



Decree No 34/2015 of Národná banka Slovenska of 15 December 2015 amending Decree No 14/2014 of Národná banka Slovenska on reporting for data collection purposes under a separate regulation by banks, branches of foreign banks, investment firms and branches of foreign investment firms.

Decree No 35/2015 of Národná banka Slovenska of 15 December 2015 on how insurance under-

takings subject to a special regime are to demonstrate compliance with the conditions for the issue of an authorisation to conduct insurance business.

Decree No 36/2015 of Národná banka Slovenska of 15 December 2015 on reporting by insurance undertakings subject to a special regime.

10 INSTITUTIONAL DEVELOPMENTS

10.1 INSTITUTIONAL FRAMEWORK

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

The primary objective of NBS is to maintain price stability. To this end NBS:

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

As regards the role of NBS vis-à-vis the financial market in Slovakia, NBS contributes to the stabil-

ity of the financial system as a whole and to the secure and sound functioning of the financial market, with the aim of ensuring financial market credibility, financial consumer protection and protection of other financial market clients and compliance with competition rules. In addition to its role as the central bank, NBS is the financial market supervisory authority in Slovakia and as such is responsible for macroprudential supervision, financial consumer protection, and the supervision of the following: banks, branches of foreign banks, investment firms, stock exchanges, central securities depositories, asset management companies, investment funds, foreign collective investment undertakings, insurance undertakings, reinsurance undertakings, pension fund management companies, pension funds, supplementary pension management companies, supplementary pension funds, payment institutions, electronic money institutions, independent financial agents, financial advisers, creditors, the Deposit Protection Fund, the Investment Guarantee Fund, the Slovak Insurers' Bureau, and other financial market participants which are subject to regulatory supervision.

As from 1 January 2015 NBS assumed responsibility for financial consumer protection in Slovakia. In this role, the bank supervises the protection of financial consumers' and other clients' rights in order to support the secure and sound functioning of the financial market.

On 1 January 2009, when Slovakia joined the euro area, NBS became a member of the Eurosys-



tem, which is the central banking system of the euro area within the European System of Central Banks (ESCB).

The Eurosystem comprises:

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

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

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

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

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

EUROSYSTEM/ESCB COMMITTEES

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

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

NBS'S TASKS WITHIN THE BANKING UNION

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

Within the Single Supervisory Mechanism (SSM) NBS cooperates with the ECB. As the national competent authority (NCA) in Slovakia, NBS is involved in supervision at the European level through the direct participation of its staff (from the Financial Market Supervision Unit) in Joint Supervisory Teams (JSTs) and through the drafting of decisions as part of the ECB's decision-making processes. As regards the supervision of significant banks in Slovakia, the participating NBS staff conduct day-to-day supervision of these institutions and continuously monitor their quantitative data and risk management processes. All on-site inspections in significant banks conducted by staff from the NBS Financial Market Supervision Unit are based on ECB mandates, as are the assessments of their internal models. NBS is responsible for the direct supervision of less significant banks in Slovakia. It conducts supervision according to the common framework and methodologies created for the SSM. In doing so, NBS acts in line with the SSM's overall



Members of the NBS Bank Board as at 31 December 2015



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

supervisory strategy, using its own resources and decision-making processes.

In January 2015 the Resolution Council ('the Council') was established as the national resolution authority for institutions in Slovakia's financial sector, as part of the Single Resolution Mechanism (the second of the banking union's three pillars). Resolution in the financial sector means the restructuring of a financial institution or group which is in difficulties owing to insolvency. NBS provides expertise to the Council and organises its functioning, including its communication with the media and the public. These tasks are carried out by the bank's Resolution Section, a part of the Regulation Department.

10.2 ORGANISATION AND MANAGEMENT

THE BANK BOARD OF NÁRODNÁ BANKA SLOVENSKA

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

cable legislation, and the Organisational Rules of NBS.

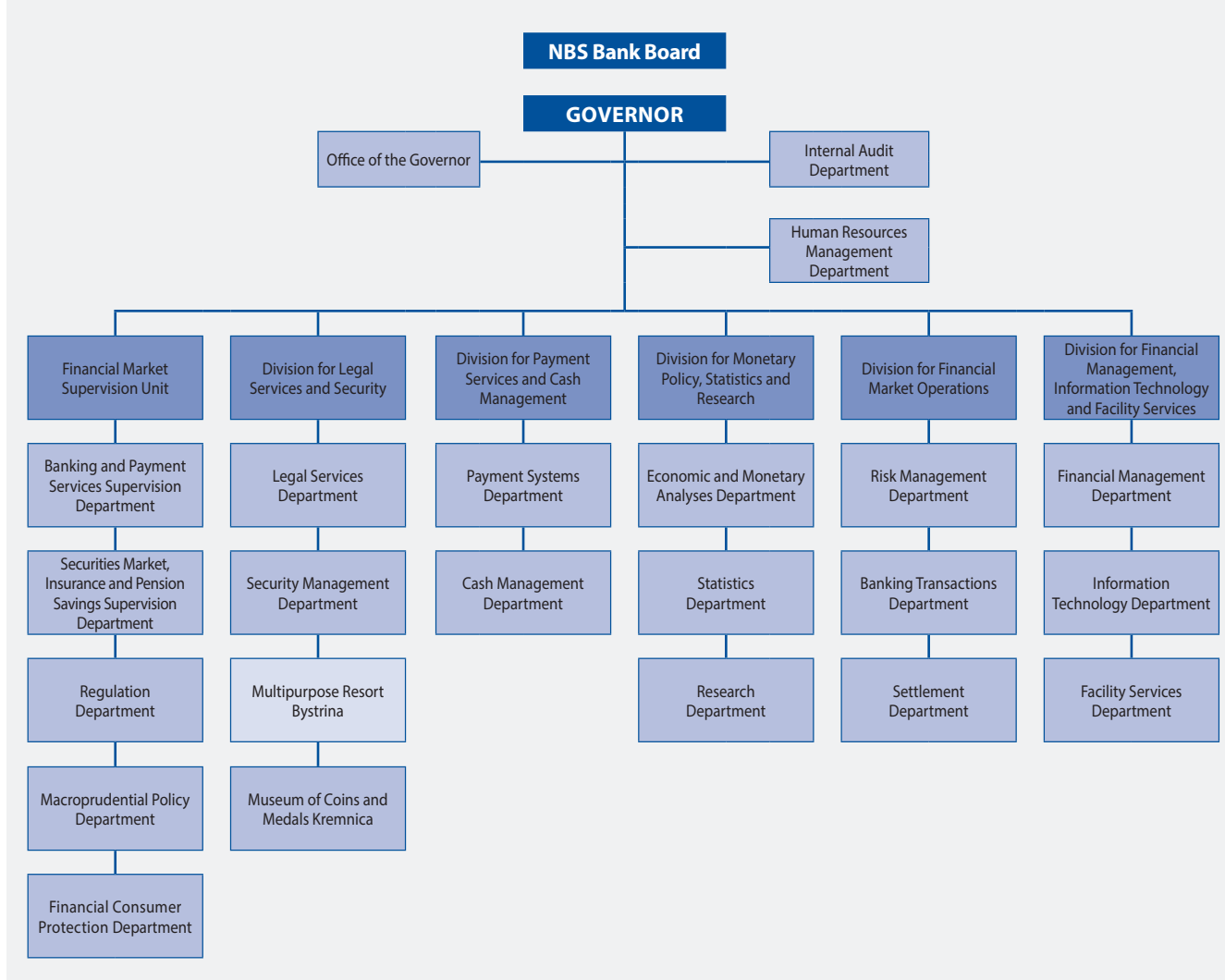
In 2015 the Bank Board had five sitting members: the Governor, one Deputy-Governor and three other members.

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

Pursuant to the NBS Act, as of 1 January 2015, the Bank Board comprises a maximum of six members. The term of office of Bank Board members is six years (or five years for those appointed before 1 January 2015), commencing as of the effective date of their appointment. There are no term limits for Bank Board members, but no one may serve as Governor or Deputy Governor for more than two terms.



NBS organisation structure as at 31 December 2015



The members of the Bank Board as at 31 December 2015 were:

- Jozef Makúch, Governor;
- Ján Tóth, Deputy Governor responsible for the Monetary Policy, Statistics and Research Division;
- Vladimír Dvořáček, Executive Director of the Financial Market Supervision Unit;
- Karol Mrva, Executive Director of the Financial Market Operations Division;
- Ľuboš Pástor, an external member appointed with effect from 15 March 2015.

THE EXECUTIVE BOARD OF NÁRODNÁ BANKA SLOVENSKA

The Executive Board of Národná banka Slovenska was established by the NBS Bank Board with

effect from 1 August 2012, in accordance with Article 6(2)(i) of the NBS Act. The Executive Board is the bank's managing, executive and coordination authority.

The Executive Board is composed of the NBS Governor, Executive Directors, and other senior management appointed by the Governor.

The members of the Executive Board (EB) as at 31 December 2015 were:

- Jozef Makúch, Governor (EB Chairman);
- Štefan Králik, Executive Director of the Legal Services and Security Division (EB Deputy Chairman);
- Karol Mrva, Executive Director of the Financial Market Operations Division;



- Vladimír Dvořáček, Executive Director of the Financial Market Supervision Unit;
- Miroslav Uhrin, Executive Director of the Financial Management, Information Technology and Facility Services Division;
- Renáta Konečná, General Director of the Economic and Monetary Analyses Department.

In line with a decision of the NBS Bank Board, one amendment to the NBS Organisational Rules was approved in 2015. The amendment resulted in a change to the bank's organisational structure and to the duties and competences of certain senior managers.

10.3 HUMAN RESOURCES

Národná banka Slovenska had 1,053 employees as at 31 December 2015. A total of 64 employees left the bank in 2015 and 87 were hired. There were 91 recruitment campaigns.

Staff exchanges between ESCB national central banks, the ECB and other international financial institutions support staff mobility within the ESCB, the exchange of experience and know-how, and the development of human resources. A total of nine NBS employees were on secondment to the ECB or European Banking Authority during the whole or part of 2015.

The rules and principles of staff remuneration at the bank are laid down in internal NBS Work Regulation No 28/2008 on the remuneration of NBS employees as amended. The average monthly salary in 2015 was €2,010.15.

Severance payments were made to 26 employees who left the bank on grounds of retirement, early retirement or invalidity.

The number of NBS employees enrolled in the supplementary pension scheme stood at 879 as at 31 December 2015.

10.4 EDUCATION

To support staff in their educational and professional development, the Human Resources Department, in cooperation with NBS's Institute of Banking Education, arranges staff participation

in courses tailored to their identified requirements and the needs of their respective unit.

The courses run in 2015 were attended by 1,027 employees in total, and they focused on the following areas:

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

In 2015 NBS organised three international training projects: *Audit Report Writing; Introduction to Operational Risk Management; and English in Legal and Contractual Central Banking Practice.*

Every year a number of NBS staff members conduct professional training by performing teaching, lecturing and consultation activities. In 2015 a total of 84 staff members from 20 departments were involved in such work.

Ten students completed internships at NBS in 2015, including two from universities in Slovakia and eight studying in other European Union countries.

10.5 ENVIRONMENTAL POLICY

Národná banka Slovenska takes a responsible approach to the impact of its activities on the environment and it is fully compliant with Slovak legislation and European Commission Recommendations concerning the environment. In 2015 the bank implemented several measures aimed at meeting core objectives of its environment policy.

In 2015 the bank completed the phasing-out of fully halogenated hydrocarbons and halon in its air-conditioning systems and reduced its CO₂ emissions by 4% in comparison with the previous year.

By monitoring waste water on a regular basis and conducting laboratory tests on waste water samples, the bank continued in 2015 to reduce the level of pollutants in the water discharged from its premises into the public sewerage sys-



tem. Measures to prevent malfunctioning and breakdowns of technical equipment were implemented and new installations ensured efficient performance of the water-saving system.

In 2015 the bank began revamping the way it measures and regulates energy consumption. By using modern and efficient IT technology, as well as energy-saving appliances and equipment, the bank is gradually reducing its overall energy consumption and the operating costs of its various buildings.

The bank ensures that its waste is sorted and, consequently, its generation of municipal waste continued to decrease 2015. All other waste, including hazardous materials, is disposed of by specialist firms, with great importance placed on recycling and ecological disposal.

NBS is a long-established supporter of environmental initiatives both at the global level (such as Earth Day and Earth Hour) and in Slovakia (including the competition "Do práce na bicykli"/"Go to work on a bicycle").