



INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF NBS AS AT 31 DECEMBER 2012



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Independent Auditors' Report

To the Bank Board of the National Bank of Slovakia:

We have audited the accompanying financial statements of the National Bank of Slovakia ('the Bank'), which comprise the balance sheet as at 31 December 2012, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

Responsibility of the Bank Board of the National Bank of Slovakia for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2012 and of its financial performance for the year then ended in accordance with the ECB Guideline and the Act on Accounting.

19 March 2013
Bratislava, Slovak Republic

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

Ing. Dalimil Draganovský
SKAU Licence No. 893

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

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 auditorov vedenom Slovenskou komorou auditorov pod č. 257.



FINANCIAL STATEMENTS OF NÁRODNÁ BANKA SLOVENSKA AS AT 31 DECEMBER 2012

BALANCE SHEET				
of Národná banka Slovenska				
		Note	31 Dec 2012	31 Dec 2011
			EUR '000	EUR '000
	ASSETS			
A1	Gold and gold receivables	1	1,284,963	1,239,740
A2	Claims on non-euro area residents denominated in foreign currency	2	622,029	651,913
A3	Claims on euro area residents denominated in foreign currency	3	122,208	267,950
A4	Claims on non-euro area residents denominated in euro	4	2,583,387	3,089,605
A5	Lending to euro area credit institutions related to monetary policy operations denominated in euro	5	1,941,900	1,264,000
A6	Other claims on euro area credit institutions denominated in euro	6	39,548	43,391
A7	Securities of euro area residents denominated in euro	7	9,751,667	12,547,350
A8	General government debt denominated in euro			
A9	Intra-Eurosystem claims	8	1,761,630	1,475,834
A10	Items in course of settlement			97
A11	Other assets	9	6,595,059	6,530,992
A12	Loss of the year	33		76,734
	TOTAL ASSETS		24,702,391	27,187,606
	LIABILITIES			
L1	Banknotes in circulation	10	8,318,276	8,099,844
L2	Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	11	690,643	645,975
L3	Other liabilities to euro area credit institutions denominated in euro	12	5,634,841	328,816
L4	Credit certificates issued			
L5	Liabilities to other euro area residents denominated in euro	13	2,790,554	160,002
L6	Liabilities to non-euro area residents denominated in euro	14	3,519,406	1,493,748
L7	Liabilities to euro area residents denominated in foreign currency	15	90,304	90,497
L8	Liabilities to non-euro area residents denominated in foreign currency	16	64,970	65,368
L9	Counterpart of special drawing rights allocated by the IMF	17	396,896	404,046
L10	Intra-Eurosystem liabilities			13,600,041
L11	Items in course of settlement			
L12	Other liabilities	18	1,171,826	1,169,028
L13	Provisions	19	257,136	7,743
L14	Revaluation accounts	20	1,210,303	764,701
L15	Capital and reserves	21	357,797	357,797
L16	Profit for the year	33	199,439	
	TOTAL LIABILITIES		24,702,391	27,187,606



PROFIT AND LOSS ACCOUNT			
of Národná banka Slovenska			
	Note	31 Dec 2012	31 Dec 2011
		EUR '000	EUR '000
1.1 Interest income		873,453	980,508
1.2 Interest expense		(428,787)	(673,405)
1 Net interest income	23	444,666	307,103
2.1 Realised gains arising from financial operations		168,124	115,700
2.2 Write-downs on financial assets and positions		(200,949)	(461,988)
2.3 Transfer to / from provisions for foreign exchange rate, interest rate and gold price risks		(250,000)	
2 Net result of financial operations, write-downs and risk provisions	24	(282,825)	(346,288)
3.1 Fees and commissions income		1,166	2,830
3.2 Fees and commissions expense		(1,235)	(1,270)
3 Net income / (expense) from fees and commissions	25	(69)	1,560
4 Income from equity shares and participating interests	26	7,506	9,092
5 Net result of pooling of monetary income	27	85,075	15,596
6 Other income	28	9,531	11,023
Total net income		263,884	(1,914)
7 Staff costs	29	(32,587)	(33,313)
8 Administrative expenses	30	(18,268)	(17,797)
9 Depreciation of tangible and intangible fixed assets	31	(9,499)	(10,342)
10 Banknote production services	32	(143)	(3,070)
11 Other expenses	28	(3,948)	(10,298)
12 Income tax and other government charges on income			
Profit / (Loss)	33	199,439	(76,734)



NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

A. GENERAL INFORMATION ON NÁRODNÁ BANKA SLOVENSKA

Národná banka Slovenska (the National Bank of Slovakia, subsequently the “NBS” or the “Bank”) is the independent central bank of the Slovak Republic. The NBS was established in accordance with Act No. 566/1992 Coll. on the National Bank of Slovakia as amended (subsequently the “NBS Act”). The NBS commenced its activities on 1 January 1993 as the bank issuing the currency of Slovakia. Upon euro-adoption in Slovakia as at 1 January 2009, the NBS became a full member of the Eurosystem, the euro area central banking system consisting of the European Central Bank (subsequently the “ECB”) and the 17 national central banks of the European Union member states with the common euro currency.

The NBS is a legal entity (Corporate ID: 30 844 789) seated at Imricha Karvaša 1, Bratislava. In respect of its own assets, the NBS acts as a business entity. The NBS has its head office in Bratislava, five branches in Slovakia, and special-purpose organizational units.

Under the NBS Act, the Bank’s primary objective is to maintain price stability. For this purpose, the NBS:

- Participates in the common monetary policy determined by the ECB for the euro area;
- Issues euro banknotes and euro coins in accordance with special regulations valid in the euro area;
- Supports the smooth and cost-effective operation of payment services; controls, coordinates and facilitates currency circulation;
- Holds and manages foreign reserves and executes foreign exchange operations; in conducting operations within the Eurosystem, it acts in accordance with the separate legal provisions applicable to Eurosystem operations;
- Performs other activities resulting from its participation in the European System of Central Banks.

In the area of the financial market, the NBS contributes to the stability of the financial system as a whole, as well as to the secure and sound op-

eration of the financial market with the purpose of maintaining its credibility, client protection, and respect for the rules of economic competition. The NBS performs financial market supervision and other activities in the area of the financial market.

The Bank, with the authorization of the Government of Slovakia (subsequently the “Government”), represents Slovakia in international institutions in the area of the financial market and in operations on the international financial markets where it ensures the performance of tasks arising from such representation. Within its supervision of the financial market, the NBS also performs tasks in the area of international cooperation.

The NBS performs its tasks independently of instructions from state authorities, local self-government bodies and other public authorities. Within the scope of its authority, the NBS serves the Government in an advisory capacity.

The supreme governing body of the NBS is the NBS Bank Board (ref. as “Bank Board”). In exercising its powers and authorities under the NBS Act, the Bank Board is required to observe the rules valid for the European System of Central Banks and the rules applicable for the Eurosystem. Following accession to the Eurosystem, the Bank Board primarily:

- Determines the procedural principles followed by the NBS and its organizational units when implementing the common European monetary policy;
- Determines the principles of conduct and the organization of supervision of the financial market;
- Sets guiding principles for the activities and operations of the NBS;
- Approves the budget of the NBS, financial statements of the NBS, annual reports on result of operations and annual reports of the NBS, decides on the use of profits or settlement of losses of the NBS, and sets the types of funds of the NBS and their amount and use;
- Determines the organizational structure of the NBS;
- Sets the amount of annual contributions of supervised entities in the financial market;
- Determines the procedure to be followed by the NBS and its organizational units when issuing euro banknotes and euro coins, including commemorative euro coins and collector euro coins, in accordance with the separate



In 2012, the Bank Board consisted of the following members:

Name	Term of Office in the Bank Board	Current Position	Date of Appointment
doc. Ing. Jozef Makúch, PhD.	1. 1. 2006 – 12. 1. 2015	Governor	12. 1. 2010
Mgr. Ján Tóth, M.A.	5. 11. 2012 – 5. 11. 2017	Deputy Governor	5. 11. 2012
Ing. Viliam Ostrožlík, MBA	1. 3. 2007 – 11. 7. 2012	Deputy Governor	11. 7. 2007
Ing. Štefan Králik	1. 4. 2009 – 1. 4. 2014	Member	1. 4. 2009
RNDr. Karol Mrva	1. 6. 2012 – 1. 6. 2017	Member	1. 6. 2012
Ing. Gabriela Láni Sedláková	1. 6. 2007 – 1. 6. 2012	Member	1. 6. 2007

The term of office of RNDr. Karol Mrva on the Bank Board was terminated on 10 January 2012. From 1 June 2012 he was reappointed to this function again.

legal provisions applicable in the euro area for the issue of euro banknotes and euro coins;

- Approves the generally binding regulations issued by the NBS and bills which the NBS presents or co-presents to the Government;
- Approves draft agreements on mutual assistance, cooperation, and provision of information and supporting documents between the NBS and foreign supervisory authorities in the area of financial markets or between the NBS and public authorities in Slovakia which perform oversight and supervision pursuant to separate regulations.

Pursuant to the amendment to Act No. 492/2009 Coll., the Bank Board should have five members: the Governor, two Deputy Governors, and two other members. Members of the Bank Board are appointed for a term of five years. A person may be reappointed as a member of the Bank Board with the provision that the same person may be appointed as Governor for not more than two consecutive terms of office and as Deputy Governor for not more than two consecutive terms of office. The Governor represents the NBS vis-à-vis third parties.

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

The NBS submits the annual report on result of its operations to the National Council of the

Slovak Republic within three months after the end of the calendar year. In addition to the NBS financial statements and the auditor's opinion thereon, the report provides information on the NBS's operating costs. If so requested by the National Council of the Slovak Republic, the NBS is obliged, within six weeks, to supplement the report as requested and/or to provide explanations to the report as submitted.

B. ACCOUNTING PRINCIPLES AND ACCOUNTING METHODS APPLIED

(a) Basis for Preparation of the Financial Statements

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 (subsequently the "ECB Guideline"). In recognizing transactions not regulated by the ECB Guideline, the Bank observes the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and in line with the interpretations issued by the International Financial Reporting Interpretations Committee as adopted by the European Commission pursuant to the Directive of the European Parliament and the Council of the European Union. In other cases, the Bank acts in accordance with Act No. 431/2002 Coll. on Accounting, as amended (subsequently the "Act on Accounting").

In accordance with the ECB Guideline, the Bank applies the following basic accounting principles: the principle of economic reality and transparency, the principle of prudence, the recognition of post-balance-sheet events, the principle of materiality, the



accruals principle, the going-concern basis, and the principle of consistency and comparability. Income and expenses are recognized in the accounting period in which they are earned or incurred.

Other accounting principles are detailed in the individual sections of the financial statements. When preparing the financial statements, the Bank acts in accordance with the recommended harmonized procedures for the preparation of disclosures to the financial statements of a national central bank within the Eurosystem.

b) Transaction Date

Foreign exchange transactions, financial instruments denominated in local and foreign currency, excluding securities, 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 accounts in the Bank's assets and liabilities.

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 settlement date.

(c) Methods for Valuing Assets and Liabilities in foreign currency

Over the course of the year, assets (including gold) and liabilities denominated in foreign currency are valued at the average cost of the currency on a daily basis. Foreign exchange differences arising on the daily valuation from movements in assets and liabilities are recognized in the profit and loss account. As at the month-end, assets and liabilities are valued at the reference exchange rate announced by the ECB, with the exception of XDR. In the case of XDR, the ECB determines the exchange rate only on a quarterly basis. Over the course of any three-month period, assets and liabilities in XDR are valued at the market price. The difference between the reference exchange rate or the market price and the rate used in the accounting books (the average cost of the currency) represents unrealized foreign exchange gains or losses, which are recognized on the revaluation accounts in equity over the course of the year. At the year-end, any unrealized foreign exchange

losses exceeding unrealized foreign exchange gains of the respective currency are recognized in the profit and loss account and any unrealized foreign exchange gains remain recognized on the revaluation accounts in equity.

Foreign exchange spot transactions and currency forwards recorded on the off-balance sheet accounts from the agreed trade date affect the net foreign currency position for calculating the average cost of the currency. For foreign exchange swaps, the currency position is only affected by the accrued interest expense and income (the difference between the spot and forward rates), which is accrued on the balance sheet on a daily basis. For the valuation of these off-balance sheet instruments, the same principle applies as for the valuation of balance-sheet instruments.

Each currency is valued separately. Foreign exchange losses in one currency are not netted with foreign exchange gains in other currencies.

The foreign exchange rates of key foreign currencies against EUR 1 used to value the assets and liabilities as at 31 December 2012, were as follows:

Currency	31 Dec 2012	31 Dec 2011
GBP	0.81610	0.83530
USD	1.31940	1.29390
JPY	113.61000	100.20000
XDR	0.85785	0.84267
EUR/t oz*	1,261.179	1,216.864

* t oz (troy ounce) = 31.1034807 g

(d) Gold and Gold Receivables

In accordance with the ECB Guideline, gold is treated as a foreign currency. No distinction is made between price and currency revaluation differences. Gold is valued on a daily basis at the average price of the currency (gold). On a monthly basis, gold is measured at the market value, which is the London gold morning fixing in USD/t oz (troy ounce) translated at the EUR/USD exchange rate valid as at the revaluation date.

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".



(e) Debt Securities

Debt securities are initially recognized at acquisition cost. From the date following the purchase date to the sale or maturity of the security (including the sale or maturity date), the Bank amortizes the premium or the discount on a daily basis (the difference between the cost and nominal value). The effective interest rate (subsequently "EIR") method is applied to the calculation of the amortized premium/discount.

In the event of the acquisition of debt securities with a coupon, the amount of the purchased coupon is considered as a separate item. From the date following the settlement date to the sale or maturity of the coupon (including the sale or maturity date), the interest income from the coupon is accrued. The straight-line method is applied to coupon accruals.

Debt securities, except for held-to-maturity securities acquired as part of the single monetary policy, are valued on a monthly basis at the mid-market price on an individual basis, i.e. separately, based on the same ISIN number. The valuation difference is the difference between the mid-market price and the average cost net of the amortized discount/premium recognized in the accounting books. Over the year, valuation differences are recognized in equity. As at the year-end, gains on valuation are recognized in equity and losses on valuation are recognized in the Bank's profit and loss account.

The mid-market price of debt securities for which an active market exists is derived from the mid-market price on the market. If no mid-market price is available, the price is determined by a qualified estimate.

Upon the sale of a security, the difference between the average cost adjusted for the amortized discount/premium and the selling price is the gain or loss realized on the sale (market effect), which is recognized in the Bank's profit and loss account.

Debt securities acquired under the Securities Markets Programme (subsequently "SMP") and covered bonds acquired under the Covered Bonds Purchase Programme (subsequently "CBPP") as part of the common monetary policy are held to maturity and at purchase are valued at acquisition cost and then at amortized cost. As at the balance sheet date, the Bank assesses

whether there is any objective evidence of their impairment. Loss on impairment is calculated as the difference between the carrying amount of the debt security as at the last calendar date of the year and the present value of the estimated future cash flows discounted by the original interest rate. In the event of impairment, a provision is created at the last calendar date of the year, which is subsequently reassessed annually.

The impairment test for bonds acquired under the SMP is performed by the ECB on a centralized basis and is subject to approval of the ECB Governing Council. Under Article 32.4 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank (subsequently the "Statute"), any losses arising from ownership of securities acquired under the SMP are shared by the Eurosystem central banks based on their share in the ECB's paid-up capital existing at the time of the initial impairment.

The impairment test for bonds acquired under the CBPP is coordinated by the ECB. By a decision of the Bank Board, the NBS accepts the results of the coordinated test.

Debt securities are disclosed with the amortized premium/discount. Coupons are reported under "Other assets".

(f) Derivatives

Currency swap transactions are recorded on the off-balance sheet accounts from the agreed trade date to the value date. On the settlement date of a spot / forward part of the transaction, the accounting entries on off-balance sheet accounts are reversed and the transactions are recorded on the balance sheet accounts. The difference between the spot and forward values of the transaction is considered as interest expense or interest income. Interest is accrued on a daily basis using the linear method from the date following the value date to the swap maturity date.

In the case of interest rate swaps, the nominal value is recorded on the off-balance sheet from the trade date to the interest rate swap maturity date. The straight-line method is applied to interest accruals. The interest is recognized on a daily basis from the date following the value date or the interest maturity date to the next interest maturity or the swap maturity date. Interest rate



swaps are valued individually at market prices on a monthly basis. During the reporting period, the valuation difference, which is the difference between the market price and the carrying amount, is recognized in equity. As at the year-end, gains on valuation are recognized in equity on the Bank's balance sheet and losses on valuation are recognized in the Bank's profit and loss account. Losses are amortized in subsequent years up to the maturity of the interest rate swap.

The difference between the market price of the put options purchased and the call options relating to long-term gold swaps in years 2005 and 2006, accounted as repo transactions with gold (ref. to part B, notes d and h) affected the amount of the loan received on the transaction date. This difference is accrued daily in expenses using the EIR method.

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

The Bank also deals in interest rate futures. Initial margins to interest rate futures are deposited in cash. Futures contracts are revalued daily on market prices into the profit and loss account.

(g) Receivables

Receivables are recognized on the balance sheet at their nominal value increased for accrued interest. Receivables are net of provisions for impairment losses. The creation and release of provisions for impairment losses is recorded in the profit and loss account.

Observing the prudence principle, the Bank assesses the risk of receivables, categorizes them, and recognizes provisions for receivables.

Receivables are written off into expenses on the basis of a court ruling on their non-recoverability or based on the Bank Board's decision. Any related provisions are released to expenses.

(h) Reverse 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.

Transactions conducted under a reverse repurchase agreement (reverse repurchase transactions) 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 prolonged on a daily basis (see Notes 12 and 14).

Collateralized gold transactions are treated as repurchase agreements.

The Bank also performs Tri-party repurchase transactions, with a third party entering the relationship between the NBS and a partner bank.

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

(i) Receivables from / Payables to the International Monetary Fund

Receivables from and payables to the International Monetary Fund (subsequently the "IMF") are disclosed on a net basis, i.e. receivables and payables are netted.

The payable from the allocation is disclosed under L9 "Counterpart of special drawing rights allocated by the IMF".

(j) Intra-Eurosystem Claims and Liabilities

Intra-Eurosystem claims and liabilities represent the position of the NBS towards other members of the European System of Central Banks (subsequently the "ESCB") from cross-border transactions.

(k) Participating Interests

The Bank records a participating interest in the ECB. In accordance with the Statute, the amount of the total capital share of the individual national central banks depends on the capital key deter-



mined on the basis of the following statistical categories: GDP and population. In accordance with the Statute, the capital key is adjusted on a five-year basis or upon the accession of new members to the ESCB. The capital key was adjusted most recently as at 1 January 2009 and for the NBS represents 0.6934%. The latest adjustment to the participating interests of the central banks in the capital of the ECB was realized pursuant to Decision ECB/2010/26 and Decision ECB/2010/27 on the increase of the European Central Bank's capital with effect from 29 December 2010 (see Note 8).

In accordance with the Commercial Code (Act No. 513/1991 Coll. as amended), the NBS is the controlling entity with a majority share in the voting rights in RVS, a.s. Bratislava with a 52.33% equity share. The equity share of RVS, a.s. Bratislava is measured at cost.

The Bank recognizes an equity share in the Bank for International Settlements in Basel, Switzerland (subsequently the "BIS") with an equity share of 0.51%. The equity shares in the BIS are measured at cost. The participating interest in the BIS is recognized in the amount of the share paid (25%). The outstanding portion (75%) is payable on demand. Dividends are paid in euro on the NBS's total share in the BIS maintained in XDR.

The NBS recognizes a capital share in Inštitút bankového vzdelávania NBS, n.o. Bratislava, which the Bank established on 28 October 2008. The capital share of NBS represents 100% and is valued at cost.

The Bank recognized 7 shares of the company SWIFT amounting to EUR 23 thousand allocated to the Bank in April 2012. Allocation took place based on the shares reallocation to individual members according to their financial payments resulting from SWIFT usage services in 2011. Shares are valued at cost.

(l) Monetary Income

Under Article 32(1) of the Statute and Decision ECB/2010/23 on the allocation of monetary income of the national central banks of participating member states, as amended, monetary income represents net annual income derived from the assets of a national central bank held against banknotes in circulation and deposit liabilities of credit institutions.

The amount of monetary income of each central bank in the Eurosystem is derived from the actual income on earmarkable assets adjusted by interest expense from the liability base. Earmarkable assets largely consist of gold, lending to euro area credit institutions related to monetary policy operations denominated in euro, securities held for monetary policy purposes, and intra-Eurosystem claims from the allocation of euro banknotes. The liability base largely consists of banknotes in circulation, liabilities to euro area credit institutions related to monetary policy operations denominated in euro and liabilities resulting from transactions in Trans-European Automated Real-Time Gross settlement Express Transfer system 2 (ref. as "TARGET2").

Monetary income is allocated at the end of each financial year in proportion to the NBS's paid-up share in the capital of the ECB (0.9910%). The subsequent transfer of financial means is performed through the TARGET 2 payment system by the end of January of the following calendar year (see Note 27).

By decision of the ECB Governing Council, the ECB loss can be settled from the monetary income of the respective financial year.

(m) Issue of Banknotes

Pursuant to Decision ECB/2010/29 on the issue of euro banknotes, 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 0.9115%. The share in 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 Related to Allocation of Euro Banknotes within the Eurosystem" (see Note 8).

Over a period of five years from the Bank's transition to euro as cash (1 January 2009), receive-



bles or liabilities relating to the allocation of euro banknotes within the Eurosystem are adjusted in order to eliminate major changes in the yield position of the Bank compared to prior years. The adjustment is based on the average issue of banknotes of the local currency two years prior to accession to the Eurosystem. For the NBS, the period of adjusting banknotes issue ends on 31 December 2014.

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

(n) ECB Profit Redistribution

In accordance with Decision ECB/2010/24 of 25 November 2010, the ECB's income, consisting of the ECB's 8% share in euro banknotes issue and net income from securities purchased by the ECB under the SMP, 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.

The ECB Governing Council decides on the amount of the interim distributed profit prior to the end of the calendar year, whereas the amount cannot exceed the ECB's net profit for that year. At the same time, the ECB Governing Council may decide to transfer all or part of the ECB's profit to reserves for credit, exchange rate, interest rate and gold price risks.

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. Under Article 33 of the Statute, transfers from the net earned profit of the ECB are made first to the general reserve fund of the ECB (which may not exceed 20% of the net profit, subject to a limit equal to 100% of the capital). The remaining net profit is redistributed to the national central banks within the Eurosystem in proportion to their paid-up shares in the capital of the ECB.

In the event of the ECB incurring a loss, the shortfall may be offset against the ECB's general reserve fund and, if necessary, following a decision by the ECB Governing Council, against the monetary income of the respective financial year in proportion and up to the amounts allocated to

the national central banks within the Eurosystem, in accordance with Article 32.5 of the Statute.

(o) Fixed Assets

With effect from 1 January 2010 and pursuant to the ECB's Guideline, the NBS's fixed assets include tangible fixed assets and intangible fixed assets with an initial cost higher than EUR 10,000 and with a useful life of more than one year. Immovables, works of art, immovable historic landmarks and collections with the exception of those listed under separate regulations (e.g. Act No. 206/2009 Coll. on Museums and Galleries and on the Protection of Cultural Valuables) 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.

On the balance sheet, tangible and intangible fixed assets are recognized at cost including incidental expenses; depreciated fixed assets are net of accumulated depreciation. Land, works of art, immovable historic landmarks, collections and tangible and intangible assets under construction or in progress are not depreciated.

Tangible and intangible fixed assets of the NBS are depreciated/ amortized on a linear basis and are included in the individual depreciation groups as follows:

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

1) asset components



(p) Fixed Assets Held for Sale

Fixed assets available for sale include land and structures that are available for sale in their current condition, where the sale is regarded as highly probable. These assets are not depreciated.

Assets classified as fixed assets available for sale are disclosed at whichever is the lower of cost less accumulated depreciation and provisions or fair value less costs of sale.

(r) Provisions

The Bank recognizes provisions if it has a present liability as a result of past events and it is probable that an outflow of financial resources will be required to settle the liability, and the amount of the liability may be reliably estimated.

Further, in accordance with Decision ECB/2012/29 amending the Decision ECB, the Bank can create general provision for foreign exchange rate, interest rate, credit and gold price risks (see Note 19 and 24).

General provision for foreign exchange rate, interest rate, credit and gold price risks is presented as a part of the Bank's equity and its movements in the profit and loss account.

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).

(s) Cost of Employee Benefits

The NBS makes regular payments on behalf of its employees to health insurance companies for health insurance and to the Social Insurance Company for sickness, retirement, accident, guarantee and unemployment insurance and a contribution to the Guarantee Fund. Contributions are made 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 stipulated in the Employment Act.

In association with supplementary pension management companies, the NBS has established a supplementary pension scheme for its employees.

The Bank also creates a provision for employee benefits in accordance with the statutory and other requirements.

(t) Taxation

The NBS is liable to corporate income tax. In accordance with Article 12 of Act No. 595/2003 Coll. on Income Taxes as amended, only income taxed by withholding tax is subject to taxation.

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

The NBS is a payer of broadcasting fees pursuant to the full wording of Act No. 68/2008 Coll. on Payments for Public Services Provided by Slovak Television and Slovak Radio, and a payer of local taxes from real estate, motor vehicles as well as local taxes for accommodation, municipal waste and air pollution pursuant to Act No. 582/2004 on Local Taxes and Local Charges for Municipal and Minor Construction Waste, as amended.

(u) Off-Balance Sheet Instruments

Forward and spot purchases and sales are recognized on off-balance sheet accounts from the trade date to the settlement date at the spot rate of the transaction. On the settlement date, the off-balance sheet booking entries are reversed and the transactions are recorded on the balance sheet accounts.

Futures are recognized by the Bank on the off-balance sheet accounts from the trade date to the settlement date at the price of the underlying instrument. Valuation of the underlying instruments does not affect the net foreign currency position for calculating the average cost of the currency.

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

1. GOLD AND GOLD RECEIVABLES

EUR'000	31 Dec 2012	31 Dec 2011
Bars in standard form	1,282,979	1,237,826
Gold in other form	1,984	1,914
	1,284,963	1,239,740



As at 31 December 2012, gold comprises a total of 1,019 thousand t oz. of gold (1,019 thousand t oz. of gold as at 31 December 2011), of which 935 thousand t oz. of gold are used in repurchase transactions, 82 thousand t oz. are deposited in correspondent banks and 2 thousand t oz. of gold are deposited with the Bank. The value of gold provided as collateral in gold repurchase transactions at 31 December 2012 amounted to EUR 1,178,949 thousand (EUR 1,076,809 thousand as at 31 December 2011).

The market value of gold as at 31 December 2012 was EUR 1,261.179 per t oz. (EUR 1,216.864 per t oz as at 31 December 2011). As at 31 December 2012, the balance of the gold revaluation accounts represented gains of EUR 651,733 thousand (EUR 606,583 thousand as at 31 December 2011).

2. CLAIMS ON NON-EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

EUR '000	31 Dec 2012	31 Dec 2011
Receivables from / payables to the IMF	607,726	604,565
Balance with banks and security investments, external loans and other external assets	14,303	47,348
	622,029	651,913

Receivables from / Payables to the International Monetary Fund

Receivables from the IMF consist of the quota of Slovakia in the IMF, nostro account in the IMF and bilateral loans granted.

As at 31 December 2012, the Bank recognized a total reserve position against the IMF of XDR 141 million, equal to EUR 164,375 thousand (EUR 157,724 thousand as at 31 December 2011). This position is created by a part of the quota in foreign currency amounting to XDR 18 million and the reserve position in respect of the Financial Transactions Plan (subsequently "FTP") amounting to XDR 123 million. FTP represents the receivable of NBS relating to provided IMF loans.

The balance of the nostro account in the IMF in XDR, as at 31 December 2012, was XDR 326 million, equaling EUR 380,485 thousand (EUR 385,453 thousand as at 31 December 2011).

In accordance with the agreement with the IMF, the Slovak Republic granted bilateral loans amounting to XDR 54 million to selected countries, equaling EUR 62,866 thousand (EUR 61,388 thousand as at 31 December 2011). In granting the loans, the NBS records a receivable from the IMF which bears an IMF interest rate.

Liabilities to the IMF represent financial funds of the IMF deposited in IMF loro accounts with the NBS in the amount of EUR 336,107 thousand (EUR 320,519 thousand as at 31 December 2011). 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 consists of a note in the amount of EUR 332,417 thousand (EUR 317,293 thousand as at 31 December 2011).

Receivables from / Payables to the International Monetary Fund

	31 Dec 12		31 Dec 11	
	Equivalent in XDR mil.	EUR '000	Equivalent in XDR mil.	EUR '000
Receivables from IMF	808	941,732	805	954,115
1) Quota	428	498,381	428	507,274
– Quota in local currency	287	334,006	295	349,550
– FTP reserve position	141	164,375	133	157,724
2) Nostro account in IMF	326	380,485	325	385,453
3) Bilateral lending	54	62,866	52	61,388
Liabilities to IMF	287	334,006	295	349,550
1) IMF loro accounts	289	336,107	270	320,519
2) Currency Valuation Adjustment account	(2)	(2,101)	25	29,031
Total (net)		607,726		604,565



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).

Balance with Banks and Security Investments, External Loans and Other External Assets

EUR '000	31 Dec 2012	31 Dec 2011
Debt securities	2,618	33,374
Other	11,685	13,974
	14,303	47,348

Debt securities recognized as at 31 December 2012, categorized in this caption, are denominated in US dollars. As for the security issuers, they are financial intermediary securities.

As at 31 December 2012, "Other" mainly included cash in foreign currency in nostro accounts and term deposits of non-euro area residents.

3. CLAIMS ON EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

EUR '000	31 Dec 2012	31 Dec 2011
Debt securities	122,026	108,155
Current accounts	182	5,224
Receivables from reverse transactions		154,571
	122,208	267,950

Debt securities categorized under this caption are denominated in US dollars. As per security issuers, as at 31 December 2012 the Bank recorded mainly securities of financial institutions.

4. CLAIMS ON NON-EURO AREA RESIDENTS DENOMINATED IN EURO

As at 31 December 2012, within this category the Bank recognized debt securities of non-euro area residents of EUR 2,583,387 thousand (EUR 3,089,605 thousand as at 31 December 2011). As for the security issuers, the Bank mainly recorded securities issued by monetary financial institutions.

5. LENDING TO EURO AREA CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS DENOMINATED IN EURO

In accordance with the rules for monetary policy operations in the Eurosystem, the NBS recognizes longer-term refinancing operations of EUR 1,941,900 thousand as at 31 December 2012

(EUR 1,264,000 thousand as at 31 December 2011).

Longer-term refinancing operations are regular liquidity-providing reverse transactions of a longer period; as at 31 December 2012, transactions with a maturity of three years were recognized. These transactions are performed through standard tenders.

6. OTHER CLAIMS ON EURO AREA CREDIT INSTITUTIONS DENOMINATED IN EURO

EUR '000	31 Dec 2012	31 Dec 2011
Redistribution loan	36,673	42,220
Current accounts	1,061	1,171
Deposits to reverse transactions	1,814	
	39,548	43,391

A discounted rate redistribution loan provided to finance comprehensive housing construction was delimited following the separation of the balance sheet of the State Bank of Czechoslovakia. As at 31 December 2012, the redistribution loan bore interest of 0.5% p.a. (0.5% p.a. as at 31 December 2011).

As at 31 December 2012, the NBS recorded a state guarantee of EUR 38,341 thousand received for the redistribution loan on the off-balance sheet (EUR 44,237 thousand as at 31 December 2011). The amount of the state guarantee represents the principal and interest up to maturity.

7. SECURITIES OF EURO AREA RESIDENTS DENOMINATED IN EURO

EUR '000	31 Dec 2012	31 Dec 2011
Debt securities held for monetary policy purposes	2,211,160	2,416,086
Other securities	7,540,507	10,131,264
	9,751,667	12,547,350

Debt Securities Held for Monetary Policy Purposes

As at 31 December 2012, under the "Securities held for monetary policy purposes" caption, the Bank disclosed securities purchased under the SMP of EUR 1,720,521 thousand (EUR 1,863,689 thousand as at 31 December 2011) and secured bonds amounting to EUR 490,639 thousand (EUR 552,397 thousand as at 31 December 2011) purchased



within the program CBPP. These securities are part of common monetary policy held to maturity and are subject to periodic impairment tests. They were issued mainly by public authorities and monetary financial institutions of the euro area.

The total amount of SMP securities in the Eurozone as at 31 December 2012 was EUR 192,608,054 thousand. In accordance with Article 32.4 of the Statute are all risks, if material, shared by NCB of Eurozone according to capital key.

On the basis of the result of the impairment test for securities acquired under the SMP, conducted as at 31 December 2012, and pursuant to a decision of the Governing Council of ECB, it is expected that all future cash flows related to these securities will be received. For this reason, the Bank did not create a provision for impairment (see Section B, Note e).

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

Other Securities

As at 31 December 2012, the Bank recognized trading securities issued by monetary financial institutions and public authorities of the euro area under this item.

As at 31 December 2012, under the item referred to above, the Bank recorded securities issued by the Government of the Slovak Republic of EUR 208,450 thousand (EUR 44,395 thousand as at 31 December 2011). The securities were purchased in compliance with the rules as defined in Article 123 of the Treaty on the European Union and Article 21 of the Statute.

8. INTRA-EUROSYSTEM CLAIMS

EUR '000	31 Dec 2012	31 Dec 2011
Participating interest in ECB	228,828	217,272
Claims equivalent to the transfer of foreign reserves	399,444	399,444
Net claims related to the allocation of euro banknotes within the Eurosystem	155,444	859,118
Other claims within the Eurosystem	977,914	
	1,761,630	1,475,834

Participating Interest in ECB

As at 31 December 2012, the Bank recorded a participating interest in the ECB's capital of EUR 74,614 thousand (EUR 63,058 thousand as at 31 December 2011). In accordance with Article 49(1) of the Statute and under Decisions ECB/2010/26 and ECB/2010/27 on the increase and the paying-up of the ECB's capital, with effect from 29 December 2010, the NBS's share in the ECB's capital was adjusted from EUR 39,944 thousand to EUR 74,614 thousand. On 27 December 2012 the NBS paid the last of three equal installments of EUR 11,556 thousand.

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.

Claims Equivalent to the Transfer of Foreign Reserves

The NBS recognizes a claim of EUR 399,444 thousand, equivalent to the transfer of foreign reserves to the ECB, made according to the NBS capital key under Article 30(1) of the Statute. The receivable bears interest amounting to 85% of the main refinancing operations rate. As at 31 December 2012, interest income from the claim equivalent to the transfer of foreign reserves amounted to EUR 3,042 thousand (see Note 23).

Net Claims Related to the Allocation of Euro Banknotes within the Eurosystem

The item represents a claim related to the application of the banknote allocation key, which amounted to EUR 155,444 thousand as at 31 December 2012 (EUR 859,118 thousand as at 31 December 2011). The claim bears interest at the interest rate for the main refinancing operations.

Other claims within the Eurosystem

The most significant part of this item represents NBS claim against TARGET2 which amounted to EUR 887,155 thousand as at 31 December 2012, (as at 31 December 2011 this item was included in claims within Eurosystem amounting to EUR 13,622,088 – see part B, note j). The position bears an interest rate for the main refinancing operations. Until 14 November 2012, the NBS recognized the position TARGET2 in liabilities, due to this fact the total amount of paid inter-



INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF NBS

est amounted to EUR 49,481 thousand as at 31 December 2012 (see note 23).

Other significant parts in Other claims within the Eurosystem are claims from monetary income

including the correction from previous years amounting to EUR 85,075 thousand and participating interest in the ECB's net profit for year 2012 amounting to EUR 5,694 thousand (see Notes 26 and 27).

Participating interests of the 27 central banks of the European Union in the capital of the ECB as at 31 December 2012:

	Capital Key for Subscription of ECB's Capital (%)	Subscribed Share in Capital (EUR)	Paid-up Capital (EUR)	Eurosystem Key (%)
Banque National de Belgique	2.4256	261,010,384.68	261,010,384.68	3.4666
Eesti Pank	0.1790	19,261,567.80	19,261,567.80	0.2558
Deutsche Bundesbank	18.9373	2,037,777,027.43	2,037,777,027.43	27.0647
Central Bank and Financial Services Authority of Ireland	1.1107	119,518,566.24	119,518,566.24	1.5874
Bank of Greece	1.9649	211,436,059.06	211,436,059.06	2.8082
Banco de España	8.3040	893,564,575.51	893,564,575.51	11.8679
Banque de France	14.2212	1,530,293,899.48	1,530,293,899.48	20.3246
Banca d'Italia	12.4966	1,344,715,688.14	1,344,715,688.14	17.8598
Central Bank of Cyprus	0.1369	14,731,333.14	14,731,333.14	0.1957
Banque centrale du Luxembourg	0.1747	18,798,859.75	18,798,859.75	0.2497
Central Bank of Malta	0.0632	6,800,732.32	6,800,732.32	0.0903
De Nederlandsche Bank	3.9882	429,156,339.12	429,156,339.12	5.6998
Oesterreichische Nationalbank	1.9417	208,939,587.70	208,939,587.70	2.7750
Banco de Portugal	1.7504	188,354,459.65	188,354,459.65	2.5016
Banka Slovenije	0.3288	35,381,025.10	35,381,025.10	0.4699
Národná banka Slovenska	0.6934	74,614,363.76	74,614,363.76	0.9910
Suomen Pankki – Finlands Bank	1.2539	134,927,820.48	134,927,820.48	1.7920
<i>Subtotal euro-area NCBs*</i>	<i>69.9705</i>	<i>7,529,282,289.35</i>	<i>7,529,282,289.33</i>	<i>100.00</i>
Българска народна банка (Bulgarian National Bank)	0.8686	93,467,026.77	3,505,013.50	
Česká národní banka	1.4472	155,728,161.57	5,839,806.06	
Danmarks Nationalbank	1.4835	159,634,278.39	5,986,285.44	
Latvijas Banka	0.2837	30,527,970.87	1,144,798.91	
Lietuvos bankas	0.4256	45,797,336.63	1,717,400.12	
Magyar Nemzeti Bank	1.3856	149,099,599.69	5,591,234.99	
Narodowy Bank Polski	4.8954	526,776,977.72	19,754,136.66	
Banca Națională a României	2.4645	265,196,278.46	9,944,860.44	
Sveriges Riksbank	2.2582	242,997,052.56	9,112,389.47	
Bank of England	14.5172	1,562,145,430.59	58,580,453.65	
<i>Subtotal non-euro area NCBs*</i>	<i>30.0295</i>	<i>3,231,370,113.23</i>	<i>121,176,379.25</i>	
Total*	100.00	10,760,652,402.58	7,650,458,668.58	

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

**9. OTHER ASSETS**

EUR '000	31 Dec 2012	31 Dec 2011
Tangible and intangible fixed assets	148,753	154,779
Other financial assets	10,521	10,622
Off-balance-sheet instruments revaluation differences	4,203	
Accruals and prepaid expenses	263,801	378,790
Accumulated losses from previous years	5,605,892	5,529,158
Sundry	561,889	457,643
	6,595,059	6,530,992

Tangible and Intangible Fixed Assets

This item comprises fixed assets of the NBS. The balance of tangible and intangible fixed assets (subsequently "TA" and "IA") as at 31 December 2012 was as follows:

As at 31 December 2012 and 2011 Bank owned 2,858 shares of BIS in the value of EUR 19,373 thousand (EUR 19,722 thousand in 2011) what represents 0.51% of the company's capital. The investment value presented in the financial statements of EUR 6,880 thousand represents 25% of the paid up capital (EUR 7,004 thousand in 2011). The liability from the remaining unpaid capital i.e. 75% of the owned share's face value amounted to EUR 12,493 thousand as at 31 December 2012 (EUR 12,718 thousand as at 31 December 2011) and is payable on demand.

As at 31 December 2012, the Bank recognizes the investment into the Inštitút bankového vzdelávania NBS, n. o. Bratislava in the amount of EUR 33 thousand (EUR 33 thousand as at 31 December 2011). The Bank is the only shareholder of the company.

Tangible and Intangible Fixed Assets

EUR '000	TA & advances and assets under construction	IA & advances and assets under construction	TOTAL
Acquisition cost as at 1 January 2012	266,564	27,498	294,062
Additions	5,026	1,785	6,811
Disposals	4,416	765	5,181
Acquisition cost as at 31 December 2012	267,174	28,518	295,692
Accumulated depreciation as at 1 January 2012	123,378	20,781	144,159
Additions	6,866	2,633	9,499
Disposals	1,512	2	1,514
Accumulated depreciation and provisions as at 31 December 2012	128,732	23,412	152,144
Carrying amount of TA and IA as at 1 January 2012	143,186	6,717	149,903
Carrying amount of TA and IA as at 31 December 2012	138,442	5,106	143,548

As at 31 December 2012, the NBS recognized fixed assets held for sale of EUR 5,205 thousand (EUR 4,876 thousand as at 31 December 2011).

Other Financial Assets

As at 31 December 2012 and 2011, the Bank owned 1,080 shares of RVS, a.s. in the value of EUR 3,585 thousand which represents 52.33% of the company's capital. Despite the significant influence of NBS in RVS, a.s., in accordance with Article 22 of Act on Accounting, the Bank does not prepare consolidated financial statements.

As a result of the SWIFT shares reallocation in April 2012, 7 shares in SWIFT were allocated to the Bank in the amount of EUR 23 thousand as at 31 December 2012. The Bank is entitled neither to trade nor to sell these shares.

Accruals and Prepaid Expenses

This item mainly represents accrued bond coupons of EUR 210,287 thousand (EUR 235,827 thousand as at 31 December 2011) and interest accrued on interest rate swaps of EUR 20,787 thousand (EUR 78,927 thousand as at 31 December 2011).



Sundry

EUR '000	31 Dec 2012	31 Dec 2011
Deposits – collaterals to derivatives	521,500	421,900
Interest rate swaps	19,664	16,300
Interest rate futures	7,094	5,967
Investment and consumer loans granted to employees	10,503	10,726
Other	3,128	2,750
	561,889	457,643

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 (see Section B, Note f).

10. BANKNOTES IN CIRCULATION

The total volume of euro banknotes issued by the Eurosystem central banks is redistributed on the last day of each month in accordance with the Banknote Allocation Key (see Section B, Note m). The total of euro banknotes according to the Banknote Allocation Key attributable to NBS as at 31 December 2012 amounted to EUR 8,318,276 thousand (EUR 8,099,844 thousand as at 31 December 2011). Euro banknotes actually issued by the NBS as at 31 December 2012 amounted to EUR 8,162,832 thousand (EUR 7,240,726 thousand as at 31 December 2011). As at 31 December 2012, the difference between the euro banknotes actually issued and the euro banknotes attributable to the NBS according to the Banknote Allocation Key (see Note 8) represents a receivable for the NBS of EUR 155,444 thousand (EUR 859,118 thousand as at 31 December 2011).

11. LIABILITIES TO EURO AREA CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS DENOMINATED IN EURO

EUR '000	31 Dec 2012	31 Dec 2011
Current accounts covering the minimum reserve system	634,343	217,174
Deposit facility	56,300	428,801
	690,643	645,975

As at 31 December 2012, current accounts represented monetary reserves of credit institutions that are subject to the minimum reserve system (subsequently the "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. Excess reserves bear no interest.

The deposit facility represents overnight deposits at a pre-specified interest rate.

12. OTHER LIABILITIES TO EURO AREA CREDIT INSTITUTIONS DENOMINATED IN EURO

EUR '000	31 Dec 2012	31 Dec 2011
Liabilities from repo transactions	3,735,214	281,595
Tri-party repo transactions	1,850,000	
Liabilities from repo transactions with gold	43,644	44,659
Deposits received for repo transactions	2,301	2,144
Interbank clearing in Slovakia (SIPS)	3,682	418
	5,634,841	328,816

As at 31 December 2012, this item represents mainly liabilities from repo transactions to Euro Area Credit Institutions denominated in EUR.

13. LIABILITIES TO OTHER EURO AREA RESIDENTS DENOMINATED IN EURO

EUR '000	31 Dec 2012	31 Dec 2011
Public authority	2,606,615	620
Other liabilities	183,939	159,382
	2,790,554	160,002

Public authority

As at 31 December 2012, the NBS recognized with-in this caption term deposit from the Ministry of Finance of the Slovak republic (subsequently "MFSR") amounting to EUR 2,200,000 thousand, and current accounts of the State treasury amounting to EUR 406,615 thousand as at 31 December 2012 (EUR 620 thousand as at 31 December 2011).

Other Liabilities

EUR '000	31 Dec 2012	31 Dec 2011
Client current accounts	11,511	11,234
Client term deposits	26,787	28,676
Current accounts of auxiliary financial institutions	331	267
Term deposits of auxiliary financial institutions	145,310	119,205
	183,939	159,382



As at 31 December 2012 and 31 December 2011, the Bank recognized within this item current accounts and deposits from clients and auxiliary financial institutions (the Deposit Protection Fund and the Investment Guarantee Fund).

14. LIABILITIES TO NON-EURO AREA RESIDENTS DENOMINATED IN EURO

EUR '000	31 Dec 2012	31 Dec 2011
Tri-party repo transactions		690,000
Liabilities from repo transactions with gold	673,587	570,108
Liabilities from repo transactions	1,006	226,058
Liabilities from term deposits	2,840,000	
Liabilities to international financial institutions	4,512	4,546
Clients loro accounts	6	
Deposits received for repo transactions	295	3,036
	3,519,406	1,493,748

As at 31 December 2012 the Bank recognizes within this item mainly liabilities from term deposits received from non-euro area Central banks.

15. LIABILITIES TO EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

EUR '000	31 Dec 2012	31 Dec 2011
Liabilities from repo transactions with gold	90,288	90,484
Current accounts in the State Treasury in foreign currency	16	13
	90,304	90,497

16. LIABILITIES TO NON-EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

As at 31 December 2012, this caption included liabilities from long-term repo transactions with gold denominated in US dollars in the total amount of EUR 64,970 thousand (EUR 65,368 thousand as at 31 December 2011).

17. COUNTERPART OF SPECIAL DRAWING RIGHTS ALLOCATED BY THE IMF

As at 31 December 2012, the Bank recorded a liability to the IMF from the allocation of EUR 396,896 thousand (EUR 404,046 thousand as at 31 December 2011). The liability from the allocation is denominated in XDR. The IMF allocated XDR 265 million as

part of the general allocation and XDR 75 million as part of a special allocation to Slovakia.

18. OTHER LIABILITIES

EUR '000	31 Dec 2012	31 Dec 2011
Off-balance sheet instruments revaluation differences		10,395
Accruals and income collected in advance	158,404	228,796
Sundry	1,013,422	929,837
	1,171,826	1,169,028

Accruals and Income Collected in Advance

As at 31 December 2012, the major part of accruals represented interest expense from interest rate swaps in euro of EUR 154,043 thousand (EUR 214,851 thousand as at 31 December 2011).

Sundry

EUR '000	31 Dec 2012	31 Dec 2011
Interest rate swaps	395,196	336,807
Deposits – collaterals to derivatives	358,120	338,220
Euro coins in circulation	125,987	115,605
SKK banknotes in circulation	82,732	86,902
SKK coins in circulation	47,138	47,221
Other	4,249	5,082
	1,013,422	929,837

The purpose of deposits received – collateral for derivatives – is to secure the NBS credit risk in respect of a decrease in the value of the swap on the part of the counterparty (see Section B, Note f).

19. PROVISIONS

EUR '000	31 Dec 2012	31 Dec 2011
General provision for financial risks	250,000	
Provisions for payables to employees	3,370	3,668
Provisions for legal disputes	3,153	3,356
Provisions for unbilled supplies	613	719
	257,136	7,743

As at 31 December 2012, the Bank created a general provision for financial risks in order to protect against foreign exchange, interest rate, credit risks and risk from change of gold prices. The



amount of provision is reassessed on an annual basis based on the decision of the Bank Board. In accordance with the decision of Bank Board, the provision will be used to cover future realized and unrealized losses from financial activities.

20. REVALUATION ACCOUNTS

EUR '000	31 Dec 2012	31 Dec 2011
Revaluation accounts of gold	651,733	606,583
Revaluation accounts of securities	528,805	131,698
Revaluation accounts of derivatives	19,664	16,300
Revaluation accounts of foreign currency	10,101	10,120
	1,210,303	764,701

21. CAPITAL AND RESERVES

EUR '000	31 Dec 2012	31 Dec 2011
Capital	16,041	16,041
Reserves	341,756	341,756
	357,797	357,797

Capital

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") in the amount 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

Reserves consist of general reserves and capital reserves.

As at 31 December 2012, the NBS's general reserves amounted to EUR 340,874 thousand (EUR 340,874 thousand as at 31 December 2011). The general reserves consist of contributions from profits of EUR 337,412 thousand generated from previous years. As at 1 January 2006, following the merger of the ÚFT with the NBS, the ÚFT's reserve fund of EUR 3,462 thousand was transferred to the NBS reserves.

As at 31 December 2012, the NBS's capital reserves amounted to EUR 882 thousand (EUR 882 thousand as at 31 December 2011).

Summary of Changes in Equity and Accumulated Losses

EUR '000	Statutory fund	Capital reserves	General reserves	General provision for financial risks	Revaluation accounts profit / (loss)	Accumulated (loss) from previous years	Profit / (loss) of current year
1. Balance as at 31 December 2011	16,041	882	340,874		764,701	(5,529,158)	(76,734)
2. Transfer of loss for 2011 to accumulated loss from previous year						(76,734)	76,734
3. Transfer to statutory fund							
4. Transfer to reserves							
5. Creation of general provision for financial risks				250,000			
6. Change in revaluation accounts of securities					397,107		
7. Change in revaluation accounts of derivatives					3,364		
8. Change in revaluation accounts of gold					45,150		
9. Change in revaluation accounts of foreign currencies					(19)		
10. Profit for the current reporting period							199,439
11. Change for the reporting period				250,000	445,602	(76,734)	276,173
12. Balance as at 31 December 2012	16,041	882	340,874	250,000	1,210,303	(5,605,892)	199,439



22. OFF-BALANCE SHEET INSTRUMENTS

EUR '000	31 Dec 2012		31 Dec 2011	
	Receivables	Liabilities	Receivables	Liabilities
Currency swaps in EUR (forward leg)	105,526		278,310	
Currency swaps in USD (forward leg)		52,297		238,813
Currency swaps in JPY (forward leg)		24,153		27,385
Currency swaps in GBP (forward leg)		24,874		22,507
	105,526	101,324	278,310	288,705
EUR '000	31 Dec 2012		31 Dec 2011	
EUR '000	Receivables	Liabilities	Receivables	Liabilities
Interest rate futures in EUR	297,000			68,200
Interest rate futures in USD		53,054		20,867
	297,000	53,054		89,067

23. NET INTEREST INCOME

EUR '000	31 Dec 2012	31 Dec 2011
Investments in EUR	375,436	376,485
Investments in foreign currency	3,638	4,734
Monetary operations	116,999	67,324
<i>net interest income from securities</i>	104,632	73,066
<i>net interest income from loans and deposits</i>	15,715	3,142
<i>net interest expense from MRS</i>	(3,348)	(8,884)
Interest income on foreign reserve assets	3,042	4,301
Remuneration of eurobanknotes	(4,968)	(2,057)
Remuneration of TARGET2	(49,481)	(143,684)
	444,666	307,103

The most significant part of the income from investments in EUR is represented by the net interest income from securities.

24. NET RESULT OF FINANCIAL OPERATIONS, WRITE-DOWNS AND RISK PROVISIONS

EUR '000	31 Dec 2012	31 Dec 2011
Gains realized from financial operations	168,124	115,700
Net gains from interest rate swaps	120,246	117,131
Net foreign exchange gains from daily valuation	333	11,808
Net gains from sale of securities	47,510	11,647
Net foreign exchange gain / (loss) from other operations	35	(12)
Net (losses) from options		(24,874)
Write-downs on financial assets and positions	(200,949)	(461,988)
Losses from derivatives valuation	(197,534)	(233,329)
Losses from securities valuation	(2,899)	(221,795)
Losses from foreign currency valuation	(516)	(6,864)
Creation and use of general provision for financial risks	(250,000)	0
General provision for financial risks	(250,000)	
	(282,825)	(346,288)



25. NET RESULT FROM FEES AND COMMISSIONS

EUR '000	31 Dec 2012	31 Dec 2011
Fees and commissions income	1,166	2,830
Fees and commissions in operation with securities	677	2,455
Fees and commissions received from clients	426	288
Fees received from exchange of euro coins	62	78
Other	1	9
Fees and commissions expense	(1,235)	(1,270)
Fees and commissions in operations with securities	(10)	(2)
Fees and commissions paid to banks	(1,149)	(1,160)
Fees related to interest rate futures	(63)	(65)
Fees for TARGET2	(8)	(38)
Other	(5)	(5)
	(69)	1,560

Since 2012 the Bank recognizes fees relating to payment systems in operating expenses and revenues. The 2011 comparatives were adjusted accordingly.

26. INCOME FROM EQUITY SHARES AND PARTICIPATING INTERESTS

EUR '000	31 Dec 2012	31 Dec 2011
Income on the ECB profit of the current year	5,694	6,461
Participating interest in the ECB's net profit from previous year	755	1,697
Dividends from shares and participating interest	1,057	934
	7,506	9,092

Participating interest in the ECB's net profit for current year comprises income on euro banknotes in circulation. By the Decision of the ECB Governing Council of 10 January 2013, the ECB's income from euro banknotes in circulation in the amount of EUR 574,627 thousand was partially redistributed among the national central banks of the Eurosystem.

In relation to the participating interest in BIS, as at 31 December 2012 the Bank recorded dividends

received from BIS shares of EUR 1,057 thousand (EUR 934 thousand as at 31 December 2011).

27. NET RESULT OF POOLING OF MONETARY INCOME

Monetary income pooled by the NBS for 2012 into the common pool of the monetary income of the Eurosystem was EUR 147,191 thousand. Monetary income corresponding to the 0.9910% share of the NBS in the common pool was EUR 231,939 thousand. The difference of EUR 84,748 thousand (EUR 15,408 thousand as at 31 December 2011) represents the net result arising from the pooling of monetary income.

The correction of the monetary income of the Eurosystem for 2009, 2010 and 2011 resulted in the NBS achieving a net income of EUR 327 thousand (costs of EUR 188 thousand as at 31 December 2011).

28. OTHER INCOME AND OTHER EXPENSES

As at 31 December 2012, most of the Bank's other income represented income from fees and contributions from financial market entities of EUR 3,875 thousand (EUR 4,281 thousand as at 31 December 2011), income from sales of commemorative coins of EUR 2,352 thousand (EUR 3,788 thousand as at 31 December 2011) and earned fees from participations of settlement system SIPS of EUR 2,030 thousand (EUR 1,900 thousand as at 31 December 2011).

As at 31 December 2012, the Bank's other expenses mainly represented costs of the minting of coins in circulation and collector coins of EUR 3,680 thousand (EUR 6,585 thousand as at 31 December 2011).

29. STAFF COSTS

EUR '000	31 Dec 2012	31 Dec 2011
Wages and salaries	(21,879)	(22,242)
Social security costs	(7,497)	(7,648)
Other employee costs	(3,211)	(3,423)
	(32,587)	(33,313)

As at 31 December 2012, the average FTE number of employees was 1,020 (1,073 as at 31 December 2011), of whom 93 were managers (99 as at 31 December 2011).

Wages and employee benefits of the Bank Board's members for 2012 amounted to EUR 1,066 thou-



sand (EUR 812 thousand in 2011). As at 31 December 2012, the Bank recorded no outstanding loans to the members of the Bank Board, accordingly as at 31 December 2011.

30. ADMINISTRATIVE EXPENSES

As at 31 December 2012, this item mainly included costs of technical support and IS maintenance, repairs and maintenance, energy consumption and telecommunications costs totaling EUR 9,660 thousand (EUR 10,128 thousand as at 31 December 2011).

Costs of audit of the financial statements by the auditor represented EUR 71 thousand as at 31 December 2012 (EUR 71 thousand as at 31 December 2011). As at 31 December 2011, 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

EUR '000	31 Dec 2012	31 Dec 2011
Depreciation of tangible fixed assets	(6,866)	(7,399)
Depreciation of intangible fixed assets	(2,633)	(2,943)
	(9,499)	(10,342)

32. BANKNOTE PRODUCTION SERVICES

As at 31 December 2012, the cost of printing euro banknotes amounted to EUR 143 thousand (EUR 3,070 thousand as at 31 December 2011).

33. PROFIT / (LOSS) FOR THE YEAR

The result of the Bank's operations as at 31 December 2012 was a profit of EUR 199,439 thousand (loss of EUR 76,734 thousand as at 31 December 2011). The Bank Board decided that the profit would be allocated to cover the accumulated loss from previous years. The reported profit was largely affected by net interest income and net result of financial operations, write-downs and risk provisions (see Note 23 and 24).

D. POST-BALANCE SHEET EVENTS

In accordance with Article 33 of the Statute, at its meeting on 21 February 2013, the ECB Governing Council decided to distribute the ECB's net profit for 2012 to individual central banks based on the key on the ECB's paid-up capital. The NBS income of EUR 4,196 thousand from the distribution of profit is accounted in the 2013 reporting period.

No significant events occurred subsequent to 31 December 2012 that would require any adjustments to the 2012 financial statements.

Bratislava, 19 March 2013

doc. Ing. Jozef Makúch, PhD.
Governor

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

Ing. Katarína Taragelová
Director
Financial Management
Department



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

To the Bank Board of the National Bank of Slovakia:

- I. We have audited the financial statements of National Bank of Slovakia ("the Bank") as at 31 December 2012 presented in the annual report on pages 75 – 97. We issued the following audit report dated 19 March 2013 on the financial statements:

"Independent Auditors' Report"

To the Bank Board of the National Bank of Slovakia:

We have audited the accompanying financial statements of the National Bank of Slovakia ("the Bank"), which comprise the balance sheet as at 31 December 2012, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

Responsibility of the Bank Board of the National Bank of Slovakia for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2012 and of its financial performance for the year then ended in accordance with the ECB Guideline and the Act on Accounting.

19 March 2013

Bratislava, Slovak Republic

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

Ing. Dalimil Draganovský
SKAU Licence No.893*

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

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 National Bank of Slovakia is responsible for the accuracy of preparation of the annual report. Our responsibility is to express an opinion on the consistency of the annual report with the financial statements, based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the accounting information presented in the annual report and derived from the financial statements is consistent, in all material respects, with the financial statements. We have checked that the information presented in the annual report is consistent with that contained in the audited financial statements as at 31 December 2012. We have not audited information that has not been derived from audited financial statements or Bank accounting records. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit, the accounting information presented in the annual report is consistent, in all material respects, with the financial statements of the Bank as at 31 December 2012 and is in accordance with the Act No 566/1992 Coll. on the National Bank of Slovakia, as amended and special regulations valid for the Eurosystem.

30 April 2013
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r. o.
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