




Financial Statements and Auditor's Report as of 31 December 2020



FINANCIAL STATEMENTS OF
THE CZECH NATIONAL BANK
FOR THE YEAR ENDED
31 DECEMBER 2020

Date of preparation:	Signature of the Governor	Person responsible for accounting Name and signature	Person responsible for the financial statements Name and signature
12 March 2021	 Ing. J. Rusnok	 Ing. M. Mayer, LL.M.	 Ing. D. Šafránek, MBA

The financial statements and notes to the financial statements were approved by the CNB's Bank Board on 18 March 2021.

ASSETS		Note	2020 CZK million	2019 CZK million
1.	Gold	3.1.	12 247	493
2.	Receivables from the International Monetary Fund	3.2.	81 402	83 184
3.	Receivables from abroad, including securities	3.3.	3 515 404	3 356 214
3.1.	Deposits at foreign banks and financial institutions		1 125 656	1 335 973
3.2.	Securities		2 342 561	1 988 495
3.3.	Other receivables from abroad		47 187	31 746
4.	Receivables from domestic banks	3.4.	0	0
5.	Fixed assets	3.5.	3 341	3 118
5.1.	Tangible fixed assets		3 165	2 954
5.2.	Intangible assets		176	164
6.	Other assets	3.6.	7 474	6 889
6.1.	Other financial assets		4 920	4 633
6.2.	Other		2 554	2 256
TOTAL ASSETS			3 619 868	3 449 898

LIABILITIES		Note	2020 CZK million	2019 CZK million
1.	Notes and coins in circulation	3.7.	711 886	644 367
2.	Liabilities to the International Monetary Fund	3.2.	75 088	79 692
3.	Liabilities abroad	3.8.	143 839	138 795
3.1.	Loans from foreign banks		9 280	24 883
3.2.	Other liabilities abroad		134 559	113 912
4.	Liabilities to domestic banks	3.9.	2 283 220	2 408 337
4.1.	Loans received		2 147 836	2 255 227
4.2.	Bank monetary reserves		72 464	43 240
4.3.	Other liabilities to banks		62 920	109 870
5.	Liabilities to the state and other public institutions	3.10.	422 749	291 684
6.	Other liabilities	3.11.	14 932	10 811
7.	Provisions	3.12.	0	0
8.	Revaluation reserve	3.13.	4 289	4 029
9.	Share capital	3.13.	1 400	1 400
10.	Funds	3.13.	0	0
11.	Accumulated loss brought forward	3.13.	-129 217	-187 115
12.	Profit or loss for the period	3.13.	91 682	57 898
TOTAL LIABILITIES			3 619 868	3 449 898

OFF BALANCE SHEET		Note	2020 CZK million	2019 CZK million
1.	Guarantees issued	3.17.	804	804
2.	Issued loan commitments	3.2.	0	38 115
3.	Receivables from spot, term and futures transactions	3.17.	529 014	588 328
4.	Liabilities from spot, term and futures transactions	3.17.	530 180	587 618
5.	Guarantees received	3.17.	0	38 115
6.	Collateral received	3.17.	75 622	49 206

INCOME STATEMENT		Note	2020 CZK million	2019 CZK million
1.	Interest income and similar income	3.14.	19 435	24 004
1.1.	Interest from fixed income securities		18 774	22 276
1.2.	Other		661	1 728
2.	Interest expense and similar expense	3.14.	-32 658	-61 391
3.	Income from shares and interests		8 205	9 213
4.	Fee and commission income		546	655
5.	Fee and commission expense		-210	-178
6.	Gains less losses from financial operations	3.15.	98 896	87 712
6.1.	Net foreign exchange gains/(losses) and foreign exchange spread		19 281	-2 443
6.2.	Other		79 615	90 155
7.	Other operating income		578	741
7.1.	Income from money issue		417	552
7.2.	Other		161	189
8.	Other operating expense		-578	-653
8.1.	Expenses for production of notes and coins		-507	-591
8.2.	Other		-71	-62
9.	Administration expense	3.16.	-2 240	-2 177
9.1.	Personnel expenses		-1 903	-1 793
9.1.1.	Wages and salaries		-1 325	-1 242
9.1.2.	Social and health security		-443	-414
9.1.3.	Training and employee benefits		-135	-137
9.2.	Other administration expenses		-337	-384
10.	Depreciation and amortisation of fixed assets	3.5.	-292	-284
11.	Reversal of provisions for receivables and guarantees, income from receivables already written off	3.12.	0	265
12.	Write offs, additions and utilisation of provisions for receivables and guarantees	3.12.	0	-9
13.	Profit or loss for the period		91 682	57 898

1. GENERAL INFORMATION

The Czech National Bank (“the Bank” or “the CNB”) is the central bank of the Czech Republic (“the CR”), and an authority exercising supervision over the financial market and tasked with resolving financial market crises. The Bank was established by the Constitution of the Czech Republic on 1 January 1993 following the dissolution of the State Bank of Czechoslovakia to form the Czech National Bank and the National Bank of Slovakia. The Bank conducts its activities in line with Act No. 6/1993 Coll., on the Czech National Bank, as amended (“the CNB Act”) and other legal regulations. Its registered office is at Na Příkopě 28, Prague 1, Czech Republic, and its identification number is 48136450. The Bank has seven regional offices: in Prague, Ústí nad Labem, Plzeň, České Budějovice, Hradec Králové, Brno and Ostrava.

The primary objective of the Bank is to maintain price stability. In addition, the Bank ensures the financial stability and safe functioning of the financial system in the CR. Without prejudice to its primary objective, the Bank also aims to support the general economic policies of the Government which lead to sustainable economic growth as well as the general economic policies of the European Union in line with the objectives of the European Union. The Bank acts in accordance with the principle of an open market economy.

The Bank sets the monetary policy, issues bank notes and coins, manages the circulation of currency and inter-bank clearing and the settlement system of banks and foreign bank branches. It supervises the institutions operating on the financial market (banks, credit unions, securities traders, issuers of securities, collective investment undertakings, insurance companies, pension funds, consumer loan providers) and supervises a specific area of client protection with entities operating on the financial market which are subject to the CNB’s supervision pursuant to other legal regulations. As a central bank, it provides banking services to the state and the public sector and maintains the accounts of organisations and entities connected to the state budget. Based on an agreement with the Ministry of Finance of the Czech Republic (the “MF”) and in accordance with budgetary rules, the Bank performs transactions related to the issuing of government bonds and to financial market investments. In addition, it handles foreign currency reserves and performs other activities as defined by the CNB Act and by other legislation.

When pursuing its objectives, the Bank cooperates with the central banks of other countries, the authorities supervising the banks and financial markets of other countries, and with international financial institutions and international authorities involved in the supervision of the financial market and negotiates relevant agreements.

The Bank is a part of the European Central Banks System and contributes to the achievement of its

objectives and tasks. It is also a part of the European System of Financial Supervision and cooperates with the European Systemic Risk Board and with European supervisory authorities.

When carrying out its business, the Bank is independent of any instructions given by the President of the CR, the Czech Parliament, the Czech Government, administrative authorities, European Union authorities, Governments of other European Union member states or other authorities. Disclosure obligations of the Bank to the Chamber of Deputies of the Czech Parliament, Senate, Government and the public are defined by law. The Bank and the Government communicate with each other about the principles and measures of monetary, macroprudential and general economic policy.

The Bank uses its income to cover the necessary costs of its operations. The generated profit is allocated to its reserve fund and to other funds created from this profit, and for other uses within the Bank’s budget. Any remaining profit is transferred by the CNB to the state budget. The CNB submits an annual report on its operations to the Chamber of Deputies of the Czech Parliament within three months of the calendar year-end.

The supreme management body of the Bank is the Bank Board of the CNB. The members include the Governor of the Bank, two Vice-Governors of the Bank, and four other Bank Board members. The members of the Bank Board are appointed and recalled by the President of the CR. The members of the Bank Board are appointed for a period of six years for a maximum of two terms of office. The Bank Board, among others, sets monetary and macroprudential policies, including instruments for their implementation, and decides about measures concerning the supervision of financial markets.

As at 31 December 2020, the members of the Bank Board and their office termination dates were as follows:

Ing. Jiří Rusnok

- Governor, until 30 June 2022

Ing. Marek Mora M.E.

- Vice-Governor, until 12 February 2023

Ing. Tomáš Nidetzký

- Vice-Governor, until 30 June 2022

Ing. Vojtěch Benda

- Member of the Bank Board, until 30 June 2022

prof. Ing. Oldřich Dědek, CSc.

- Member of the Bank Board, until 12 February 2023

doc. Mgr. Tomáš Holub, Ph.D.

- Member of the Bank Board, until 30 November 2024

Ing. Aleš Michl, Ph.D.

- Member of the Bank Board, until 30 November 2024

The statutory representative of the Bank is the Governor. A Vice-Governor is appointed by the Governor to represent him in full extent.

2. ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The financial statements are prepared in accordance with the Act on Accounting, Decree No. 501/2002 Coll. issued by the Ministry of Finance of the CR and Czech Accounting Standards for financial institutions. The financial statements of the CNB are prepared to give a true and fair view of its financial position, financial transactions and the results of its operations. The financial statements are prepared in compliance with the going concern assumption and the historical cost convention as modified by the revaluation of derivatives, shares, gold and securities to fair values.

The financial statements comprise a balance sheet, income statement and accompanying notes including also a statement of changes in equity.

The arrangement, definition of content of items in the financial statements and the scope of data for disclosure were adopted in accordance with the rules set by the European Central Bank for accounting and financial reporting in the European System of Central Banks, with the exception of the regime for reporting unrealised gains or losses. Maintaining the consistency of data with the Bank's ten-day balance sheet is also respected.

The financial statements are presented in millions of Czech Crowns ("CZK million") unless stated otherwise. As they have been rounded off, the total sums presented in the tables (totals and sub-totals) may not correspond to the sum of the partial amounts.

2.2. FOREIGN CURRENCIES AND SPECIAL DRAWING RIGHTS

Transactions in foreign currencies are translated into CZK at the foreign exchange rate effective at the transaction date. Assets and liabilities denominated in foreign currencies are translated to CZK at the exchange rate effective at the balance sheet date.

Exchange rates	Quantity	31 Dec 2020	31 Dec 2019
EUR	1	26.245	25.410
USD	1	21.387	22.621
JPY	100	20.747	20.844
GBP	1	29.190	29.866
CHF	1	24.298	23.416
CAD	1	16.789	17.413
AUD	1	16.512	15.885
SEK	1	2.614	2.432
SDR	1	30.803	31.281
CNY	1	3.273	3.250
DKK	1	3.527	3.401
NOK	1	2.507	2.576
PLN	1	5.755	5.970
XAG	1	18.058	13.068
XAU	1	1 291.864	1 106.345
XPT	1	732.533	697.706

All resulting realised and unrealised foreign exchange gains and losses are recognised in the income statement in the gains less losses from financial operations, except for foreign exchange gains and losses from capital instruments in portfolios measured through equity which are recognised in equity (refer to Note 2.4.).

2.3. GOLD AND OTHER PRECIOUS METALS

For accounting and revaluation purposes, the Bank divides its precious metal inventory into four groups:

- **Long-term reserve** – gold placed abroad (marketable bars) and precious metals held at the Bank in the long term (bars, coins, medals).
- **Operating reserve** – precious metals held for the production of coins (bars, semi-finished products for the production of coins – “blanks”, demonetised coins etc.). Precious metals are either purchased for the reserve or transferred to it from the long-term reserve or from the cash reserve.
- **Collections reserve** – collections of coins, medals, counterfeits, legal tender specimens etc. The inventory includes precious metals recorded as other assets of the Bank rather than as gold and other precious metals.
- **Cash reserve** – valid coins made of precious metals. They are not recorded as gold and other precious metals on the face of the balance sheet – they are recorded off balance sheet as valid currency in circulation in their nominal value.

In 2020, the measurement of gold changed to monthly remeasurement at market value.

2.4. SECURITIES

Foreign debt securities and shares held as part of the foreign currency reserves are reported as part of receivables from abroad. These include securities traded on the money and capital market. Most of debt securities are managed by the banking transactions section. The MBS (“Mortgage Backed Securities”) portfolio is managed by external managers. The shares are also managed by external managers within the passive investment strategy consisting of maximum achievable replication of selected share indexes of advanced economies.

The Bank reports shares and interests representing participation in international institutions, and other shares and interests held in the long term, in other financial assets. The Bank holds no equity investments in subsidiaries or associates.

The Bank classifies all debt securities held in its portfolio as measured at fair value through profit or loss. The Bank also included the shares managed by external managers in the portfolio measured at fair value through profit or loss. The Bank accounts for all externally managed portfolios on

an aggregate basis based on information from external managers.

The fair value of bonds administered internally is taken over as the bid price ("bid") from the system operated by Bloomberg. In exceptional cases (e.g. when prices are not available), the Bank uses prices calculated using internal models based on straight-line accruals of the cost or fixed "spread" in respect of government bonds. Fair values of securities (shares and the MBS) of externally administered portfolios are taken over from the securities account manager (Bank of New York) or external managers.

Shares and interests representing participation in international institutions are included in the portfolio measured through equity. The shares in the Bank for International Settlements ("BIS"), the share in Society for Worldwide Interbank Financial Telecommunication ("SWIFT") and in the European Central Bank ("ECB") are non-marketable and their holding results from the membership of the CNB in these institutions. The shares in the ECB and SWIFT are measured at cost. The share in BIS is measured as a share of the CNB in the paid-up part of net assets (or capital) of the BIS decreased by 30% which corresponds to the method used by the BIS to determine the value of shares.

Securities and interests are initially recognised at cost which includes direct transaction costs. In respect of bonds, receivables/payables arising from the security are reported off balance sheet as at the spot trade date of the purchase/sale of the security and subsequently revalued due to movements in market prices. Gains and losses from the revaluation of unsettled transactions are recognised in income statement line item 6.2. The moment the transaction is realised, the security is derecognised off balance sheet and is accounted for through on-balance sheet securities. The price of the bond is gradually increased (or decreased) using the effective interest rate method to include interest income (interest expense). In respect of floating interest rate securities, interest income from coupons is calculated using the straight-line method. In respect of inflation linked bonds, interest income changes depending on changes in inflation coefficients. Interest from bonds is reported in income statement line item 1.1. Gains and losses realised upon the sale of the security are recognised as the difference between the selling price and the current value of the security in the accounting books as at the sale date. Gains and losses from sales are recognised in income statement line item 6.2.

Gains and losses arising from changes in the fair value of bonds and shares measured at fair value through profit or loss are reported in income statement line item 6.2. Gains and losses arising from changes in the fair value of shares representing the participations are recognised directly in equity. The Bank typically measures the interests at cost (refer to Note 3.6.).

Dividends on shares measured through equity and dividends on shares measured at fair value through profit or loss are recognised in income statement line item 3.

2.5. REPO TRANSACTIONS AND SECURITIES LENDING

Securities borrowed or purchased under the purchase and resell agreements are not recognised on the balance sheet. Securities lent or sold under those agreements are retained in their original portfolio. The underlying cash flows are recorded as received or provided loans and borrowings, respectively, on a settlement date basis. The value of securities received under reverse repo transactions or under securities lending contracts is reported off balance sheet in collateral received.

Foreign securities deposited with foreign depositories may be used pursuant to an agreement in a lending scheme ("securities lending") operated by a depository performing the role of an agent or a direct borrower.

As part of the agent-type lending scheme, securities are lent to third parties and the Bank receives other securities as collateral in exchange. Received collateral is recorded off balance sheet, securities at fair value remain in the balance sheet.

As for the automatic lending scheme, the Bank does not receive collateral, but the depository guarantees that the lent securities are returned or reimbursed for in cash.

With both of the lending schemes, securities continue to be carried on the Bank's balance sheet at the original carrying amount; income from these operations is recognised in income statement line item 4.

2.6. NOTES AND COINS IN CIRCULATION

Notes and coins in circulation represent the liability of the Bank from the issue of currency. The expenses for the production of notes and coins are expensed as incurred.

2.7. RECEIVABLES FROM AND LIABILITIES TO THE INTERNATIONAL MONETARY FUND

Receivables from and payables to the International Monetary Fund ("IMF") are recorded on a gross basis, i.e. receivables and payables do not balance out. The membership quota at the IMF comprises a membership deposit and reserve position. The membership deposit represents a share of the IMF quota paid in CZK, while the reserve position is a share of the quota paid in foreign currency and forms part of foreign exchange reserves. The quota is denominated in Special Draw Rights ("SDR") but expressed in the local currency. Translation into Czech Crowns is performed using the exchange rate promulgated by the IMF.

2.8. ISSUED SECURITIES

The amount of treasury bills issued by the Bank is presented in the balance sheet after offsetting against treasury bills repurchased by the Bank. The Bank records the whole issued amount of treasury bills and uses the treasury bills only as collateral in repo transactions with domestic banks (refer to Note 3.9.).

2.9. DERIVATIVE FINANCIAL INSTRUMENTS

In terms of the types of derivatives, the Bank performs fixed term transactions (forwards, swaps and futures), which it further classifies based on the underlying instruments into interest rate, currency and equity derivatives. Derivatives are accounted for off balance sheet as well as on the balance sheet.

Off balance sheet, receivables and payables from these derivatives are recognised from the derivative trade date to the final settlement date in the amount of the underlying asset. The receivables and payables are subsequently remeasured to reflect changes in foreign exchange rates.

On the balance sheet, derivatives are recognised at their fair values in CZK, while the fair values of interest rate derivatives are recognised in foreign currencies (in the currency of the underlying instrument).

Fair values of futures are obtained from quoted market prices, in other cases the fair value is derived from discounted future cash-flow models (for swap and forward transactions) using the ruling foreign exchange rates. Fair values of derivatives are presented in other assets or in other liabilities when they are positive or negative, respectively. Changes in the fair value of derivatives are included in the gains less losses from financial operations. The Bank recognises all derivatives as available-for-sale derivatives and does not use hedge accounting.

2.10. INTEREST INCOME AND EXPENSE

Interest income and interest expense on all interest-bearing instruments are accrued. Negative interest rates on assets, if any, are recognised as interest expense. Negative interest rates on liabilities are recognised as interest income. For loans, and deposits and available-for-sale coupon bonds with a floating interest rate ("floaters") using the straight-line method, for available-for-sale zero coupon and coupon bonds with a fixed interest rate interest is accrued using the effective interest rate method derived from acquisition cost. Accrued interest is recorded together with the underlying assets and liabilities.

Interest income on non-performing loans is also accrued and included in the related loan balance. Such amounts are considered in estimating the specific provisions for non-performing loans. No interest is paid on receivables in case of a debtor's bankruptcy. Non-interest earning assets, such as long-term receivables, are not discounted.

2.11. FEE INCOME

Fee income from the maintenance of current accounts and effected transactions are recognised to clients in accordance with the CNB's Schedule of Charges for Financial and Business Services on an accrual basis, at the end of the month. One-off fees are recognised immediately in the income statement when the service is provided.

2.12. PAYABLES TO AND RECEIVABLES FROM DOMESTIC BANKS

Monetary reserves of banks, foreign bank branches and savings and credit societies ("domestic banks") include deposits with the CNB relating to mandatory minimum reserves ("MMR") and available reserves (i.e. funds above the determined amount of MMR) on accounts in the CERTIS payment system (payment system account), cash withdrawal and deposit accounts, or in special accounts reserved for the MMR.

The MMR requirement is 2% of payables to non-banking entities arising from received deposits, loans and issued non-trading and other debt securities with maturity up to 2 years. The above deposits bear interest equal to the current CZK two-week repo interest rate up to the pre-specified volume of minimum reserves, while the domestic banks are required to maintain the average MMR balance over the relevant maintenance period rather than on a daily basis. Available reserve bear the interest of 0 %.

Liabilities to domestic banks from repo transactions (loans received) include the banks' surplus liquidity deposited with the CNB through monetary policy repo tenders. The CNB provides CNB treasury bills as collateral in these transactions. The basic duration of these operations is 14 days, while repos with shorter/longer maturities are executed from time to time depending on the interbank money market liquidity changes.

Domestic banks also have an option to make overnight deposits of surplus liquidity with the CNB (deposit facility for deposit rates) or borrow overnight liquidity from the CNB against collateral (Lombard repo lending facility for Lombard rates).

A list of acceptable financial instruments (collateral) to secure such operations (repo tenders, Lombard repo transactions) is published on the CNB's website.

2.13. OTHER RECEIVABLES

Receivables originated by the Bank are stated at nominal value less specific provisions for impairment, if any. Irrecoverable receivables are generally written off upon completion of bankruptcy proceedings against the debtor or on the debtor's liquidation.

2.14. PAYABLES TO THE STATE

The Bank maintains a system of income and expense accounts and other accounts for the state and its organisational units and other entities pursuant to Section 3(h) of Act No. 218/2000 Coll., on Budgetary Rules. The Bank also provides selected banking services on these accounts. Account balances in CZK and EUR are reflected in the balance of the Single Treasury Account. Accordingly, these liabilities represent state funds deposited with the CNB.

2.15. PROVISIONS

Provisions are created when the Bank has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Additions to provisions are recognised in the income statement, their utilisation is recognised together with expenses or losses, for which purpose they were created in the income statement. Reversal of provisions in case they are no longer necessary is recognised in income. Movements in provision accounts denominated in foreign currencies arising from revaluations to exchange rates prevailing at the balance sheet date are recognised or charged, as appropriate, to exchange rate differences.

2.16. SPECIFIC PROVISIONS

Specific provisions are deducted from the nominal value of each receivable originated by the Bank. The amount of specific provisions for classified receivables and assets at risk is based on appraisals of these assets at the balance sheet date after taking into consideration the present forced sale value of collateral.

Specific provisions and provisions are not discounted for the effects of expected timing of cash flows.

When a receivable is deemed to be not collectable, it is written off and the related specific provision for impairment is reversed. Subsequent recoveries are credited to the current period income statement if previously written off.

Specific provisions against expected credit losses on other than classified receivables and other risk assets are recognised based on the historical cumulative probability of the debtor's default.

The Bank monitors and regularly reviews the level of the credit risk taken (refer to Note 3.18).

The Bank introduced a new calculation model of financial asset impairment based on expected credit losses, under which the provision is reported before the credit loss originates.

In applying this approach, the Bank performed an analysis of all groups of financial assets. Given that the amount of the required specific provision mentioned above is

negligible with respect to the volume of the CNB's assets (CZK 2.08 million and CZK 1.42 million as of 31 December 2020 and 2019, respectively), it is not recognised.

2.17. TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible fixed assets are recorded at cost, which includes value added tax ("VAT") unless the VAT is fully recoverable and are depreciated/amortised by applying the straight-line basis of depreciation over the estimated useful lives.

If usage of intangible fixed assets is limited by contract, the intangible fixed assets are amortised over the contractual period. Low-value tangible assets with a unit cost not exceeding CZK 40,000, as well as low-value intangible assets with a unit cost not exceeding CZK 60,000, are fully depreciated/amortised upon the inception of use. Land, art and art collections are not depreciated.

In the case of a change in the annual depreciation or amortisation rate or classification or valuation of the property, the depreciation charge is modified in the month of the change; the depreciation or amortisation charged before that date is not adjusted.

Estimated useful lives of assets in years	
Buildings and structures	20 – 50
Machinery and equipment	
motor vehicles	4 – 5
office equipment and computers	3 – 4
banknote processing systems	10
Furniture and fittings	5 – 10
Software	3 – 4
Long-term software	6
Other intangible assets	6

Repairs and maintenance expenditures are charged to expenses as incurred. Technical improvements exceeding CZK 40,000 for the year are included in the cost of the asset.

2.18. VALUE ADDED TAX

The Bank is registered for VAT. In accordance with the VAT Act, the CNB claims the full amount of input VAT in respect of received taxable supplies used only for taxable supplies liable to VAT, where the input VAT is fully recoverable.

2.19. INCOME TAX AND PROFIT TRANSFER TO THE STATE BUDGET

The Bank is exempt from income tax in accordance with Section 17(2) of Act No. 586/92 Coll. on Income Taxes, as

amended. As a result, the Bank does not account for current or deferred tax. The Bank uses its income to cover the costs of its operations. The profit is allocated to funds and other usage (e.g. settlement of accumulated losses from previous periods) in the budgeted amount. Any remaining profit is transferred to the state budget.

2.20. STAFF COSTS AND EMPLOYEE BENEFITS

Staff costs, including costs of the Bank Board members, are included in administration expenses. The Bank does not administer any transformed pension fund or participation fund as a pension company. However, the Bank provides contributions to its employees for additional pension insurance or supplementary pension insurance administered by pension companies, and also provides contributions for capital pension schemes and life and casualty insurance. Employee benefits are accounted for directly as an expense.

2.21. CASH FLOW STATEMENT

In accordance with the Act on Accounting (No. 563/1991 Coll.), the CNB is not obliged to prepare a cash flow statement as part of its financial statements. As the Bank is the central bank, the presentation of a cash flow statement would not provide further significant information to the users of these financial statements. The cash flow statement is therefore not prepared.

2.22. ACCOUNTING TRANSACTION DATE

Accounting transactions are recognised or charged into income for the period to which they relate. Purchases and sales of foreign currencies and securities are accounted for at the trade date off balance sheet; they are recognised on the balance sheet at the settlement date. Credit transactions, including repo transactions, are accounted for at the settlement date.

2.23. OTHER OFF BALANCE SHEET ITEMS

In compliance with accounting procedures for banks, the CNB records other off-balance sheet assets and liabilities in an off-balance sheet account. Off-balance-sheet items are carried at face value or estimated value. The carrying amount is used if neither face value nor estimated value can be determined.

In the off-balance sheet the Bank recognises other assets taken into custody from clients and banks, assets in own custody and other carrying amounts including money supply (refer to Note 3.17.).

2.24. SUBSEQUENT EVENTS

The effects of events which occur between the balance sheet date and the date of compilation of the financial statements are reflected in the financial statements. This happens in the case that these events provide further evidence of conditions which existed at the balance sheet date.

Where significant events reflecting post balance sheet facts occur subsequent to the balance sheet date but prior to the compilation of the financial statements, the effects of these events are disclosed in the notes to the financial statements, but are not reported in the financial statements (refer also to Note 3.21).

3. ADDITIONAL INFORMATION

3.1. GOLD

	2020	2019
Gold (CZK million)	12 247	493
Long-term reserve	11 195	456
Operating reserve	1 052	37
Gold (thousand Troy ounces)	305	257
Long-term reserve	279	239
Operating reserve	26	18
Gold (tonnes)	9.5	8.0
Long-term reserve	8.7	7.4
Operating reserve	0.8	0.6
Gold (market value – CZK million)	12 247	8 841
Long-term reserve	11 195	8 232
Operating reserve	1 052	609

During 2020, there was a change in the measurement of gold at market value. Therefore, the carrying amount this year is the same as the market value. The Bank recognised remeasurement amounting to CZK 9,266 million. The Bank records other gold reserves reported separately as Collections reserve (part of other assets) and Cash reserve (off balance sheet records).

	2020	2019
Collections reserve		
Carrying amount – CZK million	316	20
Troy ounces – thousands	8	8
Tonnes	0.2	0.2
Market value – CZK million	316	227
Cash reserve – carrying amount	12	10

As at 31 December 2020 a foreign bank deposit denominated in gold amounted to CZK 7,888 million (6.1 t). As at 31 December 2019: CZK 337 million (5.5 t). The figures for the year ended 31 December 2019 are stated at historical cost.

3.2. RECEIVABLES FROM AND PAYABLES TO THE INTERNATIONAL MONETARY FUND

CZK million	2020	2019
Membership quota at the IMF	67 135	68 702
Membership deposit	51 056	55 287
Reserve position	16 079	13 415
Long-term loan provided to the IMF	174	177
Deposits in the IMF	14 093	14 305
Total receivables from the IMF	81 402	83 184
Payable from the SDR allocation	24 033	24 405
Payable to the IMF from the bill of exchange	44 737	45 869
Current account with the IMF	6 318	9 418
Total payables to the IMF	75 088	79 692

Receivables from the IMF result from the membership of the Czech Republic in this organisation. They include membership deposit, reserve position, bank funds in SDR, an interest-free loan provided within the IMF programme for the support of less developed countries and the credit facility provided to the IMF. The reserve position of the CNB at the IMF represents a part of membership quota paid in foreign currency and is denominated in SDR. Payables to the IMF include IMF deposits in the CNB, reflecting the sum of CZK held by the IMF, an interest-free bill of exchange (outstanding portion of the deposit in CZK) and SDR allocation.

On 13 October 2017, the CNB concluded a new bilateral agreement with the IMF on a loan to the fund (the third agreement of this type) which took effect on 12 September 2018. The agreement expired on 31 December 2020, therefore the credit facility amounts to EUR 0 million, i.e. CZK 0 million (31 December 2019: EUR 1,500 million, i.e. CZK 38,115 million). The loan collateral is disclosed in Note 3.17 and the subsequent relationship development in Note 3.21.

3.3. RECEIVABLES FROM ABROAD INCLUDING SECURITIES

CZK million	2020	2019
Deposits at foreign banks and financial institutions	1 125 656	1 335 973
Current account balances	1 010 963	1 075 196
Deposits	114 693	260 777
Securities	2 342 561	1 988 495
Zero-coupon bonds	143 920	112 435
Government	113 059	106 437
Other	30 861	5 998
Coupon bonds	1 686 566	1 525 614
Government	1 250 054	1 180 944
Other	436 512	344 670
MBS	43 540	11 324
Shares	468 535	339 122
MSCI euro (in EUR)	240 027	207 194
of which financial institutions	35 579	37 479
S&P 500 (in USD)	112 406	68 537
of which financial institutions	11 770	8 887
FTSE 100 (in GBP)	20 446	9 767
of which financial institutions	3 772	1 978
Nikkei 225 (in JPY)	26 603	14 474
of which financial institutions	527	341
S&P TSX (in CAD)	44 088	25 430
of which financial institutions	13 650	8 331
S&P ASX 200 (in AUD)	24 965	13 720
of which financial institutions	6 933	4 093
Other receivables from abroad	47 187	31 746
Funds from reverse repo transactions	46 636	31 546
Foreign currencies	551	200
Receivables from abroad including securities	3 515 404	3 356 214

Foreign currency reserves are used to conduct the Bank's own independent currency policy and as a source of liquidity for performing transactions of the CNB's clients. In terms of utilisation, the Bank divides foreign currency reserves into a liquidity tranche, which comprised 35.6% of the foreign currency reserves at the end of 2020, and an investment tranche, which comprised 64.4% of the foreign currency reserves.

Foreign banks are banks with registered offices abroad. Foreign banks do not include branches of foreign banks with the registered office in the Czech Republic.

Other receivables from foreign banks are particularly represented by reverse repo transactions for which collateral was received in the amount of CZK 46,024 million as at 31 December 2020 (31 December 2019: CZK 31,404 million) (refer to Note 3.18.).

Deposits also include provided collateral in the form of cash placed in foreign banks in the total amount of CZK 5,362 million (31 December 2019: CZK 2,711 million) provided based on the framework agreements on derivatives transactions (ISDA Master Agreement, ISDA Credit Support Annex).

Collateral was additionally provided in the form of bonds and shares.

CZK million	2020	2019
Bonds		
Collateral for transactions concluded with the counterparty (refer to Note 3.8.)	530	340
Automated lending scheme	612 963	745 638
Shares		
Lending scheme	15 214	13 486
Collateral in the form of other assets (refer to Note 3.17.)	16 101	14 476

3.4. RECEIVABLES FROM DOMESTIC BANKS

During the year, the CNB concludes reverse repo transactions with domestic banks in the form of:

- Provided loans – as at 31 December 2020 and 2019, no transactions were concluded; and
- Securities (collateral switch) – as at 31 December 2020 and 2019, no transactions were concluded.

3.5. TANGIBLE AND INTANGIBLE FIXED ASSETS

The Bank did not provide any tangible or intangible fixed assets as collateral and does not hold any fixed assets under finance lease contracts. During 2020, there was a change in the measurement of gold at market value. The change is reflected in 'Additions' in the table below. Other tangible assets include the collection of coins and medals made of precious metals in the amount of CZK 316 million as at 31 December 2020 (31 December 2019: CZK 20 million).

CZK million	Land	Buildings	Machinery, furniture and fittings and other tangible assets	Acquisition of assets and prepayments made	Total
Cost at 31 December 2019	164	6 946	2 778	58	9 946
Accumulated depreciation at 31 December 2019	0	4 369	2 623	0	6 992
Net book value at 31 December 2019	164	2 577	155	58	2 954
Additions	0	22	417	170	609
Disposals	0	0	159	165	324
Depreciation	0	174	-100	0	74
Net book value at 31 December 2020	164	2 425	513	63	3 165
Cost at 31 December 2020	164	6 968	3 036	63	10 231
Accumulated depreciation at 31 December 2020	0	4 543	2 523	0	7 066

CZK million	Software	Other intangible assets	Acquisition of intangible assets and prepayments made	Total
Cost at 31 December 2019	926	21	0	947
Accumulated amortisation at 31 December 2019	770	13	0	783
Net book value at 31 December 2019	156	8	0	164
Additions	81	1	82	165
Disposals	21	0	81	102
Amortisation	47	3	0	50
Net book value at 31 December 2020	169	6	1	176
Cost at 31 December 2020	986	22	1	1 009
Accumulated amortisation at 31 December 2020	817	16	0	833

3.6. OTHER ASSETS

Other financial assets include the Bank's share in the ECB, BIS and the SWIFT. The share of the Czech Republic in the ECB's capital as at 31 December 2020 amounts to 1.8794% totalling EUR 7.6 million (as at 31 December 2019 it amounted to 1.6075% totalling EUR 6.6 million). The share was calculated in line with Article 29 of the Statute using the population number and gross domestic product.

CZK million	2020	2019
Other financial assets	4 920	4 633
Share in the ECB	200	167
BIS and SWIFT shares	4 720	4 466
Receivables from former banks	0	0
Loss-making loans provided to former banks	1 358	1 358
Specific provision for loss-making loans provided to former banks (refer to Note 3.12.)	-1 358	-1 358
Other	2 554	2 256
Deferred expenses	31	20
Other precious metals	8	19
Positive fair value of interest rate swaps (refer to Note 3.17.)	19	90
Positive fair value of currency forwards (refer to Note 3.17.)	100	794
Margin account including profit/(loss) from change in fair value of futures (refer to Note 3.17.)	1 597	646
Loans to employees	264	231
Other operating receivables	545	466
Specific provisions against other operating receivables (refer to Note 3.12.)	-10	-10
Other assets	7 474	6 889

3.7. NOTES AND COINS IN CIRCULATION

The Bank has the exclusive right to issue Czech notes and coins (including commemorative notes and coins) to be put into circulation and to manage circulation. The Bank withdraws from circulation worn-out and damaged notes and coins, or those unsuitable for further circulation. The Bank additionally supervises processors of notes and coins (banks, security agencies, etc.) to make sure that the determined rules of cash circulation are adhered to (Act No. 136/2011 Coll., on the Circulation of Banknotes and Coins).

	million pieces		CZK million	
	2020	2019	2020	2019
Notes in circulation	523	489	690 885	624 240
CZK 5,000	34	32	170 207	159 344
CZK 2,000	164	141	327 723	281 894
CZK 1,000	152	141	151 583	141 139
CZK 500	44	45	21 987	22 384
CZK 200	64	65	12 877	12 920
CZK 100	65	65	6 505	6 557
Commemorative notes	0	0	2	2

	million pieces		CZK million	
	2020	2019	2020	2019
Coins in circulation	2 134	2 064	21 001	20 127
CZK 50	157	149	7 852	7 441
CZK 20	232	223	4 637	4 466
CZK 10	255	250	2 548	2 498
CZK 5	303	293	1 516	1 466
CZK 2	542	521	1 085	1 041
CZK 1	642	625	642	625
Commemorative coins	3	3	2 721	2 590
Notes and coins in circulation	2 657	2 553	711 886	644 367

3.8. LIABILITIES ABROAD

CZK million	2020	2019
Funds from repo transactions	9 280	24 883
Other liabilities abroad	134 559	113 912
Liabilities abroad	143 839	138 795

As of 31 December 2020, collaterals were provided as part of repo transactions and derivative transactions in the form of debt securities totalling CZK 530 million (31 December 2019: CZK 340 million) (refer to Note 3.3.).

In addition, foreign banks made deposits amounting to CZK 134,228 million (31 December 2019: CZK 113,217 million) and provided collaterals in the form of cash deposits of CZK 308 million (31 December 2019: CZK 695 million) in accordance with master agreements on derivative transactions (ISDA Master Agreement, ISDA Credit Support Annex).

3.9. PAYABLES TO DOMESTIC BANKS

CZK million	2020	2019
Loans received - repo transactions	2 147 836	2 255 227
Domestic bank reserves	72 464	43 240
Payment system accounts	66 004	35 369
Balances on cash withdrawal and deposit accounts	6 452	7 863
Special MMR accounts	8	8
Other liabilities to domestic banks	62 920	109 870
Short-term deposits received	62 910	109 797
Other liabilities	10	73
Liabilities to domestic banks	2 283 220	2 408 337

The CNB concludes reverse repo transactions with domestic banks in the form of received loans (collateral of the CNB's treasury bills) – in the amount of CZK 2,109,275 million as at 31 December 2020 (as at 31 December 2019: CZK 2,239,277 million).

For more information refer to Note 2.8 of Accounting Policies.

3.10. PAYABLES TO THE STATE AND OTHER PUBLIC INSTITUTIONS

CZK million	2020	2019
CZK funds	420 757	289 591
Single Treasury Account and other state funds in CZK (refer to Note 2.14.)	370 389	244 657
Other deposits in CZK	50 368	44 934
Foreign currency funds	1 992	2 093
Single Treasury Account in EUR	128	106
Other deposits in foreign currencies	1 864	1 987
State and public institution deposits	422 749	291 684

3.11. OTHER LIABILITIES

CZK million	2020	2019
Negative fair value of foreign currency forwards (refer to Note 3.17.)	1 337	93
Negative fair value of interest rate swaps (refer to Note 3.17.)	4 709	1 702
Payables to the European Commission	5 582	6 224
Employee accounts	2 233	2 035
Other payables	1 071	757
Other liabilities	14 932	10 811

Payables to the European Commission include funds from the EU budget to be used by the Czech Republic.

Other liabilities totalling CZK 1,071 million include liabilities of CZK 100 million owing to social security and health insurance premiums as at 31 December 2020 (2019: CZK 95 million). The Bank has no liabilities related to social security and health insurance that would be overdue.

3.12. PROVISIONS, SPECIFIC PROVISIONS AND WRITE-OFFS OF ASSETS

CZK million	1 Jan 2019	Additions	Write-offs	Release	31 Dec 2019	Additions	Write-offs	Release	31 Dec 2020
Specific provisions	1 376	0	0	-8	1 368	0	0	0	1 368
Classified loans of former banks (refer to Note 3.6.)	1 358	0	0	0	1 358	0	0	0	1 358
Other operating receivables (refer to Note 3.6.)	18	0	0	-8	10	0	0	0	10

CZK million	1 Jan 2019	Additions	Release	FX differences	31 Dec 2019	Additions	Release	FX differences	31 Dec 2020
Provisions	258	0	-257	-1	0	0	0	0	0
Guarantees for clients (refer to Note 3.17)	258	0	-257	-1	0	0	0	0	0

3.13. EQUITY

CZK million	Revaluation reserve	Share capital	Funds	Accumulated losses	Profit/loss for the reporting period	Total equity
Balance as at 1 January 2019	3 893	1 400	0	-188 905	1 790	-181 822
Profit distribution for 2018	0	0	0	1 790	-1 790	0
Revaluation reserve not included in profit	136	0	0	0	0	136
Profit for 2019	0	0	0	0	57 898	57 898
Balance as at 31 December 2019	4 029	1 400	0	-187 115	57 898	-123 788
Profit distribution for 2019	0	0	0	57 898	-57 898	0
Revaluation reserve not included in profit	260	0	0	0	0	260
Profit/loss for 2020	0	0	0	0	91 682	91 682
Balance as at 31 December 2020	4 289	1 400	0	-129 217	91 682	-31 846

The revaluation reserve represents the change in the fair value of shares and interests representing participations remeasured through equity (participations in international institutions) until the time of sale or permanent impairment (refer to Note 2.4.).

The Bank's only fund is the general reserve fund which has been created from profit and is restricted to cover accumulated losses, increase in the share capital or for any other purpose approved by the Bank Board of the CNB. In 2019, based on the decision of the CNB's Bank Board, the general reserve fund was used in full to decrease the accumulated loss of prior years.

3.14. NET INTEREST INCOME

CZK million	2020	2019
Interest income and similar income	19 435	24 004
Interest on securities	18 774	22 276
Interest on zero-coupon bonds	143	65
Interest on coupon bonds	17 749	22 155
Interest on MBS	882	56
Other interest income	661	1 728
Interest on inter-bank deposits	658	1 726
Interest on employees loans	3	2
Interest expense and similar expense	32 658	61 391
Interest on liabilities to banks	32 625	61 313
Interest on liabilities to employees and other clients	33	78
Net interest income	-13 223	-37 387

Net interest income represents the difference between interest received and interest paid on securities and deposits.

3.15. GAINS LESS LOSSES FROM FINANCIAL OPERATIONS

CZK million	2020	2019
Foreign exchange gains or losses and foreign exchange spread	19 281	-2 443
Foreign exchange gains/losses	18 222	-3 341
Foreign exchange spread	1 059	898
Other	79 615	90 155
Gains/losses from revaluation and sale of bonds	54 033	31 675
Gains/losses from revaluation and sale of MBS	172	-16
Gains/losses from revaluation and sale of shares	27 691	59 044
Net gains/(losses) from currency forwards	1 443	1 708
Net gains/(losses) from interest rate futures	-169	-120
Net gains/(losses) from interest rate swaps	-3 878	-2 640
Net gains/(losses) from share futures	323	504
Gains/losses from financial operations	98 896	87 712

The foreign exchange spread represents the difference between the ask or bid foreign exchange rate and the mid foreign exchange rate used for purchases and sales of the cash and non-cash transactions of the Bank's clients.

3.16. OTHER EXPENSES

CZK million	2020	2019
Personnel costs	1 903	1 793
Salaries	1 325	1 242
Social security and health insurance	443	414
Cost of personnel training	6	14
Employee benefits	129	123
Other administrative expense	337	384
Rental	4	4
Other	333	380
Total administration expenses	2 240	2 177

As at 31 December 2020, the average recalculated headcount including the Bank Board amounted to 1,454 employees (as at 31 December 2019: 1,439 employees).

3.17. OFF-BALANCE SHEET ITEMS

GUARANTEES

CZK million	2020	2019
Issued guarantees	804	804
To clients (refer to Note 3.12.)	0	0
For deposits held by IPB	4	4
Consolidation of the banking sector – sale of part of the business of Agrobanka Praha a. s.	800	800
Guarantees received	0	38 115
State guarantee to secure the loan to the IMF	0	38 115

The Bank has not recognised a provision for claims for the guarantees provided in connection with the sale of part of the business of Agrobanka Praha, a.s. because it considers the claim-related risk to be insignificant based on the available information.

For the purposes of providing a state guarantee of the Czech Republic to secure the CNB's loan to the IMF valid until 31 December 2020, Act No. 179/2018 Coll., on Provision of State Guarantee of the Czech Republic to Secure the Czech National Bank's loan to the International Monetary Fund, was adopted.

COLLATERAL RECEIVED

CZK million	2020	2019
Repo transactions	46 024	31 404
Automated lending scheme (securities lending) (refer to Note 3.3.)	16 101	14 476
Derivatives and additional collateral	156	623
Swap transactions	13 341	2 703
Collateral received	75 622	49 206

SPOT TRANSACTIONS AND FINANCIAL DERIVATIVES

The receivables and payables arising from spot, forward, swap and futures transactions can be analysed as follows:

CZK million	2020	2019
Off-balance sheet receivables	529 014	588 328
from currency forward transactions	361 676	462 907
from interest rate swap transactions	35 075	37 098
from interest rate futures transactions	11 459	629
from share futures transactions	3 708	2 395
from unsettled interest rate spot transactions	72 957	70 334
from unsettled currency spot transactions	26 279	7 320
from interest forward transactions	17 860	7 645
Off-balance sheet payables	530 180	587 618
from currency forward transactions	362 831	462 212
from interest rate swap transactions	35 075	37 098
from interest rate futures transactions	11 460	629
from share futures transactions	3 708	2 395
from unsettled interest rate spot transactions	72 957	70 334
from unsettled currency spot transactions	26 289	7 305
from interest forward transactions	17 860	7 645

At the balance sheet date, the Bank records contracts for the following currency forwards hedging the movement of foreign exchange rates:

CZK million	2020	2019
Off-balance sheet receivables from forward transactions	361 676	462 907
Off-balance sheet payables from forward transactions	362 831	462 212
Positive fair value (refer to Note 3.6.)	100	794
Negative fair value (refer to Note 3.11.)	1 337	93

All currency forwards will mature in 2021.

The foreign currency forwards do not qualify for hedge accounting as defined by Czech accounting regulations and, accordingly, are treated as derivatives held for trading. Gains and losses from the change in the fair value of these foreign currency forwards are reported in gains less losses from financial operations. Gains and losses from revaluation arising from changes in foreign exchange rates are reported under net foreign exchange gains/(losses) and foreign exchange spread (refer to Note 3.15.).

The Bank records contracts for the following swap transactions at the balance sheet date:

CZK million	2020	2019
Off-balance sheet receivables from interest rate swap transactions	35 075	37 098
Off-balance sheet payables from interest rate swap transactions	35 075	37 098
Positive fair value (refer to Note 3.6.)	19	90
Negative fair value (refer to Note 3.11.)	4 709	1 702

The interest rate swaps also do not qualify for hedge accounting as defined by Czech accounting regulations and, accordingly, are treated as derivatives held for trading. Gains and losses from the change in the fair value are recorded in gains less losses from financial operations (refer to Note 3.15.). The gold received as part of swap transactions is measured at market price and reported off balance sheet as received collateral.

The Bank records contracts for the following futures transactions at the balance sheet date:

CZK million	2020	2019
Off-balance sheet receivables from interest rate futures transactions	11 459	629
Off-balance sheet payables from interest rate futures transactions	11 460	629
Net gain/(loss) from change in fair values of interest rate futures transactions for the reporting period (refer to Note 3.15.)	-169	-120
Off-balance sheet receivables from share futures transactions	3 708	2 395
Off-balance sheet payables from share futures transactions	3 708	2 395
Net gain/(loss) from change in fair values of futures transactions for the reporting period (refer to Note 3.15.)	323	504
Net gain/(loss) from change in fair values of futures transactions for the reporting period	154	384
Cash on margin account	1 442	262
Margin account including settled change in fair value of interest rate futures transactions (refer to Note 3.6.)	1 597	646

Gains or losses from change in fair values of futures transactions are settled on an ongoing basis against cash on margin account reported within other assets.

The interest rate and share futures transactions also do not qualify for hedge accounting as defined by Czech accounting regulations and, accordingly, are treated as derivatives held for trading. Gains and losses from the change in the fair value are recorded in gains less losses from financial operations (refer to Note 3.15.).

Assets held in custody

The Bank did not receive any financially significant assets from third parties to be held in custody in 2020 and 2019.

3.18. FINANCIAL RISKS

Liquidity risk

The Bank monitors and manages the structure and duration of its foreign currency reserves in compliance with its missions.

Interest rate risk

The Bank takes on exposure resulting from fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Changes in interest rates result in a change in the market value of securities held in the portfolio of the Bank.

Currency risk

The Bank takes on exposure resulting from fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. Most of the assets and liabilities denominated in foreign currency are made up of foreign currency reserves, support the CNB's ability to perform intervention and insure against a Balance of Payments crisis, and result from performing the Bank's currency policy. Due to the necessity to keep foreign currency reserves and subordinate their development to the primary statutory target of monetary stability, the CNB cannot reduce the risk of the strengthening of the Czech currency against major foreign currencies.

Credit risk and the concentration of liabilities

The Bank manages the levels of credit risk it undertakes during the management of foreign currency reserves by placing limits on the amount of risk accepted in relation to one borrower or group of borrowers and to geographical segments. Such risks are monitored on an ongoing basis and are subject to review at least once per year.

LIQUIDITY RISK

CZK million		Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Unspecified	Total
Gold	2020	0	0	0	0	0	12 247	12 247
	2019	0	0	0	0	0	493	493
Receivables from the IMF	2020	0	0	0	0	0	81 402	81 402
	2019	0	0	0	0	0	83 184	83 184
Zero-coupon bonds	2020	25 700	61 699	36 144	20 377	0	0	143 920
	2019	32 846	36 979	11 342	30 227	1 041	0	112 435
Coupon bonds	2020	2 859	23 929	100 931	999 785	559 062	0	1 686 566
	2019	7 328	9 215	93 047	905 413	510 611	0	1 525 614
MBS	2020	4 288	1 208	385	160	37 499	0	43 540
	2019	396	0	0	0	10 928	0	11 324
Shares	2020	0	0	0	0	0	468 535	468 535
	2019	0	0	0	0	0	339 122	339 122
Deposits, loans and other receivables from abroad	2020	1 172 843	0	0	0	0	0	1 172 843
	2019	1 367 719	0	0	0	0	0	1 367 719
Receivables from domestic banks	2020	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Tangible and intangible assets	2020	0	0	0	0	0	3 341	3 341
	2019	0	0	0	0	0	3 118	3 118
Other assets	2020	2 260	0	31	36	227	4 920	7 474
	2019	2 006	0	20	38	191	4 634	6 889
Total assets	2020	1 207 950	86 836	137 491	1 020 358	596 788	570 445	3 619 868
	2019	1 410 295	46 194	104 409	935 678	522 771	430 551	3 449 898
Notes and coins in circulation	2020	0	0	0	0	0	711 886	711 886
	2019	0	0	0	0	0	644 367	644 367
Liabilities to the IMF	2020	0	0	0	0	0	75 088	75 088
	2019	0	0	0	0	0	79 692	79 692
Liabilities abroad	2020	143 763	0	76	0	0	0	143 839
	2019	138 719	0	76	0	0	0	138 795
Liabilities to domestic banks	2020	2 283 220	0	0	0	0	0	2 283 220
	2019	2 408 337	0	0	0	0	0	2 408 337
Liabilities to the state	2020	422 749	0	0	0	0	0	422 749
	2019	291 684	0	0	0	0	0	291 684
Other liabilities	2020	14 932	0	0	0	0	0	14 932
	2019	10 811	0	0	0	0	0	10 811
Provisions	2020	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Equity	2020	0	0	0	0	0	-31 846	-31 846
	2019	0	0	0	0	0	-123 788	-123 788
Total liabilities	2020	2 864 664	0	76	0	0	755 128	3 619 868
	2019	2 849 551	0	76	0	0	600 271	3 449 898
Net liquidity gap	2020	-1 656 714	86 836	137 415	1 020 358	596 788	-184 683	0
	2019	-1 439 256	46 194	104 333	935 678	522 771	-169 720	0

INTEREST RATE RISK

CZK million		Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Not sensitive to the interest rate	Total
Gold	2020	0	0	0	0	0	12 247	12 247
	2019	0	0	0	0	0	493	493
Receivables from the IMF	2020	0	0	0	0	0	81 402	81 402
	2019	0	0	0	0	0	83 184	83 184
Zero-coupon bonds	2020	25 700	61 699	36 144	20 377	0	0	143 920
	2019	32 846	36 979	11 342	30 227	1 041	0	112 435
Coupon bonds	2020	17 668	39 534	127 732	949 060	552 572	0	1 686 566
	2019	27 793	30 546	92 061	869 735	505 479	0	1 525 614
MBS	2020	4 288	1 208	385	160	37 499	0	43 540
	2019	395	0	0	0	10 929	0	11 324
Shares	2020	0	0	0	0	0	468 535	468 535
	2019	0	0	0	0	0	339 122	339 122
Deposits, loans and other receivables from abroad	2020	1 172 843	0	0	0	0	0	1 172 843
	2019	1 367 719	0	0	0	0	0	1 367 719
Receivables from domestic banks	2020	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Tangible and intangible assets	2020	0	0	0	0	0	3 341	3 341
	2019	0	0	0	0	0	3 118	3 118
Other assets	2020	2 291	0	0	36	227	4 920	7 474
	2019	2 026	0	0	38	191	4 634	6 889
Total assets	2020	1 222 790	102 441	164 261	969 633	590 298	570 445	3 619 868
	2019	1 430 779	67 525	103 403	900 000	517 640	430 551	3 449 898
Notes and coins in circulation	2020	0	0	0	0	0	711 886	711 886
	2019	0	0	0	0	0	644 367	644 367
Liabilities to the IMF	2020	0	0	0	0	0	75 088	75 088
	2019	0	0	0	0	0	79 692	79 692
Liabilities abroad	2020	143 839	0	0	0	0	0	143 839
	2019	138 795	0	0	0	0	0	138 795
Liabilities to domestic banks	2020	2 283 220	0	0	0	0	0	2 283 220
	2019	2 408 337	0	0	0	0	0	2 408 337
Liabilities to the state	2020	422 749	0	0	0	0	0	422 749
	2019	291 684	0	0	0	0	0	291 684
Other liabilities	2020	14 932	0	0	0	0	0	14 932
	2019	10 811	0	0	0	0	0	10 811
Provisions	2020	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Equity	2020	0	0	0	0	0	-31 846	-31 846
	2019	0	0	0	0	0	-123 788	-123 788
Total liabilities	2020	2 864 740	0	0	0	0	755 128	3 619 868
	2019	2 849 627	0	0	0	0	600 271	3 449 898
Net interest sensitivity gap	2020	-1 641 950	102 441	164 261	969 633	590 298	-184 683	0
	2019	-1 418 848	67 525	103 403	900 000	517 640	-169 720	0

CURRENCY RISK

CZK million		CZK	EUR	USD	JPY	GBP	CAD	AUD	SEK	Other	Total
Gold	2020	0	0	0	0	0	0	0	0	12 247	12 247
	2019	0	0	0	0	0	0	0	0	493	493
Receivables from the IMF	2020	51 056	0	0	0	0	0	0	0	30 346	81 402
	2019	55 287	0	0	0	0	0	0	0	27 897	83 184
Zero-coupon bonds	2020	0	101 552	0	42 368	0	0	0	0	0	143 920
	2019	0	44 042	5 998	54 462	0	0	0	279	7 654	112 435
Coupon bonds	2020	0	734 845	528 772	0	89 136	183 851	104 427	34 108	11 427	1 686 566
	2019	0	563 715	624 363	0	0	207 546	106 589	22 955	446	1 525 614
MBS	2020	0	0	43 540	0	0	0	0	0	0	43 540
	2019	0	0	11 324	0	0	0	0	0	0	11 324
Shares	2020	0	240 027	112 406	26 603	20 446	44 088	24 965	0	0	468 535
	2019	0	207 194	68 537	14 474	9 767	25 430	13 720	0	0	339 122
Deposits, loans and other receivables from abroad	2020	0	953 493	42 058	62 562	1 370	114	210	3 695	109 341	1 172 843
	2019	0	1 106 684	77 311	62 652	210	99	191	15 143	105 429	1 367 719
Receivables from domestic banks	2020	0	0	0	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0	0	0	0
Tangible and intangible assets	2020	3 024	0	0	0	0	0	0	0	317	3 341
	2019	3 097	0	0	0	0	0	0	0	21	3 118
Other assets	2020	472	1 409	308	215	109	142	93	0	4 726	7 474
	2019	1 153	710	286	66	63	68	59	0	4 484	6 889
Total assets	2020	54 552	2 031 326	727 084	131 748	111 061	228 195	129 695	37 803	168 404	3 619 868
	2019	59 537	1 922 345	787 819	131 654	10 040	233 143	120 559	38 377	146 424	3 449 898
Notes and coins in circulation	2020	711 886	0	0	0	0	0	0	0	0	711 886
	2019	644 367	0	0	0	0	0	0	0	0	644 367
Liabilities to the IMF	2020	51 056	0	0	0	0	0	0	0	24 032	75 088
	2019	55 287	0	0	0	0	0	0	0	24 405	79 692
Liabilities abroad	2020	134 251	129	9 459	0	0	0	0	0	0	143 839
	2019	113 217	531	8 107	0	0	13 553	0	3 387	0	138 795
Liabilities to domestic banks	2020	2 283 220	0	0	0	0	0	0	0	0	2 283 220
	2019	2 408 337	0	0	0	0	0	0	0	0	2 408 337
Liabilities to the state	2020	420 757	128	1 863	0	1	0	0	0	0	422 749
	2019	289 591	106	1 986	0	1	0	0	0	0	291 684
Other liabilities	2020	9 741	462	4 728	0	1	0	0	0	0	14 932
	2019	8 559	530	1 720	0	1	0	0	0	1	10 811
Provisions	2020	0	0	0	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0	0	0	0
Equity	2020	-36 211	0	0	0	0	0	0	0	4 365	-31 846
	2019	-127 894	0	0	0	0	0	0	0	4 106	-123 788
Total liabilities	2020	3 574 700	719	16 050	0	2	0	0	0	28 397	3 619 868
	2019	3 391 464	1 167	11 813	0	2	13 553	0	3 387	28 512	3 449 898
Net assets/liabilities (-)	2020	-3 520 148	2 030 607	711 034	131 748	111 059	228 195	129 695	37 803	140 007	0
	2019	-3 331 927	1 921 178	776 006	131 654	10 038	219 590	120 559	34 990	117 912	0
Net off-balance sheet assets	2020	71	132 888	307 671	84 813	236	1 239	2 096	0	0	529 014
	2019	0	116 249	271 901	97 014	95 510	7 460	194	0	0	588 328
Net off-balance sheet liabilities	2020	-71	-146 103	-168 935	-105 145	-237	-228	-291	0	-109 170	-530 180
	2019	0	-106 394	-233 189	-126 748	-267	-7 463	-194	0	-113 363	-587 618
Net foreign exchange position	2020	-3 520 148	2 017 392	849 770	111 416	111 058	229 206	131 500	37 803	30 837	-1 166
	2019	-3 331 927	1 931 033	814 718	101 920	105 281	219 587	120 559	34 990	4 549	710

CREDIT RISK AND CONCENTRATION OF LIABILITIES

ASSETS

CZK million	2020	2019
Czech Republic	9 244	5 083
Germany	973 787	950 964
France	257 673	288 298
Netherlands	129 012	122 870
Austria	31 592	8 713
Slovakia	546 395	546 366
Luxembourg	17 838	22 104
Spain	19 964	19 104
Other Eurozone countries	91 914	53 452
Switzerland	116 231	115 418
Sweden	48 343	46 130
Denmark	4 873	8 101
United Kingdom	143 110	43 695
Norway	22 821	12 634
Other European countries	260	40
USA	712 772	735 912
Canada	257 381	245 595
Australia	88 856	93 657
Japan	131 205	131 336
Other countries	16 597	426
Geographical concentration of assets	3 619 868	3 449 898
Of which deposits and bonds:		
Central governments and central banks	2 479 798	2 595 934
Government agencies	386 053	303 899
Commercial banks	31 574	4 485
BIS	0	22 900
Securities secured with other assets	79 821	45 396
Total deposits and bonds	2 977 246	2 972 614

LIABILITIES

Czech Republic	3 395 359	3 225 187
USA	75 303	79 813
Eurozone countries	93 889	119 152
Other European countries	31 488	25 532
Other countries	23 829	214
Geographical concentration of liabilities	3 619 868	3 449 898

3.19. CONTINGENT LIABILITIES

In accordance with the Agreement on the payment of operating costs and losses related to assumed assets that are incurred in connection with the fulfilment of the Consolidation Programme concluded on 29 June 2000, as amended, the CNB charges against income the amounts it pays for the acknowledged reasonable operating costs of the Ministry of Finance of the Czech Republic (until 31 December 2007 the costs of Česká konsolidační agentura a.s.). In 2020 these costs amounted to CZK 0.1 million (2019: CZK 0.1 million). The Bank does not recognise any provisions for these contingencies as they are immaterial.

Ongoing lawsuits

As a result of the activities the CNB conducted pursuant to its role in supporting and maintaining the stability of the banking sector, the CNB or third parties are defendants in several court proceedings. Based on consultation with external lawyers and internal analyses, the CNB does not consider it probable that the outcome of these legal cases will result in any material outflow of the CNB's resources and, therefore, has not recognised any provisions. Similarly, the Bank evaluates the contingencies and commitments from legal cases which relate to the activities of the former authorities of financial market supervision and which the Bank keeps on the basis of Act No. 57/2006 Col., on the Amendment of Acts Connected with the Unification of Financial Market Supervision. According to this Act, any financial liabilities arising from these legal cases would be reimbursed by the state.

3.20. RELATED PARTY TRANSACTIONS

Related parties and parties with special relations to the Bank are members of the Bank Board, senior management at the top level and their relatives.

In accordance with internal rules the CNB provides the members of the Bank Board and senior management with services consisting of maintaining current and deposit accounts and special purpose loans, especially for housing. The loans to the members of the Bank Board and senior management are provided under standard conditions same as loans to other employees of the Bank.

3.21. SUBSEQUENT EVENTS

On 1 January 2021, a new bilateral agreement with the IMF came into force, replacing the agreement in force between 12 September 2018 and 31 December 2020. A new credit facility of EUR 646 million was determined (EUR 1,500 million in the previous agreement). The new agreement is not secured by a state guarantee. The CNB's management is not aware of any other subsequent events that would have a material impact on the financial statements for the year ended 31 December 2020.

INDEPENDENT AUDITOR'S REPORT

To the Bank Board of the Czech National Bank

Having its registered office at: Na Příkopě 28, 115 03 Prague 1

Opinion

We have audited the accompanying financial statements of the Czech National Bank prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2020, and the income statement and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the assets and liabilities of the Czech National Bank as at 31 December 2020, and of its expenses and income and its profit or loss for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Czech National Bank in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Bank Board of the Czech National Bank is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Czech National Bank obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Bank Board of the Czech National Bank for the Financial Statements

The Bank Board of the Czech National Bank is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Bank Board of the Czech National Bank determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Bank Board of the Czech National Bank is responsible for assessing the Czech National Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Bank Board of the Czech National Bank either intends to liquidate the Company or to cease operations, or **has** no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Czech National Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Bank Board of the Czech National Bank.
- Conclude on the appropriateness of the Bank Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Czech National Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Czech National Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Bank Board of the Czech National Bank regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on 19 March 2021

Audit firm:

Deloitte Audit s.r.o.
registration no. 079

Statutory auditor:

Diana Rádl Rogerová
registration no. 2045

