

**REPORT  
ON KOMERČNÍ BANKA'S  
FINANCIAL RESULTS  
AS AT 30 SEPTEMBER 1999**



## **CZECH ECONOMY IN 1999**

Data on the development of the Czech economy for the first half of 1999 signal the first signs of a revival in demand. The gross domestic product in the second quarter increased for the first time in the last five quarters, the drop in industrial production slowed down and the retail sector developed favourably. Underlying the growth in gross domestic product was first of all the consumption of households and the growth of exports. However, investment in fixed capital continued to decrease seriously. The improvement in the performance of the economy was reflected only slowly in corporate financial results. Thus there is no radical change in the ability of companies to meet their loan obligations and therefore none in the situation of the banking sector either.

Some segments of the economy also continued to show a favourable development in the third quarter 1999. In August, for the first time in the last 12 months, industrial production increased inter-yearly and the growth in retail sector continued. Nevertheless the recession persisted in the construction industry, as investment demand in all sectors remained low and the growth of governmental demand in construction has not yet materialised. There was no significant change in the state of the labour market, though unemployment grew at a lower rate.

A favourable development was reported in the foreign trade balance, predominantly due to the increase in the export of goods with higher value added to the developed countries. As a result of this the current account in the balance of payments in the second quarter of 1999 (and probably also in the third quarter) has recorded, first since the beginning of 1994, a more significant surplus. At the same time the more rapid inflow of direct foreign investment, which began at the end of 1998, continues. In addition, the short- and medium-term prospects for direct foreign investment is favourable, as the effect of certain important investments in recent times (notably the sale of ČSOB) and of government investment incentives has yet to manifest itself.

The price level remains depressed, the growth in consumer demand not yet having affected consumer prices and the development of production prices has been impeded by the decrease in investment activities. The lower than expected growth of inflation, together with the strong rate of the koruna and pressure from the side of government, led to another decrease in interest rates.

The trend towards economic revival will continue also in the remaining months of 1999. Given a favourable combination of circumstances, this revival could mark the beginning of a

longer period of growth. But in the absence of any basic changes on the supply side, the development of the Czech economy is likely to fluctuate much the same as it has done in the last six years.

## **BUSINESS POLICY OF KOMERČNÍ BANKA**

As part of its preparation for the completion of privatisation of the state holding in Komerční banka, the Bank took several basic steps in the third quarter of 1999.

First came the conclusion of the agreement on the transfer of receivables between Komerční banka and Konsolidační banka, s. p. ú. (state financial institution), decided by the Czech government following the temporary blocking of the share capital increase by the action of a minority shareholder. The problem receivables worth a total CZK 23.1 billion were sold to Konsolidační banka for CZK 13.6 billion. Of this amount loss loans of CZK 11.1 billion came from the balance sheet, the remainder of CZK 12.0 billion being already written off to the off-balance sheet. Loan collateral worth CZK 4.1 billion was transferred to Konsolidační banka along with the loans themselves. This operation contributed CZK 9.5 billion to the Bank's whole year financial result. The specific provisions, which had already been created in respect of the receivables sold, were not immediately dissolved into the Bank's profit but re-appropriated to general provisions and will gradually be transferred to specific provisions to cover loan risks.

The Bank also continued to seek ways to cleanse its loan portfolio, the quality of which is perceived as fundamental to the successful privatisation. The Bank concluded a co-operation agreement with ING Barings on the restructuring of the loan portfolio. This company has already finished the first phase in which it produced a preliminary analysis of the loan portfolio and of possible ways for the restructuring thereof, including the financial impact of individual variants of the transaction. Another step in this operation will be the assessment of the legal and technical aspects of the transaction.

At the beginning of October meetings were held between the representatives of the company Goldman Sachs International, the government's advisor for the privatisation of Komerční banka, and the Bank's top management. By means of a series of presentations and discussions Goldman Sachs International was provided with all the details necessary

for the production of the Information memorandum which is currently in the final phase of joint consultations and corrections.

In the third quarter there were annual reviews of the Bank's rating performed by the rating agencies - Moody's and Standard & Poor's. The third of the rating agencies which evaluates Komerční banka - Fitch IBCA - has already issued its report in which it confirms the existing rating, i. e. BBB for long-term and F2 for short-term prospects.

On its regular meeting on 13 October 1999 the Supervisory Board of Komerční banka elected as the seventh member of the Board of Directors Mr. Peter Palečka, former Head of the Group Strategy and Privatisation Division. As a member of the Board of Directors Mr. Peter Palečka will be responsible for strategy, for the organisation of the privatisation process of Komerční banka and for its internal organisational structure.

An unpleasant event of the third quarter was the dissemination of a rumour concerning alleged financial difficulties in Komerční banka and even on the imposition of the forced administration on the Bank. This caused a certain amount of panic among the Bank's clients, especially in the region of North Moravia. The rumours were immediately denied by the proper authorities, i. e. by the Czech National Bank (CNB) and the Ministry of Finance of the Czech Republic. Komerční banka responded by bringing an action against the unknown culprit. However, the decrease in deposits in connection with this event was not significantly over that experienced in the course of ordinary fluctuation in the value of client deposits.

In the field of banking services, in the third quarter Komerční banka focused more on non-cash payments. A new tariff of charges in force since 1 July 1999 specially favours non-cash payments and all modern ways of communication between the Bank and its clients. Simultaneously with the change in charges the Bank modified the conditions of the Express line which is now also accessible to entrepreneurs. A new service of the Express line was introduced - the possibility of the operations with payment cards, specifically the issue, blocking or query relating to any payment card which is offered by Komerční banka. In addition, the level of average balance on current account for private individuals necessary to qualify for the Express line service free of charge in a given month has been reduced from CZK 30 thousand to CZK 20 thousand. The effect of this was to make the use of the Express line services more advantageous for a broader group of clients, as was evidenced by the rapid increase in the number of agreements concluded in the third quarter of this year. After one year of operation 20 thousand clients of the Bank already use the Express line.

In connection with the campaign to promote non-cash payments Komerční banka prolonged the summer campaign to issue the payment cards UNIKARTA free of charge till the end of this year. For every client of Komerční banka who meets the standard conditions for issue of this particular card, i. e. average balance on current account of CZK 15 thousand for a period of at least two months, the UNIKARTA Eurocard/MasterCard or VISA may be issued free of charge for two years.

Komerční banka has already issued 25 thousand American Express payment cards, which it offers its clients under an exclusive agreement with this company throughout the Czech Republic.

## **FINANCIAL RESULTS ACCORDING TO INTERNATIONAL ACCOUNTING STANDARDS**

### PROFIT AND LOSS ACCOUNT

For the three-quarters of 1999 Komerční banka created an operating profit, i. e. profit before provision for loan losses, of CZK 6.9 billion. This result is 29.7% lower in comparison with the same period of 1998. The major factor in the change was the total net income, which showed an inter-yearly decrease of 16.6% to CZK 15 billion. As at the end of September 1999 the net interest income built 58.5% of the total net income. Administrative expenses on the contrary underwent a positive development, showing an inter-year fall of CZK 107 million, i. e. by 1.5%. The cause of the resulting accounting loss of nearly CZK 4 billion was, as in the previous period, the high level of provision for loan losses, which amounted to CZK 10.9 billion as at 30 September 1999.

*Net interest income* decreased inter-yearly by 30.0% to a final figure of CZK 8.8 billion. This was caused by the 32.8% decrease in net interest income from clients, which constitutes 76% of this item. As in the first and second quarter of this year, this development is caused by the decrease in market rates to which the Bank responded by the decrease of its reference rate by 5 percentage points inter-yearly. Another reason for the decrease in interest income is the continuing decrease in the volume of loans to clients - from the beginning of the year by CZK 26.4 billion. The slowdown in the pace of decrease in net interest income from clients is perceived as positive.

In compliance with our expectations the *net interest margin* in the third quarter of 1999 increased moderately by 0.15 of a percentage point to 3.32%.

*Net fees and commissions* decreased inter-yearly by 3.4%, due in particular to the decrease in net fees and commissions from securities caused by the increase in fees paid for securities (increase by 386.4%). This increase is due *inter alia* to the premature redemption of an issue of bonds, which involved an additional cost of CZK 30.0 million, and the payment of a fee for the issue of the Bank's bonds amounting to CZK 20.5 million. On the contrary fees received from clients developed positively, increasing by 2.4% in comparison with the third quarter of 1998.

The proportion of net fees and commissions in total net income as at 30 September 1999 amounted to 21.5%, representing an inter-year increase of 3 percentage points.

The Bank continues to report very good results from trading on the financial markets. *Dealing profit* of CZK 1.9 billion is up by 133.1% on the same period of last year and is largely the result (as last year) of foreign exchange trading, with net income of CZK 2.0 billion. The loss in securities trading is caused by a higher level of unrealised losses from securities.

*Other income* totalling CZK 1.2 billion showed an inter-year decrease of 12.1% as at 30 September 1999. This item is formed chiefly by income from exchange rate operations which showed a decrease by 8.6% in comparison with the same period in 1998.

The *share of non-interest income* in the Bank's total income grew inter-yearly by 11.2 percentage points and reached 41.5% as at 30 September 1999.

The effective cost management resulted in a continuing decrease in *administrative expenses*, which in comparison with the situation as at 30 September 1998 amounted to 1.5%. In comparison with September 1998 other administrative expenses decreased, staff and social costs remaining nearly unchanged.

Komerční banka continues to reduce number of staff. In the course of the three quarters of 1999 the number of employees decreased by 440 to the existing level of 13,585 persons.

*Cost/income ratio* of 53.7% as at 30 September 1999 is 8.6 percentage points higher in comparison with the same period last year. This result may be substantiated by the inter-year decrease in net income of 16.6%. The decrease in total costs was not so significant as to outweigh the negative effect of the decrease in net income. The Bank nevertheless reported a moderate improvement in this ratio (by 0.36 of a percentage point) when compared with the first half of this year.

Due to the unfavourable development on the income side the *profit before provision for loan losses* is 29.7% lower compared with September last year. However, the pace of decrease from the beginning of the year is lower. As at the end of the reported period this item amounted to CZK 6.9 billion.

*Provision for loan losses* of CZK 10.9 billion was in fact influenced by the necessity to create provisions for those receivables which were subject to bankruptcy procedure amounting to CZK 4.1 billion, by the direct impact of a CNB measure concerning real estate collateral of CZK 3.3 billion and by the necessity to create additional provisions due to the deterioration of the loan portfolio.

Since the beginning of the year the Bank has written off to the off-balance sheet loss receivables from clients in the total amount of CZK 8.4 billion. This process had no impact on the Bank's costs as all the receivables were already covered by specific provisions. The total amount of receivables written off to the off-balance sheet with the possibility of subsequent recovery during the three quarters of this year decreased to CZK 24.3 billion. This decrease is due to the sale of CZK 12.0 billion of the loans already written-off under the transaction with Konsolidační banka. It is also reflected in the increase in the extraordinary income from the already written-off receivables to CZK 6.7 billion. The above mentioned transaction with Konsolidační banka is reflected in the total volume of receivables sold which increased in the third quarter to CZK 15.9 billion. Net income from the sale of receivables amounting to CZK 10.4 billion represented a recovery ratio in excess of 65%. On the other hand the recovery rate of 30% for realisation of 103 items of collateral in the estimated value of CZK 527 million remains a very unsatisfactory result for the Bank. This indicator is not expected to undergo any change before the introduction of the much-needed legislative reforms improving the position of creditors and before the recovery of the real estate market.

After inclusion of provision for loan losses and income tax the Bank reported an accounting loss of nearly CZK 4 billion as at 30 September 1999.

## BALANCE SHEET

The *balance sheet total* amounting to CZK 398.4 billion decreased by 5.6%, as against the end of 1998. This development was due to the decrease in loans to customers and in the volume of securities in the Bank's portfolios.

## ASSETS

The volume of *cash and balance with the central bank* decreased by 16.0% to CZK 26.7 billion during the three quarters of 1999. One of the reasons for this is the decrease in the rate of obligatory minimum reserves from 7.5% to 5% with effect from January this year and the lower demand for cash due to the increasing proportion of non-cash payments induced by the Bank also through its fees policy.

The total volume of *amounts due from financial institutions* of CZK 134.4 billion increased from the beginning of 1999 by 16.8% due to the increase in deposits with banks (by CZK 10 billion) and volume of loans granted to banks. These loans also cover the loan of CZK 13.6 billion granted to Konsolidační banka to refinance the receivables transferred from Komerční banka. This item includes also REPO operations amounting to CZK 56.4 billion.

The total volume of *treasury bills and other bills* decreased by CZK 1.3 billion to CZK 0.5 billion, as current holdings were allowed to run off. New purchases are minimal, as holdings of T-bills are no longer attractive for the Bank from the point of view of their yield.

In accordance with its long-term strategy the Bank still continues to reduce its exposure in the area of *securities*. The volume of securities in the dealing portfolio decreased by 31.1% to the final amount of CZK 11.3 billion as against the end of 1998. Also in the investment portfolio the volume of securities decreased, by 30.8% to CZK 11.1 billion. Bonds account for more than 84% of both portfolios.

As at 30 September 1999, the total volume of *loans to customers* decreased by 12.3% as against the end of 1998. This decrease was significantly influenced by the above mentioned transaction with Konsolidační banka. Apart from other reasons must be mentioned the prudent credit policy of the Bank, the recession in the economy resulting in shortage of quality business projects and also the higher creation of provisions and reserves for existing loans.

There were significant developments in the area of mortgage and consumer loans. During the three quarters of this year mortgage loans increased by 20.7% to CZK 7.6 billion whilst consumer loans increased by 64.7% to CZK 2.7 billion.

Concerning the time structure of the loan portfolio there was an increase in the proportion of the medium and long-term loans by 4.6 percentage points since the beginning of the year. This proportion thus amounted to 58.4% as at 30 September 1999.

The proportion of loss loans in the total loans improved to 18.1% due to the positive influence of the transfer of loss loans from the balance sheet to Konsolidační banka. For the same reason the share of loans under special review, i. e. loans included in the category sub-standard, doubtful and loss, in the total amount of loans decreased to 29.2%.

In the course of this year the Bank has granted CZK 58.7 billion of new loans, 93.5% of which fall into the two so called "non problem" categories of the classification, i. e. standard and watch loans.

## **LIABILITIES**

*Amounts due to financial institutions* decreased by 26.4% from the beginning of 1999 due to the payment of several FX currency loans.

Also *amounts due to customers* underwent a decrease in comparison with the situation as at 31 December 1998, by 1.8% to the final amount of CZK 268.8 billion. The explanation may be a preference on the part of clients for forms of savings other than bank deposits due to decreasing interest rates. For example, savers make greater use of collective forms of investments, such as open-end funds, for the placement of their surplus cash. This is evidenced also by a sharp increase in investment in the funds of Investiční kapitálová společnost KB. For example, within the first half of the year clients invested a total of CZK 1.6 billion in the share certificates of the IKS funds family through the Bank's branches; from 30 June 1999 to 30 September 1999 alone the amount of deposits increased by CZK 3.4 billion. The current state of amounts due to clients was also influenced by increased withdrawals of deposits in the North Moravia region at the end of September caused by the above mentioned rumour concerning the financial position of the Bank.

The increase in the book value of the *subordinate debt* was due to the change in the dollar/koruna rate.

*Total shareholder's equity* amounted to CZK 16.5 billion at the end of the third quarter of the year, which represents a decrease of 19.4% as against the beginning of 1999. The decrease was caused by the inclusion of the accounting loss. In comparison with the situation at the end of the first half of 1999 the shareholder's equity mildly increased by 3.2% due to the lower loss. The proportion of own funds in the balance sheet total thus amounted to 4.0% as at 30 September 1999.

The *capital adequacy ratio* of the Bank exceeds the minimum limit of 8% required by CNB. Under BIS methodology it amounted to 9.73% as at 30 September 1999 which means an increase of 0.17 of a percentage point in comparison with the end of 1998. Under the CNB methodology the capital adequacy reached 9.88%.

## SHAREHOLDER STRUCTURE

**Major shareholders of Komerční banka, a. s., with over 1% of the share capital**  
(as at 30. September 1999)

Shareholder	Proportion of the share capital (in %)
Fond národního majetku České republiky	48.74
The Bank of New York ADR Department <sup>*)</sup>	18.38
Česká pojišťovna, a. s.	2.90
Restituční investiční fond České republiky	2.58
Bank Austria AG	1.57
State Street Bank and Trust Company	1.48
Rentiérský investiční fond 1. IN, a. s.	1.31
Chase Nominees Limited	1.16
P. I. F., a. s. - 1. Privatizační investiční fond, a. s.	1.01

<sup>\*)</sup> With the permission of the Czech National Bank The Bank of New York ADR Department is the holder of those shares for which Global Depository Receipts (GDRs) were issued and which are in the possession of a significant number of foreign investors.

The number of shareholders holding 19,004,926 shares of Komerční banka at the end of the third quarter of this year decreased by nearly five thousand to 73,990 from the beginning of the year. 329 corporate entities held 91.2% of the share capital of CZK 9.5 billion. The remainder was held by 73,661 private individuals.

Since the beginning of the year the proportion of the share capital held by foreign investors increased by 10.8 percentage points thanks to the holdings of foreign corporate entities which represented 29.6% in the Bank's share capital as at 30 September 1999. The share of foreign private individuals remained nearly unchanged from the beginning of the year at 0.5%.

**KOMERČNÍ BANKA'S PROFIT AND LOSS ACCOUNT  
ACCORDING TO INTERNATIONAL ACCOUNTING STANDARDS**

	(in CZK million)	
Item	30 September 1999 (Unaudited)	30 September 1998 (Unaudited, Restated)
1. Interest income	25,546	38,495
2. Interest expense	(16,776)	(25,959)
<b>3. Net interest income</b>	<b>8,770</b>	<b>12,536</b>
4. Net fees and commissions	3,219	3,333
5. Dealing profits / (losses)	1,851	794
6. Other income	1,159	1,318
<b>7. Net operating profit</b>	<b>14,999</b>	<b>17,981</b>
8. Administrative expenses	(6,970)	(7,077)
9. Depreciation and other provisions	(1,088)	(1,033)
<b>10. Profit / (loss) before provision for loan losses and income taxes</b>	<b>6,941</b>	<b>9,871</b>
11. Provision for loan losses	(10,907)	(19,166)
<b>12. Profit / (loss) before income taxes</b>	<b>(3,966)</b>	<b>(9,295)</b>
13. Income taxes	(3)	(21)
<b>14. Net profit / (loss) for the period</b>	<b>(3,969)</b>	<b>(9,316)</b>

**KOMERČNÍ BANKA'S BALANCE SHEET  
ACCORDING TO INTERNATIONAL ACCOUNTING STANDARDS**

	(in CZK million)	
Item	30 September 1999 (Unaudited)	31 December 1998 (Audited)
<b>Assets</b>		
1. Cash and balances with the central bank	26,738	31,827
2. Due from financial institutions	134,398	115,077
3. Treasury bills and other bills eligible for refinancing	527	1,833
4. Loans and advances to customers (net)	187,626	214,018
5. Dealing securities	11,263	16,349
6. Prepayments, accrued income and other assets	7,517	7,686
7. Investment securities	11,105	16,056
8. Investments in subsidiaries and associates	4,116	3,960
9. Tangible and intangible fixed assets (net)	15,137	15,278
<b>Total assets</b>	<b>398,427</b>	<b>422,084</b>
<b>Liabilities</b>		
1. Amounts owed to financial institutions	52,850	71,769
2. Amounts owed to customers	268,838	273,698
3. Certificated debts	31,593	31,646
4. Accruals, provisions and other liabilities	21,889	18,542
5. Subordinated debt	6,768	5,971
<b>Total liabilities</b>	<b>381,938</b>	<b>401,626</b>
<b>Shareholders' equity</b>		
6. Share capital	9,502	9,502
7. Share premium and reserves	6,987	10,956
<b>Total shareholders' equity</b>	<b>16,489</b>	<b>20,458</b>
<b>Total liabilities and shareholders' equity</b>	<b>398,427</b>	<b>422,084</b>

**KOMERČNÍ BANKA'S PROFIT AND LOSS ACCOUNT  
ACCORDING TO THE METHODOLOGY OF THE CZECH BANKS**

(in CZK million)

Item		30 September 1999	30 September 1998
<b>1.</b>	<b>Interest income and similar income</b>	<b>29,496.4</b>	<b>43,813.5</b>
	of which: interest income from fixed income securities	1,775.6	2,357.3
<b>2.</b>	<b>Interest expense and similar expenses</b>	<b>(20,787.8)</b>	<b>(31,105.3)</b>
	of which: interest expense on fixed income securities	(2,350.2)	(3,901.5)
<b>3.</b>	<b>Income from variable yield securities</b>	<b>35.5</b>	<b>71.1</b>
a)	income from shares and other variable yield securities	13.0	10.6
b)	income from investments in associated undertaking	22.5	60.5
c)	income from investments in subsidiary undertaking	0.0	0.0
d)	income from investments	0.0	0.0
<b>4.</b>	<b>Fee and commission income</b>	<b>3,637.0</b>	<b>3,574.8</b>
<b>5.</b>	<b>Fee and commission expense</b>	<b>(418.4)</b>	<b>(241.9)</b>
<b>6.</b>	<b>Profit/loss from financial operations</b>	<b>2,500.8</b>	<b>2,712.7</b>
<b>7.</b>	<b>Other income</b>	<b>17,138.6</b>	<b>1,937.6</b>
<b>8.</b>	<b>General operating costs</b>	<b>(7,526.8)</b>	<b>(7,721.8)</b>
a)	staff costs	(3,471.2)	(3,450.0)
aa)	salaries and wages	(2,553.3)	(2,537.8)
ab)	social insurance	(712.8)	(706.2)
ac)	health insurance	(205.1)	(206.0)
b)	other operating costs	(4,055.6)	(4,271.8)
<b>9.</b>	<b>Creation of reserves and provisions for tangible and intangible assets</b>	<b>0.0</b>	<b>0.0</b>
a)	creation of reserves for tangible assets	0.0	0.0
b)	creation of provisions for tangible assets	0.0	0.0
c)	creation of provisions for intangible assets	0.0	0.0
<b>10.</b>	<b>Use of reserves and provisions for tangible and intangible assets</b>	<b>0.0</b>	<b>0.0</b>
a)	use of reserves for tangible assets	0.0	0.0
b)	use of provisions for tangible assets	0.0	0.0
c)	use of provisions for intangible assets	0.0	0.0
<b>11.</b>	<b>Other costs</b>	<b>(25,943.4)</b>	<b>(21,080.0)</b>
<b>12.</b>	<b>Creation of reserves and provisions for loans and guarantees</b>	<b>(19,449.9)</b>	<b>(21,011.8)</b>
<b>13.</b>	<b>Use of reserves and provisions for loans and guarantees</b>	<b>11,251.2</b>	<b>20,480.8</b>
<b>14.</b>	<b>Creation of reserves and provisions for fixed asset investments and other financial investments</b>	<b>(611.5)</b>	<b>0.0</b>
<b>15.</b>	<b>Use of reserves and provisions for fixed asset investments and other financial investments</b>	<b>326.3</b>	<b>0.0</b>
<b>16.</b>	<b>Creation of other provisions and reserves</b>	<b>(1,071.9)</b>	<b>(2,805.2)</b>
<b>17.</b>	<b>Use of other provisions and reserves</b>	<b>7,021.1</b>	<b>1,618.1</b>
<b>18.</b>	<b>Income tax from current activities</b>	<b>(2.5)</b>	<b>(20.8)</b>
<b>19.</b>	<b>Extraordinary income</b>	<b>170.9</b>	<b>322.8</b>
<b>20.</b>	<b>Extraordinary costs</b>	<b>(219.9)</b>	<b>(77.4)</b>
<b>21.</b>	<b>Income tax from extraordinary activities</b>	<b>0.0</b>	<b>0.0</b>
<b>22.</b>	<b>Profit or loss from extraordinary activities after tax</b>	<b>(49.0)</b>	<b>245.4</b>
<b>23.</b>	<b>Profit or loss for the accounting period</b>	<b>(4,454.3)</b>	<b>(9,532.8)</b>

**KOMERČNÍ BANKA'S BALANCE SHEET  
ACCORDING TO THE METHODOLOGY OF THE CZECH BANKS**

**ASSETS**

(in CZK million)

	Item	30 September 1999	31 December 1998
<b>1.</b>	<b>Cash in hand, deposits with central banks, post checking accounts</b>	<b>23,947.5</b>	<b>30,494.2</b>
<b>2.</b>	<b>Treasury bills and other bills</b>	<b>56,922.8</b>	<b>60,471.8</b>
a)	treasury bills and similar bonds issued by the state	526.8	1,831.9
b)	other bills	56,396.0	58,639.9
<b>3.</b>	<b>Amounts due from banks</b>	<b>137,188.7</b>	<b>116,410.0</b>
a)	payable on demand	1,765.4	1,332.2
b)	other receivables	135,423.3	115,077.8
	of which: subordinated assets	0.0	0.0
<b>4.</b>	<b>Amounts due from clients</b>	<b>196,939.9</b>	<b>218,025.1</b>
a)	payable on demand	673.9	313.7
b)	other receivables	196,266.0	217,711.4
	of which: subordinated assets	0.0	0.0
<b>5.</b>	<b>Bonds and other fixed income securities for trading</b>	<b>10,830.5</b>	<b>15,849.7</b>
a)	issued by banks	3,861.3	4,291.3
	of which: own bonds	759.4	1,142.5
b)	issued by other subjects	6,969.2	11,558.4
<b>6.</b>	<b>Shares and other variable yield securities for trading</b>	<b>425.8</b>	<b>470.7</b>
<b>7.</b>	<b>Fixed asset investments in associated undertakings</b>	<b>2,762.9</b>	<b>2,763.9</b>
a)	in banks	280.0	280.0
b)	in other entities	2,482.9	2,483.9
<b>8.</b>	<b>Fixed asset investments in subsidiary undertakings</b>	<b>1,353.5</b>	<b>1,195.8</b>
a)	in banks	453.1	445.3
b)	in other entities	900.4	750.5
<b>9.</b>	<b>Other financial investments</b>	<b>11,124.8</b>	<b>16,141.4</b>
<b>10.</b>	<b>Intangible assets</b>	<b>667.5</b>	<b>590.5</b>
a)	expenses of foundation	0.0	0.0
b)	goodwill	0.0	0.0
<b>11.</b>	<b>Tangible assets</b>	<b>13,221.4</b>	<b>13,879.7</b>
a)	land and buildings for banking activities	9,572.3	9,813.9
b)	other	3,649.1	4,065.8
<b>12.</b>	<b>Own shares</b>	<b>10.6</b>	<b>3.5</b>
<b>13.</b>	<b>Other assets</b>	<b>3,423.0</b>	<b>3,439.8</b>
<b>14.</b>	<b>Subscribed capital called-up and not paid</b>	<b>0.0</b>	<b>0.0</b>
<b>15.</b>	<b>Prepayments and accrued income</b>	<b>6,979.4</b>	<b>7,582.6</b>
	<b>TOTAL ASSETS</b>	<b>465,798.3</b>	<b>487,318.7</b>

## LIABILITIES

		30 September 1999	31 December 1998
<b>1.</b>	<b>Amounts due to banks</b>	<b>109,275.9</b>	<b>130,411.7</b>
a)	payable on demand	2,895.2	6,885.7
b)	other	106,380.7	123,526.0
<b>2.</b>	<b>Amounts due to clients</b>	<b>268,837.8</b>	<b>273,697.7</b>
a)	savings deposits	32,811.5	38,390.2
	of which: payable on demand	1,670.2	1,771.4
b)	other amounts due to clients	236,026.3	235,307.5
	of which: payable on demand	101,472.5	113,818.6
<b>3.</b>	<b>Certificates of deposit and similar debentures</b>	<b>34,500.7</b>	<b>35,000.8</b>
a)	certificates of deposit	0.7	0.8
b)	other	34,500.0	35,000.0
<b>4.</b>	<b>Accruals and deferred income</b>	<b>4,790.9</b>	<b>8,062.4</b>
<b>5.</b>	<b>Reserves</b>	<b>10,951.5</b>	<b>5,651.0</b>
a)	reserves for standard loans and guarantees	6,259.5	4,108.8
b)	reserves for foreign exchange rate losses	721.6	835.8
c)	reserves for other banking risks	136.3	505.9
d)	other reserves	3,834.1	200.5
<b>6.</b>	<b>Subordinated liabilities</b>	<b>6,768.0</b>	<b>5,971.0</b>
<b>7.</b>	<b>Other liabilities</b>	<b>15,148.1</b>	<b>8,508.6</b>
<b>8.</b>	<b>Share capital</b>	<b>9,502.5</b>	<b>9,502.5</b>
	of which: share capital paid-up	9,502.5	9,502.5
<b>9.</b>	<b>Share premium fund</b>	<b>6,008.0</b>	<b>6,008.0</b>
<b>10.</b>	<b>Reserve funds</b>	<b>2,414.2</b>	<b>2,408.2</b>
a)	obligatory reserve funds	1,903.0	1,903.0
b)	reserve funds for own shares	11.0	5.0
c)	other reserve funds	500.2	500.2
<b>11.</b>	<b>Capital funds and other funds from profit</b>	<b>1,586.1</b>	<b>11,377.4</b>
a)	capital funds	0.3	54.7
b)	other funds from profit	1,585.8	11,322.7
<b>12.</b>	<b>Retained earnings and not compensated loss of previous periods</b>	<b>468.9</b>	<b>523.9</b>
<b>13.</b>	<b>Profit or loss for the accounting period</b>	<b>(4,454.3)</b>	<b>(9,804.5)</b>
	<b>TOTAL LIABILITIES</b>	<b>465,798.3</b>	<b>487,318.7</b>

## OFF-BALANCE SHEET

		30 September 1999	31 December 1998
<b>1.</b>	<b>Total future potential liabilities</b>	<b>35,744.0</b>	<b>35,197.7</b>
	of which:		
a)	received bills of exchange (acceptance) and endorsements of bills of exchange	142.1	0.0
b)	commitments from guarantees	35,601.9	35,197.7
c)	commitments from collateral	0.0	0.0
<b>2.</b>	<b>Other irrevocable commitments</b>	<b>16,193.1</b>	<b>21,627.6</b>
<b>3.</b>	<b>Receivables from spot, forward and option operations</b>	<b>240,183.7</b>	<b>237,963.2</b>
<b>4.</b>	<b>Liabilities from spot, forward and option operations</b>	<b>236,492.2</b>	<b>234,207.7</b>