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J&T BANKA, a. s.  
Branch of foreign bank

**Interim Individual  
Financial Statements**

compiled in compliance with International  
Accounting Standard IAS 34 Interim  
Financial Reporting, in wording adopted  
by the European Union

**For 9 months ending  
on 30th September 2008**



J&T BANKA  
SLOVAK REPUBLIC  
BRATISLAVA

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**1.1 INFORMATION ABOUT ACTIVITY OF J&T BANKA, a.s., BRANCH OF FOREIGN BANK**

**Total number of employees according to state in records as at 30.9.2008:** 92

**Number of head employees according to state in records as at 30.9.2008:** 8

**Date of incorporation:** 23.11.2005

**Date when banking permit was granted:** Notice of the National Bank of Slovakia on the conditions of operation of the branch in the territory of the Slovak Republic on the basis of single banking permit in compliance with Article 12 Act No. 483/2001 Coll. on Banks and on Modification and Amendment of Certain Laws was issued on 4.11.2005.

**Date of 1st extension of the banking permit:** Notice of the National Bank of Slovakia pursuant to Article 26 Directive 2006/48/ES concerning extension of authorisation to perform banking activities through branch of foreign bank in the territory of the Slovak Republic as of 24.7.2007.

**Date of 2nd extension of the banking permit:** Notice of the National Bank of Slovakia pursuant to Article 26 Directive 2006/48/ES concerning extension of authorisation to perform banking activities through branch of foreign bank in the territory of the Slovak Republic as of 22.2.2008.

**Date of commencement of performance of permitted banking activities:** 6.3.2006

**List of activities being performed according to the granted permit**

As at 30.9.2008, J&T BANKA, a.s., branch of foreign bank, was performing the following activities:

- a) accepting deposits from the public,
- b) granting loans,
- c) payment transaction and clearance,
- d) granting guarantees,
- e) issuance and administration of means of payment,
- f) trading on own account or on account of client in cash in foreign currencies, namely in the extent of trading on own account,
- g) providing bank information,
- h) trading in transferable securities on account of client,
- i) custody and administration of securities.

**List of permitted activities not being performed**

As at 30.9.2008, J&T BANKA, a.s., branch of foreign bank, did not perform the following permitted activities:

- a) financial leasing,
- b) trading on own account or on account of client:
  1. in money market instruments,
  2. in the area of futures,
  3. in transferable securities; namely in the extent of trading on own account,
- c) custody of valuables,
- d) trading on account of client in instruments of money market,
- e) trading on account of client in foreign exchange.

**List of activities performance of which was limited, temporarily suspended or cancelled by the relevant authority**  
J&T BANKA, a.s., branch of foreign bank does not have limited, suspended or cancelled activities.

**Citation of statement part of valid decision, which imposed remedial measure during the calendar quarter-year**  
No valid decision, which would impose remedial measure, was imposed on the J&T BANKA, a.s., branch of foreign bank.

**Citation of statement part of valid decision, which imposed fine during the calendar quarter-year**  
No valid decision, which would impose fine, was imposed on the J&T BANKA, a.s., branch of foreign bank.

**INCORRECT INFORMATIONS**

**1.2 ORGANISATIONAL STRUCTURE OF THE BANK**

Valid as at 30.9.2008

BOARD OF DIRECTORS OF THE BANK								Internal Audit and Inspection Department	TOP Department
FINANCIAL MARKETS AND MARKETING DIVISION	MANAGEMENT AND SALES DIVISION	ECONOMY DIVISION	INFORMATION DIVISION	CONTROLLING DIVISION	BANKING OPERATIONS AND RISKS MANAGEMENT DIVISION	ADMINISTRATIVE DIVISION	BANK'S BRANCH IN THE SR		
Financial Markets Department	Process and Project Management Department	Consolidation Department	Information Systems Department	Controlling Department	Treasury Department	Legal Department	Credit and Loans Department		
Trading on Other Person's Account Section	Human Resources Department		Information Technology Department		Risks Management Department		Banking Operations Department		
Trading on Own Account Section	Private Banking Department		IT Security Section		Credit Risks Management Department		Private Banking Department		
Marketing Department	Private Banking Section				Credit Risk Management Section SR		Back Office PB Section		
	Back Office PB Section				Financial Markets Back Office Department		Economy Department		
	Client Portfolio Management Section				Financial Markets Back Office Section SR		Accounting Section		
	Logistics and Services Department						Reporting Section		
	Credit and Loans Department						Marketing Department		
	Banking Operations Department						Marketing Section		
	Banking Operations and Payment Cards Section						Public Relation Section		
	Int. Payments and Correspondent Banking Section						Legal Department		
	Banking Information Systems Department						Information Technology Department		
	Economy Department						Intranet Section		
	Accounting Section						IT Projects and infrastructure Section		
	Reporting Section						IT Operations Section		
							Human Resources Department		
							Logistics and Services Department		
							Controlling Department		
							Financial Markets Department		

**CORRECT INFORMATIONS**

**1.2 ORGANISATIONAL STRUCTURE OF THE BANK**

Valid as at 30.9.2008

BOARD OF DIRECTORS OF THE BANK										Internal Audit and Inspection Department	TOP Department
FINANCIAL MARKETS AND MARKETING DIVISION	MANAGEMENT AND SALES DIVISION	OPERATING DIVISION	ECONOMY DIVISION	CONSOLIDATION DIVISION	INFORMATION DIVISION	CONTROLLING DIVISION	BANKING OPERATIONS AND RISKS MANAGEMENT DIVISION	ADMINISTRATIVE DIVISION	BANK'S BRANCH IN THE SR		
Financial Markets Department	Human Resources Department	Process and Project Management Department	Economy Department	Consolidation Department	Information Systems Department	Controlling Department	Treasury Department	Legal Department	Credit and Loans Department		
Trading on Other Person's Account Section	Private Banking Department	Banking Operations Department	Accounting Section		Information Technology Department		Risks Management Department	Compliance Officer	Banking Operations Department		
Trading on Own Account Section	Private Banking Section	International Banking Department	Reporting Section		IT Security Section		Credit Risks Management Department	Compliance Officer SR	Private Banking Department		
Client Portfolio Management Department	Back Office PB Section	Logistics and Services Department	Financial Analyse Department				Credit Risk Management Section SR		Back Office PB Section		
Marketing Department	Credit and Loans Department						Financial Markets Back Office Department		Economy Department		
	Banking Information Systems Department						Financial Markets Back Office Section SR		Accounting Section		
									Reporting Section		
									Marketing Department		
									Marketing Section		
									Public Relation Section		
									Legal Department		
									Information Technology Department		
									Intranet Section		
									IT Projects and infrastructure Section		
									IT Operations Section		
									Human Resources Department		
									Logistics and Services Department		
									Controlling Department		
									Financial Markets Department		

## BALANCE SHEET

As at 30th September 2008

## ASSETS

TSKK	notes	as at 30.9.2008	as at 31.12.2007
Cash and cash equivalents	5	33,737	697,139
Receivables from banks	7	233,745	169,309
Receivables from clients	8	16,893,333	12,712,477
Adjusting items for losses from loans	8	(36,241)	-
Property and equipment	9	18,336	22,388
Other assets	11	687	520
Prepayments and accrued incomes		64	514
<b>Total</b>		<b>17,143,661</b>	<b>13,602,347</b>

## LIABILITIES

TSKK	notes	as at 30.9.2008	as at 31.12.2007
Liabilities towards clients	12	11 056 236	8,493,509
Bills of exchange	13	71 015	-
Derivative financial instruments	14	136	34
Other liabilities	15	75 507	26,380
Corporate income tax	16	22 340	36,261
Deferred tax liability	17	41	41
Prepayments and accrued incomes		-	36
<b>Total</b>		<b>11,225,275</b>	<b>8,556,261</b>
Payables towards Head Office	18	5,918,386	5,046,086
<b>Total payables</b>		<b>17,143,661</b>	<b>13,602,347</b>

Financial statements, which contain explanatory notes on pages 10 through 36.

Ing. Monika Céreová  
Head of organisational unit

Ing. Zdenka Labašová  
Economic Section Director

Ing. Mária Rybárová  
Responsible for bookkeeping

**PROFIT AND LOSS STATEMENT FOR PERIOD OF 9 MONTHS**  
**Ending on 30th September 2008**

TSKK	notes	as at 30.9.2008	as at 30.9.2007
Interest income	21	794,455	488,817
Interest expense	22	(444,945)	(286,888)
<b>Net interest income</b>		<b>349,510</b>	<b>201,929</b>
Adjusting items for losses from loans	8	(36,241)	-
<b>Net interest income after considering losses from loans</b>		<b>313,269</b>	<b>201,929</b>
Fee and commission income	23	5,792	1,976
Fee and commission expense	24	(958)	(13,130)
Net trading income / expense	25	14,133	(2,209)
Other income	26	587	356
<b>Operating income</b>		<b>332,823</b>	<b>188,922</b>
General operating expense	27	(101,556)	(55,087)
Depreciation	9	(5,603)	(4,846)
<b>Operating expense</b>		<b>(107,159)</b>	<b>(59,933)</b>
<b>Profit before tax</b>		<b>225,664</b>	<b>128,989</b>
Tax	28	(50,523)	(24,686)
<b>Profit after tax</b>		<b>175,141</b>	<b>104,303</b>

Explanatory notes provided on pages 10 through 36 constitute a part of the present financial statements.

**PROFIT AND LOSS STATEMENT FOR PERIOD OF 3 MONTHS**  
**from 1st July 2008 to 30th September 2008, for 3rd quarter 2008**

TSKK	notes	3 months 1.7. - 30.9.2008	3 months 1.7. - 30.9.2008
Interest income	21	317,342	200,283
Interest expense	22	(168,376)	(114,585)
<b>Net interest income</b>		<b>148,966</b>	<b>85,698</b>
Adjusting items for losses from loans	8	(36,241)	-
<b>Net interest income after considering losses from loans</b>		<b>112,725</b>	<b>85,698</b>
Fee and commission income	23	2,000	611
Fee and commission expense	24	(455)	(4,412)
Net trading income / expense	25	4,501	1,465
Other income	26	355	142
<b>Operating income</b>		<b>119,126</b>	<b>83,504</b>
General operating expense	27	(34,945)	(20,035)
Depreciation	9	(1,973)	(1,636)
<b>Operating expense</b>		<b>(36,918)</b>	<b>(21,671)</b>
<b>Profit before tax</b>		<b>82,208</b>	<b>61,833</b>
Tax		(22,827)	(12,989)
<b>Profit after tax</b>		<b>59,381</b>	<b>48,844</b>

**STATEMENT ON ACCOUNTED REVENUES AND COSTS FOR THE PERIOD OF 9 MONTHS**  
Ended on 30th September 2008

TSKK	9 months by 30.9.2008	9 months by 30.9.2007
Profit for the period	175,141	104,303
Total revenues accounted for the period	175,141	104,303

Explanatory notes provided on pages 10 through 36 constitute a part of the present financial statements.

**CASH FLOW STATEMENT FOR THE PERIOD OF 9 MONTHS  
Ending on 30th September 2008**

TSKK	For the period from 1.1. to 30.9. 2008	For the period from 1.1. to 30.9. 2007
<b>Cash flow from operating activity</b>		
Profit before tax	225,664	128,989
Adjustments for non-cash operations:		
Deprecations	5,603	4,846
<b>Total</b>	<b>231,267</b>	<b>133,835</b>
Increase of receivables from banks	(64,436)	(33,691)
Increase of receivables from clients	(4,144,615)	(4,707,571)
Increase of other assets	(167)	(2,700)
Increase / decrease of prepayments and accrued incomes	450	(671)
Increase of liabilities towards customers	2,562,727	3,293,631
Increase of liabilities from bills of exchange	71,015	-
Decrease / increase of derivative financial instruments with negative real value	102	-
Increase of other liabilities	49,127	20,493
Decrease of prepayments and accrued incomes	(36)	(251)
Paid income tax	(64,445)	(2,305)
<b>Net cash flow from operating activities</b>	<b>(1,359,011)</b>	<b>(1,299,230)</b>
<b>Cash flow from investment activities</b>		
Purchase of property and equipment	(1,550)	(2,703)
Net cash flows used in investing activities	(1,550)	(2,703)
<b>Net cash flows used in investing activities</b>	<b>(1,550)</b>	<b>(2,703)</b>
<b>Cash flows used in financing activities</b>		
Cash provided by Head Office - decrease	697,159	2,369,662
<b>Net cash flows from financing activities</b>	<b>697,159</b>	<b>2,369,662</b>
<b>Net increase / decrease of cash and cash equivalents</b>	<b>(663,402)</b>	<b>1,067,729</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>697,139</b>	<b>30,104</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>33,737</b>	<b>1,097,833</b>

**NET CASH FLOW FROM OPERATING ACTIVITY INCLUDES**

TSKK	For the period from 1.1. to 30.9. 2008	For the period from 1.1. to 30.9. 2007
Interests received	692,055	240,611
Interests paid	(443,042)	(271,065)
<b>Total</b>	<b>249,013</b>	<b>(30,454)</b>

Explanatory notes provided on pages 10 through 36 constitute a part of the present financial statements.

**EXPLANATORY NOTES TO THE INTERIM INDIVIDUAL FINANCIAL STATEMENTS**

For the period of 9 months, which ended on 30th September 2008

**6.1 GENERAL INFORMATION**

J&T BANKA, a.s. branch of foreign bank ("branch") is a branch established in the Slovak Republic. Registered seat of the branch is at Lamačská cesta 3, Bratislava; IČO (Corporate Identification No.): 35 964 693; IČ DPH (VAT Identification No.): SK202 209 2710.

**Founding**

J & T BANKA, a.s., Branch Office of a Foreign Bank was founded by decision of J & T BANKA, a.s. of 14.11.2005 and was incorporated in the Companies Register on 23.11.2005 as organizational unit of a foreign entity company.

List of activities being performed according to the granted permit:

- receiving deposits from the public,
- providing loans,
- payments and clearance,
- providing guarantees,
- issuance and administration of means of payments,
- trading on own its account or on a client's account with cash in foreign currencies,
- particularly to the extent of trading on its own account,
- providing banking information,
- depositing and administration of securities,
- trading with negotiable instruments on a client's account.

List of permitted activities, which are not being executed:

- financial leasing,
- trading on its own account or on a client's account:
  1. In money market instruments,
  2. In the field of futures,
  3. In negotiable instruments; particularly to the extent of trading on its own account,
- depositing valuables,
- trading on a client's account in money market instruments,
- trading on a client's account in foreign exchange

**Organizational unit manager**

Ing. Monika Céreová

**Founder (hereinafter referred to as the "Head Office" or the "bank")**

J&T BANKA, a.s., Pobřežní 297 /14, 186 00 Prague 8, Czech Republic.

**Board of Directors of the Bank**

Chairman: Ing. Patrik Tkáč

Members: JUDr. Ing. Jozef Spišiak, Ing. Kamil Bendák, Štěpán Ašer, MBA

**Members of the Supervisory Board**

Chairman: Ing. Jozef Tkáč

Vice-Chairman: Ing. Ivan Jakabovič

Members: Jozef Šepetka, Ing. Miroslav Minařík, Ing. Dušan Palc, Ing. Mgr. Ondřej Popelka, Ing. Miloslav Čomaj, Ing. Ingrida Láslopová, Ing. Eva Šagátová

J&T BANKA, a.s. – Head Office has recorded registered capital in the amount of CZK 1,838,127,000.

Consolidating unit of accounts: J&T BANKA, a.s., with its seat at Pobřežní 297/14, 186 00 Prague 8, Czech Republic.

The Bank is included in consolidated financial statement of the J&T FINANCE GROUP, a.s., Company, seated Lamačská cesta 3 in Bratislava. Consolidated financial statement for the whole group is being composed by the TECHNO PLUS Company, Public Limited Company seated Donnerova 15, Bratislava. Consolidated financial statements may be acquired directly at the residence of J&T FINANCE GROUP, a.s.

The Board of Directors of the Bratislava Stock Exchange, at its regular meeting held on 20.12.2007, decided of acceptance of the Company J & T BANKA, a.s., Branch Office of a Foreign Bank, for a proper member of the Bratislava Stock Exchange, transferring the proper membership from the Company J&T SECURITIES (SLOVAKIA), o. c. p., a. s.

Proper membership became efficient on 1.2.2008, in compliance with Article 11, Section 11.1 of the Membership Rules.

The Branch started to provide trade services in securities on Slovak market and services of member of the Central Securities Depository on 1.2.2008.

Since 4.3.2008, services were extended by deposit of paper securities and administration of foreign securities.

## **6.2 BASIS FOR ELABORATION OF THE FINANCIAL STATEMENTS**

### **(a) Statement of compliance**

The financial statements have been elaborated in compliance with the International Standard for Financial Reporting IAS 34 in wording adopted by the European Union.

### **(b) Basis for valuation**

The financial statements have been elaborated on the basis of historical prices, except for financial derivatives, which are disclosed in fair value.

### **(c) Functional and presentation currency**

The present financial statements have been elaborated in Slovak Crowns, which are functional currency of the branch. Sums in Slovak Crowns are expressed in thousands except where provided otherwise.

### **(d) Application of estimates and judgements**

Preparation of the financial statements requires the management to make judgements, estimates and assumptions influencing application of accounting procedures and the amount of recorded assets, liabilities, revenues and costs. Actual results can differ from these estimates.

Estimates and related assumptions are being continuously re-assessed. Adjustments of accounting estimates are recorded in the period when the estimate is corrected and in all the future influenced periods.

Information on material areas of uncertainty of estimates and material judgements in used accounting procedures, which have significant influence on the sums disclosed in the financial statements, are described in paragraph 4 and 33 of the explanatory notes.

### 6.3 SIGNIFICANT ACCOUNTING PROCEDURES

Accounting procedures provided below were applied consistently for both periods disclosed in the financial statements.

#### (a) Transactions in foreign currency

Transactions in foreign currency are translated to the Slovak currency by using exchange rate determined in the exchange list of the National Bank of Slovakia, valid on the date of transaction. Cash assets and liabilities in foreign currency are translated by using exchange rate valid as at the date of compilation of the financial statements. Exchange rate differences are accounted for in the Profit and Loss Statement in the item Net trading profit.

#### (b) Interest revenues and costs

Interest revenues and costs are reported in the Profit and Loss Statement by using the method of effective interest rate. Effective interest rate is rate, which exactly discounts estimated future cash payments and incomes during life of financial asset or liability (possibly shorter period of time) to the book value of financial asset or liability. The effective interest rate is determined as at first reporting of financial asset and liability and is not reviewed later.

Calculation of the effective interest rate includes all paid or received fees, transaction costs and discounts or bonuses, which constitutes an inseparable part of the effective interest rate. Transaction costs are incremental costs, which are directly attributable to the acquisition, issuance or exclusion of financial asset or liability.

#### (c) Revenues from and costs on fees and commissions

Revenues from and costs on fees and commissions, which constitute an inseparable part of the effective interest rate of the financial assets and liabilities, are included in the calculation of the effective interest rate.

Other revenues from fees and commissions, including fees for servicing the account, are reported when related services are performed.

Other costs on fees and commission relate mainly to transaction costs and fees for services, which are accounted when services are received.

#### (d) Net trading profit

The net trading profit includes profits reduced by losses connected with assets and liabilities for trading and includes all executed and not executed changes of the fair value, interest, dividends and exchange rate differences.

#### (e) Paid rent

Made payments in operative leasing are proportionally reported in the Profit and Loss Statements during period of duration of the leasing.

#### (f) Income tax

Income tax includes payable and deferred tax. The income tax is reported in the Profit and Loss Statement except for items, which are reported directly in provisions. In such case, these are reported in provisions.

Payable tax is expected tax payable based on taxable incomes for the period recalculated by using the valid tax rate as at the date of compilation of the financial statements, adjusted for sums connected with previous periods.

Deferred tax is calculated by using balance sheet method, when there arises temporary difference between book value of assets and liabilities for the purposes of reporting and values for tax purposes. The deferred tax is calculated by using tax rates at which there is expected that they will be applied to temporary differences in the time of their deduction, on the basis of laws, which were valid or re-enacted on the date as at which financial statements are compiled.

Deferred tax receivable is accounted for only up to the amount of expected tax profits towards which there can be applied not used tax losses and temporary differences. Deferred tax receivables are revaluated as at the date of compilation of the financial statement and reduced in the extent for which it is probable that it will be possible to realize tax profit to which it relates.

**(g) Financial assets and liabilities****(i) Reporting**

The branch primarily reports receivables and payables towards clients as at the date when they arose.

**(ii) Termination of reporting**

The branch will terminate reporting of financial assets when contractual rights for cash flows from financial assets are terminated or it will transfer contractual rights to cash flows from financial assets by transfer of a substantial part of risks and rewards arising from ownership of financial assets.

The branch will terminate reporting of financial liability, if the contractual liability is fulfilled, cancelled or its validity terminates.

The branch will also terminate reporting of a certain asset when it depreciates balances pertaining to the asset, which is deemed as irrecoverable.

**(iii) Compensation**

Financial assets and liabilities are mutually set-off and their net value is reported in the Balance Sheet when and only when the branch has the right to compensate such balances and intends to pay, on net basis, or to sell assets and pay the liability at the same time.

Revenues and costs are reported on net basis only if allowed by accounting standards, or in case of profits and losses resulting from a group of similar transactions, as for example in business activity of the branch.

**(iv) Valuation in amortization value**

Amortization value of financial asset or liability is a sum in which the asset or liability is valued as at the primary reporting, reduced by instalments of principal, reduced or increased by cumulated amortization value of difference between the primarily reported value and value as at maturity while using the effective interest rate and reduced by losses from value reduction.

**(v) Valuation in fair value**

Fair values of financial assets and financial liabilities are determined on the basis of quoted market prices or determined prices from dealer for financial instruments being traded on active markets. For all the other financial instruments, the fair value is determined by using valuation methods. Valuation methods include the method of discounted cash flows, comparison with similar instrument for which there exists market price, and valuation models. The branch is using accepted valuation models for determination of fair value of common financial instruments such as options, interest and currency swaps. For these financial instruments, inputs for models are being established on the market.

**(vi) Identification and valuation of decrease in value**

As at the date of compilation of the financial statements, the branch is establishing whether there exists an objective evidence of decrease in value of financial asset not reported in the fair value through the Profit and Loss Statement. Financial asset shows signs of reduction in value when there exists objective evidence of loss event, which occurred after the primary reporting of asset, and such loss has impact on the future cash flow from assets and such impact can be reliably estimated.

The branch takes into account an evidence of reduction in value at the level of individual asset, as well as at the level of groups of assets. For every individually significant financial asset, there is considered loss from reduction of value at case-by-case basis.

Objective evidence of reduction of value of financial asset (including shares) can include significant financial problems or breach of contract by debtor; economic or legal reasons concerning financial difficulties of the debtor; discount of the creditor granted to the debtor which the creditor would not consider otherwise; probability that the debtor or issuer declares bankruptcy; cessation of active market for the relevant security or other data relating to a group of assets, such

as unfavourable changes in payment condition of debtors or issuers in the group, or unfavourable changes of economic conditions, which are connected with significant financial problems in the group.

Losses from reduction of value of assets reported in amortisation value are calculated as a difference between book value of financial asset and the current value of estimated future cash flows discounted by the original effective interest rate of the relevant asset. Losses from reduction of value are reported in the Profit and Loss Statement and they decrease the value of receivables. Interest on asset with reduced value is still reported via cancellation of discount.

If future event causes that the loss from reduction of value decreases, such decrease is re-accounted through the Profit and Loss Statement.

**(h) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, free funds on accounts in the National Bank of Slovakia and current accounts in other banks, which are not exposed to significant risk of change of their fair value and which are used by the branch in short-term payables management.

Cash and cash equivalents are reported in the Balance Sheet in amortisation value.

**(i) Derivative financial instruments**

Derivative financial instruments, which include currency forwards and options, are primarily reported in the Balance Sheet in purchase cost (including transaction costs). Subsequently, they are valued at fair values. Fair values are determined on the basis of quoted market prices or on the basis of discounted cash flows. Positive fair value of derivatives is reported as asset and negative fair value is reported as liability.

Changes in fair value of derivatives are included in Net trading profit.

**(j) Receivables**

Receivables are non-derivative financial asset with fixed or determinable instalments, the price of which is not determined by active market, and the branch does not intend to sell them immediately or in short time.

Receivables are primarily reported in fair value together with incremental direct transaction costs and subsequently valued at their amortization value while using the method of effective interest rate.

**(k) Property and equipment****(i) Reporting and valuation**

Items of property and equipment are valued at prices of cost reduced by depreciations and losses from loss of value.

Purchase cost includes expenses, which are directly attributable to acquisition of the relevant asset. Bought software, which creates an inseparable part of value in use of related equipment, is reported as a part of the relevant equipment.

If parts of items of asset have different periods of usability, they are accounted separately as main parts of property and equipment.

**(ii) Follow-up costs**

Item of property and equipment is reported in reproduction purchase cost if it is probable that future economic benefits connected with the relevant item of property will flow to the branch and costs can be reliably measured. Costs connected with common maintenance of property and equipment are reported in the Profit and Loss Statement at the time of their origin.

**(iii) Depreciation**

Depreciations are reported in the Profit and Loss Statement on even basis during the estimated period of usability of every item of property and equipment.

Estimated periods of usability for current and comparison accounting period are as follows:

Furniture, equipment and facilities	5 - 10 years
Software and other immovable assets	3 - 5 years

Deprecation methods, period of usability and residual values are revaluated as at the date of compilation of the financial statements.

**(l) Reduction in value of non-financial assets**

Book value of non-financial assets of the branch, other than the deferred tax receivable, is revaluated as at the date of compilation of the financial statements in order to establish whether there exists any sign of reduction in value of assets. If there is detected sign of reduction in value of assets, there is subsequently estimated the sum, which can be obtained from the relevant asset.

Loss from reduction of value is reported, if book value of asset or unit creating cash exceeds its value, which can be obtained. Unit creating cash funds is the smallest identifiable group of assets, which creates cash incomes, which largely depend on other asset or groups of assets.

Losses from reduction of value are reported directly in the Profit and Loss Statement. Losses from reduction of value reported in connection with units creating cash are primarily accounted for as reduction of book value of goodwill falling on these units and thereafter they are accounted for as reduction of book value of other assets in the unit (group of units) on proportional basis.

The sum, which can be obtained from the relevant asset or unit and which creates cash, is either net selling price or usable value of unit, whichever is higher. In case of usable value of asset, the estimate of future cash flow is discounted to their current value by using discount rate before taxation, which reflects current market valuation of time value of cash and risks specified for the relevant asset.

Losses from reduction of value reported in previous periods are revaluated as at the date of compilation of the financial statements, if there is a sign of reduction of loss or that the loss not longer exists. Losses from reduction of value can be debited from account, when occurred change in the estimate used for determination of the sum, which can be obtained from the relevant asset. Reduction of value can be debited from account only up to the sum of net book value, which the asset would have if reduction of value is not reported.

**(m) Payables towards clients and payables towards the Head Office**

Payables towards clients and payables towards the Head Office are the main sources of financing of the branch.

Payables towards clients and payables towards the Head Office are primarily valuated at fair value increased by transaction costs and subsequently valuated at amortization value, including time accruals and deferrals of interest, while using the effective interest rate.

**(n) Provisions**

Provision is created if there exists legal or objective duty for the branch to fulfil an obligation, which results from past event and impact of which can be reliably estimated and it is probable that the obligation will be fulfilled and will require spending of resources providing economic benefits. Provisions are calculated by discounting of expected cash flows by using discount rate before taxation, which reflects the current market valuation of time value of cash and, if necessary, of risks specific for the relevant asset.

Provision for unfavourable contracts is reported, if necessary costs on fulfilment of obligations according to the contract exceed economic benefits, which, according to expectation, will be received on the basis of such contract. Provision is valuated at lower sum of costs on fulfilment of the contract and any compensations or penalties arising from failure to comply with the contract. Before creation of the provision, the branch reports reduction in value of asset connected with the unfavourable contract.

**(o) Employee benefits****Short-term employee benefits**

Payables from short-term employee benefits are valued at not discounted base and they are accounted for in costs in the time when the related service is provided.

Provision is reported in the value, which is expected to be paid as short-term money bonus or within the schemes of profit sharing, when the branch has current contractual or off-contract obligation to pay such sum as a result of service provided in the past by employees and such service can be reliably valued.

**(p) New standards and interpretations, which are not in effect yet and have not been applied**

Several new standards, amendments to standards and interpretations are not effective yet as at 30th September 2008 and were not applied at this financial statement composition:

- IFRS 8 Operating Segments, the standard will require disclosure of information about operating segments of the company, which the management monitors during operational decisions. Operating segments are parts of the company about which there is available financial information, which is being regularly evaluated by persons with decision-making competence within the framework of deciding on distribution of resources and determination of performance. IFRS 8 will be in effect from 1st January 2009 and the branch does not expect that the new standard will be relevant for its activities.
- Revised IAS 1 Presentation of Financial Statements will require aggregation of information in the financial statements according to common characteristics and implementation of statement of aggregate trading income. Items of revenues and costs and components of the aggregate trading income can be presented either in one statement of aggregate trading income with subtotals, or in two separate statements (separate Profit and Loss Statement followed by statement of aggregate trading income). The revised IAS 1 will be in effect from 1st January 2009. The branch is currently assessing the impact of the relevant standard.
- Revised IAS 23 Borrowing costs. The revised standard will require capitalization of borrowing costs, which are connected with assets, which requires longer time for putting into use or sale. The revised IAS 23 will be in effect from 1st January 2009 and it is not relevant for activities of the branch since the branch has no assets for which borrowing costs can be capitalized.
- IFRIC 11 IFRS 2 Group and Treasury Share Transactions will require accounting of payment transactions on the basis of shares in which units of account accept goods or services as a consideration for issue of own property securities, as payments derived from shares, without regard to how the required property securities are acquired. It also guides accounting of payment transactions on the basis of shares in which suppliers of goods or services of the unit of accounts will receive property instruments of the parent company of the unit of accounts, which should be reported in the financial statements as settled in cash or by property securities. Interpretation will be valid for the financial statements of the branch for the year 2008 and it is not expected that it will have influence on the financial statements.

## **6.4 APPLICATION OF ESTIMATES AND JUDGEMENTS**

These statements complement comments to financial risk management provided in paragraph 32 of the explanatory notes.

### **Key sources of uncertainty in estimates**

Asset accounted for at amortisation value is valued in connection with possible reduction of value on the basis of accounting procedures 3 (g) (vi).

### **Adjusting items for reduction of value of receivables**

The branch management assesses receivables in connection with reduction of value on the case-by-case basis on the basis of the best estimate of the current value of cash flows, which the branch expects. When estimating these cash flows, management makes judgements on the financial situation of the party to contract and on net selling price of security. Every reduction of value of assets is assessed according to own measures, recovery strategy, and estimate of recoverable cash flows is approved by member of the Board of Directors of the bank responsible for credit risk management.

### **Determination of fair value**

Determination of fair value of financial assets and liabilities, for which market price is not know, requires application of valuation techniques, which are described in paragraph 3 (g) (v) of the explanatory notes. For financial instruments, which are traded rarely and which are not transparent with regard to the price, the fair value is less objective and requires several levels of considerations based on liquidity, concentration, uncertainty of market factors, price assumptions and other risks influencing the relevant instrument.

## 6.5 CASH AND CASH EQUIVALENTS

TSKK	as at 30.9.2008	as at 31.12.2007
Cash in hand and accounts in the Central Bank (paragraph 6 of explanatory notes)	33,670	17,743
Receivables towards banks with contractual maturity up to 3 months (paragraph 7 of explanatory notes)	67	679,396
<b>Total</b>	<b>33,737</b>	<b>697,139</b>

## 6.6 CASH IN HAND AND ACCOUNTS IN CENTRAL BANK

TSKK	as at 30.9.2008	as at 31.12.2007
Receivables towards the National Bank of Slovakia		
Compulsory minimum provisions	233,745	169,309
Other	35	35
<b>Total</b>	<b>233,780</b>	<b>169,344</b>
Cash in hand	33,635	17,708
<b>Total</b>	<b>267,415</b>	<b>187,052</b>
Minus compulsory minimum provisions (paragraph 7 of explanatory notes)	(233,745)	(169,309)
<b>Total</b>	<b>33,670</b>	<b>17,743</b>

Obligatory minimum reserves are kept in the amount determined by the provision of National Bank of Slovakia and are not intended for everyday use.

## 6.7 RECEIVABLES FROM BANKS

TSKK	as at 30.9.2008	as at 31.12.2007
Mature on demand	67	679,396
Other loans and receivables according to residual period of maturity: up to 3 months	233,745	169,309
Obligatory minimum reserves (Point 6 of the Notes)	233,812	848,705
Less receivables with contractual maturity period up to 3 months (Point 5 of the Notes)	(67)	(679,396)
<b>Total</b>	<b>233,745</b>	<b>169,309</b>

## 6.8 RECEIVABLES FROM CLIENTS

TSKK	as at 30.9.2008	as at 31.12.2007
<b>Other loans and receivables towards clients</b>		
With residual period of maturity:		
- up to 3 months	4,648,680	1,692,035
- from 3 months up to 1 year	10,882,709	10,141,787
- from 1 year up to 5 years	1,049,251	878,655
- above 5 years	312,693	
<b>Total</b>	<b>16,893,333</b>	<b>12,712,477</b>

The branch has receivables in the following categories:

TSKK	as at 30.6.2008	as at 31.12.2007
Legal entities – non-residents	6,615,852	5,276,959
Community, social and personal services	140,796	3,978,494
Activities in the field of real estates and business activities	2,590,144	1,287,309
Commerce and services	7,188,081	1,256,679
Health care and social help	157,586	499,973
Households and population	200,874	413,063
<b>Total</b>	<b>16,893,333</b>	<b>12,712,477</b>

Receivables towards clients according to countries:

TSKK	as at 30.9.2008	as at 31.12.2007
Slovak Republic	10,277,481	7,435,518
Cyprus	6,293,135	4,452,796
British Virgin Islands	215,874	579,534
Nederland	-	145,775
Great Britain	44,104	98,854
Czech Republic	62,739	-
<b>Total</b>	<b>16,893,333</b>	<b>12,712,477</b>

Security to receivables towards clients is as follows:

TSKK	as at 30.9.2008	as at 31.12.2007
Bills of exchange	6,257,016	9,574,536
Real estates	5,971,385	2,361,036
Securities	4,497,377	206,757
Third person guarantee	336,237	102,916
Money deposits	-	6,867
Other	269,091	303,205
<b>Total</b>	<b>17,331,106</b>	<b>12,555,317</b>

**Credit exposure concerning financial assets, which are not after maturity date and do not record signs of loss of value**

TSKK	as at 30.9.2008	as at 31.12.2007
Receivables from banks	233,745	169,309
Receivables from clients	15,976,071	12,711,429
<b>Total</b>	<b>16,209,816</b>	<b>12,880,738</b>

**Age structure of un-depreciated financial assets after maturity period as at 30th September 2008**

TSKK	within maturity	up to 1 month after maturity	Total
Receivables towards banks	233,745	-	233,745
Receivables towards clients	15,976,071	485	16,013,856
<b>Total</b>	<b>16,209,816</b>	<b>485</b>	<b>16,247,601</b>

**Age structure of un-depreciated financial assets after maturity period as at 31st December 2007**

TSKK	within maturity	up to 1 month after maturity	Total
Receivables towards banks	169,309	-	169,309
Receivables towards clients	12,711,429	1,048	12,712,477
<b>Total</b>	<b>12,880,738</b>	<b>1,048</b>	<b>12,881,786</b>

Receivables towards banks are kept until maturity.

**Age structure of financial assets with reduction of value as at 30th September 2008**

TSKK	Within maturity	Adjusting item	Reduced value
Receivables towards clients	916,777	(36,241)	880,536
<b>Total</b>	<b>916,777</b>	<b>(36,241)</b>	<b>880,536</b>

**Adjusting items are created to receivables towards clients from the following countries**

TSKK	as at 30.9.2008	as at 31.12.2007
Slovak Republic	(9,665)	-
Cyprus	(26,576)	-
<b>Total</b>	<b>(36,241)</b>	<b>-</b>

**Adjusting items are created to receivables towards clients from the following sectors**

tis. Sk	k 30.9.2008	k 31.12.2007
Legal entities - non-residents	(26 576)	-
Trade and services	(9 665)	-
<b>Total</b>	<b>(36 241)</b>	<b>-</b>

**Security received for financial assets after maturity**

TSKK	as at 30.9.2008		as at 31.12.2007	
	Book value	Fair value	Book value	Fair value
Pledge for real estate	5,722	8,452	1,048	2,040
Accepted security - securities	520	12,800	-	1,300
Other pledge rights	-	-	-	2,413
<b>Total</b>	<b>6,242</b>	<b>21,252</b>	<b>1,048</b>	<b>5,753</b>

**Security received for financial assets with reduction of value**

TSKK	as at 30.9.2008		as at 31.12.2007	
	Book value	Fair value	Book value	Fair value
Security received - securities	916,777	2,481,592	-	-
<b>Total</b>	<b>916,777</b>	<b>2,481,592</b>	<b>-</b>	<b>-</b>

## 6.9 PROPERTY AND EQUIPMENT

TSKK	Facilities and equipment	Software	Non-operatin Tangible assets	Acquisition of property	Total
<b>Purchase price</b>					
As at 31st December 2007	5,684	24,625	-	2,390	32,699
Accruals	400	3,172	368	-	3,940
Outflows	-	-	-	(2,390)	(2,390)
<b>As at 30th September 2008</b>	<b>6,084</b>	<b>27,797</b>	<b>368</b>	<b>0</b>	<b>34,249</b>
<b>Depreciations</b>					
As at 31st December 2007	(1,889)	(8,421)	-	-	(10,310)
Amortization for 9 months	(1,167)	(4,421)	(15)	-	(5,603)
Outflows	-	-	-	-	-
<b>As at 30th September 2008</b>	<b>(3,056)</b>	<b>(12,842)</b>	<b>(15)</b>	<b>-</b>	<b>(15,913)</b>
<b>Residual value</b>					
<b>As at 30th September 2008</b>	<b>3,028</b>	<b>14,955</b>	<b>353</b>	<b>-</b>	<b>18,336</b>
As at 31st December 2007	3,795	16,204	-	2,390	22,388

Property and equipment are insured against theft and natural disasters. Contract was concluded with the Head Office J&T Banka a.s., in Prague, and includes the branch.

## 6.10 OPERATIVE LEASING

The branch concluded leasing contracts with the following periods of notice:

TSKK	Period of notice	Amount of instalment during period of notice in TSKK
Commercial lease of movable items (furniture)	1 month	87
Charter of motor vehicles	1 month	440
Tenancy of non-residential premises	3 months	2,245
<b>Tenancy of non-residential premises</b>		<b>2,772</b>

## 6.11 OTHER ASSETS

TSKK	as at 30.9.2008	as at 31.12.2007
Provided advances	282	127
Other receivables	405	393
<b>Total</b>	<b>687</b>	<b>520</b>

## 6.12 LIABILITIES TOWARDS CLIENTS

TSKK	as at 30.9.2008	as at 31.12.2007
Mature on demand	1,098,648	3,286,074
Other payables towards clients with agreed maturity or period of notice according to residual period of maturity:		
- up to 3 months	7,697,207	3,627,026
- from 3 months up to 1 year	2,260,381	1,580,409
<b>Total</b>	<b>11,056,236</b>	<b>8,493,509</b>

## 6.13 BILLS OF EXCHANGE

TSKK	as at 30.9.2008	as at 31.12.2007
Bills of exchange by residual maturity period		
- up to 3 months	71,015	-
<b>Total</b>	<b>71,015</b>	<b>-</b>

## 6.14 NEGATIVE FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

TSKK	as at 30.9.2008	as at 31.12.2007
Currency forwards	136	34
<b>Total</b>	<b>136</b>	<b>34</b>

## 6.15 OTHER LIABILITIES

TSKK	as at 30.9.2008	as at 31.12.2007
Various creditors	97	16,579
Employees	5,395	6,239
Social fund	141	93
Other taxes	7,244	3,469
Outgoing payments to clearing centre	60,582	-
Other liabilities	2,048	-
<b>Total</b>	<b>75,507</b>	<b>26,380</b>

Movements on the account of social fund were as follows:

TSKK	as at 30.9.2008	as at 31.12.2007
As at 1st January	93	36
Creation	200	227
Drawing	(152)	(170)
<b>Total</b>	<b>141</b>	<b>93</b>

### 6.16 LEGAL ENTITIES INCOME TAX

TSKK	as at 30.9.2008	as at 31.12.2007
Mature income tax (Point 28 of Notes)	50,523	37,636
Advance payments for income tax	(28,183)	(1,375)
<b>Total</b>	<b>22,340</b>	<b>36,261</b>

### 6.17 DEFERRED TAX LIABILITY

Deferred tax payable relates to the following items:

TSKK	as at 30.9.2008	as at 31.12.2007
Property and equipment	41	41
<b>Total</b>	<b>41</b>	<b>41</b>

The deferred tax payable is calculated by using the corporate income tax rate in the amount of 19%.

### 6.18 LIABILITIES TOWARDS HEAD OFFICE

TSKK	Funds granted by the Head Office	Retained profit/ cumulated loss	Total
As at 1st January 2007	2,769,980	5,183	2,775,163
Funds provided by Head Office	2,118,147	(5183)	2,112,964
Profit 2007	-	157,959	157,959
<b>As at 31st December 2007</b>	<b>4,888,127</b>	<b>157,959</b>	<b>5,046,086</b>
Funds provided by Head Office (decrease)	855,118	(157,959)	791,628
Profit 2008 (for 9 months)	-	175,141	175,141
<b>As at 30th September 2008</b>	<b>5,743,245</b>	<b>175,141</b>	<b>5,918,386</b>

The Head Office provides funds to the branch according to the current financial need in the required currency. Current interest rates are as follows:

Currency	Interest rate p.a.
Swiss Frank	0.25%
Czech Koruna	3.50%
Euro	4.25%
Pound Sterling	5.00%
Russian Rouble	7.88%
Slovak Koruna	4.25%
US Dollar	2.00%

Funds do not have fixed date of repayment.

### 6.19 OFF-BALANCE SHEET ITEMS

TSKK	as at 30.9.2008	as at 31.12.2007
Off-Balance Sheet liabilities		
Guarantees	121,124	16,852
Off-Balance Sheet contractual obligations		
Confirmed credit lines	519,984	768,107
<b>Total</b>	<b>641,108</b>	<b>784,959</b>

The branch does not have the right to cancel confirmed loan promises unilaterally; amendment to contract with relevant client must precede cancellation of confirmed loan promise.

### 6.20 VALUES ACCEPTED FOR CUSTODY

TSKK	as at 30.9.2008	as at 31.12.2007
Values accepted for custody – securities	1,892,408	-
<b>Total</b>	<b>1,892,408</b>	<b>-</b>

### 6.21 INTEREST INCOME

TSKK	as at 30.9.2008	as at 30.9.2007
Receivables from clients	765,609	457,935
National Bank of Slovakia	2,200	1,743
Other	26,646	29,139
<b>Total</b>	<b>794,455</b>	<b>488,817</b>

TSKK	1.7. - 30.9.2008	1.7. - 30.9.2007
Receivables from clients	304,500	188,890
National Bank of Slovakia	811	613
Other	12,031	10,780
<b>Total</b>	<b>317,342</b>	<b>200,283</b>

### 6.22 INTEREST EXPENSE

TSKK	as at 30.9.2008	as at 30.9.2007
Liabilities towards clients	297,883	183,496
Liabilities towards Head Office	144,934	103,386
Bills of exchange	1,665	-
Notary custodies	463	6
<b>Total</b>	<b>444,945</b>	<b>286,888</b>

TSKK	1.7. - 30.9.2008	1.7. - 30.9.2007
Liabilities towards clients	112,009	68,994
Liabilities towards Head Office	55,559	45,590
Bills of exchange	808	-
Notary custodies	-	1
<b>Total</b>	<b>168,376</b>	<b>114,585</b>

**6.23 FEE AND COMMISSION INCOME**

TSKK	as at 30.9.2008	as at 30.9.2007
Clients	5,631	1,576
Other	161	400
<b>Total</b>	<b>5,792</b>	<b>1,976</b>

TSKK	1.7. - 30.9.2008	1.7. - 30.9.2007
Clients	1,930	611
Other	70	-
<b>Total</b>	<b>2,000</b>	<b>611</b>

**6.24 FEE AND COMMISSION EXPENSE**

TSKK	as at 30.9.2008	as at 30.9.2007
Payment system	926	455
Other	32	12,675
<b>Total</b>	<b>958</b>	<b>13,130</b>

TSKK	1.7. - 30.9.2008	1.7. - 30.9.2007
Payment system	443	187
Other	12	4,225
<b>Total</b>	<b>455</b>	<b>4,412</b>

## 6.25 NET TRADING INCOME / EXPENSE

TSKK	as at 30.9.2008	as at 30.9.2007
<b>Incomes from foreign currency operations</b>		
Spot operations	1,880	53,299
Exchange differences	40,672	261,663
Financial derivatives	2,817	237,343
<b>Total</b>	<b>45,369</b>	<b>552,305</b>
<b>Expenses for foreign currency operations</b>		
Spot operations	10,276	18,857
Exchange differences	17,904	277,410
Financial derivatives	3,056	258,247
<b>Total</b>	<b>31,236</b>	<b>554,514</b>
<b>Net trading profit/loss</b>	<b>14,133</b>	<b>(2,209)</b>

TSKK	1.7. - 30.9.2008	1.7. - 30.9.2007
<b>Incomes from foreign currency operations</b>		
Spot operations	535	29,421
Exchange differences	11,190	65,995
Financial derivatives	653	51,725
<b>Total</b>	<b>12,378</b>	<b>147,141</b>
<b>Expenses for foreign currency operations</b>		
Spot operations	1,663	1,052
Exchange differences	5,441	95,345
Financial derivatives	773	49,279
<b>Total</b>	<b>7,877</b>	<b>145,676</b>
<b>Net trading profit/loss</b>	<b>4,501</b>	<b>1,465</b>

## 6.26 OTHER INCOME

TSKK	as at 30.9.2008	as at 30.9.2007
Other operating income	587	356
<b>Total</b>	<b>587</b>	<b>356</b>

TSKK	1.7. - 30.9.2008	1.7. - 30.9.2007
Other operating income	355	142
<b>Total</b>	<b>355</b>	<b>142</b>

## 6.27 GENERAL OPERATING EXPENSE

TSKK	as at 30.9.2008	as at 30.9.2007
<b>Personal costs</b>		
Wage costs	37,245	28,194
Social security costs	10,585	7,660
Other personnel costs	1,039	761
<b>Total</b>	<b>48,869</b>	<b>36,615</b>
Other operating costs	52,687	18,472
<b>Total</b>	<b>101,556</b>	<b>55,087</b>

Total average number of Branch Office employees as at 30th September 2008 was 86 (2007: 68) including 8 management members (2007: 11).

TSKK	1.7 - 30.9.2008	1.7 - 30.9.2007
<b>Personal costs</b>		
Wage costs	12,362	10,097
Social security costs	3,757	2,940
Other personnel costs	391	304
<b>Total</b>	<b>16,510</b>	<b>13,341</b>
Other operating costs	18,435	6,694
<b>Total</b>	<b>34,945</b>	<b>20,035</b>

## 6.28 TAX

TSKK	as at 30.9.2008	as at 30.9.2007
<b>Reported in Profit and Loss Statement:</b>		
Payable income tax (paragraph 16 of explanatory notes)	50,523	24,686
<b>Total</b>	<b>50,523</b>	<b>24,686</b>

## 7.29 TRANSACTIONS WITH RELATED PARTIES – GENERAL

Related parties shall mean subjects controlling the Branch Office or controlled by the Branch Office, or if one party has decisive influence on the other party in decisioning of financial and operating activity. The Branch Office is controlled by J&T BANKA, a.s., Prague (company incorporated in Czech Republic).

The tables below are showing outstanding balances and summary of transactions of the Branch Office with general related parties and persons with special relationship (Point 30 of Notes). All transactions with these persons were executed under standard market conditions.

Companies identified as general related parties are the following:

- (a) Parent and affiliated companies. This category includes J&T FINANCE GROUP, a.s., shareholders of J&T FINANCE GROUP, a.s., and affiliated companies not included in consolidated reports due to majority ownership.
- (b) Management and companies owned by the management.

### (a) Parent and Affiliated Companies

Related parties belonging to the category of Parent and Affiliated Companies are listed summarily.

TSKK	as at 30.9.2008	as at 31.12.2007
Receivables	360,619	501,425
Liabilities	629,262	1,691,574
Certified standby credits	-	2,807

TSKK	as at 30.9.2008	as at 30.9.2007
Incomes	28,464	148,121
Expenses	18,788	206,387

List of related parties, which belong to the category "Parent and daughter companies" are provided in aggregate:

Year 2008	Year 2007
Barton & Lloyd Investment, spol. s.r.o.	Barton & Lloyd Investment, spol. s.r.o.
J&T Securities, s.r.o.	J&T Securities, s.r.o.
JT Corporate Finance Slovakia, a.s.	J&T ASSET MANAGEMENT, a.s.
(J&T SECURITIES (SLOVAKIA), o.c.p., a.s.)	J&T FACILITY MANAGEMENT, s.r.o.
J&T Private Equity B.V.	J&T FINANCE GROUP a.s.
J&T ASSET MANAGEMENT, a.s.	J&T FINANCIAL SERVICES LIMITED
J&T BFL Anstalt	J&T Hotels Management, s.r.o.
J&T FACILITY MANAGEMENT, s.r.o.	J&T International Anstalt
J&T FINANCE a.s.	J&T Investment Pool - I - SKK, a.s.
J&T FINANCE a.s. - organizačná zložka	J&T Private Equity B.V.
J&T FINANCE GROUP a.s.	J&T REAL ESTATE, a.s.
J&T GLOBAL SERVICES LIMITED	J&T SECURITIES (SLOVAKIA), o.c.p., a.s.
(J&T FINANCIAL SERVICES LIMITED)	J&T SERVICES, s.r.o.
J&T Hotels Management, s.r.o.	Jakabovič, Ivan Ing.
J&T International Anstalt	KOLIBA REAL s.r.o.
J&T Investment Pool - I - SKK, a.s.	Logistics development s.r.o.
J&T REAL ESTATE, a.s.	Slovenský odpadový priemysel, a.s.
J&T Sport Team	SUPPORT & REAL, a.s.
Jakabovič, Ivan Ing.	TECHNO PLUS, verejná obchodná spoločnosť
KOLIBA REAL s.r.o.	Tkáč, Jozef Ing.
Logistics development s.r.o.	Západoslovenské žriedla, a.s.
Slovenský odpadový priemysel, a.s.	ZST a.s.
SUPPORT & REAL, a.s.	
TECHNO PLUS, verejná obchodná spoločnosť	
Tkáč, Jozef Ing.	
United Energy Trading, a.s., organizačná zložka	
ZST a.s.	

**(b) Management and Companies owned by it**

Transactions with related parties interconnected via management, Branch Office and Group employees are listed summarily.

	as at 30.9.2008	as at 31.12.2007
TSKK		
Receivables	984,933	4,333,430
Liabilities	64,476	164,061
Guarantees	-	8,401
Certified standby credits	-	250,632

	as at 30.9.2008	as at 30.9.2007
TSKK		
Incomes	49,645	196,149
Expenses	2,022	1,701

**7.30.A TRANSACTIONS WITH RELATED PARTIES – PERSONS WITH SPECIAL RELATIONSHIP**

Persons with special relationship include clients, the J&T FINANCE GROUP, a.s., has concluded contract with, concerning share in the profits from client's projects financed by the Branch Office. Nature of relations with these companies is described in the table enlisting summary of balances and their transactions.

Branch Office concluded transactions with persons concluding contracts on share in the profits with J&T FINANCE GROUP, a.s. According to these contracts, J&T FINANCE GROUP, a.s. is providing the companies with structured and project management. For these activities, a marked part of share in the profits executed by the client in project, flows to the company.

Even if J&T FINANCE GROUP, a.s. is not owning the given companies, these are included in the consolidated financial statements of J&T FINANCE GROUP, a.s., as the J&T FINANCE GROUP, a.s. is entitled to acquire a market part of profit flowing from activities of the given companies.

TSKK	as at 30.9.2008	as at 31.12.2007
Receivables	8,911,515	3,916,299
Liabilities	110,048	86,823
Guarantees	108,124	8,451
Certified standby credits	22,207	376,809

TSKK	as at 30.9.2008	as at 30.9.2007
Incomes	385,504	147,434
Expenses	11,032	16,978

### 6.31 TRANSACTIONS WITH RELATED PARTIES – MANAGEMENT

#### Management

Receivables and liabilities as at 30th September towards members of the management, their close relatives or companies having important influence in, are the following:

TSKK	as at 30.9.2008	as at 31.12.2007
<b>Assets</b>		
Receivables from clients	5,817	3,084
<b>Liabilities</b>		
Liabilities towards clients	7,080	1,667

TSKK	as at 30.9.2008	as at 30.9.2007
<b>Incomes</b>		
Interest income	411	60
<b>Expenses</b>		
Interest expense	123	81

In the course of 2008 and 2007, the Branch Office did not record any losses from loans provided to related persons, neither create adjusting entries to losses from such loans.

## 6.32 RISK MANAGEMENT

As a Branch Office of J&T BANKA, a.s., a part of risks of the Branch Office is managed and controlled by the Head Office. Procedures described below include procedures and methods of J&T BANKA, a.s., connected with the Branch Office risk management.

Utilizing financial instruments, the Branch Office is exposed to the following risks:

- credit risk,
- liquidity risk,
- market risk,
- operation risk.

**Information on exposure to the particular risks, goals, approach and processes for risk measurement and management are enlisted below.**

### (a) Credit risk

The Branch Office is exposed to credit risk, i.e. risk that the other contracting party will not be able to pay the debt amount in the time of its maturity. The Branch Office is managing credit risk by means of:

- a) application of established clear rules of individual credit risk management,
- b) credit portfolio risk management.

Furthermore, the Branch Office is determining procedure for evaluation of credit risk of counterparty or issued debt within the bank internal rating. The Branch Office may not utilize only credit assessment elaborated by renowned rating companies. These companies are namely evaluating only the more important companies, which applies more markedly for the territories of Czech and Slovak Republic, where the bank is operating. Therefore, the Branch is utilizing the internal rating system. This is proceeding from the credit scale of the S&P Company or Moody's, eventually.

The counterparties or issued debts, which are not carrying credit class from any of the renowned rating agencies (including Dun & Bradstreet and rating of Moody's Central Europe a.s.), are subject to business risk scoring of the client or credit risk of the bank. On the basis of its result, the counterparty or the issued debt is determined its credit evaluation in the bank internal rating in the extent of speculative classes of the S&P scale.

Bank rules for exposure to credit risk include:

- a) determination of limits for the risk level accepted in connection with one debtor or group of debtors, based especially on legislation requirements;
- b) strict crediting rules;
- c) rules for credit providing and monitoring;
- d) rules for recovery of loans after maturity.

Total exposure towards single client or group of clients includes all products with credit risk and the particular limits may be altered as a result of deterioration of financial or other position. Utilization of limits shall be watched monthly. For detailed information concerning credit risk, see Point 8 of Notes.

### Loan Security Evaluation

In general, the Branch Office shall require securing of credit receivables of some debtors prior to loan providing. The bank shall consider the following types of security as acceptable:

- cash,
- securities,
- credible receivables,
- banker's guarantees,
- guarantee of a credible third party,
- real estates,
- machines and equipment.

At determination of the realizable security value, the Branch Office is proceeding from expert opinions or internal bank evaluations, eventually.

#### **Liabilities from Standby Credits and Contingent Liabilities**

Primary goal of the Branch Office at standby credits granting is to provide that a customer has the accessible finances in case of need. Contingent liabilities represent irrevocable guarantees that the Branch Office will execute payment, in case a customer is not able to fulfill its liabilities towards third party and represent the same credit risk as loans.

#### **Management of Risks Resulting from Transactions with Clients**

The Branch Office analyzed the recent development on international financial and capital markets and its possible impact on:

- business activities of the company, also in connection with ability of the Branch Office to continue further in its activity (so called going concern);
- particular items reported in the submitted financial statement, especially in terms of adequacy of their evaluation, consideration of uncertainty connected with executed estimates and eventual error in this financial statement resulting there from; and
- important risks (credit risk, liquidity risk etc.) and uncertainty connected with analysis of influence of change of assumptions influencing the impact of enlisted risks.

On the basis of the enlisted analysis, the Branch Office management shall not expect an important impact of unfavorable development of international finance and stock markets on the Branch Office activities.

#### **(b) Liquidity risk**

The Branch Office is exposed to everyday requirements for its accessible cash resources, particularly in terms of accepted one-day deposits, current accounts, mature time deposits in terms of drawing of loans and bank overdrafts, from provision of guarantees and from margin and other requirements, as for example for clearance of cash derivative transactions. As experiences show, it is possible to predict with high amount accuracy a certain minimum rate of repeated investments of funds, which will become mature, the branch is not keeping its cash resources necessary for repayment of all the enlisted requirements. The bank has a reliable historic database of withdrawals at its disposal, enabling it to execute a relatively accurate analysis of stability of the listed types of withdrawals.

The framework of bank liquidity risk management is determined by provisions of the Czech National Bank as well as by internal procedures elaborated by the bank concerning liquidity management.

In regular time intervals, a report on liquidity development is elaborated, including also appraisal of the determined liquidity indicators observance. Bank has an emergency plan prepared, for solving liquidity crisis and is regularly evaluating also an alternative scenario of liquidity development.

The table below is classifying assets and liabilities into individual zones of maturity according to the residual time from the date of financial statement composition until contractual maturity. Assets and liabilities without agreed maturity are reported as "unspecified."

Important part of receivables from clients with agreed maturity period up to one year is connected with financing projects, termination of which exceeds one year. In case the Branch Office shall not decide to prolong the client's financing, maturity of such receivables in the agreed period shall depend from the client's ability to refinance the loan from other sources. These contracts are exposing the Branch Office liquidity to the refinancing risk from the clients' part.

Residual maturity period of assets and liabilities as at 30th September 2008 was of following structure:

TSKK	less than 1 year	1 – 5 years	Above 5 years	not specified	Total
<b>Assets</b>					
Cash and cash Equivalents	33,737	-	-	-	33,737
Receivables from banks	-	-	-	233,745	233,745
Receivables from clients	15,495,148	1,049,251	312,693	-	16,857,092
Property and equipment	-	-	-	18,336	18,336
Other assets	-	-	-	687	687
Deferred costs and incomes	-	-	-	64	64
<b>Total</b>	<b>15,528,885</b>	<b>1,049,251</b>	<b>312,693</b>	<b>252,832</b>	<b>17,143,661</b>
<b>Liabilities</b>					
Liabilities towards clients	11,127,251	-	-	-	11,127,251
Derivative financial instruments	136	-	-	-	136
Other liabilities	75,366	-	-	141	75,507
Legal entities income tax	22,340	-	-	-	22,340
Deferred tax liability	-	-	-	41	41
Liabilities towards Head Office	-	-	-	5,918,386	5,918,386
<b>Total</b>	<b>11,225,093</b>	<b>-</b>	<b>-</b>	<b>5,918,568</b>	<b>17,143,661</b>
Net position	4,303,792	1,049,251	312,693	(5,665,736)	-
Cumulative position	4,303,792	5,353,043	5,665,736	-	-

Residual maturity period of assets and liabilities as at 31st December 2007 was of following structure:

TSKK	less than 1 year	1 – 5 years	not specified	Total
<b>Assets</b>				
Cash and cast equivalents	697,139	-	-	697,139
Receivables from banks	-	-	169,309	169,309
Receivables from clients	11,833,822	878,655	-	12,712,477
Property and equipment	-	-	22,388	22,388
Other assets	-	-	520	520
Prepayments and accrued incomes	-	-	514	514
<b>Total</b>	<b>12,530,961</b>	<b>878,655</b>	<b>192,731</b>	<b>13,602,347</b>
<b>Liabilities</b>				
Liabilities towards clients	8,493,509	-	-	8,493,509
Derivative financial instruments	34	-	-	34
Other liabilities	23,578	-	2,802	26,380
Legal entities income tax	36,261	-	-	36,261
Deferred tax liability	-	-	41	41
Prepayments and accrued incomes	-	-	36	36
Liabilities towards Head Office	-	-	5,046,086	5,046,086
<b>Total</b>	<b>8,553,382</b>	<b>-</b>	<b>5,048,965</b>	<b>13,602,347</b>
Net position	3,977,579	878,655	(4,856,234)	-
Cumulative position	3,977,579	4,856,234	-	-

**(c) Market risk**

Under market risk, the Branch Office shall understand the risk of loss resulting from changes in prices, rates and charges on financial markets. It is a summary term for interest, currency, stock and other risks connected with movement of market prices.

**Methods of risk quantification**

System of the bank risk management proceeds in the field of quantification and management of extent of the undergone risk mostly from the Value-At-Risk (VAR) method. The VAR value quantifies impacts of potential loss evoked by market risk of unexpected extent at an open bank position. Here at, it shall be proceeded from characteristics of relevant environment, therefore of interest rates in the particular currencies, exchange rates, prices of stocks as well as relation between them.

For evaluation of impacts of extremely unfavorable market conditions, the bank is executing stress testing. This is including prospective changes of values of open positions of the bank, which could occur as a result of less probable, however possible events.

**(d) Foreign exchange risk**

Assets and liabilities in foreign currencies, including off-balance sheet exposures, present open position of Branch Office towards currency risks. Executed as well as non-executed exchange profits and losses are posted directly in the profit and loss statement.

Foreign exchange risk results from changes of the value of financial assets and liabilities as a result of exchange rates changes.

Policy of the bank is to maintain the lowest possible open net foreign exchange position. Limits are determined individually per each currency. Branch Office is also utilizing forwards with foreign currency and currency swaps for providing of foreign exchange positions.

The main instrument of foreign exchange risk management is the Value-At-Risk methodology. At application of Value-At-Risk, the bank is utilizing a 99% reliability interval and horizon of 10 business days.

**(e) Interest risk**

The Branch Office is issued to risk that variations of decisive market interest rates will have unfavorable impact on its financial position and cash flows. As a result of interest rates changes, the interest margin may increase but also decrease or create loss in case of unexpected movements.

Interest risk of bank book is quantified on the basis of stress test results, in terms of which the bank book position is subject to scenario of standardized interest shock, therefore of immediate decrease /growth of interest rates of the bank book in the extent of 200 basic points.

In terms of credit risk quantification of the bank book, the bank is evaluating also by the VAR value for the reliability interval of 99% and horizon of 10 business days.

**(f) Operating risk**

Under operating risk, the Branch Office shall understand the risk of loss influenced by deficiencies or failure of internal processes, human factor or system, as well as the risk of loss of the Branch Office due to internal events, including the risk of loss of the Branch Office as a result of breach or underflow of legal rule.

The bank provides for minimization of operational risk via control systems, which are applied within managing competencies by each manager of the bank. Within the control system, the managers of the bank shall provide for maximum control of all activities, while the decisive control systems shall be included into the plan of controls of the given bank organizational unit.

Basic element of active operational risks management of the bank is the database of reported losses from bank operational risk events, the output data of which are providing several levels of aggregate overview of the undergone bank operational risk extent, and also enable to specify directions of approach in the process of further limits to this risk.

### **6.33 FAIR VALUES**

Fair value is the sum of money, the Branch Office may exchange a particular kind of asset for, or for which the Branch Office shall pay liability towards the other party for a common price.

Estimating fair values of financial assets and liabilities of the Branch Office, the following methods and assumptions shall be used:

#### **Receivables from Banks**

Fair values of current accounts balances are approximately equalized to their book value. In case of accounts with residual maturity period shorter than three months, it shall be appropriate to consider their book value as the approximate fair value.

#### **Receivables from clients**

Receivables from clients are listed as net, therefore upon deduction of losses from value decrease. In case of accounts with residual maturity period shorter than three months, it shall be appropriate to consider their book value as the approximate fair value.

#### **Liabilities towards clients**

Fair values of current accounts and time deposits with residual maturity period less than three months are approximately equalized to their book value.

#### **Derivative Financial Instruments**

Fair value of derivative financial instruments is determined using quoted market prices or theoretical prices determined via discounting future cash flows by the reference inter-bank interest rate for the particular period until maturity.

**Summary amount of credit exposures without identifiable loss of value**

TSKK	09/08	12/07
Exposures towards states and central banks	0	0
Exposures towards institutions	0	0
Exposures towards trading companies, specialised exposures and bought corporate receivables	15,775,683	11,357,261
Retail exposures	200,873	396,617

**Summary amount of credit exposures with reduced value**

TSKK	09/08	12/07
Exposures towards states and central banks	0	0
Exposures towards institutions	0	0
Exposures towards trading companies, specialised exposures and bought corporate receivables	916,777	0
Retail exposures	0	0

**Summary amount of bad receivables**

TSKK	09/08	12/07
Exposures towards states and central banks	0	0
Exposures towards institutions	0	0
Exposures towards trading companies, specialised exposures and bought corporate receivables	0	0
Retail exposures	0	0

# DIFFERENCE OF MONTHLY ASSETS AND MONTHLY LIABILITIES ACCORDING TO THE ESTIMATED MATURITY

# 8

## REPORT ON THE CURRENT RESIDUAL PERIOD OF MATURITY OF ASSETS AND LIABILITIES AND ON THE ESTIMATED PERIOD OF MATURITY OF ASSETS AND LIABILITIES

### Part B: Report on the estimated period of maturity of assets and liabilities

#### Part I. – BALANCE SHEET ACCOUNTS OF ASSETS AND LIABILITIES

I. Indicator No.	Maturity up to 7 days inclusive	Maturity from 7 days up to 1 month inclusive	Maturity from 1 month up to 3 months inclusive	Maturity from 3 months up to 6 months inclusive	Maturity from 6 months up to 9 months inclusive	Maturity from 9 months up to 12 months inclusive	Maturity from 12 months up to 24 months inclusive	Maturity from 24 months up to 60 months inclusive	Maturity over 60 months	Not specified items	Total (column 1 to 10)
b a	1	2	3	4	5	6	7	8	9	10	11
<b>1 Sum of balance sheet accounts of assets</b>	<b>55,813</b>	<b>483,931</b>	<b>4,116,097</b>	<b>2,820,377</b>	<b>4,910,866</b>	<b>3,141,801</b>	<b>219,468</b>	<b>829,783</b>	<b>312,693</b>	<b>252,832</b>	<b>17,143,661</b>
2 Cash values	33,635										33,635
3 Accounts of central banks and cheque postal accounts	35									233,745	233,780
4 Accounts of other banks	67										67
5 Accounts of clients	22,076	483,931	4,116,097	2,820,377	4,910,866	3,141,801	219,468	829,783	312,693		16,857,092
6 Deferred incomes											
7 State treasury bills											
8 Government bonds											
9 Treasury bills and bonds of central banks											
10 Other debt securities											
11 Other securities for sale and securities in fair value against profit and loss											
12 Securities with created power of pledge											
13 Other financial investments											
14 Tangible and intangible fixed assets										18,336	18,336
15 Other assets										751	751
<b>16 Sum of Balance Sheet accounts of liabilities</b>	<b>5,842,986</b>	<b>1,963,558</b>	<b>1,133,685</b>	<b>1,558,006</b>	<b>522,953</b>	<b>201,762</b>				<b>5,920,711</b>	<b>17,143,661</b>
17 Accounts of central banks and cheque postal accounts											
18 Accounts of other banks											
19 Accounts of clients	5,772,388	1,890,235	1,133,233	1,535,666	522,953	201,762					11,056,237
20 Issued short-term securities	10,016	60,999									71,015
21 Deferred expenses											
22 Subsidies and similar resources											
23 Issue of bonds											
24 Provisions and equity										5,918,386	5,918,386
25 Other liabilities	60,582	12,324	,452	22,340						2,325	98,023
<b>26 Net Balance Sheet liquidity position (line 1 – line 12 – line 16)</b>	<b>-5,787,173</b>	<b>-1,479,627</b>	<b>2,982,412</b>	<b>1,262,371</b>	<b>4,387,913</b>	<b>2,940,039</b>	<b>219,468</b>	<b>829,783</b>	<b>312,693</b>	<b>-5,667,879</b>	
<b>27 Cumulative net Balance Sheet liquidity position</b>	<b>-5,787,173</b>	<b>-7,266,800</b>	<b>-4,284,388</b>	<b>-3,022,017</b>	<b>1,365,896</b>	<b>4,305,935</b>	<b>4,525,403</b>	<b>5,355,186</b>	<b>5,667,879</b>		
<b>28 Net Balance Sheet liquidity position for SKK</b>	<b>-5,366,640</b>	<b>-1,471,331</b>	<b>2,822,944</b>	<b>1,018,635</b>	<b>4,135,419</b>	<b>2,622,480</b>	<b>219,468</b>	<b>829,783</b>		<b>-4,802,934</b>	<b>7,824</b>
<b>29 Net Balance Sheet liquidity position for CZK</b>	<b>-93,910</b>		<b>155,925</b>	<b>67,968</b>		<b>7,420</b>				<b>-139,571</b>	<b>-2,168</b>
<b>30 Net Balance Sheet liquidity position for USD</b>	<b>-20,859</b>	<b>-2,754</b>		<b>119,090</b>						<b>-93,946</b>	<b>1,531</b>
<b>31 Net Balance Sheet liquidity position for EUR</b>	<b>-303,976</b>	<b>-5,542</b>	<b>3,543</b>	<b>56,678</b>	<b>252,494</b>	<b>310,139</b>			<b>312,693</b>	<b>-620,127</b>	<b>5,902</b>

## DIFFERENCE OF MONTHLY ASSETS AND MONTHLY LIABILITIES ACCORDING TO THE ESTIMATED MATURITY

# 8

### Part II. – SELECTED OFF-BALANCE SHEET ACCOUNTS OF ASSETS AND OFF-BALANCE SHEET ACCOUNTS OF LIABILITIES

I. Indicator No.	Maturity up to 7 days inclusive	Maturity from 7 days up to 1 month inclusive	Maturity from 1 month up to 3 months inclusive	Maturity from 3 months up to 6 months inclusive	Maturity from 6 months up to 9 months inclusive	Maturity from 9 months up to 12 months inclusive	Maturity from 12 months up to 24 months inclusive	Maturity from 24 months up to 60 months inclusive	Maturity over 60 months	Not specified items	Total (column 1 to 10)
b a	1	2	3	4	5	6	7	8	9	10	11
<b>32</b>	<b>Sum of off-balance sheet accounts of assets</b>		<b>4,866</b>			<b>125,000</b>				<b>17,206,106</b>	<b>17,335,972</b>
33	Promises for accepting loan					125,000					125,000
34	Of that: irrevocable										
35	Other obligations from guarantees towards banks										
36	Of that: collaterals received in REPO transactions										
37	Other obligations from guarantees towards clients								17,206,106		17,206,106
38	Of that: collaterals received in REPO transactions										
39	Received guarantees from letters of credit										
40	Receivables from spot operations										
41	Receivables from futures operations		4,866								4,866
42	Receivables from operations with options										
<b>43</b>	<b>Sum of selected off-balance sheet accounts of liabilities</b>		<b>11,900</b>	<b>100,550</b>	<b>35,444</b>	<b>21,136</b>	<b>6,924</b>	<b>20,683</b>		<b>449,471</b>	<b>646,108</b>
44	Promises for granting loan to banks										
45	Of that: irrevocable										
46	Promises for granting loan to clients		11,900		9,870	21,136	6,924	20,683		449,471	519,984
47	Of that: irrevocable		11,900		9,870	21,136	6,924	20,683		449,471	519,984
48	Other receivables from guarantees towards banks										
49	Other receivables from guarantees towards clients			100,550	20,574						121,124
50	Granted guarantees from letters of credit										
51	Payables from spot operations										
52	Payables from futures operations				5,000						5,000
53	Payables from operations with options										
<b>54</b>	<b>Net Off-Balance Sheet liquidity position (line 32 – line 43)</b>		<b>-11,900</b>	<b>-100,550</b>	<b>-30,578</b>	<b>-21,136</b>	<b>-6,924</b>	<b>104,317</b>		<b>-449,471</b>	<b>17,206,106</b>
<b>55</b>	<b>Cumulative net Off-Balance Sheet liquidity position</b>		<b>-11,900</b>	<b>-112,450</b>	<b>-143,028</b>	<b>-164,164</b>	<b>-171,088</b>	<b>-66,771</b>	<b>-66,771</b>	<b>-66,771</b>	<b>-516,242</b>
<b>56</b>	<b>Net Off-Balance Sheet liquidity position for SKK</b>		<b>-11,868</b>	<b>-100,550</b>	<b>-27,870</b>	<b>-21,136</b>	<b>-6,924</b>	<b>104,317</b>		<b>16,165,117</b>	<b>16,101,086</b>
<b>57</b>	<b>Net Off-Balance Sheet liquidity position for CZK</b>				<b>4,866</b>					<b>231,254</b>	<b>236,120</b>
<b>58</b>	<b>Net Off-Balance Sheet liquidity position for USD</b>									<b>126,840</b>	<b>126,840</b>
<b>59</b>	<b>Net Off-Balance Sheet liquidity position for EUR</b>		<b>-32</b>		<b>-7,574</b>					<b>-449,471</b>	<b>682,895</b>