

**CZECH NATIONAL BANK**  
**FINANCIAL STATEMENTS**  
**(Prepared under Czech statutory requirements)**  
**YEAR ENDED 31 DECEMBER 1994**

**CZECH NATIONAL BANK  
FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 1994**

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**Auditors' Report to the Bank Council of the Czech National Bank**

We have audited the accompanying financial statements of the Czech National Bank for the year ended 31 December 1994. The Bank Council is responsible for the preparation of the financial statements and for maintaining accounting records which are complete, supportable and correct in accordance with relevant laws and regulations. Our responsibility is to express an opinion on the financial statements, taken as a whole, based on our audit.

We conducted our audit in accordance with Act No. 524/1992 Sb. on Auditors and the Chamber of Auditors of the Czech Republic, the auditing standards issued by the Chamber of Auditors and also in accordance with International Standards on Auditing. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, accounting records and other evidence supporting the amounts in the financial statements and assessing the accounting principles used and significant estimates made by the management in the preparation of the financial statements, as well as evaluating the overall financial statements presentation. Based on the results of our auditing procedures, nothing came to our attention that causes us to believe that the underlying accounting records of the Bank have not been maintained, in all material respects, in accordance with relevant laws and regulations. We believe that our audit provides a reasonable basis for our opinion on the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, equity and financial position of the Czech National Bank as at 31 December 1994 and the financial results for the year then ended in accordance with Act No. 563/1991 Sb. on Accounting and other relevant legislation.

Without qualifying our opinion, we draw attention to Note 11 c) to the financial statements. Assets at 31 December 1994 includes amounts of Kč 26,172 million due from the National Bank of Slovakia which arose on the division of assets and liabilities of the former State Bank of Czechoslovakia and on the subsequent dissolution of the federal currency. The ultimate collectability of these amounts is dependent on the outcome of negotiations between the parties and, at this time, cannot be determined with reasonable certainty.

Prague, 10 March 1995

*Deloitte & Touche*

Audit firm:

*Deloitte & Touche, spol. s r.o.*

*Licence No. 79*

*M. Petrman*

Responsible auditor:

*Michal Petrman*

*Licence No. 1105*

Ministry of Finance  
 Czech Republic  
 Approved No. 282/55 733/93  
 Dated 26 October 1993

**PROFIT AND LOSS STATEMENT PU 2 - 01**

| Line | IKF |   |   |   | YR | IČO |   |   |   |   |   |   |   |   |   |   |   |
|------|-----|---|---|---|----|-----|---|---|---|---|---|---|---|---|---|---|---|
| 0    | 1   | 8 | 2 | 8 | 0  | 9   | 1 | 9 | 4 | 4 | 8 | 1 | 3 | 6 | 4 | 5 | 0 |

Accounting unit will submit  
 this statement with their  
 tax return

Bank name: **Česká národní banka**

1 to financial office  
 (tax institution)  
 at headquarter location

Bank code:

|   |   |   |   |
|---|---|---|---|
| 0 | 7 | 1 | 0 |
|   |   |   |   |

1 to CNB banking supervisory

Key:

**BANK PROFIT AND LOSS STATEMENT**

at 31 December 1994  
 (in '000 Kč)

|            |  |  |  |
|------------|--|--|--|
| Date sent: | Stamp and signature<br>of statutory body | Person responsible<br>for accounting<br>name and signature | Person responsible<br>for this statement<br>name and signature<br>Štéglová |
|            |  |  | tel.: 2441 3112  |

## Profit and Loss Statement

| Item No | Item   | Row No | Accounting period balance |           |
|---------|--|--------|---------------------------|-----------|
|         |  |        | Current                   | Previous  |
| a       | b  | c      | 1                         | 2         |
|         | <b>A. Expenses</b>   |        |                           |           |
| 1.      | Expenses from treasury and inter-bank operations (611)                         | 1      | 11,479,088                | 8,912,680 |
| 1.1.    | Interest paid  | 2      | 11,426,667                | 8,553,343 |
| 1.2.    | Fees and commissions paid  | 3      | 52,421                    | 359,337   |
| 2.      | Expenses from operations with clients (612)                                    | 4      | 71,099                    | 82,260    |
| 2.1.    | Interest paid  | 5      | 71,099                    | 82,260    |
| 2.1.1.  | Interest paid on client current accounts                                       | 6      | 16,419                    | 68,360    |
| 2.1.2.  | Interest paid on term deposits   | 7      | 54,680                    | 13,900    |
| 2.1.3.  | Interest paid on saving deposits   | 8      |                           |           |
| 2.1.4.  | Interest on certificates of deposit and treasury bills                         | 9      |                           |           |
| 2.2.    | Fees and commissions paid  | 10     |                           |           |
| 3.      | Leasing expenses (613)   | 11     |                           |           |
| 4.      | Expenses from own bonds  | 12     | 1,740,832                 | 1,242,192 |
| 4.1.    | Interest on own bonds (614)  | 13     | 1,740,832                 | 1,242,192 |
| 4.2.    | Fees and commissions   | 14     |                           |           |
| 5.      | Expenses from securities operations (615)                                      | 15     | 1,459,983                 | 233,679   |
| 5.1.    | Losses on sale of securities   | 16     | 1,458,916                 | 225,683   |
| 5.1.1.  | Losses on sale of securities with fixed yield (without participatory interest) | 17     | 1,458,916                 | 225,683   |
| 5.1.2.  | Losses on sales of other securities (without participatory interest)           | 18     |                           |           |
| 5.2.    | Fees and commissions from securities operations                                | 19     | 1,067                     | 7,996     |
| 6.      | Expenses from foreign exchange operations (616)                                | 20     | 1,894,793                 | 3,312,921 |

| Item No. | Item   | Row No | Accounting period balance |           |
|----------|--|--------|---------------------------|-----------|
|          |  |        | Current                   | Previous  |
| a        | b  | c      | 1                         | 2         |
| 6.1.     | Interest on swap transactions                                    | 21     | 1,248,441                 | 592,132   |
| 6.2.     | Losses on outstanding forward foreign<br>exchange contracts      | 22     |                           |           |
| 6.3.     | Losses on foreign exchange transactions                          | 23     | 376,105                   | 2,720,789 |
| 6.4.     | Fees and commissions from foreign exchange operations            | 24     | 270,247                   | 0         |
| 7.       | Expenses from other operations (617)                             | 25     | 5,108                     | 5,890     |
| 7.1.     | Fees and commissions   | 26     | 5,108                     | 5,808     |
| 8.       | Expenses from production of bank notes and coins (618)           | 27     | 502,128                   | 695,640   |
| 9.       | General operating expenses (acc. group 63)                       | 28     | 960,772                   | 1,092,431 |
| 9.1.     | Employee costs (631)   | 29     | 283,080                   | 211,013   |
| 9.1.1.   | Wages and salaries (from 631)                                    | 30     | 282,469                   | 208,235   |
| 9.1.2.   | Other bonuses (631)  | 31     | 611                       | 2,778     |
| 9.2.     | Social expenses (632)  | 32     | 104,212                   | 91,463    |
| 9.3.     | Taxes and fees (635)   | 33     | 2,042                     | 593       |
| 9.4.     | External services (636)  | 34     | 311,353                   | 611,373   |
| 9.5.     | Depreciation on tangible fixed assets (637)                      | 35     | 228,349                   | 158,593   |
| 9.6.     | Depreciation on intangible fixed assets (638)                    | 36     | 31,736                    | 19,396    |
| 10.      | Increases in reserves and provisions (acc. g. 65)                | 37     | 6,474,727                 | 3,053,190 |
| 10.1.    | Increase in provisions (651)                                     | 38     | 457,016                   | 146,341   |
| 10.1.1.  | Increase in provisions for classified loans                      | 39     | 130,323                   | 146,341   |
| 10.1.2.  | Increase in provision for losses on securities                   | 40     | 326,693                   | 0         |
| 10.1.3.  | Increase in provision for losses on investments<br>in associates | 41     |                           |           |
| 10.1.4.  | Increase in provision for losses on tangible fixed assets        | 42     |                           |           |
| 10.1.5.  | Increase in provision for losses on intangible fixed<br>assets   | 43     |                           |           |
| 10.2.    | Increase in tax deductible reserves (652)                        | 44     | 2,676,100                 | 2,850,708 |

| Item No. | Item   | Row No | Accounting period balance |            |
|----------|--|--------|---------------------------|------------|
|          |  |        | Current                   | Previous   |
| a        | b  | c      | 1                         | 2          |
| 10.2.1.  | Increase in reserve for overdue loans                    | 45     | 2,618,460                 | 2,472,768  |
| 10.2.2.. | Increase in reserve for loans with maturity date         |        |                           |            |
|          | longer than one year                                     | 46     | 11,910                    | 362,250    |
| 10.2.3.  | Increase in reserve for guarantees provided              | 47     | 45,730                    | 15,690     |
| 0.2.4    | Increase in reserve for accounts in bankruptcy           | 48     |                           |            |
| 10.2.5.  | Increase in reserve for repairs to tangible fixed assets | 49     |                           |            |
| 10.3.    | Increase in other reserves (653)                         | 50     | 3,341,611                 | 56,141     |
| 11.      | Other operating expenses (acc. group 66)                 | 51     | 175,112                   | 87,150     |
| 11.1.    | Write off of receivables from banks (661)                | 52     |                           |            |
| 11.2.    | Write off of receivables from clients (662)              | 53     |                           |            |
| 11.3.    | Expenses from transfer of shares in associates (665)     | 54     |                           |            |
| 11.4.    | Expenses from other asset transfers (666)                | 55     | 7,535                     | 2,148      |
| 11.5.    | Other operating expenses (667)                           | 56     | 167,577                   | 85,002     |
| 11.5.1.  | Value Added Tax (667)                                    | 57     | 149,632                   | 85,002     |
| 12.      | Income tax arising on ordinary activities                | 58     | 0                         | 44,694     |
| 12.1.    | Paid (681)   | 59     | 0                         | 44,694     |
| 12.2.    | Deferred (682)   | 60     |                           |            |
| 13.      | Profit on ordinary activities after taxation (583)       | 61     | 1,438,216                 | 1,509,222  |
| 14.      | Extraordinary expenses (671)                             | 62     | 1,353                     | 715,086    |
| 15.      | Income tax arising on extraordinary activities           | 63     | 0                         | 0          |
| 15.1.    | Paid (683)   | 64     |                           |            |
| 15.2.    | Deferred (684)   | 65     |                           |            |
| 16.      | Profit on extraordinary activities after taxation (583)  | 66     |                           |            |
| 17.      | Profit for the accounting period (from 583)              | 67     | 1,438,216                 | 1,509,222  |
|          |  |        |                           |            |
|          | Sum (item 1 - 17 except from 13 and 16)                  | 68     | 26,203,211                | 20,987,035 |
|          | Control number   | 69     | 83,201,995                | 65,151,304 |

| Item No. | Item   | Row No | Accounting period balance |            |
|----------|--|--------|---------------------------|------------|
|          |  |        | Current                   | Previous   |
| a        | b  | c      | 1                         | 2          |
|          | <b>B. Revenues</b>   |        |                           |            |
| 1.       | Revenues from treasury and inter-bank activities (711)                 | 70     | 20,364,813                | 16,007,168 |
| 1.1.     | Interest received  | 71     | 20,065,052                | 15,797,728 |
| 1.2.     | Fees and commissions received  | 72     | 299,761                   | 209,440    |
| 2.       | Revenues from operations with clients (712)                            | 73     | 378,259                   | 557,646    |
| 2.1.     | Interest received  | 74     | 270,042                   | 417,428    |
| 2.1.1.   | Interest from loans  | 75     | 270,017                   | 308,593    |
| 2.1.2.   | Interest from debit balances on current<br>accounts (penalty interest) | 76     | 25                        | 108,835    |
| 2.2.     | Fees and commissions received  | 77     | 108,217                   | 140,218    |
| 3.       | Revenues from leasing (713)  | 78     |                           |            |
| 4.       | Revenues from securities operations (715)                              | 79     | 2,425,722                 | 2,222,166  |
| 4.1.     | Interest from fixed yield securities                                   | 80     | 2,282,270                 | 1,811,822  |
| 4.1.1.   | Interest from fixed yield shares in affiliates                         | 81     |                           |            |
| 4.1.2.   | Interest from other fixed yield securities                             | 82     | 2,282,270                 | 1,811,822  |
| 4.2.     | Dividends from variable yield securities                               | 83     | 27,214                    | 81,082     |
| 4.2.1.   | Dividends from variable yield shares in affiliates                     | 84     | 0                         | 55,018     |
| 4.2.2.   | Dividends from other variable yield securities                         | 85     | 27,214                    | 26,064     |
| 4.3.     | Fees and commissions received  | 86     | 0                         | 2,966      |
| 4.4.     | Profits on sales of securities   | 87     | 116,238                   | 326,296    |
| 5.       | Revenues from foreign exchange operations (716)                        | 88     | 2,682,771                 | 1,225,811  |
| 5.1.     | Interest from swap transactions  | 89     | 762,200                   | 369,014    |
| 5.2.     | Profits from other forward foreign exchange<br>operations              | 90     |                           |            |
| 5.3.     | Realised foreign exchange gains  | 91     | 1,920,571                 | 856,797    |
| 5.4.     | Fees and commissions received  | 92     |                           |            |
| 6.       | Revenues from other operations (717)                                   | 93     | 2                         | 0          |



| Item No. | Item  | Row No | Accounting period balance |          |
|----------|---|--------|---------------------------|----------|
|          |   |        | Current                   | Previous |
| a        | b   | c      | 1                         | 2        |
| 6.1.     | Fees and commissions received                             | 94     | 2                         | 0        |
| 7.       | Revenues from the issue of bank notes and coins (718)     | 95     | 124,488                   | 17,191   |
| 8.       | Decreases in reserves and provisions (acc. group 75)      | 96     | 160,487                   | 706,365  |
| 8.1.     | Decrease in provisions (751)                              | 97     | 104,346                   | 0        |
| 8.1.1.   | Decrease in provision for classified loans                | 98     | 104,346                   | 0        |
| 8.1.2.   | Decrease in provision for losses on securities            | 99     |                           |          |
| 8.1.3.   | Decrease in provision for losses on shares                |        |                           |          |
|          | in associates   | 100    |                           |          |
| 8.1.4.   | Decrease in provision for losses on tangible fixed assets | 101    |                           |          |
| 8.1.5.   | Decrease in provision for losses on intangible fixed      | 102    |                           |          |
|          | assets  |        |                           |          |
| 8.2.     | Decrease in tax-deductible reserves (752)                 | 103    | 0                         | 800      |
| 8.2.1.   | Decrease in reserve for overdue loans                     | 104    |                           |          |
| 8.2.2.   | Decrease in reserve for loans with maturity date          |        |                           |          |
|          | longer than one year                                      | 105    |                           |          |
| 8.2.3.   | Decrease in reserve for guarantees provided               | 106    | 0                         | 800      |
| 8.2.4.   | Decrease in reserve for accounts in bankruptcy            | 107    |                           |          |
| 8.2.5.   | Decrease in reserve for repairs to tangible fixed asset   | 108    |                           |          |
| 8.3.     | Decrease in other reserves (753)                          | 109    | 56,141                    | 705,565  |
| 9.       | Other operating revenues (acc. group 76)                  | 110    | 55,449                    | 47,615   |
| 9.1.     | Revenues from written-off receivables from banks (761)    | 111    |                           |          |
| 9.2.     | Revenues from written-off receivables from clients (762)  | 112    |                           |          |
| 9.3.     | Revenues from transfer of shares in associates (765)      | 113    |                           |          |
| 9.4.     | Revenues from other asset transfers (766)                 | 114    | 6,886                     | 353      |
| 9.5.     | Other operating revenues (767)                            | 115    | 48,563                    | 47,262   |
| 10.      | Loss on ordinary activities after taxation (from 583)     | 116    |                           |          |
| 11.      | Extraordinary revenues (771)                              | 117    | 11,220                    | 203,073  |

| Item No. | Item  | Row No | Accounting period balance |            |
|----------|---|--------|---------------------------|------------|
|          |   |        | Current                   | Previous   |
| a        | b   | c      | 1                         | 2          |
| 12.      | Loss on ordinary activities after taxation (from 583) | 118    |                           |            |
| 13.      | Loss for the accounting period (from 583)             | 119    |                           |            |
|          |   |        |                           |            |
|          | Sum (item 1 - 13 except from 10 and 12)               | 120    | 26,203,211                | 20,987,035 |
|          | Control number  | 121    | 81,157,797                | 65,051,973 |

Ministry of Finance  
 Czech Republic  
 Approved No. 282/55 733/93  
 Dated 26 October 1993

BALANCE SHEET PU 1 - 01

| Line | IKF |   |   |   | YR | IČO |   |   |   |   |   |   |   |   |   |   |   |   |
|------|-----|---|---|---|----|-----|---|---|---|---|---|---|---|---|---|---|---|---|
|      | 0   | 1 | 8 | 2 | 8  | 0   | 9 | 1 | 9 | 4 | 4 | 8 | 1 | 3 | 6 | 4 | 5 | 0 |

Accounting unit will submit  
 this statement with their  
 tax return

Bank name: **Česká národní banka**

1 to financial office  
 (tax institution)  
 at headquarter location

Bank code:

|   |   |   |   |
|---|---|---|---|
| 0 | 7 | 1 | 0 |
|   |   |   |   |

1 to CNB banking supervisory

Key:

**BANK BALANCE SHEET**

at 31 December 1994  
 (in '000 Kč)

| Date sent: | Stamp and signature<br>of statutory body | Person responsible<br>for accounting<br>name and signature | Person responsible<br>for this statement<br>name and signature |
|------------|--|--|--|
|            |  |  | V. Vicovský<br>tel.: 2441 4424                                 |

# A S S E T S

| Item No. | Item  | Row No. | Current Accounting Period |           |               | Previous Accounting Period |
|----------|---|---------|---------------------------|-----------|---------------|----------------------------|
|          |   |         | Prelim. Balance           | Provision | Final Balance |                            |
| a        | b   | c       | 1                         | 2         | 3             | 4                          |
| 1.       | Cash, bullion, deposits with central banks, GIRO accounts | 1       | 4,838,024                 | 0         | 4,838,024     | 4,170,908                  |
| 1.1.     | Cash and bullion  | 2       | 4,838,024                 | 0         | 4,838,024     | 4,170,908                  |
| 1.1.1.   | Cash  | 3       | 501,837                   |           | 501,837       | 276,711                    |
| 1.1.2.   | Gold  | 4       | 3,955,809                 |           | 3,955,809     | 3,860,031                  |
| 1.1.3.   | Other cash and bullion                                    | 5       | 380,378                   |           | 380,378       | 34,166                     |
| 1.2.     | Accounts with central banks                               | 6       | 0                         | 0         | 0             | 0                          |
| 1.2.1.   | Payable on demand   | 7       |                           |           |               |                            |
| 1.2.2.   | Term or notice accounts                                   | 8       |                           |           |               |                            |
| 1.2.3.   | Minimum required reserves                                 | 9       |                           |           |               |                            |
| 1.3.     | GIRO accounts   | 10      |                           |           |               |                            |
| 2.       | Deposits and loans with other banks                       | 11      | 0                         | 0         | 0             | 0                          |
| 2.1.     | Deposits  | 12      | 0                         | 0         | 0             | 0                          |
| 2.1.1.   | Current accounts  | 13      |                           |           |               |                            |
| 2.1.2.   | Deposits on term or notice                                | 14      |                           |           |               |                            |
| 2.2.     | Loans   | 15      | 0                         | 0         | 0             | 0                          |
| 2.2.1.   | Payable on demand   | 16      |                           |           |               |                            |
| 2.2.2.   | Other loans   | 17      |                           |           |               |                            |
| 2.2.3.   | Non-liquid loans  | 18      |                           |           |               |                            |
| 3.       | State treasury bills                                      | 19      | 18,352,032                | 0         | 18,352,032    | 10,637,375                 |
| 3.1.     | State treasury bills - domestic                           | 20      | 3,359,000                 |           | 3,359,000     | 902,000                    |
| 3.2.     | State treasury bills - foreign                            | 21      | 14,993,032                |           | 14,993,032    | 9,735,375                  |
| 4.       | Other treasury and similar bills                          | 22      | 109,491,004               | 0         | 109,491,004   | 38,022,251                 |
| 4.1.     | CNB bills   | 23      | 45,233,000                |           | 45,233,000    | 14,090,000                 |
| 4.2.     | Treasury bills and other similar items                    | 24      | 64,258,004                |           | 64,258,004    | 23,932,251                 |
| 5.       | Loans to clients  | 25      | 4,967,376                 | 165,816   | 4,801,560     | 2,013,233                  |
| 5.1.     | Standard loans  | 26      | 3,939,468                 |           | 3,939,468     | 982,945                    |
| 5.2.     | Clients' current accounts                                 | 27      | 35,697                    |           | 35,697        | 158,763                    |
| 5.3.     | Classified loans  | 28      | 992,211                   | 165,816   | 826,395       | 871,525                    |
| 5.4.     | Loans provided to state institutions                      | 29      |                           |           |               |                            |
| 5.5.     | Loans provided to local authorities                       | 30      |                           |           |               |                            |
| 5.6.     | Loans provided to public funds                            | 31      |                           |           |               |                            |
| 5.7.     | Deposits of budget means of local authorities             | 32      |                           |           |               |                            |
| 6.       | Bonds and other fixed yield securities                    | 33      | 36,159,472                | 327,064   | 35,832,408    | 32,966,844                 |
| 6.1.1.   | Bonds issued by public issuers                            | 34      | 32,723,845                | 327,064   | 32,396,781    | 29,656,256                 |
| 6.1.2.   | Bonds issued by banks and other issuers                   | 35      | 3,435,627                 |           | 3,435,627     | 3,310,588                  |
| 6.1.3.   | Own bonds - tradeable                                     | 36      |                           |           |               |                            |
| 7.       | Shares and securities with variable yield                 | 37      | 49,668                    |           | 49,668        | 49,476                     |
| 7.1.     | Own shares - tradeable                                    | 38      |                           |           |               |                            |
| 8.       | Settlement account for securities                         | 39      |                           |           |               |                            |
| 9.       | Receivables from security trading - third parties         | 40      |                           |           |               |                            |
| 10.      | Investments in associates                                 | 41      | 1,362,300                 | 0         | 1,362,300     | 1,353,200                  |

| a       | b  | c  | 1           | 2         | 3           | 4          |
|---------|--|----|-------------|-----------|-------------|------------|
| 10.1.   | In banks   | 42 | 1,362,300   |           | 1,362,300   | 1,353,200  |
| 10.1.1. | Revaluation difference                               | 43 |             |           |             |            |
| 10.2.   | In other entities                                    | 44 |             |           |             |            |
| 10.2.1. | Revaluation difference                               | 45 |             |           |             |            |
| 11.     | Investments in subsidiaries                          | 46 | 0           | 0         | 0           | 0          |
| 11.1.   | In banks   | 47 | 0           |           | 0           | 0          |
| 11.1.1. | Revaluation difference                               | 48 |             |           |             |            |
| 11.2.   | In other entities                                    | 49 |             |           |             |            |
| 11.2.1. | Revaluation difference                               | 50 |             |           |             |            |
| 12.     | Shareholders and partners                            | 51 |             |           |             |            |
| 13.     | Own shares   | 52 |             |           |             |            |
| 14.     | Advances to branches and agencies abroad - long-term | 53 |             |           |             |            |
| 15.     | Special long-term loans                              | 54 |             |           |             |            |
| 16.     | Intangible fixed assets                              | 55 | 125,687     | 57,403    | 68,284      | 95,562     |
| 16.1.   | Goodwill   | 56 |             |           |             |            |
| 16.2.   | Establishment expenses                               | 57 |             |           |             |            |
| 16.3.   | Other intangible fixed assets                        | 58 | 125,687     | 57,403    | 68,284      | 95,562     |
| 17.     | Tangible fixed assets                                | 59 | 2,158,320   | 587,241   | 1,571,079   | 819,321    |
| 17.1.   | Operational tangible fixed assets                    | 60 | 1,995,930   | 567,846   | 1,428,084   | 791,082    |
| 17.1.1. | Lands and buildings for banking activities           | 61 | 941,618     | 103,672   | 837,946     | 216,724    |
| 17.1.2. | Other operational tangible fixed assets              | 62 | 1,054,312   | 464,174   | 590,138     | 574,358    |
| 17.2.   | Non-operational tangible fixed assets                | 63 | 162,390     | 19,395    | 142,995     | 28,239     |
| 18.     | Assets not yet in use                                | 64 | 1,260,292   | 0         | 1,260,292   | 971,883    |
| 18.1.   | Tangible fixed assets not yet in use                 | 65 | 1,244,359   |           | 1,244,359   | 971,883    |
| 18.2.   | Intangible fixed assets not yet in use               | 66 | 15,933      |           | 15,933      | 0          |
| 19.     | Leased tangible fixed assets                         | 67 |             |           |             |            |
| 20.     | Inventories  | 68 |             |           |             |            |
| 21.     | Other assets   | 69 | 304,215     | 6,502     | 297,713     | 1,791,923  |
| 21.1.   | Sundry debtors                                       | 70 | 297,848     | 6,502     | 291,346     | 1,779,385  |
| 21.2.   | Pre-payments   | 71 | 6,367       |           | 6,367       | 12,538     |
| 21.3.   | Accounts with social institutions                    | 72 |             |           |             |            |
| 21.4.   | State budget accounts                                | 73 |             |           |             |            |
| 22.     | Domestic branches and agencies                       | 74 |             |           |             |            |
| 23.     | Other debtors  | 75 | 0           |           | 0           | 1          |
| 24.     | Deferrals and accruals - assets                      | 76 | 2,885,184   | 0         | 2,885,184   | 1,615,507  |
| 24.1.   | Deferred expenses                                    | 77 | 1,531,799   |           | 1,531,799   | 271,040    |
| 24.2.   | Accrued revenues                                     | 78 | 1,353,385   |           | 1,353,385   | 1,344,467  |
| 25.     | Estimated receivables                                | 79 | 30          |           | 30          |            |
| 26.     | Settlement accounts                                  | 80 | 1,714,891   | 0         | 1,714,891   | 0          |
| 26.1.   | Financial transactions                               | 81 |             |           |             |            |
| 26.2.   | Foreign exchange transactions                        | 82 | 292,631     |           | 292,631     | 0          |
| 26.3.   | Other transactions                                   | 83 | 1,422,260   |           | 1,422,260   | 0          |
| 27.     | Undistributed loss from previous years               | 84 |             |           |             |            |
| 28.     | Loss for the accounting period                       | 85 |             |           |             |            |
| 29.     | S u m (items 1 - 28)                                 | 86 | 183,668,495 | 1,144,026 | 182,524,469 | 94,507,484 |

| a   | b  | c  | 1             | 2         | 3             | 4           |
|-----|--|----|---------------|-----------|---------------|-------------|
| 30. | Reserve and SDR position at IMF                | 87 | 24,672,966    |           | 24,672,966    | 23,782,927  |
| 31. | Receivables from EFCPC                         | 88 |               |           |               |             |
| 32. | Other foreign receivables - loans and deposits | 89 | 86,235,511    |           | 86,235,511    | 109,497,630 |
| 33. | Refinancing receivables                        | 90 | 73,297,665    |           | 73,297,665    | 75,035,831  |
| 34. | Other domestic receivables                     | 91 | 2,480,583     |           | 2,480,583     | 2,016,785   |
| 35. | Non-liquid loans                               | 92 | 582,941       |           | 582,941       | 0           |
| 36. | State budget expenses                          | 93 |               |           |               |             |
| 37. | Other receivables from State budget            | 94 | 1,050         |           | 1,050         | 3,668       |
| 38. | State budget accounts from previous years      | 95 | 32,355,572    |           | 32,355,572    | 43,433,063  |
|     | <b>A S S E T S - T O T A L</b>                 | 96 | 403,294,783   | 1,144,026 | 402,150,757   | 348,277,388 |
| A.  | Government receivables from abroad             | 97 | 26,546,613    |           | 26,546,613    | 25,682,866  |
| B.  | Assets managed by CSOB                         | 98 |               |           |               |             |
| 41. | Control number                                 | 99 | 1,207,257,425 | 5,143,950 | 1,202,113,475 | 916,165,123 |

# LIABILITIES

| Item No. | Item  | Row No. | Accounting period balance |            |
|----------|---|---------|---------------------------|------------|
|          |   |         | Current                   | Previous   |
| a        | b   | c       | 5                         | 6          |
| 1.       | Payables to banks   | 100     | 0                         | 0          |
| 1.1.     | Loans from central banks                                  | 101     | 0                         | 0          |
| 1.1.1.   | Loans payable on demand                                   | 102     |                           |            |
| 1.1.2.   | Loans on term or notice                                   | 103     |                           |            |
| 1.2.     | Loans from other banks                                    | 104     | 0                         | 0          |
| 1.2.1.   | Loans payable on demand                                   | 105     |                           |            |
| 1.2.2.   | Other notice or term loans                                | 106     |                           |            |
| 2.       | Deposits of other banks                                   | 107     | 0                         | 0          |
| 2.1.     | Current accounts (131 - credit balance)                   | 108     |                           |            |
| 2.1.     | Current accounts (134 - credit balance)                   | 109     |                           |            |
| 2.2.     | Deposits on term or notice                                | 110     |                           |            |
| 3.       | Payables to clients                                       | 111     | 16,821,537                | 5,574,702  |
| 3.1.     | Current accounts  |         | 7,211,946                 | 5,414,813  |
| 3.2.     | Saving deposits   | 112     | 0                         | 0          |
| 3.2.1.   | Payable on demand   | 113     |                           |            |
| 3.2.2.   | Payable on notice   | 114     |                           |            |
| 3.3.     | Term deposits   | 115     | 9,218,991                 | 136,259    |
| 3.4.     | Other payables  | 116     | 390,600                   | 23,630     |
| 3.5.     | Special purpose deposits                                  | 117     |                           |            |
| 3.6.     | Budget deposits of local authorities                      | 118     |                           |            |
| 4.       | Certificates of deposit and treasury bills                | 119     | 0                         | 0          |
| 4.1.     | Issued domestically                                       | 120     |                           |            |
| 4.2.     | Issued abroad   | 121     |                           |            |
| 5.       | State non-budget accounts                                 | 122     | 8,856,383                 | 6,234,945  |
| 5.1.     | State authorities   | 123     | 5,597,129                 | 2,596,551  |
| 5.2.     | Local authorities   | 124     | 3,259,254                 | 3,638,394  |
| 5.3.     | Public funds  | 125     |                           |            |
| 6.       | Subsidies and similar means                               | 126     | 1,967                     | 1,786      |
| 7.       | Bonds   | 127     | 21,149,625                | 25,138,707 |
| 8.       | Capital   | 128     | 1,400,000                 | 1,400,000  |
| 8.1.     | Capital - paid  | 129     | 1,400,000                 | 1,400,000  |
| 8.1.1.   | Differences on translation of capital in foreign currency | 130     |                           |            |
| 9.       | Special long-term loans                                   | 131     | 0                         | 0          |
| 9.1.     | Loans from banks  | 132     |                           |            |
| 9.2.     | Loans from clients  | 133     |                           |            |
| 10.      | Long-term liability of foreign branch to Head Office      | 134     |                           |            |
| 11.      | Agio fund   | 135     |                           |            |
| 12.      | Other capital funds                                       | 136     | 473,125                   | 351,523    |
| 13.      | Investment revaluation account                            | 137     | 2,339                     | 0          |
| 13.1.    | Investment revaluation account - associates               | 138     | 2,339                     | 0          |
| 13.1.1.  | In banks  | 139     |                           |            |

| a       | b  | c   | 5           | 6           |
|---------|--|-----|-------------|-------------|
| 13.1.2. | In other entities  | 140 | 2,339       | 0           |
| 13.2.   | Investment revaluation account - subsidiaries                          | 141 | 0           | 0           |
| 13.2.1. | In banks   | 142 |             |             |
| 13.2.2. | In other entities  | 143 |             |             |
| 14.     | Reserves   | 144 | 10,186,147  | 4,224,577   |
| 14.1.   | Reserves - tax deductible  | 145 | 6,321,608   | 2,884,708   |
| 15.     | Reserve funds  | 146 | 4,779,035   | 3,363,070   |
| 15.1.   | Legal reserve fund   | 147 | 4,779,035   | 3,363,019   |
| 16.     | Other funds from profit  | 148 | 16,221      | 15,296      |
| 17.     | Undistributed profit from previous years                               | 149 |             |             |
| 18.     | Payables from security trading - third parties                         | 150 |             |             |
| 19.     | Other payables from issue of securities                                | 151 |             |             |
| 20.     | Payables for securities  | 152 | 0           | 0           |
| 20.1.   | Payables for securities  | 153 |             |             |
| 20.2.   | Property shares registered with payment collected but not yet recorded | 154 |             |             |
| 21.     | Accounts with payments collected but not yet recorded                  | 155 |             |             |
| 22.     | Domestic branches and agencies   | 156 |             |             |
| 23.     | Other liabilities  | 157 | 308,850     | 129,391     |
| 23.1.   | Sundry creditors   | 158 | 53,775      | 42,774      |
| 23.2.   | Employee accounts  | 159 | 241         | 2,622       |
| 23.3.   | Accounts with social institutions                                      | 160 |             |             |
| 23.4.   | State budget accounts  | 161 | 253,842     | 83,021      |
| 23.5.   | Advance payments received  | 162 | 992         | 974         |
| 24.     | Deferrals and accruals - liabilities                                   | 163 | 3,872,255   | 2,185,109   |
| 24.1.   | Deferred income  | 164 | 1,214,622   | 1,784,208   |
| 24.2.   | Accrued expenses   | 165 | 2,657,633   | 400,901     |
| 25.     | Estimated payables   | 166 | 37,165      | 15,956      |
| 26.     | Settlement accounts  | 167 | 285,906     | 3,382,501   |
| 26.1.   | Financial transactions   | 168 | 285,906     | 721,236     |
| 26.2.   | Foreign exchange transactions  | 169 | 0           | 2,351,741   |
| 26.3.   | Other transactions   | 170 | 0           | 309,524     |
| 27.     | Profit for the accounting period                                       | 171 |             |             |
| 28.     | S u m (Items 1 - 27)   | 172 | 68,190,555  | 52,017,563  |
| 29.     | Payable to IMF - SDR settlement account                                | 173 | 24,672,973  | 55,273,360  |
| 30.     | Payable to EFCPC   | 174 |             |             |
| 31.     | Other payables - abroad  | 175 | 4,326,312   | 38,894,304  |
| 32.     | Monetary reserves of banks at CNB                                      | 176 | 51,285,490  | 58,952,064  |
| 33.     | Bills issued by CNB  | 177 | 85,000,000  | 38,000,000  |
| 34.     | Other payables - domestic  | 178 | 23,751,546  | 6,836,948   |
| 35.     | State budget income  | 179 |             |             |
| 36.     | Other payables to state budget   | 180 | 1,530,787   | 306,961     |
| 37.     | State budget accounts from previous years                              | 181 | 47,067,577  | 29,460,213  |
| 38.     | Currency in circulation  | 182 | 96,325,517  | 68,535,975  |
|         | LIABILITIES - TOTAL  | 183 | 402,150,757 | 348,277,388 |
| A.      | Government payables - abroad   | 184 | 26,546,613  | 25,682,866  |
| B.      | Liabilities managed by CSOB  | 185 |             |             |
| 39.     | Control number   | 186 | 941,688,934 | 799,409,580 |



# OFF-BALANCE SHEET

| Item No. | Item  | Row No. | Accounting period balance |           |
|----------|---|---------|---------------------------|-----------|
|          |   |         | Current                   | Previous  |
| a        | b   | c       | 7                         | 8         |
| 1.       | Contingent liabilities - total                              | 187     | 6,888,809                 | 283,225   |
| 1.1.     | Acceptance of bills of exchange and endorsements of banks   | 188     |                           |           |
| 1.2.     | Acceptance of bills of exchange and endorsements of clients | 189     | 246,091                   | 283,225   |
| 1.3.     | Guarantees provided   | 190     | 6,642,718                 | 0         |
| 2.       | Potential loan risks  | 191     |                           |           |
| 2.1.     | Commitments   | 192     |                           |           |
| 3.       | Receivables from financial instruments                      | 193     |                           |           |
| 4.       | Payables from financial instruments                         | 194     |                           |           |
| 5.       | Receivables from forward foreign exchange contracts         | 195     | 6,112                     | 100,914   |
| 6.       | Payables from forward foreign exchange contracts            | 196     | 0                         | 1,711,645 |
| 7.       | Receivables from other transactions                         | 197     | 1,369,313                 | 450       |
| 8.       | Payables from other transactions                            | 198     |                           |           |
| 9.       | Control number  | 199     | 15,153,043                | 2,379,459 |

Ministry of Finance  
 Czech Republic  
 Approved No. 282/55 733/93  
 Dated 26 October 1993

**NOTES TO THE FINANCIAL STATEMENTS**

| Line | IKF |   |   |   | YR | IČO |   |   |   |   |   |   |   |   |   |   |   |
|------|-----|---|---|---|----|-----|---|---|---|---|---|---|---|---|---|---|---|
| 0    | 1   | 8 | 2 | 8 | 0  | 9   | 1 | 9 | 4 | 4 | 8 | 1 | 3 | 6 | 4 | 5 | 0 |

Accounting unit will submit  
 this statement with their  
 tax return

Bank name: **Česká národní banka**

1 to financial office  
 (tax institution)  
 at headquarter location

Bank code:

|   |   |   |   |
|---|---|---|---|
| 0 | 7 | 1 | 0 |
|   |   |   |   |

1 to CNB banking supervisory

Key:

**NOTES TO THE FINANCIAL STATEMENTS**

at 31 December 1994  
 (in '000 Kč)

|            |  |  |  |
|------------|--|--|--|
| Date sent: | Stamp and signature<br>of statutory body | Person responsible<br>for accounting<br>name and signature | Person responsible<br>for this statement<br>name and signature |
|            |  |  | tel.:  |

**CZECH NATIONAL BANK  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 1994**

---

**1. GENERAL**

The Czech National Bank ("the Bank") is the central bank of the Czech Republic. The Bank is an independent body which reports only to Parliament.

The Bank was incorporated under Act No. 6/1993 and its primary objective is to maintain the stability of the Czech Crown in accordance with this legislation.

The Bank was established on 1 January 1993 when the former State Bank of Czechoslovakia was succeeded by the Czech National Bank and the National Bank of Slovakia.

The financial statements are reported in Czech Crowns ("Kč") and all amounts are stated in thousands.

**2. SUMMARY OF ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of the Bank's financial statements are set out below:

**Basis of preparation**

The financial statements of the Bank have been prepared in accordance with the Act on Accounting and relevant regulations and decrees of the Czech Republic. Assets and liabilities are valued in accordance with articles 22 and 24 of this Act.

The Bank uses the chart of accounts required for banks by the Czech Ministry of Finance in Provision No. 282/41 410/1993 of 9 June 1993, which was registered as No. 52/1993.

**a) Valuation**

Gold

Gold is stated at historical cost. Gold sold under repurchase agreements is included in assets and the related payment obligation is included in liabilities.

**CZECH NATIONAL BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1994**

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Securities

Treasury bills and other similar securities are carried in assets at nominal value and the related purchase price discount is included in other liabilities. The discount is amortised to the profit and loss account on a straight line basis over the life of the bill. The amortisation is based on the most recent market price achieved by the Bank.

Bonds are valued at weighted average cost and provision is made for any reduction in market value. Interest income is accrued over the life of the bond.

Securities sold under repurchase agreements are included in assets and valued according to the nature of the security. The related payment obligation is included in liabilities. Securities held under reverse repurchase agreements are included in receivables. Interest arising on repurchase agreements is charged to the profit and loss account over the life of the agreement.

Subsidiaries and associates

A subsidiary enterprise is one in which the Bank holds, directly or indirectly, more than 50% of the registered capital or has control over the activities. An associate enterprise is one in which the bank holds, directly or indirectly, 20 - 50 % of the registered capital.

Investments in associates are stated at cost. Permanent diminution's in the value of investments are written off to the profit and loss account.

The Bank has no subsidiaries.

The investment in the associated bank, Českolovenská Obchodní Banka, has not been consolidated as the Czech National Bank does not seek to influence the bank other than under its bank-supervisory capacity.

Due from financial institutions

Amounts due from financial institutions are stated after deduction of appropriate specific provisions for bad and doubtful debts. General provisions are recorded in other reserves on the liability side of the balance sheet.

Specific provisions and increases in general reserves are charged to the profit and loss account.

Amounts due from banks subject to foreign currency resale agreements are stated in assets in the balance sheet at the nominal value of the receivable.

**CZECH NATIONAL BANK  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 1994**

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Loans and advances to clients

Loans and advances to clients are classified in accordance with the Bank's loan classification regulation and stated after deduction of specific provisions for doubtful debts. General loan loss provisions are included in other reserves on the liability side of the balance sheet.

Specific provisions and increases in general reserves are charged to the profit and loss account.

Provisions are made, as necessary, for non-recoverability of assets and for liabilities arising from commitments and contingencies.

Own-issued securities

Own-issued treasury bills are recorded in the balance sheet at nominal amount. The related discount is included in other assets and amortised over the life of the bill.

Unsold, or repurchased, own-issued bills at the balance sheet date are included in both liabilities and assets. Interest income and expense arising on these bills is included in the profit and loss account.

Bonds are stated at their nominal amount and interest expense is charged to profit and loss over the period of coupon maturity.

Foreign currency translation

Transactions in foreign currencies are translated into Czech Crowns at the rates ruling on the date of the transaction. Realised gains and losses are recorded in the profit and loss account.

Assets and liabilities, including unmatured commitments to deliver or acquire foreign currencies under spot or forward exchange transactions, are translated at official rates of exchange ruling at the balance sheet date. Long and short positions are revalued at the mid market rate.

Resulting net losses arising on translation of assets and liabilities denominated in the principal currencies are recorded in the profit and loss account as part of the increase in specific provisions. Resulting net gains are included in assets in the balance sheet.

**CZECH NATIONAL BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1994**

---

Interest, fees and commissions income

Interest income is accounted for on an accrual basis on interest earning assets. Interest earned on non-performing assets is recorded in the profit and loss account together with an appropriate specific provision. Interest on earning assets denominated in foreign currency is translated at the official exchange rate ruling on receipt.

Fees and commissions are credited to the profit and loss account over the life of the underlying transaction.

Investment disposals

When investments are disposed, the difference between the net proceeds and the book amount is charged or credited to the profit and loss account.

**b) Fixed assets and depreciation**

Tangible and intangible fixed assets are stated at acquisition cost less value added tax and appropriate provision is made for depreciation. Land and buildings are stated at acquisition cost or at replacement cost. Land is not depreciated. On other assets, depreciation is provided on a straight line basis over the estimated useful lives of the assets at rates specified in the Act on Income Tax.

Tangible fixed assets costing less than Kč 10,000 and intangible fixed assets costing less than Kč 20,000 are charged to the profit and loss account in the period in which they are first put into use.

Value added tax paid on fixed asset additions during the year has been charged to profit and loss account in accordance with instructions issued by the Ministry of Finance.

**c) Changes in accounting policies**

In accordance with the new requirements on presentation of the financial statements, the comparative figures have been reclassified on a basis consistent with those of the current year.

In addition, certain receivables and payables related to currency in circulation which, in 1993, were disclosed gross in both assets and liabilities (lines 91 and 178) have been netted in line no. 91 of the current year's balance sheet.

There were no changes in accounting policies during the year.

**CZECH NATIONAL BANK  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 1994**

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**3. GENERAL OPERATING EXPENSES**

|  |                       |
|--|-----------------------|
| <b>a) General operating expenses</b>                   |                       |
| Salaries and other remuneration                        | 283,080               |
| Social costs   | 104,212               |
| Other general operating expenses                       | <u>573,480</u>        |
| Total general operating expenses                       | <u><u>960,772</u></u> |
| <b>b) Average number of employees during the year:</b> |                       |
| Members of - the Bank Council                          | 6                     |
| - senior management                                    | 19                    |
| Other employees  | <u>1,562</u>          |
|  | <u><u>1,587</u></u>   |

**4. TAXATION**

The Bank is exempt from the payment of income tax.

Any non-allocated profit of the Bank is contributed to the State Budget. No profit was paid to the State budget in 1994 in accordance with the requirements of the Bank's annual budget.

**5. CURRENT YEAR PROFIT ALLOCATION**

The amount of Kč 1,438,216 thousand on line no. 67 of the Profit and Loss Statement represents the profit before allocation to reserves. The allocation of profit, which is made in accordance with the requirements of the Bank's budget for 1994, is as follows:

|                                  |                         |
|----------------------------------|-------------------------|
| Allocation to legal reserve fund | 1,416,016               |
| Allocation to social fund        | <u>22,200</u>           |
|                                  | <u><u>1,438,216</u></u> |

**CZECH NATIONAL BANK  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 1994**

**6. SECURITIES**

|  | <i>Line</i> | <i>Nominal<br/>Value</i> | <i>Nominal<br/>Value less<br/>Discount</i> | <i>Market Value</i>     |
|--|-------------|--------------------------|--|-------------------------|
| <b><u>Domestic</u></b>                         |             |                          |  |                         |
| State treasury bills                           | 20          | 3,359,000                | 3,251,445                                  | 3,251,117               |
| Czech National Bank<br>Bills                   | 23          | 45,233,000               | 44,050,112                                 | 43,925,461              |
| National Property<br>Fund Bills                | 24          | <u>365,000</u>           | <u>357,361</u>                             | <u>354,421</u>          |
|  |             | <u>48,957,000</u>        | <u>47,658,918</u>                          | <u>47,530,999</u>       |
| <b><u>Foreign</u></b>                          |             |                          |  |                         |
| State Treasury Bills                           | 21          | 14,993,032               | 14,662,958                                 |                         |
| Bank for International<br>Settlements Deposits | 24          | <u>63,893,004</u>        | <u>63,020,882</u>                          |                         |
|  |             | <u>78,886,036</u>        | <u>77,683,840</u>                          | <u>77,677,035</u>       |
|  |             | <i>Nominal<br/>Value</i> | <i>Cost of<br/>Acquisition</i>             | <i>Market<br/>Value</i> |
| Other foreign currency<br>bonds                | 34          | 32,853,372               | 32,723,845                                 | 32,396,781              |
| Provision                                      | 34          |                          | (327,064)                                  |                         |
|  |             | <u>32,853,372</u>        | <u>32,396,781</u>                          | <u>32,396,781</u>       |
| CSOB bonds                                     | 35          | 3,435,627                | 3,435,627                                  |                         |



**CZECH NATIONAL BANK  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 1994**

**7. INVESTMENTS**

| <i>Name</i>                        | <i>Country</i>    | <i>Share<br/>of<br/>capital</i> | <i>Line</i> | <i>Amount</i>    |
|------------------------------------|-------------------|---------------------------------|-------------|------------------|
| Bank for International Settlements | Switzerland       | 1.1%                            | 37          | 49,476           |
| SWIFT                              | Belgium           | -                               | 37          | 192              |
| Institut Bankovního Vzdělávání     | Czech<br>Republic | 20.8%                           | 41          | 9,100            |
| Československá Obchodní Banka      | Czech<br>Republic | 26.5%                           | 41          | <u>1,353,200</u> |
|                                    |                   |                                 |             | <u>1,411,968</u> |

**8. ESTABLISHMENT COSTS**

There were no establishment costs arising from the transformation of the former State Bank of Czechoslovakia.

**9. TANGIBLE FIXED ASSETS (line 60)**

Cost

|                                     | <i>Land</i>    | <i>Buildings</i> | <i>Equipment,<br/>fittings, and<br/>fixtures</i> | <i>Other</i>  | <i>Total</i>     |
|-------------------------------------|----------------|------------------|--|---------------|------------------|
| At 1.1.1994                         | 125,421        | 188,360          | 774,097  | 63,254        | 1,151,132        |
| Net movements                       | <u>7,477</u>   | <u>620,360</u>   | <u>191,328</u>                                   | <u>25,633</u> | <u>844,798</u>   |
| At 31.12.1994                       | <u>132,898</u> | <u>808,720</u>   | <u>965,425</u>                                   | <u>88,887</u> | <u>1,995,930</u> |
| <b>Accumulated<br/>depreciation</b> |                |                  |  |               |                  |
| At 1.1.1994                         | -              | 97,057           | 209,254  | 53,739        | 360,050          |
| Net movements                       | <u>-</u>       | <u>6,615</u>     | <u>181,513</u>                                   | <u>19,668</u> | <u>207,796</u>   |
| At 31.12.1994                       | <u>-</u>       | <u>103,672</u>   | <u>390,767</u>                                   | <u>73,407</u> | <u>567,846</u>   |
| <b>Net book value</b>               |                |                  |  |               |                  |
| At 31.12.1994                       | <u>132,898</u> | <u>705,048</u>   | <u>574,658</u>                                   | <u>15,480</u> | <u>1,428,084</u> |

Assets not in use (line 64) consists of costs related to construction or reconstruction of branch buildings.

**CZECH NATIONAL BANK  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 1994**

**10. TANGIBLE FIXED ASSETS ACQUIRED UNDER FINANCE LEASE AGREEMENTS**

The Bank has no tangible fixed assets held under finance lease agreements as at 31 December 1994.

**11. LOANS AND ADVANCES TO CLIENTS AND FINANCIAL INSTITUTIONS, DENOMINATED IN CZECH CROWNS**

**Maturity analysis of loans and advances to customers and banks**

|   | <i>Line</i> | <i>Short term<br/>(less than 1<br/>year)</i> | <i>Medium term<br/>(1 -4 years)</i> | <i>Long term<br/>(more than<br/>4 years)</i> | <i>Total</i>       |
|---|-------------|--|-------------------------------------|--|--------------------|
| <b>a) By original contract maturity</b> |             |  |                                     |  |                    |
| Re-finance loans                        | 90          | 8,277,642                                    | -                                   | -  | 8,277,642          |
| Re-distribution loans                   | 90          | -  | -                                   | 65,020,023                                   | 65,020,023         |
| Other inter-bank loans                  | 89,91       | 24,572,485                                   | -                                   | 1,277,947                                    | 25,850,432         |
| Non-liquid loans                        | 92          | 582,941                                      | -                                   | -  | 582,941            |
| Loans to State                          | 95          | -  | -                                   | 32,355,572                                   | 32,355,572         |
| Commercial lending:<br>non-classified   | 25          | 4,553,589                                    | 227,312                             | 139,381                                      | 4,920,282          |
|   |             | <u>37,986,657</u>                            | <u>227,312</u>                      | <u>98,792,923</u>                            | <u>137,006,892</u> |
| Less: specific provisions               | 28          | <u>(125,824)</u>                             | <u>(38,236)</u>                     | <u>(1,756)</u>                               | <u>(165,816)</u>   |
| Total                                   |             | <u>37,860,833</u>                            | <u>189,076</u>                      | <u>98,791,167</u>                            | <u>136,841,076</u> |
| <b>b) By residual maturity</b>          |             |  |                                     |  |                    |
| Re-finance loans                        | 90          | 8,277,642                                    | -                                   | -  | 8,277,642          |
| Re-distribution loans                   | 90          | -  | 6,899,165                           | 58,120,858                                   | 65,020,023         |
| Other inter-bank loans                  | 89,91       | 24,572,485                                   | -                                   | 1,277,947                                    | 25,850,432         |
| Non-liquid loans                        | 92          | 582,941                                      | -                                   | -  | 582,941            |
| Loans to State                          | 95          | -  | -                                   | 32,355,572                                   | 32,355,572         |
| Commercial lending                      | 25          | 4,764,867                                    | 146,283                             | 9,132  | 4,920,282          |
|   |             | <u>38,197,935</u>                            | <u>7,045,448</u>                    | <u>91,763,509</u>                            | <u>137,006,892</u> |
| Less: specific provisions               | 28          | <u>(125,824)</u>                             | <u>(38,236)</u>                     | <u>(1,756)</u>                               | <u>(165,816)</u>   |
| Total                                   |             | <u>38,072,111</u>                            | <u>7,007,212</u>                    | <u>91,761,753</u>                            | <u>136,841,076</u> |

**c) Amounts due from National Bank of Slovakia**

Other interbank loans includes an amount due from the National Bank of Slovakia of Kč 24,572,485 thousand which arose from the separation of the assets and liabilities of the former State Bank of Czechoslovakia on the formation of separate central banks for the Czech Republic and Slovakia. In addition, line no. 83 of the balance sheet includes Kč 1,599,770 thousand representing the loss incurred by the Bank on the dissolution of the federal currency. This amount is repayable by the National Bank of Slovakia on division of the overall surplus arising from the federal currency.

Recoverability of these amounts is the subject of ongoing discussions between the respective parties.

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NOTES TO THE FINANCIAL STATEMENTS  
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**d) Loans and advances to customers and banks by type of security received**

Loans and advances to customers and banks have been secured as follows:

|  | <u>Loan Amount</u> |
|--|--------------------|
| State guarantees for loans to banks              | 38,760,603         |
| Bills of exchange for domestic re-discount loans | 6,529,758          |
| Bills of exchange for domestic discount loans    | 1,597,884          |
| Mortgages for loans to clients                   | 444,878            |
| Securities pledged                               | 150,000            |
|  | <u>47,483,123</u>  |

**e) Subordinated loans and advances to customers and banks**

The Bank has not entered into subordinated loan agreements with any customers or banks.

**12. RECOVERIES AND WRITE-OFFS ON LOANS AND ADVANCES TO CUSTOMERS**

The Bank has not written off any loans to banks or customers and consequently, has had no recoveries. The movements on specific provision during the year were as follows:

|   |                  |
|---|------------------|
| Balance at 1 January 1994                     | 146,341          |
| Increase in specific provisions               | 130,323          |
| Decrease in specific provisions               | <u>(104,346)</u> |
| Balance at 31 December 1994 (lines 25 and 69) | <u>172,318</u>   |

**13. SYNDICATED LENDING**

The Bank is not involved in any form of syndicated lending.

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**14. MATURITY ANALYSIS OF AMOUNTS DUE TO CUSTOMERS**

|   | <i>Line</i>         | <i>Short term<br/>(less than<br/>1 year)</i> | <i>Medium term<br/>(1 - 4 years)</i> | <i>Long term<br/>(more than<br/>4 years)</i> | <i>Total</i>      |
|---|---------------------|--|--------------------------------------|--|-------------------|
| <b>By original contract and residual maturity</b> |                     |  |                                      |  |                   |
| Current accounts                                  | 111                 | 7,211,946                                    | -                                    | -  | 7,211,946         |
| Term deposits                                     | 115                 | 9,568  | 9,209,423                            | -  | 9,218,991         |
| Due to State                                      | 123,124,<br>180,181 | 32,867,654                                   | 24,587,093                           | -  | 57,454,747        |
| Other amounts due to customers                    | 116                 | 390,600                                      | -                                    | -  | 390,600           |
|   |                     | <u>40,479,768</u>                            | <u>33,796,516</u>                    | <u>-</u>                                     | <u>74,276,284</u> |

**15. BONDS**

Bonds issued by the Bank denominated in foreign currencies:

| Name of Issue | SHIBOSAI       | EUROTRH           | SAMURAI          | Total             |
|---------------|----------------|-------------------|------------------|-------------------|
| Currency      | JPY            | USD               | JPY              |                   |
| Date of issue | 26.11.1991     | 6.4.1993          | 9.8.1993         |                   |
| Maturity date | 26.11.1997     | 6.4.1996          | 9.8.2000         |                   |
| Interest rate | 8.5%           | 7%                | 6.6%             |                   |
| Line no. 127  | <u>787,500</u> | <u>10,518,375</u> | <u>9,843,750</u> | <u>21,149,625</u> |

**16. CAPITAL**

The Bank's capital comprises a statutory fund amounting to Kč 1,400,000 thousand.

**17. STATUTORY AND OTHER FUNDS**

|                            | <i>Balance<br/>at 1.1.94</i> | <i>Increases</i> | <i>Decreases</i> | <i>Balance<br/>at 31.12.94</i> |
|----------------------------|------------------------------|------------------|------------------|--------------------------------|
| Statutory fund             | 1,400,000                    | -                | -                | 1,400,000                      |
| Legal reserve fund         | 3,363,019                    | 1,416,016        | -                | 4,779,035                      |
| Other capital funds        | 351,523                      | 121,611          | 9                | 473,125                        |
| Revaluation of investments | -                            | 2,339            | -                | 2,339                          |
| Other funds from profit    | 15,296                       | 22,971           | 22,046           | 16,221                         |
|                            | <u>5,129,838</u>             | <u>1,562,937</u> | <u>22,055</u>    | <u>6,670,720</u>               |

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**18. RESERVES**

The increase in General Reserves for Loan Losses during the year was calculated in accordance with the requirements of Section 5 of Act. No. 593/1992 on tax deductible reserves.

|   |      |                         |
|---|------|-------------------------|
| Balance at 1 January 1994               |      | 2,884,708               |
| Increases during the year:              |      |                         |
| Guarantees                              | 2%   | 45,730                  |
| Medium and long term loans to customers | 2%   | 11,910                  |
| Medium and long term loans to banks     | 0.5% | -                       |
| Overdue loans and advances              | 10%  | 2,618,460               |
| Transfer from other reserves            |      | <u>760,800</u>          |
| Balance at 31 December 1994             |      | <u><u>6,321,608</u></u> |

Other Reserves were created in accordance with to the Act on Accounting as follows:

|                              |                         |
|------------------------------|-------------------------|
| Balance at 31 December 1993  | 1,339,868               |
| Increase during the year     | 3,341,612               |
| Decrease in opening reserve  | (56,141)                |
| Transfers to General Reserve | <u>(760,800)</u>        |
| Balance at 31 December 1994  | <u><u>3,864,539</u></u> |

**19. BORROWINGS FROM BANKS**

**Maturity analysis of bank borrowings:**

|   | <i>Line</i> | <i>Short term<br/>(less than<br/>1 year)</i> | <i>Medium term<br/>(1 - 4 years)</i> | <i>Long term<br/>(more than<br/>4 years)</i> | <i>Total</i>     |
|---|-------------|--|--------------------------------------|--|------------------|
| <b>a) By original contract maturity</b> |             |  |                                      |  |                  |
| Gold swap liabilities                   | 175         | 1,629,059                                    | -                                    | -  | 1,629,059        |
| Other                                   | 175         | <u>419,683</u>                               | <u>-</u>                             | <u>1,695,712</u>                             | <u>2,115,395</u> |
|   |             | <u>2,048,742</u>                             | <u>-</u>                             | <u>1,695,712</u>                             | <u>3,744,454</u> |

b) The residual maturity is the same as the original contract maturity.

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**c) Subordinated bank borrowings**

The Bank has not entered into subordinated loan agreements with any customers or banks.

**20. OTHER LIABILITIES TO BANKS AND FINANCIAL INSTITUTIONS  
IN FOREIGN COUNTRIES AND IN THE CZECH REPUBLIC**

**Other liabilities due to parties in foreign countries and the IMF** *Balance at 31.12.94* *Balance at 1.1.94*  
The largest amounts from lines 173 and 175 include:

|                        |            |            |
|------------------------|------------|------------|
| IMF securities account | 24,611,145 | 55,213,762 |
| IMF loan               | -          | 32,296,573 |

**Other liabilities due to parties in the Czech Republic** *Balance at 31.12.94* *Balance at 1.1.94*  
The largest balances from line 178 include:

|   |            |           |
|---|------------|-----------|
| Current accounts of banks               | 10,941,336 | 1,423,596 |
| Liabilities under repurchase agreements | 6,062,371  | -         |
| Due to other banks                      | 4,957,275  | 5,168,903 |

**21. CNB TREASURY BILLS**

| Issue Date   | Maturity | Price/Unit | Units  | Nominal value     | Interest rate |
|--------------|----------|------------|--------|-------------------|---------------|
| 07.10.94     | 06.01.95 | 994,439    | 15,000 | 15,000,000        | 8.66%         |
| 07.11.94     | 03.02.95 | 993,837    | 15,000 | 15,000,000        | 8.68%         |
| 07.10.94     | 10.02.95 | 992,201    | 15,000 | 15,000,000        | 8.68%         |
| 02.12.94     | 10.03.95 | 992,508    | 15,000 | 15,000,000        | 8.69%         |
| 14.10.94     | 14.04.95 | 988,659    | 15,000 | 15,000,000        | 8.66%         |
| 16.12.94     | 16.06.95 | 987,000    | 10,000 | 10,000,000        | 8.65%         |
| Line no. 177 |          |            |        | <u>85,000,000</u> |               |

**22. AMOUNTS RECEIVED UNDER ADMINISTRATION AGREEMENTS**

The Bank has not received any amounts under administration agreements.

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**23. TOTAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

|                   | <i>Convertible<br/>currencies</i> | <i>Nonconvertible<br/>currencies</i> | <i>Total</i> |
|-------------------|-----------------------------------|--------------------------------------|--------------|
| Total assets      | 183,521,699                       | 49,260,032                           | 232,781,731  |
| Total liabilities | 27,738,866                        | 25,254,759                           | 52,993,625   |

**24. CONTINGENCIES**

Contingencies are noted in the table of off-balance sheet items. Guarantees provided of Kč 6,642,718 thousand comprises Kč 1,917,718 thousand in respect of guarantees provided to banks on behalf of customers and Kč 4,725,000 thousand (Kč 7,025,000 net of reserves of Kč 2,300,000) which represents the maximum potential liability arising on the transfer of assets and liabilities in certain commercial banks.