementary 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 2015, this item mainly included the costs of technical support and IS maintenance, repairs and maintenance, energy and material consumption and telecommunications costs totaling EUR 8,575 thousand (EUR 13,661 thousand as at 31 December 2014).

Costs of audit and verification of the financial statements by the auditor amounted to EUR 68 thousand as at 31 December 2015 (EUR 71 thousand as at 31 December 2014). As at 31 December 2015, 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 2015	31 Dec 2014	Change
Depreciation of tangible fixed assets	(6,489)	(6,504)	15
Depreciation of intangible fixed assets	(861)	(1,210)	349
	<u>(7,350)</u>	<u>(7,714)</u>	<u>364</u>

### 32. Banknote production services

As at 31 December 2015, the cost for printing euro banknotes was EUR 2,254 thousand (EUR 6,255 thousand as at 31 December 2014).



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### 33. Income tax and other charges on income

According to Article 43 of Act No. 595/2003 Coll. on Income Taxes, as amended, the NBS is a taxpayer of income (proceeds) accrued from bonds issued in the jurisdiction of the Slovak Republic. In 2015, the NBS paid a withholding tax of EUR 2,202 thousand (EUR 156 thousand as at 31 December 2014).

### 34. Profit for the year

The result of the Bank's operations as at 31 December 2015 was a profit of EUR 4,604 thousand (profit of EUR 102,193 thousand as at 31 December 2014). 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 2016, the ECB Governing Council decided to distribute the ECB's net profit for 2015 to individual central banks based on the key on the ECB's paid-up capital. The NBS income of EUR 2,959 thousand from the profit distribution is accounted for in the 2016 reporting period.

No significant events occurred subsequent to 31 December 2015 that would require any adjustments to the 2015 financial statements.

Bratislava, 8 March 2016

doc. Ing. Jozef Makúch, PhD.  
Governor

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

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

To the Bank Board of the Národná banka Slovenska:

- I. We have audited the financial statements of the Národná banka Slovenska ("the Bank") as at 31 December 2015 presented in the annual report on pages 68 – 96. We issued the following independent audit report dated 8 March 2016 on the financial statements:

***"Independent Auditors' Report"***

*To the Bank Board of the Národná banka Slovenska:*

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

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

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

*Auditors' Responsibility*

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

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

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

*Opinion*

*In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2015 and of its financial performance for the year then ended in accordance with the ECB Guideline and the Act on Accounting.*

*8 March 2016  
Bratislava, Slovak Republic*

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

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

**THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT**

Spoločnosť zo skupiny Ernst & Young Global Limited  
Ernst & Young Slovakia, spol. s r.o., IČO: 35 840 463, zapísaná v Obchodnom registri Okresného súdu Bratislava I, oddiel: Sro, vložka číslo: 27004/B a v zozname audítorov vedenom Slovenskou komorou audítorov pod č. 257.



- II. We have also audited the consistency of the annual report with the above-mentioned financial statements. The management of the Národná banka Slovenska 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 financial statements as at 31 December 2015. We have not audited information that has not been derived from 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 2015 and is in accordance with the Act on Accounting No 431/2002 Coll., as amended by later legislation.

28 April 2016  
Bratislava, Slovak Republic

  
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