
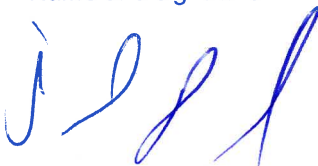



Financial Statements and Independent Auditor's Report as at 31 December 2024



**FINANCIAL STATEMENTS
OF THE CZECH NATIONAL BANK
FOR THE YEAR ENDED
31 DECEMBER 2024**

The financial statements were approved by the Bank Board on 20 March 2025.

<p>Signature of the Governor</p>  <p>Ing. A. Michl, Ph.D.</p>	<p>Person responsible for accounting Name and signature</p>  <p>Ing. D. Šafránek, MBA</p>	<p>Person responsible for financial statements Name and signature</p>  <p>Ing. J. Brázdil, MBA</p>
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ASSETS		Note	2024 CZK million	2023 CZK million
1.	Gold	3.1.	104,152	45,510
2.	Receivables from the International Monetary Fund	3.2.	149,861	140,640
3.	Receivables from abroad including securities	3.3.	3,342,402	3,180,964
3.1.	Deposits at foreign banks and financial institutions		349,763	503,502
3.2.	Securities		2,710,088	2,484,053
3.3.	Other receivables from abroad		282,551	193,409
4.	Receivables from domestic banks	3.4.	0	0
5.	Tangible and intangible fixed assets	3.5.	3,247	3,288
5.1.	Tangible fixed assets		3,025	3,092
5.2.	Intangible assets		222	196
6.	Other assets	3.6.	15,112	13,666
6.1.	Other financial assets		5,785	7,742
6.2.	Other		9,327	5,924
TOTAL ASSETS			3,614,774	3,384,068

LIABILITIES		Note	2024 CZK million	2023 CZK million
1.	Notes and coins in circulation^{*)}	3.7.	727,567	705,474^{*)}
2.	Liabilities to the International Monetary Fund	3.2.	141,213	132,151
3.	Liabilities abroad	3.8.	37,480	113,654
3.1.	Loans received from abroad		29,977	110,296
3.2.	Other liabilities abroad		7,503	3,358
4.	Liabilities to domestic banks	3.9.	2,744,905	2,556,038
4.1.	Loans received		2,507,795	2,373,402
4.2.	Bank monetary reserves		80,701	77,394
4.3.	Other liabilities to banks		156,409	105,242
5.	Liabilities to the state and other public institutions	3.10.	215,420	283,117
6.	Other liabilities	3.11.	18,877	16,291
7.	Provisions	3.12.	0	0
8.	Revaluation reserve	3.13.	5,145	4,570
9.	Share capital	3.13.	1,400	1,400
10.	Funds	3.13.	0	0
11.	Accumulated loss brought forward^{*)}	3.13.	-428,626	-483,735^{*)}
12.	Profit or loss for the year	3.13.	151,393	55,108
TOTAL LIABILITIES			3,614,774	3,384,068

OFF BALANCE SHEET		Note	2024 CZK million	2023 CZK million
1.	Guarantees issued	3.17.	800	800
2.	Issued loan commitments	3.2.	16,270	15,972
3.	Receivables from spot and term transactions	3.17.	382,817	292,903
4.	Liabilities from spot and term transactions	3.17.	380,713	293,576
5.	Guarantees received	3.17.	0	0
6.	Collateral received	3.17.	352,095	302,892

^{*)} Change in accounting policy, refer to Note 2.25.

INCOME STATEMENT		Note	2024	2023
			CZK million	CZK million
1.	Interest income and similar income	3.14.	80,049	66,299
1.1.	Interest from fixed income securities		55,846	41,924
1.2.	Other		24,203	24,375
2.	Interest expense and similar expense	3.14.	-152,433	-196,181
3.	Income from shares and interests		16,843	14,730
4.	Fee and commission income		774	668
5.	Fee and commission expenses		-168	-182
6.	Gains less losses from financial transactions	3.15.	209,667	173,477
6.1.	Net foreign exchange gains/(losses) and foreign exchange spread		138,554	39,556
6.2.	Other		71,113	133,921
7.	Other operating income		1,827	810
7.1.	Income from money issue		1,383	607
7.2.	Other		444	203
8.	Other operating expenses		-1,849	-1,243
8.1.	Expenses for production of notes and coins		-1,758	-1,156
8.2.	Other		-91	-87
9.	Administrative expenses	3.16.	-2,950	-2,930
9.1.	Personnel expenses		-2,452	-2,441
9.1.1.	Wages and salaries		-1,664	-1,659
9.1.2.	Social security and health insurance		-570	-544
9.1.3.	Training and employee benefits		-218	-238
9.2.	Other administration expenses		-498	-489
10.	Depreciation and amortization of fixed assets	3.5.	-364	-349
11.	Reversal of provisions for receivables and guarantees	3.12.	0	10
12.	Write offs, additions and utilization of provisions for receivables and guarantees	3.12.	-3	-1
13.	Profit or loss for the year^{*)}		151,393^{*)}	55,108

^{*)} Due to a change in accounting policy, the amount of profit presented differs from the preliminary information published on 10 January 2025 on the Czech National Bank website; refer to Note 2.25.

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 organizations 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, with resolution authorities of other countries, and with financial markets of other countries, and with international financial institutions and international authorities involved in the supervision of the financial market, with international resolution authorities, negotiates relevant agreements and the Single Resolution Board.

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 a Financial 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 2024, the members of the Bank Board and their office termination dates were as follows:

Ing. Aleš Michl, Ph.D.

- Governor, until 30 June 2028

doc. Ing. Eva Zamrazilová, CSc.

- Vice-Governor, until 30 June 2028

prof. Dr. Ing. Jan Frait

- Vice-Governor, until 30 June 2028

Ing. Karina Kubelková, Ph.D., MBA

- Member of the Bank Board, until 30 June 2028

Ing. Jan Kubíček

- Member of the Bank Board, until 12 February 2029

Ing. Jan Procházka

- Member of the Bank Board, until 12 February 2029

PhDr. Jakub Seidler, Ph.D.

- Member of the Bank Board, until 30 November 2030

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 and for financial instruments in compliance with the Decree also with the International Financial Reporting Standards (IFRS). 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 arrangement, definition of content and scope of items for disclosure in the notes to the financial statements 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. Therefore, the notes to the financial statements do not contain all information required in compliance with IFRS that are designed primarily for commercial entities.

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 other securities to fair values.

The financial statements comprise a balance sheet, income statement and accompanying notes.

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.

Explanation Added for Translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

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/ 12/ 2024	31/ 12/ 2023
EUR	1	25.185	24.725
USD	1	24.237	22.376
JPY	100	15.449	15.811
GBP	1	30.378	28.447

CHF	1	26.768	26.688
CAD	1	16.846	16.885
AUD	1	15.021	15.193
SEK	1	2.199	2.229
SDR	1	31.609	30.021
CNY	1	3.320	3.150
DKK	1	3.377	3.318
NOK	1	2.135	2.200
PLN	1	5.890	5.694
XAG	1	22.805	17.386
XAU	1	2 035.154	1 483.678
XPT	1	714.207	712.940

All resulting realized and unrealized foreign exchange gains and losses are recognized 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 recognized in equity (refer to Note 2.4.).

As foreign exchange gains and losses are one of the most significant income statement items for CNB and as exchange rate risk is specified for a central bank it is monitored and treated separately of other financial risks. In accordance with Section 19 IAS 1, exchange differences are always recognized separately from other valuation differences, even in the case of financial instruments measured at fair value through profit or loss.

2.3. GOLD AND OTHER PRECIOUS METALS

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

- **a) Long-term reserve** – gold placed abroad (marketable bars) and precious metals held at the Bank in the long term (bars, coins, medals).
- **b) Operating reserve** – precious metals held for the production of coins (bars, semi-finished products for the production of coins – “blanks”, demonetized coins etc.). Precious metals are either purchased for the reserve or transferred to it from the long-term reserve or from the cash reserve.
- **c) Collections reserve** – collections of coins, medals, counterfeits, legal tender specimens etc.
- **d) 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.

Gold in groups a), b) and c) is considered to be currency and is remeasured at fair value through profit/loss. Reserves in groups a) and b) are recognized in item Gold (refer to Note 3.1) and reserve in group c) is recognized within Tangible fixed assets (refer to Note 3.5).

2.4. SECURITIES

CNB has currently no regime in place for the purchase of domestic securities. Foreign debt securities and shares within receivables from abroad. These include securities traded on the money and capital markets. Most of debt securities portfolios are managed by the Financial Markets and Resolution Department. The MBS (US “Mortgage-Backed Securities”) portfolio is managed by external managers. All share portfolios are managed internally and pursue an investment strategy consisting of maximum achievable replication of selected share indices of advanced economies (“passive replication”).

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 for the following reasons:

- portfolio management and evaluation is performed on the basis of the fair value of the instruments; the aim is to maximize returns while maintaining established risk and liquidity management rules,
- portfolio duration is operatively managed through derivatives (swaps and futures), which are continuously remeasured at fair value through profit or loss,
- inclusion of all income and expenses from foreign exchange reserves in the income statement is the most transparent way of their reporting to financial statements users.

The Bank also included the shares in the measured at fair value through profit or loss category. The Bank accounts for all share portfolios on an aggregate basis based on information from securities account administrator.

Securities (excluding shares and interests in international institutions) are in most instances measured at prices directly from individual securities markets. Prices are obtained from the following sources:

- for bonds, the bid price by Bloomberg,
- for MBS, price given by Intercontinental Exchange (ICE),
- for shares, the closing price from the stock exchange on which the respective shares are traded.

In rare instances where the price supplier fails to obtain sufficient information from liquid markets, prices are calculated using models based on market data. A systematic exception is short-term debt securities issued under the so-called Euro Commercial paper programs, the prices of which are not usually quoted on the market. These bonds are measured using the present value of future cash flows using exclusively observable market

indicators. The market interest rate shall be the interest rate achieved by the same issuers on the primary securities market.

Financial assets disclosed in the financial statements are classified using the fair value hierarchy in accordance with the requirements of IFRS 13. The hierarchy includes three levels based on the availability and nature of the input data used for the measurement, as follows:

- **Level 1** – Valuations are based on quoted prices in active markets for identical financial instruments. This category includes exchange-traded shares and other securities where there is sufficient liquidity and market transparency.
- **Level 2** – Valuations are based on data that can be derived from observable market inputs. This category also includes assets for which the market is not sufficiently active for prices to be considered Level 1.
- **Level 3** – Valuations are based on unobservable inputs, using internal models and assumptions where relevant market data is not available.

Shares and interests representing participation in international institutions have been classified as securities measured at fair value 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 best possible estimate of fair value of shares in ECB and SWIFT is the acquisition cost (refer to Note 3.6). 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 recognized 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 until the date of settlement and subsequently revalued due to movements in market prices. Gains and losses from the revaluation of unsettled transactions are recognized in income statement line item 6.2. The moment the transaction is realized, the security is derecognized 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 the case of inflation-linked bonds, whose nominal value is variable, the interest income changes depending on the changes in inflation indices. Interest from bonds is reported in income statement line item 1.1. Gains and losses realized upon the sale of the security are recognized 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 recognized in income statement line item 6.2.

Gains and losses arising from changes in the fair value of securities 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 share interest in international institutions are recognized directly in equity.

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

2.5. REPO TRANSACTIONS AND SECURITIES LENDING

Securities borrowed or purchased under the purchase and resell framework agreements are not recognized on the balance sheet. Securities lent or sold under those agreements are retained in their original portfolio in the balance sheet. 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 in lending schemes (“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, the securities in collateral remain in the balance sheet at fair value.

If the Bank does not receive collateral directly, 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 recognized 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 the International Monetary Fund (IMF) result from the membership of the Czech Republic in this organization. They include membership deposit, reserve position, bank funds in SDR, an interest-free loan provided

within the IMF program for the support of less developed countries and the credit facility provided to the IMF.

The membership deposit and the reserve position constitute the IMF membership quota; 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 Drawing Rights (“SDR”) but expressed in the local currency. Translation into Czech Crowns is performed using the exchange rate promulgated by the IMF.

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.

Receivables from and payables to the IMF are recorded on a gross basis, i.e. receivables and payables do not balance out.

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 (also including derivatives and bonds), currency and equity derivatives. Derivatives are maintained off balance sheet as well as on the balance sheet.

Off balance sheet, receivables and payables from these derivatives are recognized from the derivative trade date to the final settlement date in the amount of the underlying asset, either nominal (swaps) or contracted (forwards, futures). The receivables and payables are subsequently remeasured to reflect changes in foreign exchange rates.

On the balance sheet, derivatives are recognized at their fair values, while the fair values of interest rate derivatives and equity derivatives are recognized in the currency of the underlying instrument that is simultaneously revalued to CZK. For currency derivative fair value is monitored and recognized directly in CZK.

Market values are determined using discounted future cash-flow models (for FX swap and FX forward transactions) using the ruling foreign exchange rates. Interest rate swap transactions are valued using the Bloomberg’s standard valuation tool “BVAL” Swap Manager (also using discounted future cash-flow model). Cash flows in forward and outright swap operations are discounted using money

market rates. Futures are valued at the closing price of the relevant exchange on the given day. All market prices are calculated using publicly available information from financial markets. 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 income statement line 6.2 Other. The Bank recognizes all derivatives as available-for-sale derivatives and does not use hedge accounting.

2.10. INTEREST INCOME AND INTEREST EXPENSE

Interest income and interest expense on all interest-bearing instruments are accrued. Negative interest rates on assets, if any, are recognized as interest expense. Negative interest rates on liabilities are recognized 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 recognized 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 recognized 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. From October 2023, the deposits bear no interest. Banks in the Czech Republic do not have to maintain a set

amount on a daily basis, but on average over a given maintenance period.

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

Domestic banks also have an option to make overnight deposits of surplus liquidity with the CNB (deposit facility for discount 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. LIABILITIES TO THE GOVERNMENT AND OTHER PUBLIC INSTITUTIONS

The Bank maintains a system of income and expense accounts and other accounts for the government and its organizational 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 are reflected in the balance of the Single Treasury Account (STA) in CZK, EUR and USD. Funds of the government and other public institutions deposited with the CNB are reflected in liabilities.

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 recognized in the respective income statement caption. Their utilization is recognized 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 recognized in income. Movements in provision accounts denominated in foreign currencies arising from revaluations to exchange rates prevailing at the balance sheet date are

recognized 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 (refer to Notes 3.6 and 3.12).

In addition, in accordance with IFRS 9 the Bank applies a calculation model of financial asset impairment based on expected credit losses based on the historical cumulative probability of the debtor's default. 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 0.48 million and CZK 0.97 million in 2024 and 2023, respectively), it is not recognized.

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.

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

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/amortized 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 amortized over the contractual period. Low-value tangible assets with a unit cost not exceeding CZK 80,000, as well as low-value intangible assets with a unit cost not exceeding CZK 60,000, are fully depreciated/amortized upon the inception of use. Land, art and art collections are not depreciated.

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

Estimated useful lives of assets in years	
Buildings and constructions	20 – 50
Machinery and equipment	
motor vehicles	4 – 5

office equipment and computers	3 – 4
banknote processing systems	10
Furniture and fixtures	5 – 10
Software	4
Long-term software	6
Other intangible fixed assets	6

Repairs and maintenance expenditures are charged to expenses as incurred. Technical improvements exceeding CZK 40,000 for the year are capitalized.

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 19(1)(u) 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 those 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 retirement savings products (additional pension insurance, supplementary pension savings or other tax-assisted retirement savings products), or for private life insurance. In addition, the Bank provides a contribution in the form of an employee limit that an employee can use to purchase goods or services related to sports, culture, health, traveling and education. Employee benefits are expensed as incurred.

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 recognized 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 and maintained off balance sheet; they are recognized 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 recognizes other assets taken into custody from clients and banks, assets in own custody and other carrying amounts (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 to Note 3.21).

2.25. YEAR-ON-YEAR CHANGE IN ACCOUNTING POLICY

The Bank changed the accounting policy for commemorative coins in 2024. The Bank previously recognized their nominal values as liabilities but has ceased the policy based on new findings. As a result, the Bank reclassified the accumulated nominal values of commemorative coins of CZK 3,395 million as at 31 December 2023 from the balance sheet item "1. Notes and coins in circulation" to the item "11. Accumulated loss brought forward".

The change is based on the economic nature of the sale of commemorative coins, for the following reasons:

- Only a negligible number of commemorative coins are returned to the Bank.
- In the event of a buyback (at face value), the Bank receives its own coin, the metal value of which usually exceeds its face value.

CZK million	2023 Originally presented	2023 Restated	2023 Change
Notes and coins in circulation	708,869	705,474	-3,395
Accumulated loss brought forward	-487,130	-483,735	3,395

3. ADDITIONAL INFORMATION

3.1. GOLD

	2024	2023
Gold (CZK million)	104,152	45,510
Long-term reserve	102,871	44,452
Operating reserve	1,281	1,058
Gold (thousand Troy ounces)	1,645	986
Long-term reserve	1,625	963
Operating reserve	20	23
Gold (tons)	51.2	30.7
Long-term reserve	50.6	30.0
Operating reserve	0.6	0.7

Revaluation of gold at fair value is recognized in 6.1 Net foreign exchange gains/(losses) and foreign exchange spread in the accompanying income statement. The Bank records other gold reported separately as Collections reserve (part of other tangible fixed assets) or as Cash reserve (off balance sheet records).

	2024	2023
Collections reserve		
Carrying amount – CZK million	506	368
Troy ounces – thousands	8	8
Tones	0.2	0.2
Cash reserve		
Carrying amount – CZK million	12	12

A foreign bank deposit denominated in gold amounted to CZK 95,021 million (46.7t) (2023: CZK 39,600 million (26.7t)).

3.2. RECEIVABLES FROM AND PAYABLES TO THE INTERNATIONAL MONETARY FUND

CZK million	2024	2023
Membership quota at the IMF	68,566	63,714
Membership deposit	50,501	45,996
Reserve position	18,065	17,718
Loan provided to the IMF	179	170
Deposits in the IMF	81,116	76,756
Receivables from the IMF	149,861	140,640
Payable from the SDR allocation	90,712	86,155
Payable to the IMF from the bill of exchange	45,614	42,033
Current account with the IMF	4,887	3,963
Payables to the IMF	141,213	132,151

The CNB has a bilateral loan agreement with the IMF (the fourth such agreement), which came into effect on 1 January 2021. In 2024, its validity was extended by three years, i.e. until 31 December 2027 or until an agreement to increase the quota is entered into. The unused credit facility amounts to EUR 646 million, i.e. CZK 16,269 million (2023: EUR 646 million, i.e. CZK 15,972 million).

3.3. RECEIVABLES FROM ABROAD INCLUDING SECURITIES

This item includes most foreign currency reserves which 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. The rest of the reserves consist of receivables from the IMF in special drawing rights (SDRs) (refer to Note 3.2) and gold held by the CNB (refer to Note 3.1). Financial assets disclosed in the financial statements are classified using the fair value hierarchy into three levels based on the input data used to measure them. In 2024, Level 2 included bonds of CZK 108,649 million (2023: CZK 90,925 million) and mortgage-backed securities (MBS) of CZK 45,637 million (2023: CZK 41,622 million). Other securities and shares were classified as Level 1 as their valuations are based on quoted prices in active markets where these instruments are commonly traded.

CZK million	2024	2023
Deposits at foreign banks and financial institutions	349,763	503,502
Current account balances ¹	294,927	443,051
Deposits ¹	54,836	60,451
Securities	2,710,088	2,484,053
Zero-coupon bonds ²	126,553	88,169
Government ²	35,554	32,413
Other ³	90,999	55,756
Coupon bonds ²	1,769,335	1,751,948
Government ²	1,496,141	1,420,693
Other ³	273,194	331,255
MBS ²	45,637	41,622
Shares ²	768,563	602,314
MSCI euro (in EUR)	315,150	282,258
S&P 500 (in USD)	261,739	156,933
FTSE 100 (in GBP)	32,290	27,551
Nikkei 225 (in JPY)	56,351	47,643
S&P TSX (in CAD)	69,729	57,708
S&P ASX 200 (in AUD)	33,304	30,221
Other receivables from abroad	282,551	193,409
Funds invested through reverse repo transactions ¹	282,378	193,195
Foreign currency ¹	173	214
Receivables from abroad including securities	3,342,402	3,180,964

¹ – Financial instruments classified as measured at amortized cost.

² – Financial instruments classified as measured at fair value and at market prices directly from financial markets (refer to Note 2.4.).

³ – Financial instruments classified as measured at fair value and at market prices directly from financial markets (refer to Note 2.4.) with exceptions valued using models which in 2024 represented Commercial Papers totaling CZK 5,641 million (2023: CZK 26,397 million).

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 abroad are particularly represented by reverse repo transactions for which collateral was received in the amount of CZK 282,287 million (2023: CZK 194,058 million) (refer to Note 3.17.).

Deposits also include provided collateral in the form of cash placed in foreign banks in the total amount of CZK 129 million (2023: CZK 689 million) provided based on the framework agreements on derivatives and repo transactions (ISDA Master Agreement, ISDA Credit Support Annex and GMRA Master Agreements).

Part of the securities is temporarily transferred to other entities, either as collateral for loans received (repo transactions, repo trades) or under lending schemes.

CZK million	2024	2023
Bonds		
for making repo transaction	29,816	110,014
for making derivative transactions entered into with the counterparty	0	275
lending schemes	403,604	337,355
Shares		
lending scheme	48,849	46,815

3.4. RECEIVABLES FROM DOMESTIC BANKS

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

- Provided loans – at the end of 2024 and 2023, no transactions were concluded; and
- Securities (collateral switch) – at the end of 2024 and 2023, 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. Other tangible assets include the collection of coins and medals made of precious metals in the amount of CZK 506 million (2023: CZK 368 million) for which the value of precious metals is remeasured at fair value through profit or loss.

CZK million	Land	Buildings	Machinery, furniture and fittings and other tangible assets	Acquisition of assets and prepayments made	Total
Acquisition cost as at 31 December 2023	164	7,123	3,029	26	10,342
Accumulated depreciation as at 31 December 2023	0	5,069	2,181	0	7,250
Net book value as at 31 December 2023	164	2,054	848	26	3,092
Additions	0	29	251	129	409
Disposals	0	0	66	138	204
Change in accumulated depreciation	0	-178	-94	0	-272
Net book value as at 31 December 2024	164	1,905	939	17	3,025
Acquisition cost as at 31 December 2024	164	7,152	3,213	17	10,546
Accumulated depreciation as at 31 December 2024	0	5,247	2,274	0	7,521

CZK million	Software	Other intangible assets	Acquisition of assets and prepayments made	Total
Acquisition cost as at 31 December 2023	1,052	48	1	1,101
Accumulated amortization as at 31 December 2023	879	26	0	905
Net book value as at 31 December 2023	173	22	1	196
Additions	81	1	93	175
Disposals	9	1	94	104
Change in accumulated amortization	-40	-5	0	-45
Net book value as at 31 December 2024	205	17	0	222
Acquisition cost as at 31 December 2024	1,124	48	0	1,172
Accumulated amortization as at 31 December 2024	919	31	0	950

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 amounts to 1.9623% totaling EUR 7.9 million (in 2023 it amounted to 1.9623% totaling EUR 7.9 million). The share was calculated in line with Article 29 of the ESCB and ECB Statute using the population number and gross domestic product.

CZK million	2024	2023
Other financial assets	5,785	7,742
Share in the ECB capital	201	189
BIS and SWIFT shares	5,584	5,012
Bonds	0	2,541
Receivables from former banks	0	0
Loss-making loans provided to former banks	1,331	1,331
Specific provision for loss-making loans provided to former banks ¹	-1,331	-1,331
Other	9,327	5,924
Prepaid expenses	32	32
Other precious metals	11	19
Positive fair value of interest rate swaps ²	4,556	3,373
Positive fair value of currency forwards ²	1,756	0
Margin account including profit/(loss) from change in fair value of futures ²	433	536
Loans to employees	536	462
Clearing with the securities market	1,786	1,216
Other operating receivables	231	297
Specific provisions against other operating receivables ¹	-14	-11
Other assets	15,112	13,666

¹ Refer to Note 3.17. ² Refer to Note 3.12.

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. In addition, it supervises processors of notes and coins (banks, security agencies, etc.) to make sure that they adhere to the determined rules of cash circulation (Act No. 136/2011 Coll., on the Circulation of Banknotes and Coins).

	million pieces		CZK million	
	2024	2023	2024	2023
Notes in circulation	551	535	706,946	685,410
CZK 5,000	25	26	125,495	130,170
CZK 2,000	201	189	402,723	377,381
CZK 1,000	134	135	134,193	134,611
CZK 500	45	44	22,502	21,962
CZK 200	75	73	15,040	14,515
CZK 100	71	68	6,989	6,767
Commemorative notes	0	0	4	4

	million pieces		CZK million	
	2024	2023	2024	2023
Coins in circulation¹⁾	2,408	2,334¹⁾	20,621	20,064¹⁾
CZK 50	178	174	8,880	8,699
CZK 20	259	251	5,183	5,018
CZK 10	286	278	2,862	2,778
CZK 5	347	335	1,734	1,673
CZK 2	622	600	1,246	1,200
CZK 1	716	696	716	696
Notes and coins in circulation^{*)}	2,959	2,869¹⁾	727,567	705,474¹⁾

¹⁾ Change in accounting policy, refer to Note 2.25.

In 2024, 4 million pieces of commemorative coins totaling CZK 3,570 million (2023: 3 million pieces totaling CZK 3,395 million) were maintained off balance sheet.

3.8. LIABILITIES ABROAD

CZK million	2024	2023
Funds from repo transactions	29,977	110,296
Other liabilities abroad	7,503	3,358
Liabilities abroad	37,480	113,654

Funds for repo transactions were, based on GMRA Master Agreements, secured by collateral in the form of debt securities totaling CZK 29,816 million (2023: CZK 110,014 million) (refer to Note 3.3.).

In addition, foreign banks made deposits in CZK amounting to CZK 189 million (2023: CZK 842 million) and provided collateral in the form of cash deposits of CZK 7,293 million (2023: CZK 2,486 million) in accordance with master agreements on derivative transactions (ISDA Master Agreement, ISDA Credit Support Annex and GMRA Master Agreements).

3.9. LIABILITIES TO DOMESTIC BANKS

CZK million	2024	2023
Loans received - repo transactions	2,507,795	2,373,402
Domestic bank reserves	80,701	77,394
Payment system accounts	73,749	71,210
Balances on cash withdrawal and deposit accounts	6,819	6,149
Special MMR accounts	133	35
Other liabilities to domestic banks	156,409	105,242
Short-term deposits received	149,966	96,221
Other payables	6,443	9,021
Liabilities to domestic banks	2,744,905	2,556,038

The CNB concludes reverse repo transactions with domestic banks in the form of received loans (collateral used in the repo transactions were CNB's treasury bills).

For more information, refer to Notes 2.5 and 2.8.

3.10. LIABILITIES TO THE GOVERNMENT AND OTHER PUBLIC INSTITUTIONS

CZK million	2024	2023
CZK funds	211,903	282,693
STA in CZK	210,226	280,960
Other deposits in CZK	1,677	1,733
Foreign currency funds	3,517	424
STA in EUR	3,312	233
STA in USD	176	187
Other deposits in foreign currencies	29	4
State and public institution deposits	215,420	283,117

STA = Single Treasury Account, refer to Note 2.14.

3.11. OTHER LIABILITIES

CZK million	2024	2023
Negative fair value of currency forwards ¹	0	798
Negative fair value of interest rate swaps ¹	159	1,171
Payables to the European Commission	14,516	9,392
Employee accounts	3,779	3,705
Redistribution accounts for payment transactions	86	640
Other payables	337	585
Other liabilities	18,877	16,291

¹ Refer to Note 3.17.

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

Other liabilities totaling CZK 337 million include liabilities of CZK 60 million owing to social security and health insurance premiums (2023: CZK 78 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/ 1/ 2023	Additions	Use due to write-offs	Reversals	31/ 12/ 2023	Additions	Use due to write-offs	Reversals	31/ 12/ 2024
Specific provisions	1,352	0	1	9	1,342	3	0	0	1,345
Classified loans of former banks (refer to Note 3.6.)	1,340	0	0	9	1,331	0	0	0	1,331
Other operating receivables (refer to Note 3.6.)	12	0	1	0	11	3	0	0	14

CZK million	1/ 1/ 2023	Additions	Reversals	FX differences	31/ 12/ 2023	Additions	Reversals	FX differences	31/ 12/ 2024
Provisions	0	0	0	0	0	0	0	0	0
Guarantees for clients (refer to Note 3.17)	0	0	0	0	0	0	0	0	0

3.13. EQUITY

CZK million	Revaluation reserve	Share capital	Funds	Accumulated losses	Profit/loss for the year	Total equity
Balance as at 1 January 2023	4,523	1,400	0	-75,275	-411,855	-481,207
Distribution of 2022 profit	0	0	0	-411,855	411,855	0
Other (rounding effect)	0	0	0	0	0	0
Revaluation reserve not included in profit	47	0	0	0	0	47
Profit/(loss) for 2023	0	0	0	0	55,108	55,108
Effects of change in accounting policy	0	0	0	3,395	0	3,395
Balance as at 31 December 2023^{*)}	4,570	1,400	0	-483,735⁾	55,108	-422,657⁾
Distribution of 2023 profit	0	0	0	55,108	-55,108	0
Other (rounding effect)	0	0	0	1	0	1
Revaluation reserve not included in profit	575	0	0	0	0	575
Profit/(loss) for 2024	0	0	0	0	151,393	151,393
Balance as at 31 December 2024	5,145	1,400	0	-428,626	151,393	-270,688

⁾ Change in accounting policy, refer to Note 2.25.

The CNB already reported negative equity in the past. It had no adverse effect on fulfilment of the Bank's statutory mandate to maintain price stability or on implementation of other tasks. Therefore, the CNB considers negative equity to be neither a factor limiting the central bank's independence nor a threat to the performance of its statutory functions.

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. Distribution of current year profit is made on the grounds of the Bank Council's decision.

3.14. NET INTEREST INCOME

CZK million	2024	2023
Interest income and similar income	80,049	66,299
Interest on securities	55,846	41,924
Interest on zero-coupon bonds	3,074	2,323
Interest on coupon bonds	51,070	38,204
Interest on MBS	1,702	1,397
Other interest income	24,203	24,375
Interest on inter-bank deposits	24,192	24,367
Interest on employees loans	11	8
Interest expense and similar expense	152,433	196,181
Interest on liabilities to banks	152,179	195,797
Interest on liabilities to employees and other clients	254	384
Net interest income¹	-72,384	-129,882

¹ Net interest income represents the difference between interest received and interest paid on securities and deposits. Its value was mainly affected by the interest on free liquidity of the domestic banking sector.

3.15. GAINS LESS LOSSES FROM FINANCIAL TRANSACTIONS

CZK million	2024	2023
Foreign exchange gains or losses and foreign exchange spread	138,554	39,556
Foreign exchange gains/losses	137,214	38,080
Foreign exchange spread ²	1,340	1,476
Other	71,113	133,921
Gains/losses from revaluation and sale of bonds	-18,441	43,469
Gains/losses from revaluation and sale of MBS	-1,263	507
Gains/losses from revaluation and sale of shares	82,734	85,273
Net gains/(losses) from currency forwards	6,133	3,943
Net gains/(losses) from interest rate futures	86	14
Net gains/(losses) from interest rate swaps	1,680	394
Net gains/(losses) from share futures	184	321
Profit/loss from financial transactions	209,667	173,477

² 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 COSTS

CZK million	2024	2023
Personnel costs	2,452	2,441
Wages and salaries	1,664	1,659
Social security and health insurance	570	544
Cost of personnel training	9	9
Employee benefits	209	229
Other administrative expenses	498	489
Rent	3	6
Other	495	483
Total administrative expenses	2,950	2,930

The average recalculated headcount including the Bank Board totaled 1,404 employees (2023: 1,456 employees).

3.17. OFF-BALANCE SHEET ITEMS

GUARANTEES

CZK million	2024	2023
Guarantees issued	800	800
Guarantees for clients (refer to Note 3.12)	0	0
For deposits held by IPB	0	0
Consolidation of the banking sector	800	800
Guarantees received	0	0

The Bank has not recognized 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.

COLLATERAL RECEIVED

CZK million	2024	2023
Repo transactions	282,287	194,058
Collateral received for securities granted within the lending scheme	52,824	51,448
Derivatives and additional collateral	1,159	256
Gold swap	15,825	57,130
Collateral received	352,095	302,892

The Bank has received collateral of CZK 419 billion from depositories under automatic bond lending programs (2023: CZK 350 billion¹).

¹ The figure for 2023 (CZK 337 billion) has been corrected.

SPOT TRANSACTIONS AND FINANCIAL DERIVATIVES

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

CZK million	2024	2023
Off-balance sheet receivables	382,817	292,903
from currency forward transactions	308,882	120,265
from interest rate swap transactions	27,000	50,249
from interest rate futures transactions	4,003	2,654
from share futures transactions	2,255	2,395
from unsettled interest rate spot transactions	4,944	45,822
from unsettled currency spot transactions	25,516	63,182
from interest forward transactions	10,217	8,336
Off-balance sheet liabilities	380,713	293,576
from currency forward transactions	306,861	120,930
from interest rate swap transactions	27,000	50,249
from interest rate futures transactions	4,003	2,654
from share futures transactions	2,255	2,395
from unsettled interest rate spot transactions	4,944	45,822
from unsettled currency spot transactions	25,433	63,190
from interest forward transactions	10,217	8,336

As of the balance sheet date, the bank has entered into currency forwards to hedge against movements in exchange rates:

CZK million	2024	2023
Off-balance sheet receivables from forward transactions	308,882	120,265
Off-balance sheet payables from forward transactions	306,861	120,930
Positive fair value (refer to Note 3.6.)	1,756	0
Negative fair value (refer to Note 3.11.)	0	798

All currency forwards will mature in 2025.

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 interest rate swaps at the balance sheet date:

CZK million	2024	2023
Off-balance sheet receivables from interest rate swap transactions	27,000	50,249
Off-balance sheet payables from interest rate swap transactions	27,000	50,249
Positive fair value (refer to Note 3.6.)	4,556	3,373
Negative fair value (refer to Note 3.11.)	159	1,171

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 following futures transactions at the balance sheet date:

CZK million	2024	2023
Off-balance sheet receivables from interest rate futures transactions	4,003	2,654
Off-balance sheet payables from interest rate futures transactions	4,003	2,654
Net gain/(loss) from change in fair values of interest rate futures transactions for the reporting period ¹	86	14
Off-balance sheet receivables from share futures transactions	2,255	2,395
Off-balance sheet payables from share futures transactions	2,255	2,395
Net gain/(loss) from change in fair values of futures transactions for the reporting period ¹	184	321
Net gain/(loss) from change in fair values of futures transactions for the reporting period	270	338
Cash on margin account	163	200
Margin account including settled change in fair value of interest rate futures transactions ²	433	538

¹ refer to Note 3.15. ² refer to Note 3.6.

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 2024 and 2023, respectively.

3.18. FINANCIAL RISKS

Liquidity Risk

Actively managed portfolios, strategically allocated based on the Bank's internal decision-making processes, represent more than 97% of foreign exchange reserves and serve to support the implementation of the Bank's own independent monetary policy and as the main source of liquidity. The Bank monitors and manages the structure of its actively managed portfolios, taking into consideration their use, size, liquidity and developments in financial markets. For these purposes, the Bank has allocated a portion of the actively managed portfolios to the liquidity tranche in which it maintains funds that are intended for immediate need. A part of an investment tranche is invested in government bonds of the most advanced countries and in shares listed on the world's largest stock exchanges; these bonds and shares are also the most liquid instruments on the market. As at 31 December 2024, the liquidity tranche and the investment tranche represented 20.5% and 79.5%, respectively, of the market value of the actively managed portfolios.

Interest Rate Risk

The Bank holds financial instruments in its foreign reserves, the price of which is sensitive to changes in market interest rates. This sensitivity is expressed by modified duration. The bank manages interest rate risk by setting the modified duration of the benchmarks for individual portfolios, the maximum possible deviation of the modified duration of the portfolios from the relevant benchmarks, and the total duration limit for the entire actively managed international reserves. These limits are set with regard to the use of foreign reserves, their amount and expected return.

Currency Risk

The CZK value of foreign currency reserves is exposed to changes in the CZK exchange rate versus individual foreign currencies in which foreign reserves are held. Due to the necessity to keep foreign currency reserves and subordinate their development to the primary statutory target of monetary stability, the CNB is not able to fully eliminate the risk of decrease of CZK value of foreign currency reserves from the strengthening of the Czech currency against major foreign currencies. However, by appropriate diversification into several currencies, the Bank seeks to reduce this risk to at least partially take advantage of the opposing movements in the CZK exchange rate against currencies in foreign reserves.

Credit risk

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 a monthly basis and are subject to review several times per year. The basic measure of credit risk is the rating of the borrower or issuer of a security from reputable rating agencies as well as the internal credit risk assessment model.

LIQUIDITY RISK

The table below presents the structure of financial instruments in terms of their liquidity by contractual maturity.

CZK million		Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Not specified	Total
Gold	2024	0	0	0	0	0	104,152	104,152
	2023	0	0	0	0	0	45,510	45,510
Receivables from the IMF	2024	0	0	0	0	0	149,861	149,861
	2023	0	0	0	0	0	140,640	140,640
Zero-coupon bonds	2024	90,999	5,641	29,913	0	0	0	126,553
	2023	41,323	11,322	34,555	969	0	0	88,169
Coupon bonds	2024	2,772	10,190	47,208	652,233	1,056,932	0	1,769,335
	2023	902	4,289	49,950	739,861	956,946	0	1,751,948
MBS	2024	174	1,028	0	213	44,222	0	45,637
	2023	681	237	66	28	40,610	0	41,622
Shares	2024	0	0	0	0	0	768,563	768,563
	2023	0	0	0	0	0	602,314	602,314
Deposits, loans and other receivables from abroad	2024	632,314	0	0	0	0	0	632,314
	2023	696,911	0	0	0	0	0	696,911
Receivables from domestic banks	2024	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Tangible and intangible fixed assets	2024	0	0	0	0	0	3,247	3,247
	2023	0	0	0	0	0	3,288	3,288
Other assets	2024	8,760	0	32	54	481	5,785	15,112
	2023	7,972	0	32	52	409	5,201	13,666
Total assets	2024	735,019	16,859	77,153	652,500	1,101,635	1,031,608	3,614,774
	2023	747,789	15,848	84,603	740,910	997,965	796,953	3,384,068
Notes and coins in circulation ^{*)}	2024	0	0	0	0	0	727,567	727,567
	2023	0	0	0	0	0	705,474 ⁾	705,474 ⁾
Liabilities to the IMF	2024	0	0	0	0	0	141,213	141,213
	2023	0	0	0	0	0	132,151	132,151
Liabilities abroad	2024	37,480	0	0	0	0	0	37,480
	2023	113,654	0	0	0	0	0	113,654
Liabilities to domestic banks	2024	2,744,905	0	0	0	0	0	2,744,905
	2023	2,556,038	0	0	0	0	0	2,556,038
Liabilities to the government	2024	215,420	0	0	0	0	0	215,420
	2023	283,117	0	0	0	0	0	283,117
Other liabilities	2024	18,877	0	0	0	0	0	18,877
	2023	16,291	0	0	0	0	0	16,291
Provisions	2024	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Equity ^{*)}	2024	0	0	0	0	0	-270,688	-270,688
	2023	0	0	0	0	0	-422,657 ⁾	-422,657 ⁾
Total liabilities	2024	3,016,682	0	0	0	0	598,092	3,614,774
	2023	2,969,100	0	0	0	0	414,968	3,384,068
Net liquidity gap	2024	-2,281,663	16,859	77,153	652,500	1,101,635	433,516	0
	2023	-2,221,311	15,848	84,603	740,910	997,965	381,985	0

⁾ Change in accounting policy, refer to Note 2.25.

INTEREST RATE RISK

The table below presents the structure of financial instruments in terms of their sensitivity to interest rate as per coupon maturity or interest rate date of debt instrument.

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	2024	0	0	0	0	0	104,152	104,152
	2023	0	0	0	0	0	45,510	45,510
Receivables from the IMF	2024	0	0	0	0	0	149,861	149,861
	2023	0	0	0	0	0	140,640	140,640
Zero-coupon bonds	2024	90,999	5,641	29,913	0	0	0	126,553
	2023	41,323	11,322	34,555	969	0	0	88,169
Coupon bonds	2024	24,701	14,505	93,592	608,663	1,027,874	0	1,769,335
	2023	24,594	15,574	78,883	695,389	937,508	0	1,751,948
MBS	2024	174	1,028	0	213	44,222	0	45,637
	2023	681	237	66	28	40,610	0	41,622
Shares	2024	0	0	0	0	0	768,563	768,563
	2023	0	0	0	0	0	602,314	602,314
Deposits, loans and other receivables from abroad	2024	632,314	0	0	0	0	0	632,314
	2023	696,911	0	0	0	0	0	696,911
Receivables from domestic banks	2024	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Tangible and intangible fixed assets	2024	0	0	0	0	0	3,247	3,247
	2023	0	0	0	0	0	3,288	3,288
Other assets	2024	8,792	0	0	54	481	5,785	15,112
	2023	8,005	0	0	51	409	5,201	13,666
Total assets	2024	756,980	21,174	123,505	608,930	1,072,577	1,031,608	3,614,774
	2023	771,514	27,133	113,504	696,437	978,527	796,953	3,384,068
Notes and coins in circulation ¹⁾	2024	0	0	0	0	0	727,567	727,567
	2023	0	0	0	0	0	705,474 ¹⁾	705,474 ¹⁾
Liabilities to the IMF	2024	0	0	0	0	0	141,213	141,213
	2023	0	0	0	0	0	132,151	132,151
Liabilities abroad	2024	37,480	0	0	0	0	0	37,480
	2023	113,654	0	0	0	0	0	113,654
Liabilities to domestic banks	2024	2,744,905	0	0	0	0	0	2,744,905
	2023	2,556,038	0	0	0	0	0	2,556,038
Liabilities to the government	2024	215,420	0	0	0	0	0	215,420
	2023	283,117	0	0	0	0	0	283,117
Other liabilities	2024	18,877	0	0	0	0	0	18,877
	2023	16,291	0	0	0	0	0	16,291
Provisions	2024	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Equity ^{*)}	2024	0	0	0	0	0	-270,688	-270,688
	2023	0	0	0	0	0	-422,657 ¹⁾	-422,657 ¹⁾
Total liabilities	2024	3,016,682	0	0	0	0	598,092	3,614,774
	2023	2,969,100	0	0	0	0	414,968	3,384,068
Net open position	2024	-2,259,702	21,174	123,505	608,930	1,072,577	433,516	0
	2023	-2,197,586	27,133	113,504	696,437	978,527	381,985	0

¹⁾ Change in accounting policy, refer to Note 2.25.

CURRENCY RISK

The table below presents the structure of financial instruments in terms of their division per currencies.

CZK million		CZK	EUR	USD	JPY	GBP	CAD	AUD	Other	Total
Gold	2024	0	0	0	0	0	0	0	104,152	104,152
	2023	0	0	0	0	0	0	0	45,510	45,510
Receivables from the IMF	2024	50,500	0	0	0	0	0	0	99,361	149,861
	2023	45,996	0	0	0	0	0	0	94,644	140,640
Zero-coupon bonds	2024	0	29,913	5,641	0	0	0	0	90,999	126,553
	2023	0	42,520	2,215	14,090	0	0	0	29,344	88,169
Coupon bonds	2024	0	662,846	722,814	0	85,157	175,613	89,363	33,542	1,769,335
	2023	0	645,995	718,835	0	83,011	177,728	93,966	32,413	1,751,948
MBS	2024	0	0	45,637	0	0	0	0	0	45,637
	2023	0	0	41,622	0	0	0	0	0	41,622
Shares	2024	0	315,150	261,739	56,351	32,290	69,729	33,304	0	768,563
	2023	0	282,258	156,933	47,643	27,551	57,708	30,221	0	602,314
Deposits, loans and other receivables from abroad	2024	0	411,941	1,554	210,908	47	63	4,744	3,057	632,314
	2023	0	595,021	19,278	79,081	90	88	808	2,545	696,911
Receivables from domestic banks	2024	0	0	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0	0	0
Tangible and intangible fixed assets	2024	2,740	0	0	0	0	0	0	507	3,247
	2023	2,918	0	0	0	0	0	0	370	3,288
Other assets	2024	2,506	1,725	4,779	113	128	193	75	5,593	15,112
	2023	3,135	1,471	3,532	84	157	184	73	5,030	13,666
Total assets	2024	55,746	1,421,575	1,042,164	267,372	117,622	245,598	127,486	337,211	3,614,774
	2023	52,049	1,567,265	942,415	140,898	110,809	235,708	125,068	209,856	3,384,068
Notes and coins in circulation ¹⁾	2024	727,567	0	0	0	0	0	0	0	727,567
	2023	705,474 ¹⁾	0	0	0	0	0	0	0	705,474 ¹⁾
Liabilities to the IMF	2024	50,501	0	0	0	0	0	0	90,712	141,213
	2023	45,996	0	0	0	0	0	0	86,155	132,151
Liabilities abroad	2024	210	24,404	2,351	0	1,829	0	4,740	3,946	37,480
	2023	872	98,833	7,234	0	0	0	4,120	2,595	113,654
Liabilities to domestic banks	2024	2,744,905	0	0	0	0	0	0	0	2,744,905
	2023	2,556,038	0	0	0	0	0	0	0	2,556,038
Liabilities to the government	2024	211,903	3,341	176	0	0	0	0	0	215,420
	2023	282,693	237	187	0	0	0	0	0	283,117
Other liabilities	2024	8,683	9,942	243	1	7	0	0	1	18,877
	2023	14,374	1,639	166	0	112	0	0	0	16,291
Provisions	2024	0	0	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0	0	0
Equity ^{*)}	2024	-275,908	0	0	0	0	0	0	5,220	-270,688
	2023	-427,323 ¹⁾	0	0	0	0	0	0	4,666	-422,657 ¹⁾
Total liabilities	2024	3,467,861	37,687	2,770	1	1,836	0	4,740	99,879	3,614,774
	2023	3,178,124	100,709	7,587	0	112	0	4,120	93,416	3,384,068
Net assets/liabilities (-)	2024	-3,412,115	1,383,888	1,039,394	267,371	115,786	245,598	122,746	237,332	0
	2023	-3,126,075	1,466,556	934,828	140,898	110,697	235,708	120,948	116,440	0
Net off-balance sheet assets	2024	0	311,967	57,736	4,697	1,884	4,166	2,141	226	382,817
	2023	412	205,549	48,214	27,170	5,658	5,816	84	0	292,903
Net off-balance sheet liabilities	2024	0	-27,183	-42,589	-215,569	-2,142	-935	-717	-91,578	-380,713
	2023	-16	-88,491	-37,639	-120,311	-9,075	-8,603	-84	-29,357	-293,576
Net open currency position	2024	-3,412,115	1,668,672	1,054,541	56,499	115,528	248,829	124,170	145,980	2,104
	2023	-3,125,679	1,583,614	945,403	47,757	107,280	232,921	120,948	87,083	-673

¹⁾ Change in accounting policy, refer to Note 2.25.

CREDIT RISK

The table below presents the structure of financial instruments in terms of geographical segments.

ASSETS

CZK million	2024	2023
Czech Republic	21,503	17,410
Germany	732,396	982,892
France	261,747	195,864
The Netherlands	84,444	73,965
Austria	354	2,920
Slovakia	529	1,702
Luxembourg	9,210	51,636
Spain	127,908	23,478
Other Eurozone countries	50,441	65,584
Switzerland	100,650	39,195
Sweden	40,281	34,319
Denmark	121,833	68,456
United Kingdom	218,450	227,243
Norway	15,841	14,462
Other European countries	570	167
USA	1,192,853	1,086,495
Canada	285,923	283,878
Australia	80,221	72,887
Japan	267,239	140,788
Other countries	2,381	727
Geographical concentration of assets	3,614,774	3,384,068

LIABILITIES

CZK million	2024	2023
Czech Republic	3,512,285	3,215,033
USA	52,406	53,196
Eurozone countries	38,187	44,535
Other European countries	11,876	71,040
Other countries	20	264
Geographical concentration of liabilities	3,614,774	3,384,068

3.19. CONTINGENTS LIABILITIES

In accordance with the Agreement for the payment of operating costs and losses related to assumed assets that are incurred in connection with the fulfilment of the Consolidation Program 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 2024, these costs totaled CZK 0.1 million (2023: CZK 0.1 million). The Bank does not recognize any provisions for these contingencies as they are immaterial.

Pending litigation

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 recognized 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

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 2024.

The following attached independent auditor's report was issued for the financial statements, annual report, and annual Financial Report of the Czech National Bank

(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Bank Board of the Czech National Bank:

Opinion

We have audited the accompanying financial statements of the Czech National Bank prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2024, and the income statement for the year then ended, and notes to the financial statements, including a material accounting policy information. For details of the Czech National Bank, see Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Czech National Bank as at 31 December 2024, and of its financial performance for the year then ended in accordance with accounting principles generally accepted 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 clauses. 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 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 and information also included in the Financial Report submitted to the House of Deputies of the Czech Parliament for 2024. 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.

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.

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. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

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 principles generally accepted 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 Czech National Bank 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 above regulations 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 Banks'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.

Ernst & Young Audit, s.r.o.
License No. 401

Roman Hauptfleisch, Auditor
License No. 2009

20 March 2025
Prague, Czech Republic