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**Tomáš Zelenka:** "Untitled", 1999, silicon.



## Foreword from the Board of Directors

Ladies and Gentlemen,  
Dear clients and business partners,

On December 17, 1999, a deep shadow fell over the successful financial year of Volksbank in the Czech Republic. We had to say goodbye to our colleague Karl Schinagl, a member of the bank's Board of Directors and our friend. Through his competence and involvement, he contributed to the expansion of our bank. When Karl Schinagl passed away, we not only lost an excellent manager but especially a colleague liked by all, who was always natural, honest, and showed a sense of humour. His memory will remain with us forever.

In October, we welcomed a new colleague, Mag. Martin Heilinger, who came to support our Board of Directors. He will have the opportunity to make excellent use of his experience in our sister bank, the Slovak Ľudová banka.

These changes in human resources have influenced the division of business areas in Volksbank. Beginning from the Board of Directors level, trading and sales have been strictly divided from the control area.

In the past year, the branch network was further extended. After opening the Olomouc branch in January, another branch was ceremonially opened in Zlín in April. At the beginning of May, we managed to put into operation



Herbert Skok

Johann Lurf

Mag. Martin Heilinger

the second branch in Prague, at Spálená street No. 8. All three branches have met our expectations and we are proud to say that as early as the first year of their existence, they have exceeded the planned objectives. Further development of the branch network remains a major priority for this financial year.

In parallel with the expansion of our function as a bank for private clients, small and medium size businesses, communities and municipalities, as well as for joint ventures in the Czech Republic, the number of our employees has grown, and is now nearly 200. Through the organising of a variety of training events and seminars we have been able to meet the ever increasing requirements of you, our clients, on quality.

As suggested in the previous year, we successfully managed to enter into securities trading in

1999. Thus we are able to offer you an even more extensive range of deposit products supported by our co-operation with a major insurance company.

In spite of the generally unfavourable economic situation, we can summarise the past year as successful – successful both for the bank and, consequently, successful for you, our clients and business partners. We would like to thank you for the trust you have shown – which, in line with our company slogan – will also be a pledge for us in the future.

Johann Lurf  
Chairman of the Board of Directors

Herbert Skok  
Member of the Board of Directors

Mag. Martin Heilinger  
Member of the Board of Directors

## Key Figures in Summary

	1999	1998	1997
	CZK '000	CZK '000	CZK '000
Balance sheet total	<b>7,609,745</b>	6,115,494	4,620,440
Payables to clients	<b>3,376,685</b>	2,004,267	952,119
Receivables from clients	<b>5,734,268</b>	4,433,005	3,570,442
Net income from interest, fees and foreign exchange	<b>379,417</b>	329,730	203,622
General operating expenses	<b>275,880</b>	197,949	128,460
Profit on ordinary activities before taxation	<b>6,893</b>	45,861	37,313
Number of employees as at the balance sheet date	<b>183</b>	138	101
Number of branches	<b>9</b>	6	6



## Supervisory Board

**Chairman****KR Dr. Klaus Thalhammer**

General Director  
Österreichische Volksbanken-AG

**Deputy Chairman****Dkfm. Mag. Dr. Ekkehard Fügl**

Authorised signatory  
Österreichische Volksbanken-AG

## Supervisory Board

**Members****Rag. Primo Brioni**

Director  
Banca Agricola Mantovana  
S.C. a R.L.

**Daniel Duquesne**

General Director  
Banque Populaire de Lyon

**Mag. Hans Janeschitz**

Director  
Österreichische Volksbanken-AG

**Dir. Fritz Dieter Jächel**

Director  
WGZ-Bank Westdeutsche  
Genossenschafts-Zentralbank eG

**Dir. Franz Lagler**

Director  
Volksbank Krems-Zwettl AG

**Mag. Livius Tramontana**

Director  
Volksbank Alpenvorland  
reg. Gen.m.b.H.

**Mgr. Tomáš Vácha**

Lawyer

## Board of Directors

**Johann Lurf**

Chairman

**Herbert Skok**

Member

**Karl Schinagl**

Member  
(† 17 December 1999)

**Mag. Martin Heilinger**

Member  
(from 20 March 2000)

# Executive Staff

## Department

### Ivana Beltramová

Payments

### Mag. Martin Heilinger

Branches, Direct Sales

### Ing. Radomír Kokeš

IT, Organisation

### Prok. Ing. Petr Merta

Municipalities

### Giorgio Migliorini

International Desk

### Prok. Helmut Rührer

Loan Management

### Ing. Bibiana Valachová

Treasury

### Ing. Luboš Vlček

Administration of Buildings

## Head Office Staff

### Ing. Eva Collardová

Controlling

### Mag. Martin Heilinger

Marketing

### Ing. Zdeněk Laudát

Internal audit/Internal Review

### Prok. Mgr. Milana

Niedermayerová

Personnel

### Mgr. Jaroslava Schafferová

Legal Affairs

## Branches

### Ing. Mojmír Dvořák

Brno, Radnická

### Marek Gardáš

Brno, Zvonařka

### Martina Hvižďová

Brno, M-palác

### Ilona Marešová

Kaplice

### Ing. Jiřina Pokorná

Olomouc

### Prok. Karl Schleps

Prague

### Ing. Irena Štěrbová

Zlín

### Ing. Petr Volák

Jihlava

Volksbank CZ, a.s. ("Volksbank CZ") has been active on the Czech market since as early as 1993, and, as an independent joint stock company since January 1, 1997. Since December 13, 1999, our main shareholder has been the 100% subsidiary company of the Österreichische Volksbanken-AG (ÖVAG) - VBB International Holding AG Vienna.

The history of ÖVAG reaches back to 1922 when the Austrian Central Co-operative Savings Bank was established as a major institution in the decentralised savings bank sector. ÖVAG is one of the 10 major banks in Austria and is owned by approximately 60

Volksbanks with over 600 offices. Other partners are DG BANK Deutsche Genossenschaftsbank AG, VICTORIA Lebensversicherung AG, VICTORIA Rückversicherung AG, VICTORIA Versicherung AG, and Raiffeisen Zentralbank Österreich AG. The Austrian Volksbank group, with its 1998 balance sheet total of approximately ATS 400 billion and 7,200 employees, is one of the most successful bank groups in Austria. ÖVAG has been active in Central and Eastern Europe for more than 10 years; through its branch system, which has over 50 offices with more than 1,000 employees in Croatia, Slovenia, the Czech Republic, the Slovak Republic and

Hungary, it offers financial services on a professional level. Additionally, Volksbank is represented in Malta and Italy. During the year 2000, subsidiary banks in Romania and Bosnia and Herzegovina, will commence operation. In liaison with the international Volksbank (CIBP) association and via its network of 42,000 bank offices in the member countries - Argentina, Belgium, Germany, France, Italy, Canada, Morocco, Spain, Turkey, Great Britain, and Japan, and through DG BANK's membership of ÖVAG, Volksbank CZ offers you representation all over the world in all major financial centres.



# The Economic Situation

## The Czech Economy 1999

Falling inflationary pressures combined with increasing unemployment and the steeply dropping interest rates characterised the Czech economy in 1999. The following charts illustrate these trends:

Weak economic growth had a negative impact on the revenues of many companies, weakening their liquidity and impairing their overall economic health. These circumstances significantly influenced the restrictive loan policies of the banks, striving to improve their loan portfolio.

The unfavourable situation of the state banks further deteriorated, which the government tried to cope with by a prompt privatisation of its stakes; on the other hand, major portions of the risky receivables of these banks were transferred to the Konsolidační banka, a.s. In general terms, the Czech banking sector has followed international trends towards concentration and creating larger units. The banking sector is obviously approaching the standards of the European Union's leading countries, which, as a matter of course, is associated with the efforts of the Czech Republic toward EU accession.

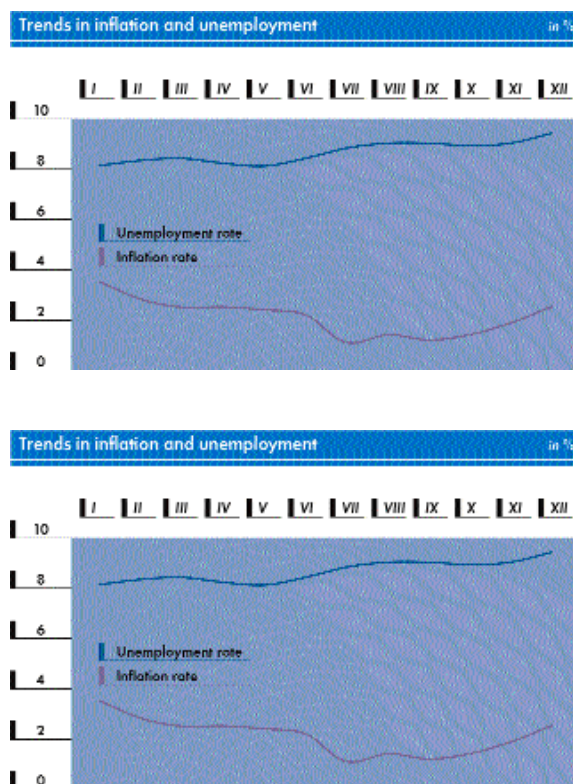
In terms of the protection of financial institutions, the need for further improvement in bankruptcy legislation and for faster court decisions persists, as it is virtually impossible at present to declare a business insolvent and to exercise the right of real estates lien.

The ongoing decreases in the revenues of many businesses, as well as insufficient regulation of the stock market, further weakened trust in the Czech capital market. Despite this, in 1999 the Prague stock index (PX 50) rose from 395.30 to 489.70.

The general terms in the field of taxes improved in 1999, and another reduction in corporate income taxes was set for the year 2000. The trade deficit decreased. As a result of the necessary restructuring of business however, production volumes declined. This put pressure on the labour market and negatively influenced the financial strength of the public sector.

In spite of weak economic growth, foreign debt only rose slowly; thus the ratio of debt to GDP remained constant. In the fourth quarter, a certain recovery occurred, particularly in the field of revenues from trade, which might contribute to a continued recovery in the economy in 2000.

In the first quarter, the nominal value of the Czech crown dropped against the Euro; in the third quarter though the crown compensated for this trend to a large extent. However, the real value of the crown dropped by a total of 5% against the Euro in 1999.



## Deposits

Again in the past year, Volksbank CZ paid attention to further extending the range of the deposit products offered. The bank expanded the line of products for clients with new products such as deposit certificates in foreign currencies guaranteed by our parent Bank ÖVAG Vienna. Additionally, all products were available in EUR as a response to the introduction of the single European currency. These products provoked the interest of our clients, which manifested itself positively even in the overall rise in the bank's deposits.

In 1999, the overall volume of deposits with Volksbank CZ rose to CZK 3.4 billion, an increase of almost 68% in comparison with the previous year. We have considerably outperformed the other banks both in deposits available on demand and term deposits, as a result of which Volksbank CZ has achieved a higher market share.

The share of deposits in foreign currencies reached almost 40% as of December 31, 1999.

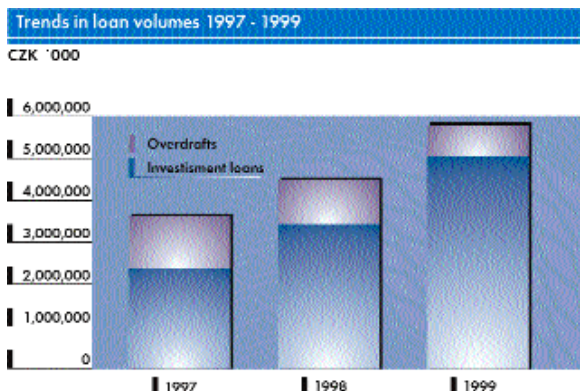
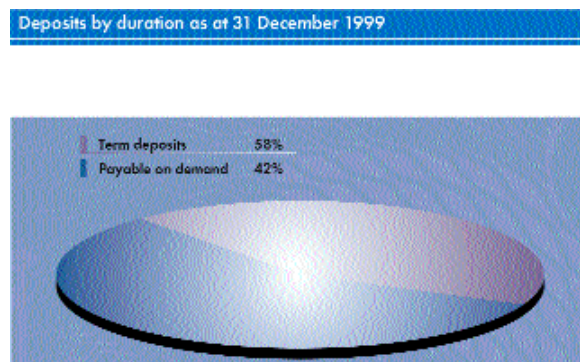
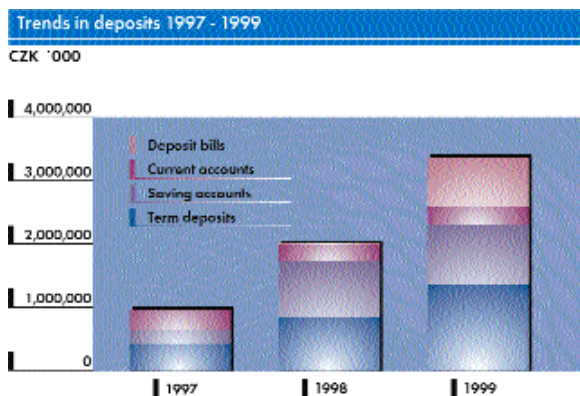
Deposit bills  
Current accounts  
Saving accounts  
Term deposits

## Lending

However unfavourable the last year was in terms of the general economic situation, the careful and particularly cautious risk policy of Volksbank CZ has borne very positive results. We are pleased to say that in spite of these circumstances, a rise in the volume of loans of approximately 29% took place.

Loans provided equalled CZK 5.7 billion at the end of the year, 87% of which were investment and other loans and 13% overdrafts. Following the drop in Czech crown interest rates, ongoing virtually since 1998, foreign currency loans were switched to Czech currency loans. Volksbank CZ paid extensive attention to this issue, attending to the needs of its loan clients in the form of consulting. In line with these trends, the share of

Czech currency loans increased from 14% to 27% of the overall portfolio in comparison with the previous year. It is also worth noting that Volksbank CZ managed to reduce by 4% the share of classified loans in the overall portfolio.



Funding of municipalities, communities and businesses with foreign participation from EU countries represented the core of the lending undertaken. The volume of lending in this area reached CZK 1.8 billion, which is a 70% increase. The funding of municipalities and communities further strengthened the bank's very good position on the market. The volume of loans rose by 10% to an overall CZK 2.0 billion, irrespective of the high level of loans repaid on the basis of contracts. In the field of businesses with foreign participation, a lending volume of CZK 1.8 billion was achieved, which is a 70% increase.

From the overall lending portfolio, 31% applied to businesses with foreign participation, 35% to municipalities and communities, and 34% to other loan recipients.

### **Overdrafts, Investment loans**

**Community funding**  
In 1999, Volksbank CZ successfully continued to carry out client transactions on a community level. The resulting volume of transactions in this market sector increased substantially compared to 1998. Active business with communities and

municipalities in the Czech Republic increased by 10%. The deposits of communities increased by 75% over the same period. The communities increasingly appreciated the levels of quality achieved in this market sector by the personnel of the highly specialised community department, in co-operation with the established decentralised branch offices. The above developments in 1999 were unambiguously characterised by increasing interest in Volksbank products provided in the Czech currency. The level of lending in foreign currencies slightly dropped as an increasing number of clients became aware of exchange rate risks, and of the fact that interest rate differentials with the relevant foreign markets was constantly dropping as well. As a result of this, the growth of community funding in Czech crowns significantly increased.

Reasons for this must be found in macroeconomic development. Prices became much more stable, which can to a great extent be attributed to the monetary policy of the Czech National Bank, as well as to long-term foreign investment. The placement of the clients' financial resources in the community sector is an important argument for the bank's stabili-

ty and the associated security offered by the bank to investors. In the year 2000, Volksbank CZ expects trends initiated in 1999 to continue and its position on the community market to be further strengthened. Additionally in 2000, co-operation with Niederösterreichische Landesbank-Hypothekenbank AG, a member of the ÖVAG syndicate will commence, which will further extend the range of products and services in this market.

This ambitious plan anticipates a considerable increase in the volume of transactions with municipalities and communities and satisfactory growth in payment and other services.

### **International Desk**

The necessity of establishing the International Desk arose as a result of liaison with the partner Volksbanks and co-operative banks in Italy, Germany and France. The main task of the department is to attend to the clients of the partner banks in their native language and to the standard they are used to in their home banks.

Prague, which has become the headquarters of many international businesses, proved to be a suitable residence for the

International Desk. The department is in charge of providing services to clients and co-operating partners throughout the network of Volksbank's branches. The International Desk provides qualified personnel able to communicate in nine different languages.

The International Desk is a professional and dynamic base for our foreign partner banks, a crossroads for investors in Central and Eastern Europe as well as companies attempting to establish themselves successfully in this market. Foreign businesses are supported by an extensive range of services. As a reaction to high demand, the International Desk was substantially extended, and another increase in capacity is planned for the year 2000. This can be achieved with efficient, qualified and highly-motivated personnel, aiming to work towards the complete satisfaction of clients' needs. To date, the main focus of the International Desk has been the real estate market, which has great importance in Prague. The range of products offered will be substantially extended in the future in order to cover all banking services.

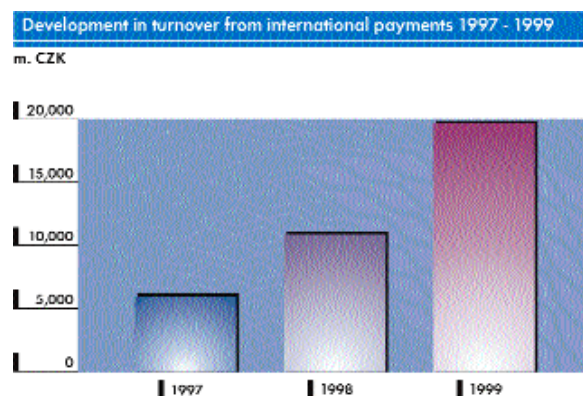
The International Desk more than doubled its balance sheet in the past year. As of the last day of the year, the employees

were in charge of approximately 1,000 accounts with a total volume of approximately CZK 900 million.

With the deepening of international relations and closer interconnection of Volksbank CZ with the world-wide Volksbank group, the importance of this area will increase in the future.

### **Foreign payments**

Thanks to the world-wide electronic communications, international payments are gaining ever more significance. Our bank consistently works to increase the quality of its international services. In 1999, the EUR was introduced. It considerably influenced banking transactions, in particular in the fields of foreign payments and foreign exchange operations. Volksbank CZ, a.s. responded readily and flexibly to the introduction of the new currency. As early as in the preparatory stage, the bank had taken appropriate measures in order to prepare for this period in the best possible manner. It had



not only provided comprehensive counselling to its clients but it also offered them all the support in the field of payments. In comparison with the previous year, the bank showed significant growth in this area. The number of international payments rose by 64%, and their volume by 80%.

Once again in 1999, Volksbank CZ proved to be a reliable partner both for clients and the foreign correspondent banks, especially in the field of settling export and import payments.

### **Domestic payments**

Further extensions of our branch network and the associated increase in the numbers of clients resulted in a considerable increase in domestic payments. The number of incoming payments increased by 100%, and the number of payments remitted by 106%.

A similar increase was identified in the number of clients who make use of homebanking both in foreign and domestic payments. The homebanking services in Volksbank CZ are compatible with the most up-to-date international standards, and they are consistently being improved. Under these conditions, we are available 24 hours a day to deal with clients' requests.

In 1998, 279 clients concluded contracts on the use of homebanking, and they were followed by another 423 clients in 1999. The volume of payments made via homebanking increased by 143% in comparison with the previous year.

### Payment cards

In 1999, the number of electronic cards issued doubled. Volksbank CZ introduced the Eurocard/Mastercard payment card; within 4 months, the bank issued over 200 of them. The number of payment transactions increased by 150% and their volume by 220% to a total of CZK 45 million.

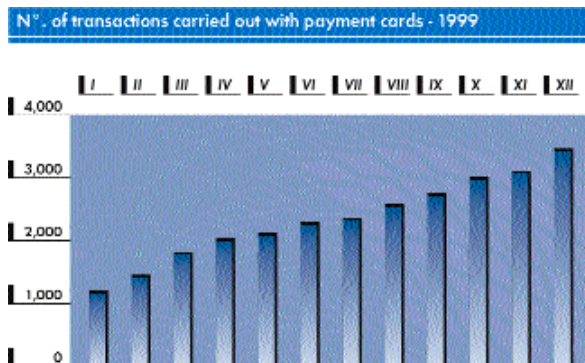
The network of ATMs was supplemented by 3 ATMs, specifically at the Zlín, Brno-Zvonařka and Praha-Spálená branches. At present, the bank has a total of 7 automated teller machines

available.

The number of transactions carried out at the ATMs of Volksbank CZ increased by 50% over the past year, and the total volume thus increased by 33% to CZK 172 million. In the year 2000, Volksbank CZ plans to extend the range of payment cards it accepts to include VISA cards in order to give their owners the opportunity to comfortably withdraw cash.

### Treasury

The year 1999 was characterised by a particular development in the field of treasury. With the aim of offering Volksbank clients a complete range of services, in particular in the field of financial market products, improvements took place not only in both internal and external communications but also in the quality of work within the department itself. Through the extension of its products by other standard types of transactions, Volksbank offers all traditional derivative products for which there is a high demand in the market.



Via the worldwide representation of the Volksbank group, Volksbank CZ also has access to the most important financial markets. This is particularly relevant for Volksbank's clients in the case of major changes abroad, which can be immediately communicated to them.

In line with the regulations issued by the Czech National Bank and the Foreign Exchange Law, Volksbank CZ improved its products, working procedures and control practices applied to their implementation so as to achieve the best possible practice. In its implementing of the minimum requirements applicable to business transactions, Volksbank CZ adhered to the regulations of the EU countries currently in place, which contain even more stringent conditions than those required by the legislation of the Czech Republic. Since we are fully aware of the



risks involved in this business, our working procedures deal in particular with the protection of the clients' financial resources, which they have entrusted to us. The trustworthiness of these procedures is being verified by an external consultant as well as the internal audit department and regular reviews carried out by our parent bank.

### Securities

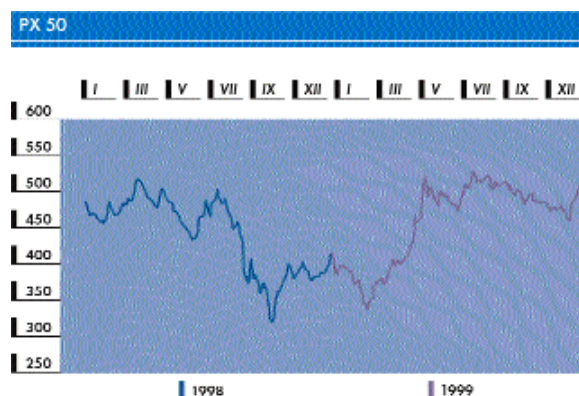
In March 1999, initial work associated with the preparation for securities trading commenced, specifically a licence application was submitted for the trading of securities on behalf of the clients, and the internal information system MIDAS was upgraded by a security module, which is a system for the accounting of transactions. Other steps included the setting up and adjusting of technical equipment such as telephones, computers, Reuters, etc. to new needs and requirements as well as the training of employees in sales, trading and accounting. Internal directives and working procedures were also created.

We obtained the licence for the trading of securities from the Securities Commission as of September 26, 1999. Thanks

to the preparedness of the MIDAS system, we were able to start "sharp" as of the beginning of October with the first transactions having been concluded in the middle of

October. The bank acted as an agent in the acquisition of the investment trusts of Volksbanken KAG and Union-Invest, managed by the German Genossenschaftsbank, Frankfurt. We placed great emphasis in the training of personnel on the quality of counselling ability to our clients.

The trading of securities in the Czech Republic tends towards investing in funds, which is one of the Volksbank's strengths. In principal, Volksbank is ready to provide clients with any securities products for which there is a demand. Under the support of our parent, Volksbank CZ can offer its clients the best possible services to EU standards as well as top-products with the potential risks involved being appropriately taken into account.



### Marketing

The marketing department plays a decisive role in a dynamically-developing bank.

In 1999, the department was particularly involved in the introduction of new products. It played an important role in the introduction of EUR and other products - the foreign currency deposit bill of exchange, foreign currency deposit certificates and Eurocard/Mastercard cards. The deposit bill of exchange in foreign currency secures the private individuals' deposits through a guarantee by ÖVAG. Communication with clients was carried out to the best of our abilities through advertising, press releases and PR activities. To make the most efficient use of resources this policy was implemented on regional and branch level.

The community fair URBIS in Brno was another important marketing challenge. Volksbank CZ is aware of its important role in Czech society events and has supported a

number of areas by sponsorship. Special focus was placed on the arts, culture, sport, and health care, as well as charity.

### **Information system**

In 1999, the IT department faced a major challenge, "Y2K" compatibility, as well as technical preparation for February 29, 2000. Thanks to the excellent work of the team of experts, the transition to the new millennium went smoothly. February 29, 2000 was also free of problems.

The main banking system MIDAS operates on IBM AS/400 computers. Volksbank CZ has available a complete backup system ensuring uninterrupted and smooth transactions. The backup system is established in a separate location, entirely independent of the normal system. It has all the prerequisite properties allowing for the reinstatement of normal operation within a short period of time.

In addition to this, every workplace in Volksbank CZ is equipped with the most up-to-date software and hardware. We also strongly emphasise communication using the "new media". Every workplace has access to the Internet, and bank personnel are available at any

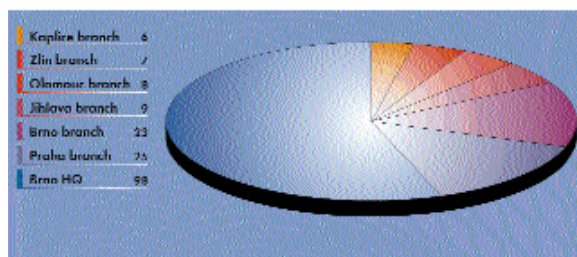
time via e-mail for the clients. Volksbank CZ is also in the process of preparing, in liaison with Österreichische Volksbanken, the bank's web site.

### **Human resources and training**

In 1999, the human resources department experienced growth especially in the field of human resources training and development.

The number of personnel increased in 1999 by 32% to 183 employees. As opposed to the previous year's trend, we encountered the greatest rise in the number of employees at the Brno headquarters, due to the necessity of providing from headquarters the best possible service to all our sales and trading departments. In line with the growth of the branch network and the safeguarding of its operations, it was further essential to recruit a number of new experts. It is necessary to stress that through the careful selection of our employees, the quality of work substantially improved and motivation increased.

Employees by branches



Concerning the education of our employees, it can be said that 70% of them successfully passed elementary banking training. The employees were sent to special seminars both at home and abroad.

### **Building Administration**

Building Administration also made a large contribution to the development of the new branch premises opened during 1999 in Olomouc (January), Zlín (April) and Prague, Spálená street (May). Building Administration provided for the technical equipment of the branches, e.g. for the installation of new ATMs. In addition to this, a plan for the extension of office rooms was prepared and put into practice at the M-Palace headquarters and a new bank archive established in 1999.

The building administration department completed all these tasks with the same number of employees as in the previous year.



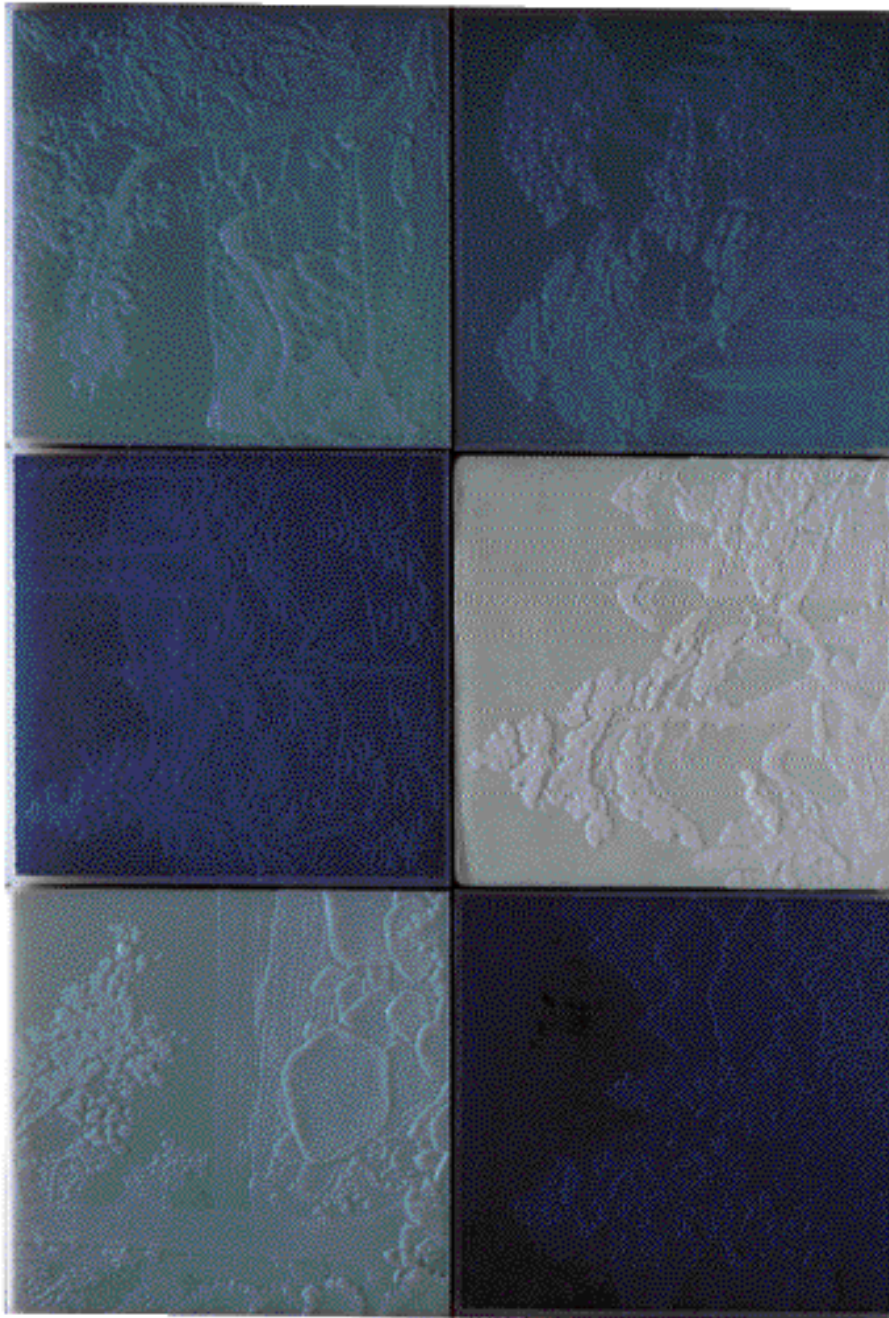
## Summary Balance Sheet

	31. 12. 99	31. 12. 98	% change
	CZK '000	CZK '000	
Cash in hand, deposits with bank of issue	188,999	226,891	-17
Loans and advances to banks	1,233,233	1,111,142	11
Loans and advances to customers	5,734,268	4,433,005	29
Bonds	124,406	0	-
Shares	81	0	-
Participating interests	0	0	0
Tangible and intangible assets	260,317	260,717	0
Other assets	68,441	83,739	-18
<b>TOTAL ASSETS</b>	<b>7,609,745</b>	<b>6,115,494</b>	<b>24</b>

Amounts owed to banks	3,259,422	3,158,097	3
Amounts owed to customers	3,367,319	2,004,267	68
Reserves	98,692	75,300	31
Other liabilities	207,196	178,420	16
Registered capital	650,000	650,000	0
Reserve and other funds	6,184	4,829	28
Retained earnings and profit for the year	11,566	44,581	-74
<b>TOTAL LIABILITIES</b>	<b>7,609,745</b>	<b>6,115,494</b>	<b>24</b>

## Summary Profit and Loss Account

	31. 12. 99	31. 12. 98	% change
	CZK '000	CZK '000	
Interest income	473,416	479,355	-1
- interest expense	- 212,557	-232,548	-9
<b>Net interest income</b>	<b>260,859</b>	<b>246,807</b>	<b>6</b>
Net income from fees, commissions and foreign exchange, others	118,738	82,923	43
<b>Operating income</b>	<b>379,597</b>	<b>329,730</b>	<b>15</b>
- Staff expenses	-57,717	-41,260	40
- Other operating expenses	- 152,786	-110,777	38
- Depreciation	- 65,377	-45,912	42
<b>General operating expenses</b>	<b>- 275,880</b>	<b>-197,949</b>	<b>39</b>
Other expenses	- 6,905	- 322	2 044
<b>Operating profit</b>	<b>96,812</b>	<b>131,459</b>	<b>-26</b>
- Net creation of provisions	- 89,919	-85,598	5
<b>Profit on ordinary activities before taxation</b>	<b>6,893</b>	<b>45,861</b>	<b>-85</b>
Extraordinary profit/loss	3,097	-3,323	-193
Income tax	- 7,418	-16,776	-56
<b>Profit for the period</b>	<b>2,572</b>	<b>25,762</b>	<b>-90</b>



**Tomáš Zelenka:** "6 landscapes", 1998-1999, 35x35x7 cm, silicon.

## Profit distribution 1999

Events occurred between the date of approval of the financial statements and the date of issue of the annual Report :

The shareholders decided to distribute the 1999 and prior year profits as follows :

<b>Profit distribution 1999</b>	<b>CZK '000</b>
Current year profit	2,572
Allocation to reserve fund at 5 % of current year profit	(129)
Allocation to social fund	(400)
	<b>2,043</b>
Retained earnings from previous periods	8,994
	<b>11,037</b>
Dividends proposed:	
- equity shares-1% of nominal value	(5,000)
- priority shares-2% of nominal value	(3,000)
<b>Retained earnings after profit distribution</b>	<b>3,037</b>

# Balance sheet as at 31 December 1999

## Assets

	Current accounting period			Previous
	Gross	Adjustment	Net	accounting
	CZK '000	CZK '000	CZK '000	period
				CZK '000
<b>Cash values, balances with central bank, post giro accounts</b>	<b>188,999</b>	<b>X</b>	<b>188,999</b>	<b>226,891</b>
Cash values	108,246	X	108,246	59,069
Balances with central bank	80,753	X	80,753	167,822
<b>Treasury bills and other bills rediscountable with central bank</b>	<b>-</b>	<b>X</b>	<b>-</b>	<b>-</b>
<b>Due from other banks</b>	<b>1,233,233</b>	<b>-</b>	<b>1,233,233</b>	<b>1,111,142</b>
Receivable on demand	130,391	-	130,391	188,276
Other receivables	1,102,842	-	1,102,842	922,866
Other receivables except for subordinated loans	1,102,842	-	1,102,842	922,866
<b>Due from clients</b>	<b>5,865,781</b>	<b>131,513</b>	<b>5,734,268</b>	<b>4,433,005</b>
Receivable on demand	875,274	-	875,274	1,143,506
Other receivables	4,990,507	131,513	4,858,994	3,289,499
Other receivables except for subordinated loans	4,990,507	131,513	4,858,994	3,289,499
<b>Bonds and other fixed income securities in trading portfolio</b>	<b>124,406</b>	<b>-</b>	<b>124,406</b>	<b>-</b>
Issued by other banks	-	-	-	-
Issued by other entities	124,406	-	124,406	-
<b>Shares and other equities in trading portfolio</b>	<b>81</b>	<b>-</b>	<b>81</b>	<b>-</b>
Equity investments in associated undertakings	-	-	-	-
Equity investments in subsidiary undertakings	-	-	-	-
Other investments	-	-	-	-
<b>Intangible assets</b>	<b>64,607</b>	<b>38,894</b>	<b>25,713</b>	<b>30,456</b>
Establishment costs	-	-	-	-
Software	64,607	38,894	25,713	30,456
<b>Tangible fixed assets</b>	<b>339,887</b>	<b>105,283</b>	<b>234,604</b>	<b>230,261</b>
Land and buildings used for banking operations	163,884	12,376	151,508	160,411
Other	176,003	92,907	83,096	69,850
<b>Own shares</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other assets</b>	<b>26,324</b>	<b>-</b>	<b>26,324</b>	<b>27,583</b>
Unpaid own capital issued and called	-	X	-	-
<b>Prepayments and accrued income</b>	<b>42,117</b>	<b>X</b>	<b>42,117</b>	<b>56,156</b>
Prepayments	33,398	X	33,398	52,179
Accrued income	8,719	X	8,719	3,977
<b>TOTAL ASSETS</b>	<b>7,885,435</b>	<b>275,690</b>	<b>7,609,745</b>	<b>6,115,494</b>

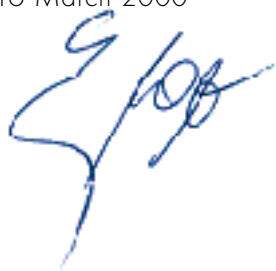
## Liabilities

	Current accounting period CZK '000	Previous accounting period CZK '000
<b>Due to other banks</b>	<b>3,259,422</b>	<b>3,158,097</b>
Payable on demand	131,955	265,003
Other	3,127,467	2,893,094
<b>Due to clients</b>	<b>3,367,319</b>	<b>2,004,267</b>
Savings accounts	258,557	263,320
Payable on demand	69,926	59,159
Other	188,631	204,161
Other payables	3,108,762	1,740,947
Payable on demand	1,363,745	833,741
Other	1,745,017	907,206
<b>Certificates of deposit and similar bonds</b>	<b>9,366</b>	-
Certificates of deposit	9,366	- Other -
<b>Accruals and deferred income</b>	<b>23,953</b>	<b>20,134</b>
Deferred income	-	24
Accruals	23,953	20,110
<b>General provisions</b>	<b>98,692</b>	<b>75,300</b>
Provisions for standard loans and guarantees	98,692	75,300
Provisions for standard loans	95,654	73,262
Provisions for guarantees	3,038	2,038
<b>Other liabilities</b>	<b>183,243</b>	<b>158,286</b>
<b>Share capital</b>	<b>650,000</b>	<b>650,000</b>
Share capital paid	650,000	650,000
<b>Share premium</b>	-	-
<b>Reserve funds</b>	<b>6,048</b>	<b>4,760</b>
Legal reserve fund	6,048	4,760
<b>Capital and other funds</b>	<b>136</b>	<b>69</b>
Capital funds	-	-
Other funds	136	69
<b>Retained earnings / (loss)</b>	<b>8,994</b>	<b>18,819</b>
Retained earnings	8,994	18,819
<b>Profit / (loss) for the year</b>	<b>2,572</b>	<b>25,762</b>
<b>TOTAL LIABILITIES</b>	<b>7,609,745</b>	<b>6,115,494</b>

## Liabilities

	Current accounting period CZK '000	Previous accounting period CZK '000
<b>Contingent liabilities</b>	<b>206,692</b>	<b>35,594</b>
Accepted or endorsed bills of exchange	-	-
Guarantees granted	113,688	35,594
Assets pledged as collateral	-	-
Other	93,004	-
<b>Other irrevocable commitments</b>	<b>472,745</b>	<b>738,342</b>
<b>Receivables from spot, forward and option contracts</b>	<b>715,471</b>	<b>399,974</b>
Receivables from spot contracts	125,716	129,974
Receivables from forward contracts	589,755	270,000
<b>Liabilities from spot, forward and option contracts</b>	<b>747,921</b>	<b>130,373</b>
Liabilities from spot contracts	159,891	130,373
Liabilities from forward contracts	588,030	-

Stamp and signature  
of the statutory representative:  
16 March 2000



Person responsible  
for accounting:

Eva Collardová  


Person responsible for the  
financial statements preparation:

Eva Janíčková  




# Profit and loss account as at 31 december 1999

## Profit and loss account

	Current accounting period CZK '000	Previous accounting period CZK '000
<b>Interest and similar income</b>	<b>473,416</b>	<b>479,355</b>
Interest income from fixed income securities	1,550	-
Other	471,866	479,355
<b>Interest and similar expense</b>	<b>212,557</b>	<b>232,548</b>
Interest expense on fixed income securities	-	-
Other	212,557	232,548
<b>Income from dividends</b>	<b>-</b>	<b>-</b>
<b>Fee and commission income</b>	<b>50,676</b>	<b>32,593</b>
<b>Fee and commission expense</b>	<b>30,406</b>	<b>23,321</b>
<b>Gain / (loss) from trading</b>	<b>98,288</b>	<b>73,651</b>
<b>Other income</b>	<b>180</b>	<b>-</b>
<b>General operating expenses</b>	<b>275,880</b>	<b>197,949</b>
Staff costs	57,717	41,260
Wages and salaries	41,606	30,059
Social security costs	11,938	8,509
Health security costs	4,173	2,692
Other operating expenses	218,163	156,689
<b>Creation of provisions for fixed assets</b>	<b>-</b>	<b>-</b>
<b>Release of provisions for fixed assets</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>	<b>6,905</b>	<b>322</b>
<b>Creation of provisions for loans and guarantees</b>	<b>89,919</b>	<b>96,755</b>
Creation of specific provisions for loans and guarantees	66,528	62,175
Creation of specific provisions for loans	66,528	62,175
Creation of specific provisions for guarantees	-	-
Creation of general provisions for loans and guarantees	23,391	34,580
Creation of general provisions for loans	22,391	33,919
Creation of general provisions for guarantees	1,000	661
<b>Release of provisions for loans and guarantees</b>	<b>-</b>	<b>11,157</b>
Release of specific provisions for loans and guarantees	-	11,157
Release of specific provisions for loans	-	11,157
Release of specific provisions for guarantees	-	-
Release of general provisions for loans and guarantees	-	-
<b>Creation of provisions for investments</b>	<b>-</b>	<b>-</b>
<b>Release of provisions for investments</b>	<b>-</b>	<b>-</b>
<b>Creation of other provisions</b>	<b>-</b>	<b>-</b>
<b>Release of other provisions</b>	<b>-</b>	<b>-</b>
Income tax on ordinary activities	5,169	18,312
<b>Net profit / (loss) on ordinary activities</b>	<b>1,724</b>	<b>27,549</b>

## Profit and loss account

	Current accounting period CZK '000	Previous accounting period CZK '000
Extraordinary income	6,133	1,507
Extraordinary expense	3,036	4,830
Income tax on extraordinary activities	2,249	(1,536)
Net profit / (loss) on extraordinary activities	848	(1,787)
Net profit / (loss) for the year	2,572	25,762

Stamp and signature  
of the statutory representative:  
16 March 2000



Person responsible  
for accounting:

Eva Collardová  


Person responsible for the  
financial statements preparation:

Eva Janičková  


## Notes to the Financial Statements

Volksbank CZ, a.s. ("the Bank") was incorporated on 1 January 1997. The Bank has its registered office in Brno and is organised as 9 regional branches in the Czech Republic.

The Bank's operations primarily consist of:

- providing Czech and foreign currency loans and guarantees;
- accepting and placing deposits in Czech and foreign currency;
- accepting current and term accounts denominated in Czech and foreign currency;
- rendering of general banking services through a network of

- branches and agencies;
- providing foreign exchange transactions on the inter-bank money market;
- providing foreign trade finance and related banking services;
- dealing in securities.

### **The members of the Board of Directors as at 31 December 1999 were as follows:**

	<b>Date registered</b>	<b>Position</b>
Mr. Johann Lurf	1 January 1997	Chairman
Mr. Herbert Skok	12 February 1999	Member

Mr. Karl Schinagl was a member of the Board of Directors from 12 February 1998 until his death on 17 December 1999. The General Assembly Meeting will appoint Mr. Martin Heilingner as a new member of the Board of Directors.

### **The members of the Supervisory Board as at 31 December 1999 were as follows:**

	<b>Date registered</b>	<b>Position</b>
Komm. Rat GD Dr. Klaus Thalhammer	31 October 1996	Chairman
Dkfm. Mag. Dr. Ekkehard Fügl	12 February 1999	Deputy Chairman
Rag. Primo Brioni	30 June 1999	Member
GD Daniel Duquesne	30 June 1999	Member
Mag. Hans Janeschitz	10 June 1998	Member
Dir. Hans Fritz Dieter Jächel	12 February 1999	Member
Dir. Franz Lagler	10 June 1998	Member
Mag. Livius Tramontana	10 June 1998	Member
Mgr. Tomáš Vácha	10 June 1998	Member

## Accounting policies

### **(a) Basis of preparation**

The financial statements and accounting records are prepared in accordance with and comply with the Act on Accounting 563/1991 Coll., the Chart of Accounts and Accounting Rules for banks prescribed by the Ministry of Finance of the Czech Republic. The financial statements are prepared under the historical cost convention. The financial statements are shown in thousands of Czech Crowns (CZK '000), unless otherwise stated.

### **(b) Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated to Czech Crowns at the exchange rate announced by the Czech National Bank ("CNB") effective at the balance sheet date. All resulting realised and unrealised foreign exchange gains and losses are recognised in the income statement.

### **(c) Dealing securities**

Securities transactions are recorded on a settlement date basis. Dealing securities consist of money market securities, represented by Treasury Bills and other bills accepted for refinancing by central banks and capital market securities. Capital market securities consist of securities tradable on public markets. This portfolio includes bonds and other fixed income securities and equities and other variable income securities. The dealing securities are valued at the lower of cost and market value on an individual basis. A specific provision is made for securities with lower liquidity or for securities, which are not traded on the main or auxiliary markets of recognised stock exchanges.

### **(d) Interest income and expense**

Interest income and expense are recognised on an accruals basis. Income on non-performing loans is also accrued and when overdue is capitalised into the related loan balance. Such amounts are considered in estimating the provision for non-performing loans.

### **(e) Fee and commission income**

Fixed fee income for arrangement of loans, guarantees and other activities is recognised immediately, whereas commission is accrued over the period to maturity.

### **(f) Specific and general provisions**

General provisions are recognised when the Bank has a present obligation as a result of past events, 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. General provisions for off balance sheet exposures and for loans are included within liabilities. Specific provisions are deducted from the cost of each asset at risk. The amount of specific provision for loans and other 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. The market in the Czech Republic for many of the types of collateral accepted is in an early stage of development and there is a low level of liquidity for certain types of assets. As a result, the realisable value on foreclosure may differ from the value ascribed in estimating specific

provisions. Tax deductible specific and general provisions are determined at the level of limits allowed by the Czech tax rules, and constitute a part of total recognised specific and general provisions.

**(g) Tangible and intangible fixed assets**

Tangible and intangible fixed assets are recorded at cost, which includes costs incurred in bringing the assets to their present location and condition and value added tax.

Tangible and intangible fixed assets are depreciated or amortised by applying the straight-line or accelerated basis over the estimated useful lives. The accounting depreciation / amortisation rates used by the Bank equal the depreciation / amortisation rates for

tax straight-line depreciation / amortisation and for tax accelerated depreciation / amortisation as appropriate. Fixed assets purchased from 1993 until 1996 have been depreciated or amortised on the straight-line basis using the depreciation / amortisation rates for tax straight-line depreciation / amortisation. Fixed assets purchased from 1997 until 1999 have been depreciated or amortised on accelerated bases using the rates for tax accelerated depreciation / amortisation.

Low value assets with a unit cost of less than CZK 40,000 for tangible assets and less than CZK 60,000 for intangible assets are treated as fixed assets and are fully depreciated or amortised upon the inception of use.

The depreciation periods used are as follows:

	<b>Purchased from 1993 until 1998</b>	<b>Purchased in 1999</b>
Buildings and constructions	45 years	30 years
Machinery and equipment	4 years	4 years
Furniture and fittings	8 years	6 years
Motor vehicles	4 years	4 years
Software	4 years	4 years
Licences	8 years	6 years

Tangible assets' repairs and maintenance expenditures are charged to expense as incurred. Improvement expenditures exceeding CZK 40,000 per unit in one year for tangible fixed assets and CZK 60,000 for intangible fixed assets are capitalised.

### **(h) Derivative financial instruments**

Spot dealings and swap transactions are stated at the nominal value of the underlying instrument and revalued daily at the valid foreign exchange rate.

Gains and losses on derivative financial instruments are deferred and recognised as income or expense on the same basis as the corresponding expense or income on the hedged position.

The Bank's criteria for a derivative instrument to be classified as a hedge include:

The transaction must be reasonably expected to match or eliminate a significant portion of the risk inherent in the position being hedged; and  
There is adequate evidence of the intent to hedge at the outset of the transaction.

### **(ch) Value added tax**

The Bank is registered for value added tax ("VAT"). The Bank does not raise claims for input VAT since the income subject to VAT is lower than 5 % of the total income of the Bank. VAT

input is booked as a cost for the particular tax period except for the VAT for fixed assets, where the tangible fixed assets and intangible fixed assets and inventories are valued at cost including appropriate VAT.

### **(i) Deferred taxation**

Deferred taxation is only recognised on temporary differences created due to differences in accounting and taxation depreciation / amortisation rates of tangible and intangible fixed assets. A deferred tax asset has not been recognised on the creation of non-deductible specific and general provisions.

Deferred tax is calculated based on currently enacted taxation rates (as at 31 December 1999: 31%).

### **(j) Pensions**

No pension plan is currently in operation at the Bank. Regular contributions are made to the state to fund the national pension plan.

### **(k) Subsequent events**

The effects of events, which occurred between the balance sheet date and the date of signing the financial statements, are reflected in the financial statements in the case that these events provide further evidence of conditions, which existed at the balance sheet date.

Where significant events occur subsequent to the balance sheet date prior to signing of the financial statements which are indicative of conditions which arose subsequent to the balance sheet date, the effects of these events are disclosed, but are not themselves reflected in the financial statements.

### **(l) Changes in accounting policy**

Some minor changes in accounting policy in respect of disclosure have been made during the year. The effects of these changes have been described in the following notes.

## Cash and deposits with bank of issue

	31 December 1999	31 December 1998
	CZK '000	CZK '000
Cash on hand	108,246	59,069
Obligatory reserves	55,490	146,162
Other deposits with bank of issue (CNB)	25,263	21,660
	<b>188,999</b>	<b>226,891</b>

### Obligatory reserves

Obligatory reserves represent mandatory interest-free deposits with the CNB. The CNB requires that each bi-weekly moving average of the reserves for the period from from 28 January 1999 to 6 October

1999 represents 5 % and in the period from 7 October 1999 to 12 January 2000 2 % and of the total prior month's deposit balance for the previous period (in the period from 30 July 1998 to 27 January 1999 the minimal mandatory deposits represented 7.5 % and in the

period from 1 January 1998 to 29 July 1998 represented 9.5 %). The minimal mandatory deposits for the period from 30 December 1999 to 12 January 2000 were CZK 60,082,000 and reached 104.09 % of the required value.

### Obligatory reserves

	31 December 1999	31 December 1998
	CZK '000	CZK '000
Current accounts	130,391	188,276
Term deposits	1,102,842	922,866
	<b>1,233,233</b>	<b>1,111,142</b>

Current accounts were due on demand as at 31 December 1999 and as at 31 December 1998. Term deposits were due within 3 months as at 31 December 1999 and as at 31 December 1998. As at 31 December 1999 and 31 December 1998, the Bank recognised no impaired sums due from other banks.

### Due from related parties

The Bank included CZK 78,037,000 due from related parties within receivables due from other banks as at 31 December 1999 (31 December 1998: CZK 74,974,000).

Related parties include the Bank's shareholder, companies within the same group as the

Bank, members of the Board of Directors and members of the Supervisory Board. All transactions with related parties were conducted under the same conditions and interest rates that were at the same time provided in comparable transactions with other clients.



## Loans to clients

	31 December 1999	31 December 1998
	CZK '000	CZK '000
Standard loans to companies and individuals	2,959,327	2,052,386
Impaired loans to companies and individuals	868,636	595,994
Standard loans to municipalities and governmental bodies	1,265,282	1,068,647
Impaired loans to municipalities and governmental bodies	772,536	780,731
	<b>5,865,781</b>	<b>4,497,759</b>

Specific provisions for impaired loans (131,513) (64,754)

	<b>5,734,268</b>	<b>4,433,005</b>
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In addition to the specific provision for impaired loans, the Bank has included in liabilities a general provision for loans of

CZK 95,654,000 at 31 December 1999 (31 December 1998: CZK 73,262,000).

The loan balances can be analysed as follows:

At 31 December 1999	Within 3 months	3-12 months	1-2 years	2-4 years	4-5 years	Over 5 years	Total
Residual maturities	months	months	years	years	years	years	
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Standard loans	785,475	228,242	84,710	1,005,103	195,738	1,925,341	4,224,609
Impaired loans	239,748	62,651	37,707	174,121	118,559	1,008,386	1,641,172
	<b>1,025,223</b>	<b>290,893</b>	<b>122,417</b>	<b>1,179,224</b>	<b>314,297</b>	<b>2,933,727</b>	<b>5,865,781</b>

At 31 December 1998	Within 3 months	3-12 months	1-2 years	2-4 years	4-5 years	Over 5 years	Total
Residual maturities	months	months	years	years	years	years	
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Standard loans	347,350	196,630	855,015	189,919	134,597	1,397,522	3,121,034
Impaired loans	167,187	22,570	14,067	96,690	87,759	988,452	1,376,725
	<b>514,537</b>	<b>219,200</b>	<b>869,082</b>	<b>286,609</b>	<b>222,356</b>	<b>2,385,974</b>	<b>4,497,759</b>

The amount of CZK 1,025,223,000 due within 3 months includes CZK 313,949,000 of loans and receivables due on demand (31 December 1998: CZK 350,007,000). As at 31 December 1999, the portion of loans with remaining maturity up to one year was 22.4 % of total loans (31 December 1998: 16.3 %).

The analysis of loan balances according to residual maturities does not reflect the payment schedule of individual loans. The full balance of a loan as at 31 December 1999 and

31 December 1998 is reported according to the final maturity of the final instalment of the loan. Similarly, the repayment dates of impaired loans in particular may differ from those shown.

#### **Loans to related parties**

The Bank has provided loans of CZK 1,168,844,000 as at 31 December 1999 to related parties (31 December 1998: CZK 881,810,000). All transactions with related parties were conducted under the same conditions and interest

rates that were at the same time provided in comparable transactions with other clients.

#### **Impaired loans**

Impaired loans are categorised in accordance with the definitions issued by the CNB in four categories (watch, substandard, doubtful, loss), and represent total outstanding principal and overdue accrued interest receivable with service payments overdue or other defaults in contractual terms or financial performance.

	<b>31 December 1999</b>	<b>31 December 1998</b>
	<small>CZK '000</small>	<small>CZK '000</small>
Watch	1,220,244	1,129,924
Substandard	87,905	22,364
Doubtful	24,554	92,067
Loss	308,469	132,370
	<b>1,641,172</b>	<b>1,376,725</b>

## Syndicate loans

At 31 December 1999 the Bank led syndicated loans which can be analysed as follows:

Members	Loan currency	Share of the Bank %	Share of members %	Share of the Bank CZK '000	Share of members CZK '000
Welser Volksbank AG	DEM	-	100	-	13,855
Hagebank VB Voecklabruck	DEM	-	100	-	27,709
Kommunalkredit AG	ATS	50	50	10,170	10,170
Kommunalkredit AG	DEM	-	100	-	64,655
Erste Bank Sparkasse CZ	DEM	80	20	102,296	25,574
Niederösterreichische Landesbank - Hypothesenbank AG	DEM	80	20	88,364	22,091
SGZ Bank	DEM	40	60	6,650	9,975
Weinviertler Volksbank rGmbH	ATS	50	50	19,424	19,424

The Bank recognises only its own share in these syndicated loans as an asset.

### At 31 December 1998:

		%	%	CZK '000	CZK '000
Welser Volksbank AG	DEM	-	100	-	20,093
Hagebank VB Voecklabruck	DEM	-	100	-	26,790
Kommunalkredit AG	ATS	50	50	21,541	21,541
Kommunalkredit AG	DEM	-	100	-	93,765
Erste Bank Sparkasse CZ	DEM	80	20	556,160	139,040
Niederösterreichische Landesbank - Hypothesenbank AG	DEM	80	20	392,204	98,051

## Dealing securities

Bonds and other fixed income debt securities

At 31 December 1999	Cost CZK '000	Market value CZK '000
Traded on the main or auxiliary market of recognised stock exchanges	123,464	124,318
Accrued interest on bonds	942	942
	<b>124,406</b>	<b>125,260</b>

Bonds and other fixed income debt securities included only Government Bonds at 31 December 1999. The Bank held no bonds and other fixed income debt securities at 31 December 1998.

### **Shares and other variable income securities**

Shares and other variable income securities included index certificates issued by Oesterreichische Volksbanken AG at cost of CZK 81,000

(market value at 31 December 1999: CZK 85,000). The Bank held no shares and other variable income securities at 31 December 1998.

## **Tangible and intangible fixed assets**

<b>Tangible fixed assets</b>	<b>31 December 1998</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 1999</b>
	<b>CZK '000</b>	<b>CZK '000</b>	<b>CZK '000</b>	<b>CZK '000</b>
Cost				
Land	932	-	-	932
Buildings	161,302	1,651	-	162,953
Equipment	75,580	37,811	604	112,787
Other	46,977	17,872	1,634	63,215
	<b>284,791</b>	<b>57,334</b>	<b>2,238</b>	<b>339,887</b>
Accumulated depreciation				
Buildings	1,822	10,554	-	12,376
Equipment	30,347	28,376	524	58,199
Other	22,361	12,720	373	34,708
	54,530	51,650	897	105,283
<b>Net book amount</b>	<b>230,261</b>			<b>234,604</b>

Low value tangible fixed assets fully written off at the inception of use until 31 December 1999 totalled CZK 27,757,000 (31 December 1998: CZK 18,699,000).

<i>Intangible fixed assets</i>	<i>31 December 1998</i>		<i>Disposals 31 December 1999</i>	
	<i>CZK '000</i>	<i>Additions CZK '000</i>	<i>CZK '000</i>	<i>CZK '000</i>
Cost				
Software	53,978	7,541	-	61,519
Other	1,616	1,472	-	3,088
	<b>55,594</b>	<b>9,013</b>	<b>-</b>	<b>64,607</b>
Accumulated amortisation				
Software	23,522	12,283	-	35,805
Other	1,616	1,473	-	3,089
	<b>25,138</b>	<b>13,756</b>	<b>-</b>	<b>38,894</b>
<b>Net book amount</b>	<b>30,456</b>			<b>25,713</b>

Low value intangible fixed assets fully written off at the inception of use until 31 December 1999 totalled CZK 3,089,000 (31 December 1998: CZK 1,616,000).

The Bank owns no assets encumbered by lien.  
The Bank has no assets held under finance lease contracts.

## Other assets

	<i>31 December 1999</i>	<i>31 December 1998</i>
	<i>CZK '000</i>	<i>CZK '000</i>
Advances payments	13,602	22,623
Security deposit for rent	6,729	-
Other receivables	5,993	4,960
	<b>26,324</b>	<b>27,583</b>

## Amounts owed to banks

	31 December 1999	31 December 1998
	CZK '000	
Amounts owed to bank of issue (CNB)	52,070	-
Amounts owed to other banks	3,207,352	3,158,097
	<b>3,259,422</b>	<b>3,158,097</b>

Amounts owed to bank of issue of CZK 15,746,000 as at 31 December 1998 were reported in 1998 in Other Liabilities.

### Amounts owed to related parties

CZK 1,086,350,000 owed to related parties is included in amounts owed to other banks as at 31 December 1999 (31 December 1998: CZK 1,239,719,000). All transactions with related parties were

conducted under the same conditions and interest rates that were at the same time provided in comparable transactions with other clients.

Amounts owed to banks can be analysed as follows:

At 31 December 1999	Within 3	3-12	1-2	2-4	4-5	Over	Total
Residual maturities	months	months	years	years	years	5 years	
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Amounts owed to the bank of issue (CNB)	52,070	-	-	-	-	-	52,070
Current accounts at other banks	131,955	-	-	-	-	-	131,955
Term deposits and loans from other banks	168,254	734,210	380,943	1,700,008	2,837	89,145	3,075,397
	<b>352,279</b>	<b>734,210</b>	<b>380,943</b>	<b>1,700,008</b>	<b>2,837</b>	<b>89,145</b>	<b>3,259,422</b>

CZK 352,279,000 with residual maturity up to three months includes CZK 131,955,000 due on demand as at 31 December 1999 (31

December 1998: CZK 265,003,000). As at 31 December 1999 the portion of amounts owed to banks with residual maturity up to one

year is 33.3 % of the total amounts owed to banks (31 December 1998: 40.9 %).

<b>At 31 December 1998</b>	<b>Within 3</b>	<b>3-12</b>	<b>1-2</b>	<b>2-4</b>	<b>4-5</b>	<b>Over</b>	<b>Total</b>
<b>Residual maturities</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>5 years</b>	
	<b>CZK '000</b>	<b>CZK '000</b>	<b>CZK '000</b>	<b>CZK '000</b>	<b>CZK '000</b>	<b>CZK '000</b>	<b>CZK '000</b>
Current accounts at other banks	265,003	-	-	-	-	-	265,003
Term deposits and loans from other banks	1,026,724	-	-	1,786,000	-	80,370	2,893,094
	<b>1,291,727</b>	<b>-</b>	<b>-</b>	<b>1,786,000</b>	<b>-</b>	<b>80,370</b>	<b>3,158,097</b>

## Amounts owed to clients

	<b>31 December 1999</b>	<b>31 December 1998</b>
	<b>CZK '000</b>	<b>CZK '000</b>
Current accounts	1,363,745	833,741
Saving accounts	258,557	263,320
Term deposits	948,467	871,896
Deposit bills of exchange issued by the Bank	796,550	35,310
	<b>3,367,319</b>	<b>2,004,267</b>

### Deposits from related parties

The Bank has accepted deposits from related parties, including its management, employees, shareholder and

his affiliates. The management considers that such deposits were accepted on substantially the same terms and conditions, including interest rates, as those prevailing at the same time for comparable transac-

tions with other customers. The management's opinion is that these deposits do not represent any unusual risks for the Bank.

Amounts owed to the clients can be analysed as follows:

<b>At 31 December 1999</b>							
	<b>Within 3</b>	<b>3-12</b>	<b>1-2</b>	<b>2-4</b>	<b>4-5</b>	<b>Over</b>	<b>Total</b>
<b>Residual maturities</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>5 years</b>	
	<b>CZK '000</b>	<b>CZK '000</b>	<b>CZK '000</b>	<b>CZK '000</b>	<b>CZK '000</b>	<b>CZK '000</b>	<b>CZK '000</b>
Current accounts	1,363,745	-	-	-	-	-	1,363,745
Saving accounts	136,897	95,611	24,212	1,837	-	-	258,557
Term deposits	868,235	78,065	2,167	-	-	-	948,467
Deposit bills of exchange issued by the Bank	767,243	29,307	-	-	-	-	796,550
	<b>3,136,120</b>	<b>202,983</b>	<b>26,379</b>	<b>1,837</b>	<b>-</b>	<b>-</b>	<b>3,367,319</b>

CZK 3,136,120,000 with residual maturity up to three months includes CZK 1,433,671,000 due on demand as at 31 December 1999 (31 December 1998:

CZK 892,900,000). The maturity analysis of savings accounts is in accordance with contractual maturities rather than residual maturities.

<b>At 31 December 1998 Residual maturities</b>	<b>Within 3 months CZK '000</b>	<b>3-12 months CZK '000</b>	<b>1-2 years CZK '000</b>	<b>2-4 years CZK '000</b>	<b>4-5 years CZK '000</b>	<b>Over 5 years CZK '000</b>	<b>Total CZK '000</b>
Current accounts	833,741	-	-	-	-	-	833,741
Saving accounts and term deposits	933,336	166,142	35,250	488	-	-	1,135,216
Deposit bills of exchange issued by the Bank	35,310	-	-	-	-	-	35,310
	<b>1,802,387</b>	<b>166,142</b>	<b>35,250</b>	<b>488</b>	<b>-</b>	<b>-</b>	<b>2,004,267</b>

Analysis of the saving accounts and term deposits from clients as at 31 December 1998 is not analysed further in respect of maturities.

## Deposit certificates and similar bonds

The Bank has issued deposit certificates of CZK 9,366,000 at 31 December 1999. The Bank has not issued any other bonds during 1999. The Bank has not issued any

deposit certificates and other bonds in 1998 and had none outstanding at 31 December 1998.

Deposit certificates at 31 December 1999 can be analysed as follows:

<b>Residual maturities</b>	<b>Within 3 months CZK '000</b>	<b>3 – 12 months CZK '000</b>	<b>More than 1 year CZK '000</b>	<b>Total CZK '000</b>
Deposit certificates	656	8,710	-	9,366

No deposit certificate is due on demand as at 31 December 1999.



## Provisions and write offs

At 31 December 1999 and 31 December 1998, the Bank had the following specific and general provisions for assets at risk:

	<b>31 December 1999</b>	<b>31 December 1998</b>
	<i>CZK '000</i>	<i>CZK '000</i>
Specific provision for impaired loans to clients	131,513	64,754
General provisions for loans	95,654	73,262
General provisions for guarantees	3,038	2,038
	<b>230,205</b>	<b>140,054</b>

The movements in provisions can be analysed as follows:

	<i>Specific provisions for impaired loans</i>	<i>General provisions for loans</i>	<i>General provision for guarantees provided</i>
	<i>CZK '000</i>	<i>CZK '000</i>	<i>CZK '000</i>
At 1 January 1998	13,736	40,018	702
Additions	62,175	33,919	661
Release	(11,158)	-	-
Reclassification	-	(675)	675
<b>At 31 December 1998</b>	<b>64,753</b>	<b>73,262</b>	<b>2,038</b>
Additions	66,526	22,392	1,000
Revaluation difference on provisions in foreign currency	234	-	-
<b>At 31 December 1999</b>	<b>131,513</b>	<b>95,654</b>	<b>3,038</b>

## Other liabilities

	31 December 1999	31 December 1998
	CZK '000	CZK '000
Settlement account	72,863	466
Deferred tax liability	9,025	4,051
Suppliers	81,847	106,903
Other liabilities	19,508	46,866
	<b>183,243</b>	<b>158,286</b>

## Equity and profit distribution

Share capital	31 December 1999	31 December 1998
	CZK '000	CZK '000
Issued and paid	650,000	650,000

The Bank's only shareholder was Oesterreichische Volksbanken AG, A-1090 Wien, Peregringasse 3, Austria until 13 December

1999 when VBB International Holding AG, A-1090 Wien, Peregringasse 3, Austria, became the 100 % owner of the Bank.

VBB International Holding AG is a 100 % subsidiary of Oesterreichische Volksbanken AG.

Changes in equity	Share capital	Reserve fund	Social fund	Retained earnings	Earnings current year	Total equity
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Balance at 1 January 1998	650,000	-	-	23,799	-	673,799
Allocation to reserve fund	-	4,760	-	(4,760)	-	-
Allocation to social fund	-	-	220	(220)	-	-
Use of social fund	-	-	(151)	-	-	(151)
1998 profit	-	-	-	-	25,762	25,762
<b>Balance at 1 January 1999</b>	<b>650,000</b>	<b>4,760</b>	<b>69</b>	<b>18,819</b>	<b>25,762</b>	<b>699,410</b>
Allocation to reserve fund	-	1,288	-	-	(1,288)	-
Allocation to social fund	-	-	300	-	(300)	-
Transfer to retained earnings	-	-	-	24,174	(24,174)	-
Use of social fund	-	-	(233)	-	-	(233)
Dividend	-	-	-	(34,000)	-	(34,000)
1999 profit	-	-	-	-	2,572	2,572
<b>Balance at 31 December 1999</b>	<b>650,000</b>	<b>6,048</b>	<b>136</b>	<b>8,993</b>	<b>2,572</b>	<b>667,749</b>

## Profit distribution

The 1999 profit of CZK 2,572,000 is expected to be allocated to retained earnings after appropriate allocation to reserve and social funds.

## Contingencies and commitments

Commitments to extend loans, loan guarantees to third parties and letters of credit include exposure to credit risk and loss in the event of a client's

default. Various commitments and contingent liabilities arise in the normal course of business involving elements of credit risk, interest rate risk and liq-

uidity risk.

Contingent liabilities and assets can be analysed as follows:

<b>Guarantees granted</b>	<b>31 December 1999</b>	<b>31 December 1998</b>
	<b>CZK '000</b>	<b>CZK '000</b>
Guarantees granted on behalf of clients	113,688	35,594
<b>Guarantees received</b>		
From other banks	823,451	2,071,591
From other entities	131,062	167,697
	<b>954,513</b>	<b>2,239,288</b>
Irrevocable loan commitments	472,745	738,342

Irrevocable loan commitments include only the unutilised parts of overdraft limits.

## Interest income and similar income

	31 December 1999	31 December 1998
	CZK '000	CZK '000
Interest on inter-bank transactions	84,984	121,948
Interest on loans to municipalities and governmental bodies	126,236	106,760
Interest on loans to clients	260,646	250,647
Interest on securities	1,550	-
	<b>473,416</b>	<b>479,355</b>

In 1999 interest of CZK 98,095,000 on impaired loans is included in interest on loans to clients and municipalities

and governmental bodies. In 1999 the Bank did not account for penalty interest.

## Interest expense and similar expenses

	31 December 1999	31 December 1998
	CZK '000	CZK '000
Interest on inter-bank transactions	130,557	142,703
Interest on deposits from municipalities and governmental bodies	2,352	-
Interest on deposits from clients	79,648	89,845
	<b>212,557</b>	<b>232,548</b>

## Commissions and fees

<i>Commission and fee income</i>	31 December 1999	31 December 1998
	CZK '000	CZK '000
Commission from banks	2,090	2,304
Commission for accounts administration	8,101	4,588
Commission for loan administration	17,072	10,088
Commission for incoming and outgoing payments	13,477	8,802
Other commission and fee income	9,936	6,811
	<b>50,676</b>	<b>32,593</b>

<b>Commission and fee expenses</b>	<b>31 December 1999</b>	<b>31 December 1998</b>
	<b>CZK '000</b>	<b>CZK '000</b>
Fee expense for guarantees received	27,974	21,210
Other fee expenses	2,432	2,111
	<b>30,406</b>	<b>23,321</b>

## Gains less losses from trading

	<b>31 December 1999</b>	<b>31 December 1998</b>
	<b>CZK '000</b>	<b>CZK '000</b>
Realised gains less losses from securities dealing	623	-
Gains less losses from foreign currency transactions	98,380	78,068
Realised gains less losses from other transactions	(715)	(4,417)
	<b>98,288</b>	<b>73,651</b>

The total gains less losses from trading in respect of 1998 has been restated due to a presentation error in the 1998 profit

and loss account. The total figure presented in 1998 was CZK 256,079,000.

## Other expenses

	<b>31 December 1999</b>	<b>31 December 1998</b>
	<b>CZK '000</b>	<b>CZK '000</b>
Receivables from clients written-off	1,199	322
Contributions to the deposit insurance fund	5,706	-
	<b>6,905</b>	<b>322</b>

Contribution to the deposit insurance fund of CZK

5,625,000 for 1998 was reported in 1998 in general

operating expenses.

## General operating expenses

	31 December 1999	31 December 1998
	CZK '000	CZK '000
Wages and salaries	41,606	30,059
Social security, medical insurance and other social costs	16,111	11,201
Emoluments of the Board of Directors	-	-
Emoluments of the Supervisory Board	-	-
Rent and lease charges	15,071	8,071
Consultancy services	69,519	48,906
Tangible fixed asset depreciation	51,650	26,794
Intangible fixed asset depreciation	13,756	19,117
Other	68,167	53,801
	275,880	197,949

## Staff statistics

	1999	1998
Average number of employees	164	117
Number of members of the Board of Directors	3	3
Number of members of the Supervisory Board	9	9

## Extraordinary items

	31 December 1999	31 December 1998
	CZK '000	CZK '000
<b>Extraordinary costs</b>		
Residual value of tangible fixed assets written down	1,342	-
Other extraordinary costs	1,694	4,830
	3,036	4,830
<b>Extraordinary revenues</b>		
Refund of corporate tax	2,053	-
Insurance receipts	1,470	105
Other extraordinary revenues	2,610	1,402
	6,133	1,507

## Corporate tax

	31 December 1999	31 December 1998
	CZK '000	CZK '000
Profit before taxation	8,167	42,538
Tax non-deductible expenses	4,146	20,149
Non-taxable revenues and similar deductions	-	(11,796)
Difference between accounting and tax depreciation charge	(1,766)	(5,387)
Allowance for 10% of new fixed assets purchased	(4,606)	(2,389)
Tax deductible gifts	(95)	(179)
<b>Tax base</b>	<b>5,846</b>	<b>42,936</b>
Current tax expense at 35 %	2,046	15,028
Other tax deductions	398	(290)
Current tax expense	2,444	14,738
Deferred tax expense at 31 % (1998: 35 %)	4,974	2,038
<b>Total corporate tax charge</b>	<b>7,418</b>	<b>16,776</b>

The corporate tax for 1999 amounts to CZK 7,418 thousand (as of December 31, 1998: CZK 16,776 thousand). The bank declared CZK 9,025 thousand of deferred tax as of

December 31, 1999 (as of December 31, 1998: CZK 4,051 thousand), which is included in the "other liabilities" item.

## Foreign currency denominated assets and liabilities

	31 December 1999		31 December 1998	
	Assets	Liabilities	Assets	Liabilities
	CZK '000	CZK '000	CZK '000	CZK '000
Residents	4,335,787	1,483,043	3,905,873	1,610,121
Non-residents	169,018	2,953,514	192,891	2,340,807
	<b>4,504,805</b>	<b>4,436,557</b>	<b>4,098,764</b>	<b>3,950,928</b>



## Derivative financial instruments

As at the balance sheet date, the Bank has concluded contracts on derivative financial instruments, which can be analysed as follows:

<i>Off balance sheet assets</i>	<i>31 December 1999</i>	<i>31 December 1998</i>
	CZK '000	CZK '000
Spot dealing	125,716	10,554
Currency swaps	270,656	119,420
Interest rate swaps in foreign currency	319,099	-
Irrevocable credit lines	-	270,000
	<b>715,471</b>	<b>399,974</b>
<i>Off balance sheet liabilities</i>		
Spot dealing	159,891	10,554
Currency swaps	268,931	119,819
Interest rate swaps in foreign currency	319,099	-
	<b>747,921</b>	<b>130,373</b>

In 1998 currency swaps are included on the off balance sheet as receivables and liabilities from spot contracts respectively.

### **Receivables and payables from spot and term operations with related parties**

The Bank reported in off balance sheet assets CZK 477,043,000 receivable from

related parties at 31 December 1999.

The Bank reported in off balance sheet liabilities CZK 476,109,000 which are liabilities against related parties at 31 December 1999.

These financial statements have been approved for submission to the general meeting of shareholders by the Board of Directors and have been signed on their behalf by:

Stamp and signature  
of the statutory representative:  
16 March 2000



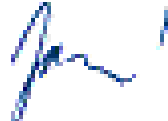
Person responsible  
for accounting:

Eva Collardová



Person responsible for the  
financial statements preparation:

Eva Janíčková





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## REPORT OF INDEPENDENT AUDITORS

### TO THE SHAREHOLDER OF VOLKSBANK CZ, a. s.

We have audited the balance sheet of Volksbank CZ, a. s. as at 31 December 1999, the related income statement and notes for the year then ended presented in the annual report of the Bank on pages 22 to 48. These financial statements and underlying accounting records are the responsibility of the Bank's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards of the Chamber of Auditors of the Czech Republic and International Standards on Auditing. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the accompanying financial statements present fairly, in all material respects, the assets, liabilities and equity of Volksbank CZ, a. s. as at 31 December 1999, and the results of its operations for the year then ended in accordance with the Act on Accounting and other relevant accounting legislation of the Czech Republic.

We have examined whether the supplementary financial information included in the annual report of the Bank on pages 6 to 21, which does not form part of the financial statements for the year ended 31 December 1999, is consistent with the audited financial statements of the Bank. In our opinion, this information is consistent with the audited financial statements in all material respects.

5 May 2000

PricewaterhouseCoopers Audit, s.r.o.  
Registered Auditing Company  
Licence No. 21

Ing. Petr Kříž  
Auditor  
Licence No. 1140

# Report of the Supervisory Board

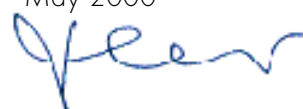
In the business year 1999, in two regular sessions held on May 3 and November 15, 1999, the Supervisory Board of the Company inquired about the correctness, purposefulness and economy of business activities. Additionally, the Supervisory Board took into account the continuous management board reports and issued resolutions necessary for the business year 1999.

The annual statement as of December 31, 1999, was authorised by the auditing company PricewaterhouseCoopers Audit, s.r.o. The audit had identified no deficiencies. The auditor's statement issued was "without reservations". The Supervisory Board took into account the report presented by the management board.

Based on the report of the management board and the verification report, the Supervisory Board presents a positive evaluation to the General Assembly meeting and recommends that appropriate resolutions be taken.

The Supervisory Board thanks all the bank personnel for their efforts in 1999.

Brno  
May 2000



General Management Director  
Klaus Thalhammer  
Chairman of the Supervisory Board

# Branch Network

## Head office:

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## Premessa del Consiglio di Amministrazione

Gentili signore e signori,

putroppo il profiquo anno di lavoro per la Volksbank nella Repubblica Ceca é stato turbato da un triste evento. Il nostro collega, caro amico e membro del Consiglio di Amministrazione, Karl Schinagl, ci ha lasciati. Con il suo impegno e competenza ha reso possibile lo sviluppo della nostra attività. Con la sua improvvisa scomparsa abbiamo perso un ´ eccellente amministratore ed un collega sempre schietto, concreto e pieno d´umore. Il suo ricordo rimarrá sempre con noi.

Nel mese di ottobre abbiamo accolto un nuovo collega nel Consiglio di Amministrazione, il Mag. Martin Heilingner e siamo certi che egli potrà sfruttare la sua esperienza già acquisita presso la nostra consorella slovacca, la Ľudova Banka. Questi cambiamenti hanno influenzato la nuova struttura del Consiglio di Amministrazione con una suddivisione delle responsabilità tra la parte commerciale e di marketing da quella di controllo.

Nel 1999 é stata estesa la rete delle filiali e dopo l´apertura della filiale di Olomouc, avvenuta nel mese di gennaio, in aprile é stata aperta quella di Zlin. Nel mese di maggio é stata inaugurata una seconda filiale a Praga in via Spalena 8. Come da aspettative le tre filiali hanno registrato un successo oltrepassando, dopo il primo anno di attività, gli obiettivi previsti.

Anche nel corrente anno l´ulteri-



Herbert Skok

Johann Lurf

Mag. Martin Heilingner

ore incremento delle filiali nella Repubblica Ceca rimarrá per il nostro istituto un ´ importante obiettivo. Contestualmente all´espansione del nostro raggio d´azione come banca rivolta ai privati, imprenditori medio-piccoli, comuni e città, cosí come alle Joint-venture che si costituiscono nella Repubblica Ceca, aumenterà certamente anche il numero die dipendenti che attualmente sono ca. 200.

I corsi di aggiornamento e seminari che costantemente organizziamo contribuiranno sicuramente al miglioramento die nostri servizi affinché possano corrispondere alle sempre crescenti esigenze die nostri apprezzati clienti.

Nel corso del 1999 abbiamo iniziato ad operare in titoli e borsa nell´intento di poter offrire un piú ampio e completo servizio per i depositi fiduciari, in collaborazione con una importante com-

pagnia di assicurazione.

Nonostante la situazione economica esistente nella Repubblica Ceca, l´anno passato puó essere considerato un ´ anno di successo per la banca, per i nostri clienti e partner commerciali.

Desideriamo sentitamente ringraziare per la fiducia accordataci che ci obbliga, anche per il futuro, a mantenere vivi i principi fondamentali del nostro istituto.

Johann Lurf  
Presidente del Consiglio di Amministrazione

Herbert Skok  
membro del Consiglio di Amministrazione

Mag. Martin Heilingner  
membro del Consiglio di Amministrazione

## Rassegna dei piú importanti indicatori

	1999	1998	1997
	in mille CZK	in mille CZK	in mille CZK
Somma di bilancio	<b>7 609 745</b>	6 115 494	4 620 440
Impegni verso clienti	<b>3 376 685</b>	2 004 267	952 119
Crediti verso clienti	<b>5 734 268</b>	4 433 005	3 570 442
Utili d´esercizio	<b>379 417</b>	329 730	203 622
Spese d´esercizio	<b>275 880</b>	197 949	128 460
Resultato del ´attivita usuale	<b>6 893</b>	45 861	37 313
Numero dei dipendenti	<b>183</b>	138	101
Numero delle filiali	<b>9</b>	6	6



Mesdames et Messieurs,  
chers clients et partenaires commerciaux,

Le 17 décembre 1999 une ombre obscure a éclipsé l'exercice fructueux de la Volksbank en République Tchèque. Nous avons du dire adieu à notre collègue, membre du Comité directeur de notre banque, notre ami Karl Schinagl. Par son approche compétente et engagée il s'est employé à réaliser l'expansion de notre banque. Par le décès de Karl Schinagl nous avons perdu non seulement un dirigeant remarquable, mais surtout un collègue sympathique qui était toujours naturel, ouvert et avait le sens de l'humour. Nous garderons pour toujours un bon souvenir de lui.

Au mois d'octobre nous avons accueilli parmi nous un nouveau collègue, M. Martin Heilingner qui a consolidé notre Comité directeur. À nos côtés, il pourra mettre en pratique ses expériences acquises dans notre banque sœur slovaque la Ľudová banka.

Ces changements personnels ont influencé la répartition des secteurs d'activité de la Volksbank. Depuis le Comité directeur les services de commerce et de vente sont strictement séparés du service contrôle et liquidation.

Au cours de l'année passée notre réseau d'agences s'est encore étoffé. Après l'ouverture d'une agence à Olomouc on a inauguré une autre à Zlín. Au début du mois de mai une deuxième agence pour la capita-



Herbert Skok

Johann Lurf

Mag. Martin Heilingner

le a pu être ouverte à Prague, rue Spálená 8. Ces trois agences ont comblé nos attentes et nous constatons avec fierté qu'au cours de la première année de leur existence elles ont dépassé les objectifs prévus. La poursuite de l'édification du réseau d'agences est une priorité importante pour l'exercice en cours. Parallèlement à l'élargissement de notre activité en tant que banque orientée vers des particuliers, des P.M.E., des communes et villes de même que des Joint Ventures en République Tchèque, notre effectif augmente aussi et nous comptons actuellement près de 200 collaborateurs.

Un grand nombre de cours de formation et séminaires nous aide à ce que la qualité de nos services, chers clients, répondent au mieux à vos exigences de plus en plus élevées.

Comme nous l'avons déjà fait entendre l'an passé, en 1999 nous avons entamé notre

action de commerce de titres. Cela nous permet, de même que notre coopération avec une importante compagnie d'assurance, de vous offrir une gamme encore plus riche de produits de dépôt.

Malgré une situation économique généralement défavorable nous pouvons juger l'exercice passé comme fructueux - fructueux pour notre banque, mais aussi pour vous, nos clients et partenaires commerciaux. Nous voulons vous remercier de la confiance que vous nous avez témoignée - en conformité avec notre devise elle est un engagement pour nous aussi à l'avenir.

Johann Lurf  
président du Comité directeur

Herbert Skok  
membre du Comité directeur

Mag. Martin Heilingner  
membre du Comité directeur

## Vue d'ensemble des indicateurs les plus importants

	1999	1998	1997
	en milliers de CZK	en milliers de CZK	en milliers de CZK
Total du bilan	<b>7 609 745</b>	6 115 494	4 620 440
Engagements envers des clients	<b>3 376 685</b>	2 004 267	952 119
Créances auprès des clients	<b>5 734 268</b>	4 433 005	3 570 442
Rendement d'exploitation	<b>379 417</b>	329 730	203 622
Frais d'exploitation	<b>275 880</b>	197 949	128 460
Profit de l'activité courante avant imposition	<b>6 893</b>	45 861	37 313
Nombre d'employés	<b>183</b>	138	101
Nombre d'agences	<b>9</b>	6	6





**Volksbank**



**Volksbank Leasing**



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# The Volksbank Group in Central Europe



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