

# Annual Report 2022

Fio banka, a.s.



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## General Part

## Introduction



Dear Sirs and Madams,

Last year was, yet again, surprising in numerous ways. After the persistent COVID-19 pandemic, we faced further challenges, the need to deal with new situations and respond to evolving circumstances. We all felt the economic impact of the war in Ukraine; 2022 was marked by the second-highest inflation since the founding of the Czech Republic.

Interest rates were rising, which was good news for savers, but worse for credit clients. Due to the global slump in stock and bond prices, it was a challenging year also for investors. Fortunately, as seen in the past, market falls are a common occurrence, representing investment opportunities with market recovery in due time.

In spite of all the pitfalls, Fio banka thrived in 2022. We gained over 100,000 new clients, the highest growth in five years. In total, Fio banka currently has over 1.2 million clients.

Net profit rose similarly to last year, reaching a new high of CZK 4.4 billion, attributable to higher interest rates and, for now, a lower cost of risk. The highest annual profit so far

also marks the highest-ever amount of corporate income tax to be paid by the bank to the state budget. According to the preliminary financial statements, the tax is expected to exceed CZK 700 million.

The balance sheet total, deposits, and loans grew over the past year. The balance sheet total stood at almost CZK 230 billion at the end of the year, an increase of around 7% year-on-year. The volume of deposits reached CZK 212 billion, with a year-on-year increase of around 4%. We also performed well in investment services, where trading volumes increased year-on-year with continued inflows into our investment funds.

We were able to launch new services and products that, once again, made life a little easier for our clients. In an environment of growing demand for deposit products, we expanded our range of savings accounts, not only for individuals but also for legal entities in the Czech market. We continued our efforts to make as many remote services available as possible. We launched the Bank Identity Verification (BankID) option for easy handling of official matters online. We significantly expanded the features of our mobile app and added more modes for those new to it.

We continued our long-standing educational projects - Investment School and Studentbroker. We view increasing financial literacy as an important topic and are pleased to have been able to contribute to educating the public about the financial markets for over a decade.

In the area of payment cards, we added digitalisation options for all types of cards to our expanded portfolio. We also paid great attention to the development of our foreign branch in Slovakia, where the demand for our services is steadily growing. We are currently working on the completion of an instant payment and instalment loan project and are about to install the first ATMs, which will lay the foundation for our own ATM network in Slovakia. The Slovak branch network will also be further expanded.

This brings us to our other plans. 2023 is a particularly significant year for Fio banka, as it will mark 30 years since its foundations were laid - the establishment of the Fio Financial Group. This year will also see more interesting news. I believe we will be able to complete the first phase of the "Paperless" project and start signing selected documents digitally at our branches, which will be a significant step towards greater efficiency and convenience for our clients.

As part of digital banking, we will continue to add services and features to our mobile app, most recently the Fio mutual fund offering with the ability to track investments in comprehensive charts. We are preparing a completely new generation of the Smartbroker app designed primarily for easy individual investing via the smartphone anytime, anywhere.

We want to be one of the first banks on the Czech market to offer the "Pay a Contact" option. We will also make the Fio Bank Identity service available for commercial use, and later we want to offer the possibility of opening an account in a few clicks through this service. With this extension, we want to please customers who have become accustomed to the simple online identification method, the uses of which are becoming more and more widespread. The investment options will be complemented by a new real estate fund that resonates with the popularity of investing in real estate among Czechs.

All of this would not be possible without your support. In conclusion, I would therefore like to thank all clients and business partners for their confidence and trust. My thanks also belong to the experts and the public for the accolades we have received. And last but not least, I thank our employees for the good work with which they contribute to the operation and success of Fio banka.

Jan Sochor  
CEO and  
Chairman of the Board of Directors

## A. Principal Information

Name of the Company: Fio banka, a.s. (hereinafter the "Company", "Fio banka" or the "Bank")  
Registered office: V Celnici 1028/10, 117 21 Prague 1  
Corporate ID: 618 58 374

## B. Information on Shares, Share Capital, Shareholders and Subsidiaries

- The Company's registered capital amounting to CZK 760,000 thousand is divided into 760,000 of ordinary book-entry registered shares (ISIN: CZ0008034246) with a nominal value of CZK 1,000.
- Transferability of the shares is not restricted; the shares may be transferred based on share transfer agreements.
- The shares entail rights as provided for in legislation and the statutes; no other rights or preferential rights are attached to the shares.
- The shares are not accepted for trading on any regulated market.
- As of 31 December 2022, the Company had a sole shareholder – Fio holding, a.s., corporate ID: 60192763, Prague 1, V Celnici 1028/10, Postal Code: 117 21.
- No dividends were paid in the past twelve years.
- The Company or any entity in which the Company has a direct or indirect equity interest exceeding 50% of the share capital or voting rights own no shares of the Company.
- As of 31 December 2022, the Company had the following subsidiaries: RM-SYSTÉM, česká burza cenných papírů a.s., Corporate ID: 47116404, V Celnici 1028/10, Postal Code: 117 21, Czech Republic, RM-S FINANCE, s.r.o., Corporate ID: 62915240, V Celnici 1028/10, Postal Code: 117 21, Czech Republic (with the following subsidiaries: Fio Slovakia, a.s., Corporate ID: 35828137, Nám. SNP 21, Bratislava 811 01, Slovakia, and Fio leasing, a.s., Corporate ID: 61860841, V Celnici 1028/10, Postal Code: 117 21), Fio forexová, s.r.o., Corporate ID: 27589587, V Celnici 1028/10, Postal Code: 117 21, Czech republic, Fio Consulting, spol. s.r.o., Corporate ID: 25740334, V Celnici 1028/10, Postal Code: 117 21, Czech Republic, Fio investiční společnost, a.s., Corporate ID: 06704441, V Celnici 1028/10, Postal Code: 117 21 and Fio realitní fond SICAV, a.s., Corporate ID: 14052628, V Celnici 1028/10, Postal Code: 110 00.

## C. Information on Activity

### Business authorisation:

- The Ministry of Finance of the Czech Republic dated 15 August 1994, ref. no. 102/38 536/94;
- Decision of the Czech Securities Commission dated 18 June 1999, ref. no. 521/1388-k/99, whereby the authorisation granted by the Ministry of Finance of the Czech Republic on 15 August 1994, ref. no. 102/38 536/94, continued to be fully effective;
- Certification concerning the scope of the securities trading authorisation issued on 25 January 2001, ref. no. 43/Z/19/2001, by the Czech Securities Commission under Article II Transitory Provisions, Subparagraph 9 of Act No. 362/2000 Coll.;
- Decision of the Czech Securities Commission of 10 February 2004, ref. no.: 43/N/226/2003/1 – extension of the business authorisation;
- Decision of the Czech National Bank of 31 August 2006, ref. no.: 43/N/158/2005/6, 2006/7096/540 – extending the business authorisation to include derivatives trading; and
- Decision of the Czech National Bank of 5 May 2010, ref. no. 2010/4201/570 – granting a banking licence.

**Commencement of operation:** 31 August 1994

### Information on the Company's Formation, its Participation and Principal Business Activity:

Fio banka, a.s. was formed by a single Memorandum of Association on 20 June 1994 (under the former name Fio burzovní společnost, a.s.) and was incorporated following its registration in the Register of Companies in Prague on 31 August 1994. Since 15 March 1995, the Company has been a shareholder of Burza cenných papírů Prague, a.s. As of 31 December 2019, the Bank owned 100 registered shares of Burza cenných papírů Prague, a.s. in the certificate form with a nominal value of CZK 1,000. On 20 February 1995, the Company obtained membership in Burza cenných papírů Prague, a.s., starting its trading activity there in April 1995.

In line with a decision of the Czech Securities Commission of 10 February 2004, ref. no.: 43/N/226/2003/1, and with regard to the decision of the Czech Securities Commission, ref. no.: 512/1388-k/99 of 18 June 1999, the extent of the authorisation to perform securities trading granted to Fio, burzovní společnost, a.s. (Fio banka, a.s. at present) was as follows since 11 March 2004:

- Provision of principal investment services under Section 4 (2) (a), (b), (c), (d), (e) of Act No. 256/2004 Coll., the Capital Market Undertaking Act (hereinafter the "Act"), in respect of investment instruments as defined in Section 3 (1) (a), (b) of the Act; and
- Provision of additional investment services under Section 4 (3) (a), (b), (c), (e) of the Act, in respect of investment instruments as defined in Section 3 (1) (a), (b) of the Act, and additional investment services under Section 4 (3) (d), (f) of the Act, in respect of investment instruments as defined in Section 3 (1) (a), (b), (c), (d) of the Act.

In line with a decision of the Czech National Bank of 31 August 2006, ref. no. 43/N/158/2005/6, 2006/7096/540, the extent of the authorisation to perform securities trading granted to Fio, burzovní společnost, a.s. (Fio banka, a.s. at present) was as follows since 12 September 2006:

- I. Principal investment activities under Section 4 (2) of the Act:
  - a) Receipt and provision of instructions relating to investment instruments (Section 4 (2) (a) of the Act);
  - b) Performance of instructions relating to investment instruments to a customer's account (Section 4 (2) (b) of the Act);
  - c) Proprietary trading with investment instruments (Section 4 (2) (c) of the Act);
  - d) Discretionary management of individual portfolios under a contractual arrangement with the client if this portfolio includes defined investment instruments (Section 4 (2) (d) of the Act);
  - e) Investment advisory concerning investment tools (Section 4 (2) (e) of the Act);
  - f) Underwriting of investment instruments or their placement with the subscription obligation (Section 4 (2) (g) of the Act); and
  - g) Placement of investment instruments without the subscription obligation (Section 4 (2) (h) of the Act).
- II. Additional investment activities under Section 4 (3) of the Act:
  - a) Custody and administration of investment tools including related services (Section 4 (3) (a) of the Act);
  - b) Provision of loans or borrowings to clients so as to facilitate trading with the investment tool in which the loan or borrowing provider participates (Section 4 (3) (b) of the Act);
  - c) Provision of advisory services related to the capital structure, industrial strategies and related issues, as well as provision of advisory services and services related to the transformation or transfers of companies (Section 4 (3) (c) of the Act);
  - d) Provision of investment recommendation and analyses of investment opportunities or similar general recommendation related to investment tool trading (Section 4 (3) (d) of the Act); and
  - e) Execution of foreign exchange operations related to the provision of investment services (Section 4 (3) (e) of the Act).

The provision of investment services under art. I., a) through c) and e) relates to investment instruments in line with Section 3 (1) (a), (b), (d) through (k) of the Capital Market Undertaking Act, ie investment securities, collective investment securities and derivatives. The provision of investment services under art. I., d), g) and h) relates to investment instruments in line with Section 3 (1) (a), (b) of the Capital Market Undertaking Act, ie investment securities and collective investment securities.

The provision of investment services under art. II., b) relates to investment instruments in line with Section 3 (1) (a) and (b) of the Capital Market Undertaking Act, ie investment securities and collective investment securities. The provision of investment services under art. II., a) and d) relates to investment instruments in line with Section 3 (1) (a), (b), (d) through (k) of the Capital Market Undertaking Act, ie investment securities, collective investment securities and derivatives.

In line with a decision of the Czech National Bank of 5 May 2010, ref.no. 2010/4201/570, the extent of the authorisation to perform securities trading granted to Fio banka, a.s. has been as follows since 5 May 2010:

- Undertaking the activities listed in Section 1 (1) of the Banking Act as follows:

- a) Acceptance of deposits from the general public;
- b) Extension of credit,

- Undertaking the activities listed in Section 1 (3) of the Banking Act as follows:

- a) Investing in securities on the Company's own account;
- b) Finance lease;
- c) Payments and clearing;
- d) Issuance and administration of payment facilities, eg credit cards and traveller's cheques;
- e) Issuance of guarantees;
- f) Opening of letters of credit;
- g) Collection services; and
- h) Provision of investment services within the scope of principal investment services

Within the scope of principal investment services

- Under Section 4 (2) (a) of the Capital Market Undertaking Act No. 256/2004 Coll., as amended (hereinafter referred to as the "Capital Market Undertaking Act"), receipt and provision of instructions relating to investment instruments, in respect of investment instruments as defined in Section 3 (1) (a), (b) and (d) through (k) of the Capital Market Undertaking Act;
- Under Section 4 (2) (b) of the Capital Market Undertaking Act, performance of instructions relating to investment instruments to a customer's account, in respect of investment instruments as defined in Section 3 (1) (a), (b) and (d) through (k) of the Capital Market Undertaking Act;
- Under Section 4 (2) (c) of the Capital Market Undertaking Act, proprietary trading with investment instruments, in respect of investment instruments as defined in Section 3 (1) (a), (b) and (d) through (k) of the Capital Market Undertaking Act;
- Under Section 4 (2) (d) of the Capital Market Undertaking Act, discretionary management of individual portfolios under a contractual arrangement with the client if this portfolio includes defined investment instruments, in respect of investment instruments as defined in Section 3 (1) (a), (b) of the Capital Market Undertaking Act;
- Under Section 4 (2) (e) of the Capital Market Undertaking Act, investment advisory concerning investment tools, in respect of investment instruments as defined in Section 3 (1) (a), (b) and (d) through (k) of the Capital Market Undertaking Act;
- Under Section 4 (2) (g) of the Capital Market Undertaking Act, underwriting of investment instruments or their placement with the subscription obligation, in respect of investment instruments as defined in Section 3 (1) (a), (b) of the Capital Market Undertaking Act;
- Under Section 4 (2) (h) of the Capital Market Undertaking Act, placement of investment instruments without the subscription obligation, in respect of investment instruments as defined in Section 3 (1) (a), (b) of the Capital Market Undertaking Act;

and within the scope of additional investment services

- Under Section 4 (3) (a) of the Capital Market Undertaking Act, custody and administration of investment tools including related services, in respect of investment instruments as defined in Section 3 (1) (a), (b) and (d) through (k) of the Capital Market Undertaking Act;



- Under Section 4 (3) (b) of the Capital Market Undertaking Act, provision of loans or borrowings to clients so as to facilitate trading with the investment tool in which the loan or borrowing provider participates, in respect of investment instruments as defined in Section 3 (1) (a), (b) of the Capital Market Undertaking Act;
- Under Section 4 (3) (c) of the Capital Market Undertaking Act, provision of advisory services related to the capital structure, industrial strategies and related issues, as well as provision of advisory services and services related to the transformation or transfers of companies;
- Under Section 4 (3) (d) of the Capital Market Undertaking Act, provision of investment recommendation and analyses of investment opportunities or similar general recommendation related to investment tool trading, in respect of investment instruments as defined in Section 3 (1) (a), (b) and (d) through (k) of the Capital Market Undertaking Act;
- Under Section 4 (3) (e) of the Capital Market Undertaking Act, execution of foreign exchange operations related to the provision of investment services;
  - i) Financial brokerage;
  - k) Foreign exchange services;
  - l) Provision of banking information;
  - m) Proprietary trading or trading on a client's account with foreign currencies and gold;
  - n) Rental of safe-deposit boxes; and
  - o) Activities that directly relate to the activities in the banking licence.

## D. Report on the Company's Business Activity and Assets

### Assessment of retail banking:

From the business perspective, the turbulent 2022 was a successful year for Fio banka. Despite strong competition, almost 20 percent more new clients decided to use its banking services in 2022 compared to the previous year. Deposit volumes and the balance sheet total continued to grow, reaching CZK 212 billion and CZK 230 billion, respectively, at year-end. Profit once again broke the previous record and surpassed the CZK 4 billion mark. We grew in both the Czech and Slovak markets.

The past year was predominantly marked by rising inflation. In the Czech Republic, a rapid increase in interest rates was followed by a significant growth in demand for deposit products. Fio banka responded by adding the Fio Savings Account with a favourable rate with no deposit limit, not only for individuals but also for companies.

The development of interest rates pleased savers, but less so those interested in credit products. Although the volume of loans grew, the increase slowed down. It was evident in the mortgage lending sector, where interest rates, following interbank market rates, were attacking long-standing highs. The situation was somewhat different in Slovakia, where European Central Bank rates started to rise later and mortgages fared much better. Fio banka's total gross lending amounted to CZK 43 billion at year-end.

Digital banking was, yet again, at the centre of development. The Smartbanking app received several significant updates and is thus ever closer to comprehensive financial management. The option to arrange additional products, including savings and loans, was added. During the year, we also made new modes available for those who wish to use the app for the sole purpose of authorising or tracking transactions.

The number of Fio Smartbanking users grew by a third in 2022. The vast majority of them use the app on a regular basis, including for the simple authorisation of transactions. The growing trend of the number of clients who opened an account online, especially via the mobile app, also continued. We also added digital payment card options to the entire newly expanded portfolio.

The launch of the Fio Bank Identity (BankID) service in the Czech Republic was received positively, enabling clients to deal with official matters quickly and easily online. By the end of the year, over half a million customers had an active Fio Bank Identity, of which around one-tenth have used it so far, with interest still growing. At the same time, Fio banka's connection to the basic state registers, which are closely related to the BankID project, has brought greater convenience for clients in the form of automatic updating of personal data.

The branch network remained stable, remaining an important communication channel for the bank with an indispensable role in its strategy. We added another branch in Slovakia and by the end of the year, we could boast of 110 branches. We also optimised the ATM network, where we again strengthened the representation of the so-called cash recycling machines, i.e. ATMs with a deposit function.

A negative trend in 2022 was the meteoric rise in cyberattacks on bank customers, in various and increasingly inventive forms. In this area, we focused primarily on improving the mechanisms for the early detection of suspicious transactions, that allows us to detect a large number of fraud attempts. We regularly inform our clients about threats and security principles; public awareness is also spread as part of the activities of the Czech Banking Association.

#### **Assessment of investment banking:**

Two trends were at play in the investment landscape in 2022. On the one hand, accelerating inflation was driving demand for other ways of capital appreciation, while on the other, declines in stock markets and uncertainty about future developments were discouraging many people from investing. Nevertheless, it was the second most successful year in history in terms of the number of new investment clients.

More experienced investors saw investment opportunities in the market downturns, which was reflected in the volume of deals brokered. These increased slightly to reach CZK 227 billion in 2022. Traditionally, the US market accounted for the majority of the trading volume (54 percent), followed by the domestic market (43 percent), where supply on the Prague Stock Exchange was boosted by a record number of companies entering the START market. The German market accounted for the rest of the trading volume.

Similarly, there was a continued inflow of assets into Fio mutual funds, offered by Fio banka in cooperation with its subsidiary Fio investiční společnost. In Fio Domestic Market Fund, assets under management at the end of the year were approximately 9% higher year-on-year, at CZK 338 million. In both classes of the Fio Global Equity Fund, assets under management amounted to CZK 966 million, an increase of 1.8% year-on-year. The volume of new share certificate sales reached almost CZK 0.5 billion across all funds and classes.

The number of unitholders in each fund also increased year-on-year and cumulatively reached over 15,000 clients. In the Fio Domestic Market Fund, the year-on-year increase was 21%, and 18% in the Fio Global Equity Fund's Crown Class. The greatest dynamism was evident in the Euro Class of the Global Equity Fund, which saw a 39% year-on-year increase in shareholders.

Interest in investment opportunities was also reflected in our free Investment School, a long-term project of Fio banka to educate the public on capital markets. After a hiatus caused by the COVID-19 pandemic, we have now returned to its full mode and have held 68 seminars across the Czech and Slovak Republics. In 2022, 4,500 people attended the Investment School.

Traditionally, the Studentbroker project – an interactive learning programme that simulates real trading on selected global stock exchanges in the Czech Republic, the USA, and Germany, organised in cooperation with leading Czech schools and universities – also took place. It has introduced hundreds of students to the workings of the markets. Their interest and activity are evidenced by the number of orders submitted – over 13,000.

## **Most important events of 2022**

### **Fee waiver for payments to Ukraine and express card for free**

Fio banka decided to waive fees for foreign payments to Ukrainian accounts for its clients. It temporarily offered new clients the issuance of payment cards in the express mode for free.

### **New savings account and rate increase**

The offer of savings accounts for individuals was supplemented with a Fio savings account with an attractive interest rate. At the same time, the interest rate on the Fio account was increased in an attractively interest-bearing band up to CZK 200 thousand.

### **Expansion of Smartbanking with new products**

Fio banka expanded the functions of its mobile banking by setting up new products. Clients can thus establish additional accounts and cards or apply for loans directly on their mobile phones.

### **Launch of Fio Bank Identity**

The launch of the Bank Identity (BankID) service has made it easier for clients to communicate with the government – simplified handling of taxes, benefits, and other official matters online.

### **Return of investment seminars**

After an enforced hiatus, Fio banka has re-launched its free full-scale Investment School in both the Czech and Slovak Republics in spring and autumn.

### **New modes and features in Smartbanking**

The Fio Smartbanking mobile app once again received improvements. The existing full and passive modes have been enhanced by modes focused on transaction authorisation, and the option to scan money orders and account numbers.

### **Visa card offer extension**

Fio banka has added Visa credit cards for citizens and businessmen and premium cards to its payment card portfolio. With all Visa cards, clients have unlimited free withdrawals worldwide.

### **More advantageous savings also for legal entities**

Fio savings account offer with an attractive interest rate has been extended to legal entities. At the same time, the interest rates were further increased amounting to 5.5% per annum at the end of the year.

### **New branch in Spišská Nová Ves**

Fio banka opened a new branch in Spišská Nová Ves. This twenty-fourth branch in Slovakia provides a full range of banking and investment services.

### **Option to digitalise Visa cards**

Fio banka has now made it possible to add all Visa cards to the Google Pay, Fitbit Pay, and Garmin Pay apps, extending the smart payment options to the entire card portfolio.

### **Major awards**

Three Fio banka's products won the top places in the **Golden Crown 2022** financial products competition last year. First place went to the personal account, the business loan, and the e-Broker investment application. The Silver Crown was awarded to the account for entrepreneurs. Compared to last year, the number of top awards received increased. Fio banka's flagship products have been among the top three in their category for many years and this long-term stable success reflects their real quality, which is appreciated both by the expert jury and clients.



Our products were yet again successful also on the Slovak market. The Fio business account defended last year's first place in the independent **Golden Coin** competition. Third place went to the Fio Personal Account #BezPoplatku (Without Fees).

### Structure of the branch network

Name of the company: Fio banka, a.s.

Corporate ID: 61858374

Registered office: V Celnici 1028/10, 117 21, Prague 1

Branches (as of 31 December 2022) – town, street, postal code, e-mail:

*Czech Republic*

Beroun, nám. M. Poštové 854, 266 01, [beroun@fio.cz](mailto:beroun@fio.cz)

Blansko, nám. Svobody 5, 678 01, [blansko@fio.cz](mailto:blansko@fio.cz)

Brno, Gajdošova 4489/26, 615 00, [brno.gajdosova@fio.cz](mailto:brno.gajdosova@fio.cz)

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Organisational branch:

Fio banka, a.s., pobočka zahraničnej banky (Slovakia)  
Corporate ID No.: 36 869 376, registered office: Dunajská 1, Bratislava 811 08

Offices:

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## Trading on the markets in the Czech Republic

The year 2022 was a difficult year on the world stock exchanges and the Prague Stock Exchange was no exception. Technology stocks were the hardest hit on the financial markets. Thanks to the absence of this sector in Prague, at least the domestic market fared better than, for instance, markets overseas. The Prague Stock Exchange incurred a loss of (15.33%) in 2022. Nonetheless, if we included dividends paid, last year's loss would have been below 10% and would have amounted to (9.07%). Thus, it performed better than most markets in the region, beating Warsaw (20%), Vienna (19%) or Budapest (14%).

The volume of traded shares grew for the third year in a row, with the total volume reaching CZK 166.2 billion in 2022. ČEZ with CZK 70.7 billion was the biggest contributor, followed by Komerční banka with CZK 38.5 billion and Erste with CZK 34.1 billion. Moneta's shares were traded in the amount of CZK 12.6 billion and Gen Digital (formerly Avast) shares amounted to CZK 2.9 billion.

The latter Avast merged with NortonLifeLock during the year and the company now operates under the new Gen Digital brand. The stock is primarily traded in the US. It is no longer included in the PX index in Prague. Its loss for the year was (13.6%). Erste Bank shareholders had a bad year with a loss of (33%), and the dividend payment of EUR 1.6 per share was little consolation. The war in Ukraine and fears of an economic recession in Europe played a role in this development. The rise in interest rates, which increases the Bank's interest margin, did not rectify the situation either. Komerční banka fared only slightly better, with its shares writing off (30%) during 2022. The bank at least pleased its shareholders by paying out an ordinary dividend of CZK 43.80 and an extraordinary dividend of CZK 55 from retained earnings. In total, it paid a dividend of CZK 98.8 per share. The best performing of the banking houses was Moneta, whose shares lost "mere" (18.93%). The stock seems to have been aided by efforts to change the ownership structure; furthermore, the bank paid a decent CZK 10 dividend. In the second half of the year, the Czech government's decision on the windfall tax influenced the development of bank share prices. The tax shall apply from 2023 to 2025. The financial sector is also

represented by the Austrian insurance company VIG, whose shares weakened by (13.4%) in 2022. The unfavourable development was noticeable for Kofola, whose shares wrote off (21.29%). The company failed to fully reflect the rise in energy prices and raw material input prices (especially sugar) in the end prices of its products. Last but not least, the development of ČEZ shares ought to be mentioned. The electricity title dominated the Prague Stock Exchange in the first half of the year, when its shares jumped to CZK 1,200 thanks to the sky rocketing energy prices. The capping of electricity prices and taxation of ČEZ's profits subsequently sent the stock back below the CZK 800 level, a decrease of (6.89%). The defensive nature was fully confirmed by the shares of Philip Morris ČR, which managed to navigate the difficult year with a profit of 3.85%. The company paid a fat dividend of CZK 1,310 in 2022. Another title with positive appreciation was the shares of the arms manufacturer COLT CZ amounting to 8.66%. The company benefited from the geopolitical situation, and the growth of military spending. The company paid an interesting dividend of CZK 25 per share. Among less liquid titles outside the main market, it is worth noting the performance of Photon Energy shares of 75.9%. At the other end of the imaginary peloton were Pilulka shares (61.4%). After the meteoric rise of 2021 of 185%, investors realised that the developments of the COVID-19 period were not going to be repeated and that the entire e-commerce sector was going through a crisis.

Five new companies entered the START market in 2022.

### **Foreign market trading**

Following a strong year, equity markets incurred losses in 2022. Rising inflation - a combination of economic policies during the pandemic, problems in supply chains and rising commodity prices, especially energy prices due to the war in Ukraine - became the major theme in financial markets. In Europe, the situation manifested itself in a dramatic surge in electricity prices, which called for state aid and price capping. The introduction of windfall taxes also became a key issue in European markets.

However, high inflation affected virtually the whole world and is reflected in rising bond market yields in anticipation of central bank monetary tightening. In the stock market, this was reflected in a fall in stock valuations and an increasing likelihood of a recession with a negative impact on corporate profitability. The situation of the previous year was reversed and the more growth-oriented segments of the stock market, which are sensitive to interest rate movements, were now losing the most.

In terms of individual equity indices, US indices with a greater representation of growth titles had relatively weaker performance. The broader S&P index weakened by 19.44% and the technology Nasdaq Composite by 33.10%. In contrast, European indices with a greater representation of more traditional sectors performed relatively better. The pan-European STOXX Europe 600 index weakened by 12.9%. The development on the currency market, where the US dollar strengthened, also played a significant role in the divergent development of the indices. Among the individual stock sectors, the growth of the energy sector can be highlighted in particular due to the rising oil price. Increased regulatory pressure from the Chinese government on the local technology sector and generally greater state intervention in the economy also continued to be a theme on the markets. Simultaneously, China struggled throughout the year with the ongoing pandemic, which translated into weaker economic activity and a decline in the Chinese stock market.

### **Proprietary trading**

In 2022, Fio banka kept its positions built on financial markets. In stock trading, the Bank continued its market maker role in the Prague Stock Exchange in all issues placed on the Prime market while being part of the PX index. According to the statistics of trades by members of the Stock Exchange, the volume of stock market trades by Fio banka in 2022 increased to CZK 60.66 billion from the prior CZK 51.24 billion in 2021, which is a year-on-year increase of 15.5%. In the overall ranking of members of the Stock Exchange by completed trade volumes for 2022, the Bank kept its second position.

During 2022, Fio banka replaced maturing issues in the debt securities portfolio and further increased the total portfolio volume. Thus, the volume increased by 6.60% year-on-year to CZK 125.64 billion at the end of 2022. The bank entered the market mainly through primary auctions. The portfolio continues to consist only of government bonds, 97% of which are issued by the Ministry of Finance of the Czech Republic and the rest by bonds of the Slovak Republic.

In the first half of 2022, the Czech National Bank (CNB) continued its cycle of interest rate hikes, with the two-week repo rate rising to 7% from the original 3.75% at the end of 2021. The central bank thus responded to the unprecedented rise in inflation associated with the increase in commodity prices and the energy crisis in Europe following the Russian military invasion of Ukraine. The attractiveness of the money market thus further increased with the rise in rates. Most of Fio banka's deposits of free funds were made with the CNB under two-week repo operations.

### **Information on the Company's assets and financial situation**

The Bank's total assets amounted to CZK 229,428,212 thousand as of 31 December 2022, principally comprising cash in hand and balances with central banks of CZK 57,145,311 thousand, government zero-coupon bonds of CZK 0 thousand, loans and receivables to banks and cooperative credit unions of CZK 3,189,912 thousand, loans and receivables to customers of CZK 41,255,472 thousand, debt securities of CZK 125,639,582 thousand, shares, share certificates and other equity investments of CZK 211,016 thousand, investments in subsidiaries of CZK 82,582 thousand and other assets of CZK 1,437,709 thousand.

In 2022, the Company recorded a net fee and commission income of CZK 652,027 thousand, a net interest income of CZK 5,412,245 thousand and income from financial transactions of CZK 795,697 thousand. The Bank's profit from ordinary activities before tax was CZK 5,128,843 thousand.

The Bank's situation has been stable in the long-term. The Bank has permanently a sufficient amount of liquid financial assets to settle its liabilities; it makes allocations, on a regular basis and in full, to the Stock Exchange's guarantee funds, to the Deposit Insurance Fund and the Securities Dealers Guarantee Fund. The Bank has never been insolvent throughout its existence.

After assessing the impacts of the war between the Russian Federation and Ukraine on its business activities, the Bank has concluded that no negative events occurred that would have a material impact on the Company's ability to continue as a going concern and generate profit every year. The Bank will continue to monitor the possible impact of this military conflict and accept all necessary measures to mitigate the impacts not only on the Bank and its employees but primarily on its clients.

Successful expansion of the Bank's credit portfolio as well as an increase in other indicators resulted in a larger volume of risk exposures. As of 31 December 2022, the Bank's capital ratio was 32.79% (of which 32.53% constitutes the Tier 1 capital ratio), which is above the level of regulatory requirements, constituting a secure level for risk coverage.

### **Information on the contribution to the Guarantee Fund**

As a securities trader, Fio banka, a.s., contributes to the Securities Traders Guarantee Fund, which provides a guarantee system from which compensation is paid to customers of securities traders that are unable to meet commitments towards their clients. The basis for calculating the Bank's contribution to the Securities Trader Guarantee Fund paid in 2022 amounted to CZK 240,668,403. The amount of the Bank's contribution amounted to CZK 4,813,368.

### **Information on the promotion of environmental or social performance and sustainable investment**

Fio banka does not promote environmental or social characteristics or a combination of these characteristics. The bank does not pursue the goal of sustainable investment. The bank does not pursue the goal of reducing carbon emissions.

The Bank does not invest purposefully in economic activity that contributes to an environmental objective within the meaning of Article 2(17) of Regulation (EU) 2019/2088.

The Bank's investments do not take into account the EU criteria for environmentally sustainable economic activities.



The Company does not consider the adverse impacts of its investment decisions on sustainability factors (within the meaning of Article 2(24) of the SFDR) primarily due to the Bank's business decision. Some of these reasons are discussed in more detail in Article XVII "Sustainability Policy" in the "Information on Investment Instruments, Protection of Investment Instruments and Client Money and Certain Other Information Regarding Trading in Investment Instruments" document, available at <https://www.fio.cz/onas/dokumenty-ceniky/vzory-smluv>.

## E. Statutory, Supervisory and Other Bodies

### Board of Directors:

#### **Jan Sochor**, Chairman of the Board of Directors

Mr Sochor graduated from the Faculty of Mathematics and Physics of Charles University and has been active on the capital market for more than 20 years. He has been Chairman of the Board since 22 May 2002. From 30 April 2001 to 23 April 2002, he worked as a statutory executive of the securities trading company Fio brokerská, spol. s r.o. Prior to holding this post, he had been already employed in Fio brokerská, spol. s r.o., predominantly focusing on creating an electronic trading system. Jan Sochor also held the post of Chairman of the Board of Directors at Fio, burzovní společnost, a.s.

#### **Josef Valter**, Member of the Board of Directors

Mr Valter graduated from the Faculty of Law of Charles University in Prague. He has been employed in the Fio Financial Group since 2002, first as Head of the Legal Division and later as Director of the Legal and Financial Division, which has been his position to date. Josef Valter was a member of the Board of Directors of Fio, družstevní záložna from 2002 to 2006 and Chairman of the Board of Directors of Fio, družstevní záložna from 2006 to 2010. He has been a member of the Board of Directors of Fio banka since 5 May 2010.

#### **Jan Bláha**, Member of the Board of Directors

Mr Bláha graduated from the Faculty of Economics of VŠB - Technical University of Ostrava and has been employed in the Fio Financial Group since 2000. At present, he is Director of the Sales Division. He has been a member of the Company's Board of Directors since 25 March 2015.

#### **Filip Novotný**, Member of the Board of Directors

Mr Novotný graduated from the Faculty of Mathematics and Physics at Charles University. He joined the Fio Financial Group in October 2004, when he joined the company as a client-focused employee at the Prague office. Since 2006, he has held the position of chief risk manager at Fio, burzovní společnost, a.s. At present, he holds the position of chief risk manager at Fio banka and a member of the Board of Directors responsible for risk management.

#### **Jakub Schmid**, Member of the Board of Directors

Mr Schmid graduated from the Faculty of Finance and Accounting at the Prague University of Economics and Business. He has been working for Fio Financial Group since July 2001, when he joined the Group as an employee of the Client Division Headquarters, then he assumed the position of the Director of the North-Bohemian sector within the Client Division, followed by the position of the Director of the Branch Network and since October 2014, the Director of the Client Division. In July 2022, he became the Director of the Credit Division and a member of the Bank's Board of Directors.

**Daniel Ditrich, Member of the Board of Directors**

Mr Ditrich studied IT at Perth Commercial College in Australia. He has been with Fio Financial Group since 2001, when he joined the Technical Support Department. Since 2010, he has been responsible for managing the Bank's technical departments. In 2014, he became the Director of Operations Management and was responsible for managing the departments of network administrators, servers and databases, payment cards and ATM management, technical support and software testing. He has been a member of the Bank's Board of Directors and Director of the Operations Division since 1 July 2022.

Under Section 8 (1) of Act No. 21/1992 Coll. on Banks, as amended, the Bank's Board of Directors had six members as of 31 December 2022.

**Supervisory Board:****Romuald Kopún, Chairman of the Supervisory Board**

Mr Kopún graduated from the Faculty of Mathematics and Physics of Charles University. He has been a member of the Supervisory Board since 1994. By holding this position, he has gained the necessary experience in the capital market sector.

**Petr Marsa, Vice Chairman of the Supervisory Board**

Mr Marsa graduated from the Faculty of Mathematics and Physics of Charles University. He has been active on the financial market for more than 25 years. He has held various positions in the bodies of several entities within the Fio Financial Group.

**Marek Polka, Member of the Supervisory Board**

Mr Polka graduated from the Faculty of Finance and Accounting at the Prague University of Economics and Business. He has been with Fio Financial Group since May 2001, when he joined the Prague branch as a client officer. Over time, he progressed through the positions of Temporary Branch Manager in Plzeň, Manager of the largest branch of the Financial Group in Prague and then Head of the entire Client Service Department. In April 2006, he became the Head of the Client Division of Fio Financial Group. On 1 April 2006, he became a member of the Board of Directors of Fio, družstevní záložna and on 3 May 2010, the Chairman of the Board of Directors of Fio, družstevní záložna. As Head of the Client Division, his primary tasks were to ensure the proper operation of branches, manage customer relations and the product line. From 24 September 2014 to 30 June 2022, Mr Polka held the position of the Director of the Bank's Credit Division. He was a member of the Bank's Board of Directors from 25 March 2015 to 30 June 2022. Since 1 July 2022, he has been a member of the Bank's Supervisory Board.

**Audit Committee:****Jan Kotišek, Chairman of the Audit Committee**

Mr Kotišek graduated from the faculty of International Relations of the Prague University of Economics and Business and completed the Executive MBA in Finance at the University of New York in Prague. Mr Kotišek has worked on the financial market for more than 20 years, holding posts at Vojenský otevřený penzijní fond, a.s., Foresbank, a.s., Spořitelni a úvěrové družstvo Unibon, Záložna CREDITAS, spořitelni družstvo as well as at the Supervisory Office for Credit Unions.

**Petr Marsa, Vice-chairman of the Audit Committee**

Mr Marsa graduated from the Faculty of Mathematics and Physics of Charles University. He has been active on the financial market for more than 25 years. He has held various positions in the bodies of several entities within the Fio Financial Group.

#### **Václav Svoboda, Member of the Audit Committee**

Mr Svoboda graduated from the Faculty of Economics at the Prague University of Economics and Business. He has worked as a statutory auditor for over 20 years.

Members of the Board of Directors, Supervisory Board, Audit Committee or the Company's management hold no treasury shares of the Company.

The Company's employees do not have an opportunity to have equity interests in the Company.

## **F. Other Information**

The statement of changes in equity for the last two reporting periods is included in the financial statements which form part of this annual report.

The number of average recalculated headcount and changes thereof are disclosed in the notes to the financial statements for the year ended 31 December 2022 which are part of this annual report. Increasing the number of the Company's staff corresponds to the Company's strategy aimed at the continuous increase of the quality of provided services.

The Company incurred no costs on research, development and environmental protection in 2022. The costs of labour relations incurred in 2022 are disclosed in the notes to the financial statements for the year ended 31 December 2022 which are part of this annual report.

Based on a decision of the Board of Directors of 5 May 2010, an organisational branch of the Company was established in Slovakia: Fio banka, a. s., pobočka zahraničnej banky, corporate ID: 36 869 376, Nám. SNP 21, Bratislava 811 01, Slovakia.

The Company will continue to operate as a going concern.

The Company did not acquire any treasury shares during the audited period.

### **Significant Post Balance Sheet Events**

No events occurred subsequent to the balance sheet date on 31 December 2022 that would have a material impact on the Bank's operation and financial performance.

### **Impacts of the war between Russia and Ukraine on the Bank**

Fio banka, a.s. operates only on the Czech and Slovak markets, and it is, therefore, not directly affected by the ongoing war conflict in Ukraine, nor does the conflict affect Fio banka's investments or other projects.

During 2022 and between January and April 2023, the Bank introduced measures in line with the relevant sanction regulations; however these sanctions have an impact only on marginal share of the Bank's clients.

Additionally, the Bank, as one of the first banks in the Czech Republic, took measures for the support of Ukraine and its citizens in the form of remitted fees for payments abroad made by its clients to accounts in Ukrainian banks.

## **Head of the organisational unit:**

### **Marek Polka (Head of Organisational Unit until 22 August 2022)**

Mr Polka graduated from the Faculty of Finance and Accounting at the Prague University of Economics and Business. He has been with the Fio Financial Group since May 2001 when he joined the Prague branch as a client officer. Over time, he progressed through the positions of Temporary Branch Manager in Plzeň, Manager of the Group's largest branch in Prague and then Head of the entire Client Service Department. In April 2006, he became the Head of the Client Division of Fio Financial Group. On 1 April 2008, he became a member of the Board of Directors of Fio, družstevní záložna and on 3 May 2010, the Chairman of the Board of Directors of Fio, družstevní záložna. As Head of the Client Division, his primary tasks were to ensure the proper operation of branches, manage customer relations and the product line. From 24 September 2014 to 30 June 2022, Mr Polka was the Director of the Bank's Credit Division. He was a member of the Bank's Board of Directors of the Company from 25 March 2015 to 30 June 2022. Since 1 July 2022, he has been a member of the Bank's Supervisory Board.

### **Roman Vitek (Head of Organisational Unit as of 23 August 2022)**

Mr Vitek is a graduate of the Faculty of Finance and Accounting at the Prague University of Economics and Business in the field of Economic Analysis. While still studying, he started working at the Fio Financial Group, when in 2010 he joined the Prague branches as a client officer. Subsequently, he held the position of Branch Manager and in 2013, he became the Regional Manager for Central Bohemia. In 2018, he was appointed Deputy Head of the Client Division, responsible for the Bank's branch network in the Czech Republic. He was appointed Head of the Client Division in July 2022. In August of the same year, he became the Head of the Organisational Unit in Slovakia.


## G. Persons Responsible for the Annual Report

Jan Sochor, Chairman of the Board of Directors of Fio banka, a.s., holds responsibility for the annual report.

The financial statements were audited by:

Deloitte Audit s.r.o., corporate ID: 49620592, Italská 2581/67, Vinohrady, 120 00 Prague 2.

In Prague on 30 April 2023



Jan Sochor  
Chairman of the Board of Directors



Josef Valter  
Member of the Board of Directors



## **Auditor's Report**

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Fio banka, a.s.

Having its registered office at: V Celnici 1028/10, 117 21 Praha 1.

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of Fio banka, a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as of 31 December 2022, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Fio banka, a.s. as of 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

##### Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Related audit procedures
<b>Provisions for amounts due from clients</b>	
(Notes 3.2.1, 3.14 and 4.3 to the financial statements)	
As of 31 December 2022, gross amounts due from clients (hereinafter "loans") were CZK 43,024,421 thousand against which provisions for loans (hereinafter "provisions") of CZK 1,768,949 thousand were recorded.	Based on our risk assessment and knowledge of the industry, we reviewed provisions, assessed the methodology applied and the assumptions used. In cooperation with our specialists, we recalculated provisions.
The provisions are determined either individually for significant credit impaired exposures (stage 3 defaulted) or using statistical models for performing loans (stage 1 and 2).	We tested the design and operating effectiveness of selected key internal controls introduced by the Bank's management to assess impairment and recognise provisions. With the help of IT specialists, we tested IT controls relating to access rights and change management of relevant IT applications.
	<u>Testing of internal controls</u>

Key audit matter	Related audit procedures
<p>The assessment of provisions against amounts due from clients requires from the Company's management a significant level of judgement, especially with respect to the identification of impaired amounts and quantification of their impairment. Given the current macroeconomic and geopolitical situation, the level of uncertainty and the level of management's judgement subjectivity have increased significantly with respect to the financial reporting for 2022.</p>	<p>We tested the design and operating effectiveness of the key internal controls to determine which loans are impaired and provisions for those assets. Our procedures included testing of the following:</p>
<p>Because of the significance of professional judgements and the size of loans, the audit of provisions is a key audit matter.</p>	<ul style="list-style-type: none"> <li>• System-based and manual controls over the timely identification and recognition of provisions for loans;</li> <li>• Controls over the provision calculation and recording;</li> <li>• Controls over collateral valuation estimate; and</li> <li>• The governance process of management validation of provision calculations.</li> </ul>
<p>The most significant judgements are:</p>	<p><u>Assumptions used in the expected credit loss models</u></p>
<ul style="list-style-type: none"> <li>• Assumptions used in the expected credit loss models to assess the credit risk related to the exposure and the expected future cash flows of the customer.</li> <li>• Timely identification of exposures with a significant increase in credit risk and credit impaired exposures in the context of the current macroeconomic and geopolitical situation.</li> <li>• Valuation of collateral and assumptions of future cash flows on individually assessed credit-impaired exposures.</li> </ul>	<p>We assessed, in cooperation with our specialists, the methodology of the models. We assessed whether the modelling assumptions considered all relevant risks and were reasonable in light of historical experience and forward outlook, economic climate, and the circumstances of the customers. We performed analytical procedures on a portfolio basis.</p>
	<p>With respect to the extreme volatility of economic scenarios caused by the current macroeconomic and geopolitical situation, we assessed whether the parameters used in the statistical models of expected credit loss provide a true view of the expected future default level and recoverability of loans.</p>
	<p><u>Identification of exposures with a significant increase in credit risk and credit impaired loans</u></p>
	<p>In cooperation with our specialists, we evaluated assumptions used for staging models and we recalculated the staging on a portfolio basis.</p>
	<p>We tested a sample of loans (including loans that had not been classified by management as stage 3) to form our own assessment as to whether impairment events had occurred and to assess whether impairment had been identified in a timely manner.</p>
	<p><u>Provisions for individually assessed credit impaired loans</u></p>
	<p>The Bank determines provisions individually for significant credit impaired exposures (stage 3 defaulted).</p>
	<p>We selected a sample of loans and, where we deemed them to be impaired, tested the amount of provisions recorded by the Company in terms of loan categorisation, expected recovery and collateral held. In some cases, we used our own industry experts, particularly in respect of commercial real estate, to assess the appropriateness of valuations and estimates used by the Company. Where we determined that a more appropriate assumption or input in provision measurement could be made, we recalculated the provision</p>



Key audit matter	Related audit procedures
	<p>on that basis and compared the results in order to evaluate management estimate.</p> <p>Our testing reflected the financial position and performance of the debtor in the current economic environment affected by the current macroeconomic and geopolitical situation.</p>
<b>Interest and fee income recognition</b>	
<p>(Notes 3.11, 4.17, and 4.18 to the financial statements)</p> <p>For the year ended 31 December 2022, the interest income and similar income amounted to CZK 6,924,622 thousand. Total fee and commission income for the same period amounted to CZK 1,018,694 thousand. With the main source being provided loans, client deposits and client transactions, these are the main contributors to the income of the Company affecting the profitability.</p> <p>Interest income and fee income are recognised in the profit and loss account in the period to which they relate on an accrual basis. Loan interest is accrued on a daily basis. Fees for services provided are recognised when the service is provided and are presented as fee and commission income. Fees for the execution of an act are recognised when the act has been completed and are presented as fee and commission income.</p> <p>Revenue recognition specifics, a high volume of individually small transactions which depends on data quality of interest and fee inputs and on IT solutions for their recording resulted in this matter being identified as a key audit matter.</p>	<p>We tested the design and operating effectiveness of the key internal controls and focused on:</p> <ul style="list-style-type: none"> <li>• Assessment of interest/fees recognition;</li> <li>• Interest/fee inputs on client loans and deposits, including authorisation of the changes in the interest and fee price list and authorisation of non-standard interest/fees;</li> <li>• IT controls relating to access rights and change management of relevant IT applications with the assistance of our IT specialists; and</li> <li>• We evaluated the accounting treatment performed by the Company in respect of fees charged to clients to determine whether the methodology complies with the requirements of the relevant accounting standard.</li> </ul> <p>We focused our testing on challenging the correct classification of interest income and fee income.</p> <p>On a sample basis, we checked the correctness of the calculation of interest income for the main types of provided loans to assess the completeness and accuracy of data used for the calculation. We also reviewed the correctness of accounting for the main types of fees.</p> <p>We performed analytical procedures and benchmarking.</p>

#### Other Information in the Annual Report

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

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

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

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

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

#### Responsibilities of the Company's Board of Directors and Supervisory Board of the Company for the Financial Statements

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

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

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Report on Relations among Related Entities (the "Report on Relations")**

We have reviewed the factual accuracy of the information included in the accompanying related party transactions report of Fio banka, a.s. for the year ended 31 December 2022 which is included in this annual report in Section V. This related party transactions report is the responsibility of the Company's Statutory Body. Our responsibility is to express our view on the related party transactions report based on our review.

We conducted our review in accordance with Auditing Standard 56 issued by the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the related party transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related party transactions report of Fio banka, a.s. for the year ended 31 December 2022 contains material factual misstatements.

The Company has decided not to disclose amounts under related party contracts citing business secrecy restrictions.

#### **Report on Other Legal and Regulatory Requirements**

In compliance with Article 10 (2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

##### Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on the basis of a tender on 23 October 2018 and our total uninterrupted engagement has lasted for 13 years.

##### Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 30 April 2023 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

##### Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the annual report.

In Prague on 30 April 2023

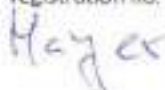
Audit firm:

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



Statutory auditor:

Miroslav Mayer  
registration no. 2529





# **The Company's Financial Statements for the Year Ended 31 December 2022**


## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

**Name of the Company:** Fio banka, a.s.  
**Registered Office:** V Celnici 1028/10, 117 21 Praha 1  
**Legal Status:** Joint Stock Company  
**Corporate ID:** 618 58 374

### Components of the Financial Statements:

Balance Sheet  
Off Balance Sheet Accounts  
Profit and Loss Account  
Cash Flow Statement  
Statement of Changes in Equity  
Notes to the Financial Statements

These financial statements were prepared on 30 April 2023.

Statutory body of the reporting entity:	Signature
<b>Jan Sochor</b> Chairman of the Board of Directors  <b>Josef Valter</b> Member of the Board of Directors	

Business n. Plo banka, a.s.  
Registered V Celnici 1028/10, 11721 Praha 1  
Corporate I 818 58 374

Balance sheet as of 31 December 2022 in CZK thousand		Current period			Prior period	
No.	Text	Line	Gross	Adjustment	Net	Net
1.	Cash in hand and balances with central banks	1	57 145 311	0	57 145 311	55 053 982
3.	Loans and receivables to banks and cooperative credit unions	5	3 189 912	0	3 189 912	2 288 854
3.a)	Repayable on demand	6	2 725 162	327	2 725 035	1 657 469
3.b)	Other receivables	7	464 077	0	464 077	601 385
4.	Loans and receivables to customers	8	43 024 421	1 768 043	41 256 472	37 455 617
4.a)	Repayable on demand	9	1 124 098	448 401	675 197	703 892
4.b)	Other receivables	10	41 899 823	1 320 548	40 579 275	36 749 725
5.	Debt securities	11	125 639 882	0	125 639 882	117 877 049
5.a)	issued by government institutions	12	125 639 000	0	125 639 000	117 859 619
5.b)	issued by other entities	13	9 582	0	9 582	18 230
6.	Shares, share certificates and other equity investments	14	211 016	0	211 016	203 748
8.	Investments in associates	17	82 582	0	82 582	71 608
9.	Intangible fixed assets	19	53 045	30 527	19 508	3 225
9.a)	Start-up costs	20	0	0	0	0
9.b)	Goodwill	21	-1 143	-1 143	0	0
10.	Tangible fixed assets	22	135 011	370 362	362 119	365 625
	Land and buildings for operating activities	23	542 568	206 534	245 822	271 034
11.	Other assets	24	1 438 031	322	1 437 709	1 283 410
13.	Prepayments and accrued income	28	85 001	0	85 001	93 648
	<b>TOTAL ASSETS</b>	<b>27</b>	<b>231 604 412</b>	<b>2 176 200</b>	<b>229 428 212</b>	<b>214 686 965</b>
1.	Due to banks and cooperative credit unions	28			33 215	139 209
1.a)	Repayable on demand	29			33 171	130 164
1.b)	Other payables	30			44	45
2.	Due to customers	31			212 182 283	203 386 679
2.a)	Repayable on demand	32			204 643 283	200 194 577
2.b)	Other payables	33			7 459 000	3 200 093
3.	Payables from debt securities	34			891 417	586 718
3.a)	Issued debt securities	35			891 417	586 718
4.	Other liabilities	37			3 531 167	2 025 612
6.	Reserves	39			724 330	594 886
6.b)	Reserves for taxes	41			731 834	502 217
6.c)	Other reserves	42			2 496	2 469
7.	Subordinated liabilities	43			90 000	98 000
8.	Share capital	44			790 000	788 000
8.a)	Share capital paid up	45			790 000	790 000
13.	Valuation gains or losses	55			510	285
13.c)	Retransition of equity holdings	58			510	285
14.	Retained earnings or accumulated losses brought forward	60			7 179 736	4 841 777
15.	Profit(loss) for the period	60			4 405 534	2 338 009
	<b>TOTAL LIABILITIES</b>	<b>61</b>			<b>229 428 212</b>	<b>214 686 964</b>

Off balance sheet accounts as of 31 December 2022  
in CZK thousand

No.	Text	Current period	Prior period
1.	Issued commitments and guarantees	25 171 668	25 909 292
4.	Receivables from fixed term transactions	22 853 498	31 760 770
10.	Received pledges and collateral	74 165 908	75 721 044
12.	Liabilities from fixed term transactions	23 261 302	32 345 463
14.	Assets received into custody, administration and safe-keeping	83 008 559	81 384 442

Profit and loss account for the year ended 31 December 2022  
in CZK thousand

No.	Text	Line No.	Current period	Prior period
1.	<i>Interest income and similar income</i>	PL 1	6 924 622	2 613 446
	Interest income from debt securities	PL2	4 215 774	1 398 501
2.	<i>Interest expense and similar expense</i>	PL3	1 512 377	319 503
	Interest expense from debt securities	PL4	335 077	190 730
3.	<i>Income from shares and participation interests</i>	PL5	6 107	8 382
3.c.	Income from other shares and participation interests	PL5	6 107	8 382
4.	<i>Commission and fee income</i>	PL6	1 016 864	799 021
5.	<i>Commission and fee expense</i>	PL 10	306 067	275 781
6.	<i>Profit or loss on financial operations</i>	PL 11	798 857	841 646
7.	<i>Other operating income</i>	PL 12	57 368	50 798
8.	<i>Other operating expense</i>	PL 13	180 060	130 141
9.	<i>Administrative expenses</i>	PL 14	1 128 484	961 906
9.a.	Staff costs	PL 15	154 172	159 034
9.a.1.	of which: social security and health insurance	PL16	36 952	31 318
9.b.	Other administrative expenses	PL 17	942 312	802 375
11.	<i>Depreciation/amortisation, charge for and use of reserves and provisions for tangible and intangible fixed assets</i>	PL 18	96 414	98 488
	Write-offs, charge for and use of provisions and reserves for receivables and guarantees	PL21	423 176	-111 138
17.	<i>Charge for and use of other reserves</i>	PL25	-539	0
18.	<i>Share of profits/(losses) of subsidiaries and associates</i>	PL26	10 976	3 370
19.	<i>Profit/(loss) for the period from ordinary activities before taxes</i>	PL27	5 128 943	2 640 771
23.	<i>Income tax</i>	PL31	723 308	502 782
24.	<i>Profit/(loss) for the period</i>	PL32	4 405 634	2 138 000



Statement of changes in equity  
in CZK thousand

	Shares capital	Valuation gains or losses	Retained earnings/ (loss) brought forward	Profit or loss in the approval process	Profit (loss) for the period	Total
Balance at 1 January 2021	750 000	0	3 063 270	1 176 502		5 001 777
FX differences and valuation differences not included in profit or loss						
Net profit/loss for the period		235			2 338 029	
Transfers to funds			1 176 602	-4 176 502		
Balance at 31 December 2021	750 000	235	4 841 777	0	2 338 029	7 940 071
Balance at 1 January 2022	750 000	235	4 841 777	2 338 029		7 940 071
FX differences and valuation differences not included in profit or loss						
Net profit/loss for the period		225			-4 405 534	
Transfers to funds			2 338 029	-2 338 029		
Balance at 31 December 2022	750 000	510	7 179 746	0	-4 405 534	12 345 810

**CASH FLOW STATEMENT**

Year ended 31 December 2022

[in CZK thousand]

Fio banka, a.s.  
Corporate ID 618 58 374

V Celnici 1028/10

117 21 Praha 1

		Year ended 31.12.2022	Year ended 31.12.2021
P.	Opening balance of cash and cash equivalents	56 817 080	82 604 638
	<b>Cash flows from ordinary activities (operating activities)</b>		
Z.	Profit or loss before tax	5 128 843	2 840 771
A.1.	Adjustments for non-cash transactions	-3 249 704	-3 280 368
A.1.1.	Impairment loss on loans, receivables and financial investments	423 178	-111 138
A.1.2.	Depreciation of fixed assets	96 434	98 488
A.1.3.	Change in reserves	27	-917
A.1.5.	Revenues from dividends/profit shares	-6 107	-6 382
A.1.6.	Interest expense and interest income and fees	-6 064 272	-8 017 785
A.1.7.	Revaluation of securities and derivatives	782 132	578 069
A.1.8.	Profit/(loss) on the sale of financial assets and liabilities	16 337	-65 566
A.1.9.	Unrealized foreign exchange gains and losses	1 503 588	1 244 863
A.*	<b>Net operating cash flow before changes in working capital</b>	<b>1 879 133</b>	<b>1 560 403</b>
A.2.	Change in operating assets and liabilities	-7 573 700	-31 391 439
A.2.1.	Change in loans and receivables to banks and customers	-4 087 725	-31 354 548
A.2.2.	Change in due to banks and customers	7 641 573	27 583 632
A.2.3.	Change in securities	-4 480 373	-46 945 030
A.2.4.	Change in other assets, prepayments and accrued income	-1 322 721	-3 342 767
A.2.5.	Change in other liabilities, deferred income and accrued expenses	1 491 876	767 254
A.**	<b>Net cash flow from operations before tax</b>	<b>1 121 770</b>	<b>-25 831 036</b>
A.3.	Interest paid	-1 838 728	-800 952
A.4.	Interest received	4 634 654	3 960 958
A.5.	Income tax paid from ordinary operations	-609 474	248 476
A.6.	Received profit shares	6 107	6 382
A.***	<b>Net operating cash flows</b>	<b>3 294 329</b>	<b>-26 195 153</b>
	<b>Cash flows from investing activities</b>		
B.1.	Fixed assets expenditures	-148 514	-181 122
B.***	<b>Net investment cash flows</b>	<b>-148 514</b>	<b>-181 122</b>
	<b>Cash flow from financial activities</b>		
C.1.	Change in payables from financing	12 699	588 718
C.***	<b>Net financial cash flows</b>	<b>12 699</b>	<b>588 718</b>
F.	<b>Net increase or decrease in cash and cash equivalents</b>	<b>3 158 514</b>	<b>-25 787 557</b>
R.	Closing balance of cash and cash equivalents	59 975 594	56 817 080

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

<b>Name of the Company:</b>	<b>Fio banka, a.s.</b>
<b>Registered Office:</b>	<b>V Celnici 1028/10, 117 21 Prague 1</b>
<b>Legal status:</b>	<b>Joint Stock Company</b>
<b>Corporate ID:</b>	<b>618 58 374</b>

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## 1. GENERAL INFORMATION

### 1.1. Incorporation and Description of the Business

Fio banka, a.s. (hereinafter the "Company" or the "Bank") was formed by a single Memorandum of Association on 20 June 1994 (under the former name Fio, burzovní společnost, a.s.) and was incorporated following its registration in the Register of Companies in Prague on 31 August 1994.

The Company's business activity is in line with the provisions of Banking Act No. 21/1992 Coll., as amended, and the licence granted by the Czech National Bank. The subject of the Company's business activity involves:

- Undertaking the activities listed in Section 1 (1) of the Banking Act as follows:
  - a) Acceptance of deposits from the general public;
  - b) Extension of credit; and
- Undertaking the activities listed in Section 1 (3) of the Banking Act as follows:
  - a) Investing in securities on the Company's own account;
  - b) Finance lease;
  - c) Payments and clearing;
  - d) Issuance and administration of payment facilities, e.g. credit cards and traveller's cheques;
  - e) Issuance of guarantees;
  - f) Opening of letters of credit;
  - g) Collection services;
  - h) Provision of investment services within the scope of principal investment services.

Within the scope of principal investment services:

- Under Section 4 (2) (a) of the Capital Market Undertaking Act No. 256/2004 Coll., as amended (hereinafter referred to as the "Capital Market Undertaking Act"), receipt and provision of instructions relating to investment instruments, in respect of investment instruments as defined in Section 3 (1) (a), (b) and (d) through (k) of the Capital Market Undertaking Act;
- Under Section 4 (2) (b) of the Capital Market Undertaking Act, performance of instructions relating to investment instruments to a customer's account, in respect of investment instruments as defined in Section 3 (1) (a), (b) and (d) through (k) of the Capital Market Undertaking Act;
- Under Section 4 (2) (c) of the Capital Market Undertaking Act, proprietary trading with investment instruments, in respect of investment instruments as defined in Section 3 (1) (a), (b) and (d) through (k) of the Capital Market Undertaking Act;
- Under Section 4 (2) (d) of the Capital Market Undertaking Act, discretionary management of individual portfolios under a contractual arrangement with the client if this portfolio includes defined investment instruments, in respect of investment instruments as defined in Section 3 (1) (a), (b) of the Capital Market Undertaking Act;
- Under Section 4 (2) (e) of the Capital Market Undertaking Act, investment advisory concerning investment tools, in respect of investment instruments as defined in Section 3 (1) (a), (b) and (d) through (k) of the Capital Market Undertaking Act;
- Under Section 4 (2) (g) of the Capital Market Undertaking Act, underwriting of investment instruments or their placement with the obligation to issue, in respect of investment instruments as defined in Section 3 (1) (a), (b) of the Capital Market Undertaking Act;
- Under Section 4 (2) (h) of the Capital Market Undertaking Act, underwriting of investment instruments issues or their placement without the obligation to issue, in respect of investment instruments as defined in Section 3 (1) (a), (b) of the Capital Market Undertaking Act;

And within the scope of additional investment services

- Under Section 4 (3) (a) of the Capital Market Undertaking Act, custody and administration of investment tools including related services, in respect of investment instruments as defined in Section 3 (1) (a), (b) and (d) through (k) of the Capital Market Undertaking Act;
- Under Section 4 (3) (b) of the Capital Market Undertaking Act, provision of loans or borrowings to clients so as to facilitate trading with the investment tool in which the loan or borrowing provider participates, in respect of investment instruments as defined in Section 3 (1) (a), (b) of the Capital Market Undertaking Act;
- Under Section 4 (3) (c) of the Capital Market Undertaking Act, provision of advisory services related to the capital structure, industrial strategies and related issues, as well as provision of advisory services and services related to the transformation or transfers of companies;
- Under Section 4 (3) (d) of the Capital Market Undertaking Act, provision of investment recommendation and analyses of investment opportunities or similar general recommendation related to investment tool trading, in respect of investment instruments as defined in Section 3 (1) (a), (b) and (d) through (k) of the Capital Market Undertaking Act;
- Under Section 4 (3) (e) of the Capital Market Undertaking Act, execution of foreign exchange operations related to the provision of investment services;
  - i) Financial brokerage;
  - k) Foreign exchange services;
  - l) Provision of banking information;
  - m) Proprietary trading or trading on a client's account with foreign currencies and gold;
  - n) Rental of safe deposit boxes; and
  - o) Activities that directly relate to the activities in the banking licence.

Company's share capital: CZK 760,000 thousand

Balance sheet date: 31 December 2022

Financial statements prepared on: 30 April 2023

Accounting period: Calendar year

Currency used in the financial statements: Czech crown (CZK)

The following table shows individuals and legal entities with an equity interest greater than 20 percent and the amount of their equity interest:

Shareholder	Ownership percentage
Fio holding, a.s., V Celnici 1028/10, Postal Code 117 21, Prague 1	100%
<b>Total</b>	<b>100%</b>

Fio holding, a.s. is owned by its shareholder Mr Petr Marsa and Mr Romuald Kopún, who both own 50% of the shares of Fio holding, a.s. and who act in concert. Thus, they indirectly control Fio banka, a.s.

Subject of business of the organisational branch of Fio banka, a.s. operating in the Slovak Republic (Fio banka, a.s., pobočka zahraničnej banky):

- Acceptance of deposits from the general public
- Extension of credit
- Finance lease
- Payments and clearing
- Issuance and administration of payment facilities, e.g. credit cards and travellers' cheques
- Issuance of guarantees
- Proprietary trading and trading on client accounts in foreign exchange
- Portfolio management in relation to the following financial instruments: (a) transferable securities, (b) shares in collective investment undertakings
- Custody and administration of financial instruments for the account of clients, including safekeeping and related services, such as management of cash or guarantees, in relation to the following financial instruments: (a) transferable securities, (b) shares in collective investment undertakings, (c) options, futures, swaps,

forward rate agreements and other derivative contracts relating to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial measures which may be settled physically or in cash, (d) options, futures, swaps, forward rate agreements and other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of insolvency or other event resulting in termination), (e) options, futures, swaps and other derivative contracts relating to commodities which must be physically settled provided they relate to a regulated market and/or MTF, (f) options, futures, swaps, forwards and other derivative contracts relating to commodities which may be physically settled by no other means than those referred to in the preceding point and which do not serve a commercial purpose, which have different characteristics from derivative financial instruments with regard to, inter alia, whether they are cleared or settled through recognised clearing houses or are subject to customary margin calls, (g) derivative instruments for the transfer of credit risk, (h) contracts for differences, (i) options, futures, swaps, forward rate agreements and other derivative contracts relating to climate variables, transport rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled at the option of one of the parties (otherwise than by reason of insolvency or other event resulting in termination), as well as other derivative contracts relating to assets, rights, obligations, indices and measures that are not otherwise listed in Section C of Annex I to Directive 2004/39/EC of the European Parliament and of the Council with regard to, inter alia, whether they are traded on a regulated market or MTF, cleared and settled through recognised clearing houses or subject to normal margin calls

- The granting of credit and loans to an investor to enable a transaction in one or more financial instruments to be carried out, where the company granting the credit or loan is involved in the transaction, in relation to the following financial instruments: (a) transferable securities, (b) shares in collective investment undertakings

- The issuance of electronic money

- Receiving and transmitting instructions relating to one or more financial instruments in relation to the following financial instruments: (a) transferable securities, (b) shares in collective investment undertakings, (c) options, futures, swaps, forward rate agreements and other derivative contracts relating to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial measures which may be settled physically or in cash, (d) options, futures, swaps, forward rate agreements and other derivative contracts relating to commodities which must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of insolvency or other event resulting in termination), (e) options, futures, swaps and other derivative contracts relating to commodities which must be physically settled provided that they relate to a regulated market and/or MTF, (f) options, futures, swaps, forwards and other derivative contracts relating to commodities which may be physically settled in no other means than those referred to in the previous point and which do not serve a commercial purpose, which have different characteristics from derivative financial instruments with regard to, inter alia, whether they are cleared or settled through recognised clearing houses or are subject to normal margin calls, (g) derivative instruments for the transfer of credit risk, (h) contracts for differences, (i) options, futures, swaps, forward rate agreements and other derivative contracts relating to climate variables, transport rates, emission allowances or inflation rates or other official economic statistics which must be settled in cash or may be settled at the option of one of the parties (otherwise than by reason of insolvency or other event resulting in termination), as well as other derivative contracts relating to assets, rights, obligations, indices and measures that are not otherwise listed in Section C of Annex I to Directive 2004/39/EC of the European Parliament and of the Council with respect to, inter alia, whether they are traded on a regulated market or MTF, cleared and settled through recognised clearing houses, or subject to normal margin calls

- Investment advisory services in relation to the following financial instruments: (a) transferable securities, (b) shares in collective investment undertakings, (c) options, futures, swaps, forward rate agreements and other derivative contracts relating to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial measures that may be settled physically or in cash, (d) options, futures, swaps, forward rate agreements and other derivative contracts relating to commodities that must be settled in cash, or may be settled in cash at the option of one of the parties (otherwise than by reason of insolvency or other event resulting in termination), (e) options, futures, swaps and other derivative contracts relating to commodities which must be physically settled provided they relate to a regulated market and/or MTF, (f) options, futures, swaps, forwards and other derivative contracts relating to commodities which may be physically settled by no other means than those referred to in the preceding point and which do not serve a commercial purpose, which have different characteristics from derivative financial instruments with regard to, inter alia, whether they are cleared or settled through recognised clearing houses or are subject to normal



margin calls, (g) derivative instruments for the transfer of credit risk, (h) contracts for differences, (i) options, futures, swaps, forward rate agreements and other derivative contracts relating to climate variables, traffic rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled at the option of one of the parties (otherwise than by reason of insolvency or other event resulting in termination), as well as other derivative contracts relating to assets, rights, obligations, indices and measures that are not otherwise listed in Section C of Annex I to Directive 2004/39/EC of the European Parliament and of the Council with respect to, inter alia, whether they are traded on a regulated market or MTF, cleared and settled through recognised clearing houses or subject to normal margin calls

- Investment research and financial analysis or other forms of general advice concerning transactions in financial instruments in relation to the following financial instruments: (a) transferable securities, (b) shares in collective investment undertakings, (c) options, futures, swaps, forward rate agreements and other derivative contracts relating to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial measures which may be settled physically or in cash, (d) options, futures, swaps, forward rate agreements and other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of insolvency or other event resulting in termination), (e) options, futures, swaps and other derivative contracts relating to commodities which must be physically settled provided they relate to a regulated market and/or MTF, (f) options, futures, swaps, forwards and other derivative contracts relating to commodities which may be physically settled by no other means than those referred to in the preceding point and which do not serve a commercial purpose, which have different characteristics from derivative financial instruments with respect to, inter alia, that they are cleared or settled through recognised clearing houses or are subject to normal margin calls, (g) derivative instruments for the transfer of credit risk, (h) contracts for differences, (i) options, futures, swaps, forward rate agreements and other derivative contracts relating to climate variables, traffic rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled at the option of one of the parties (otherwise than by reason of insolvency or other event resulting in termination), as well as other derivative contracts relating to assets, rights, obligations, indices and measures that are not otherwise listed in Section C of Annex I to Directive 2004/39/EC of the European Parliament and of the Council with respect to, inter alia, whether they are traded on a regulated market or MTF, cleared and settled through recognised clearing houses or subject to normal margin calls

- Proprietary trading in relation to the following financial instruments: (a) transferable securities, (b) shares in collective investment undertakings, (c) options, futures, swaps, forward rate agreements and other derivative contracts relating to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial measures that may be settled physically or in cash, (d) options, futures, swaps, forward rate agreements and other derivative contracts relating to commodities which must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of insolvency or other event resulting in termination), (e) options, futures, swaps and other derivative contracts relating to commodities which must be physically settled provided they relate to a regulated market and/or MTF

- Foreign exchange services, where these are linked to the provision of investment services, in relation to the following financial instruments: (a) transferable securities, (b) shares in collective investment undertakings, (c) options, futures, swaps, forward rate agreements and other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivative instruments, financial indices or financial measures which may be settled physically or in cash, (d) options, futures, swaps, forwards and other derivative contracts relating to commodities which must be settled in cash or may be settled in cash at the option of one of the parties otherwise than by reason of insolvency or other event resulting in termination, (e) options, futures, swaps and other derivative contracts relating to commodities which may be physically settled provided they are traded on a regulated market, MTF or OTF, except for wholesale energy products traded on an OTF which must be settled physically, (f) options, futures, swaps, forwards and other derivative contracts relating to commodities that may be physically settled, which are not listed in point 6 of this Section and do not serve a commercial purpose, which have characteristics like other derivative financial instruments, (g) derivative instruments for the transfer of credit risk, (h) contracts for differences, (i) options, futures, swaps, forward rate agreements and other derivative contracts relating to climate variables, transport rates, emission allowances or inflation rates or other official economic statistics, which must be settled in cash or may be settled at the option of one of the parties otherwise than by reason of insolvency or other event resulting in termination, as well as other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise listed in this section with respect to, inter alia, whether they are traded on a regulated market, OTF or MTF

- Money market intermediation

## 1.2. Year-on-Year Changes and Amendments to the Register of Companies

In the year ended 31 December 2022, the following changes were made in the Register of Companies held by the Municipal Court in Prague in respect of Fio banka, a.s. (in chronological order):

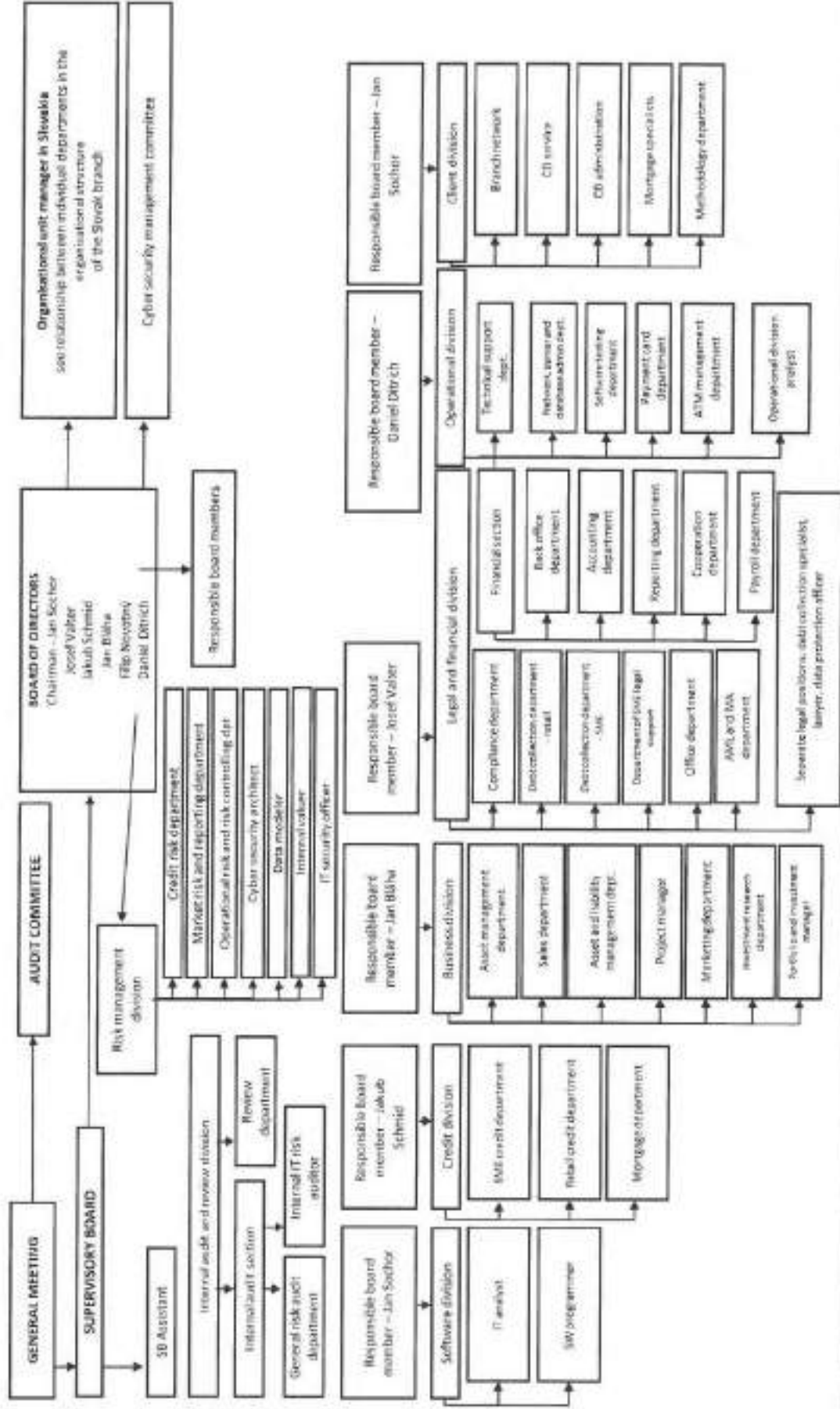
- On 28 February 2022 the deletion of the membership of Mr Ján Franek in the Supervisory Board of Fio banka, a.s. (the membership was already terminated on 30 December 2021, thus the information on the termination of the membership of Mr Ján Franek was already included in the Notes to the Financial Statements for 2021)
- On 30 June 2022 the following changes were made (entered in the Register of Companies on 14 July 2022):
  - o Termination of membership of Mr Marek Polka in the Board of Directors of Fio banka, a.s.
- On 1 July 2022 the following changes were made (entered in the Register of Companies on 14 July 2022):
  - o Establishment of Mr Marek Polka's membership in the Supervisory Board of Fio banka, a.s.
  - o Establishment of Mr Daniel Ditrich's membership in the Board of Directors of Fio banka, a.s.
  - o Establishment of Mr Jakub Schmid's membership in the Board of Directors of Fio banka, a.s.
- On 14 July 2022, a change in the number of members of the Board of Directors of Fio banka, a.s. - from 5 to 6 - was entered in the Register of Companies

In 2022, the following changes occurred in the Register of Companies maintained in the Slovak Republic by the District Court Bratislava I in the case of Fio banka, a.s. pobočka zahraničnej banky (in chronological order):

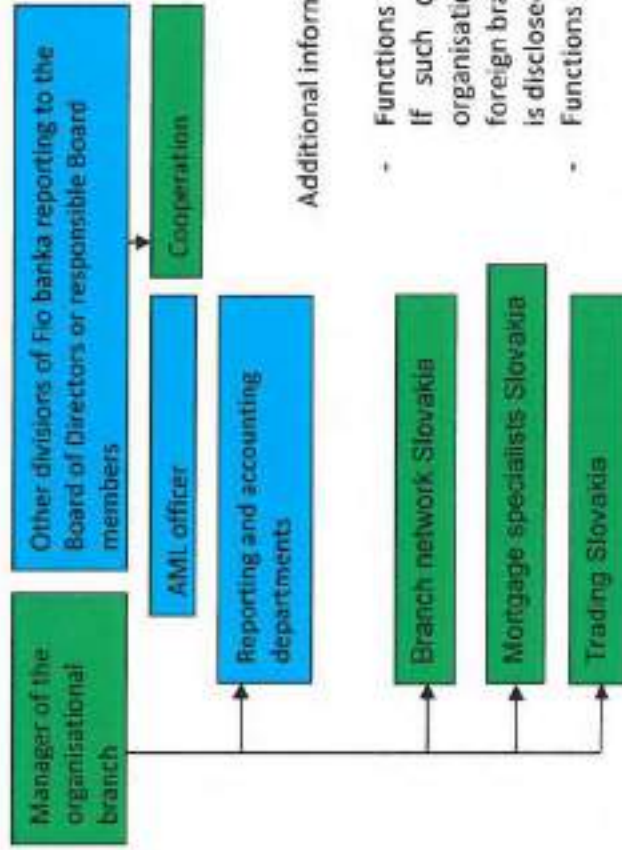
- On 30 June 2022, the following changes were made (entered in the Register of Companies on 23 August 2022)
  - o Termination of the position of Mr Marek Polka as the Head of the Organisational Unit
- On 1 July 2022 the following changes were made (entered in the Register of Companies on 23 August 2022)
  - o Establishment of Mr Roman Vitek's position as the Head of the Organisational Unit
- On 23 September 2022, information on the change in the composition of the Board of Directors of Fio banka, a.s. was entered in the Register of Companies (see above)

### 1.3. Organisational Structure (as of 31 December 2022)

#### 1.3.1. Fio banka, a.s.



### 1.3.2. Fio banka, a.s., pobočka zahraničnej banky



#### Additional information:

- Functions in blue boxes are managed centrally from the Czech Republic. If such department or function reports to the manager of the organisational branch, this relation only applies to the activities of the foreign branch in Slovakia. More detailed specification of "other divisions" is disclosed in the current organisational structure of Fio banka, a.s.
- Functions in green boxes are performed directly in the Slovak Republic.

#### 1.4. Group Identification

The Company is part of the Fio financial group.

#### 1.5. Board of Directors and Supervisory Board

	Function	Name
<b>Board of Directors</b>	Chairman	Jan Socher
	Member	Josef Valter
	Member	Jan Bláha
	Member	Filip Novotný
	Member	Daniel Ditrich Jakub Schmid
<b>Supervisory Board</b>	Chairman	Romuald Kopán
	Vice-Chairman	Petr Marsa
	Member	Marek Polka

Acting on behalf of the Company by the Board of Directors is performed jointly by the Chairman and Vice-Chairman or by the Vice-Chairman and another Vice-Chairman or by the Chairman with a Board member or by the Vice-Chairman with a Board member.

## 2. PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The Company's accounting books and records are maintained, and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., as amended; Regulation 501/2002 Coll., which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are financial institutions maintaining double-entry accounting records, as amended; and Czech Accounting Standards for financial institutions, as amended.

The financial statements have been prepared in compliance with the accruals principle whereby transactions and other facts are recognised when they arise and accounted for in the period to which they relate. The financial statements have been prepared on a historical cost valuation basis, with the exception of selected financial instruments, which are measured at fair value. Assets which are not remeasured to fair value are reported in net recoverable amount. The accounting records adhere to the prudence concept and the going concern assumption.

The presentation of financial statements requires management of the Company to make estimates and assumptions that affect the amounts of assets and liabilities and contingent assets and liabilities reported at the date of the financial statements and the amounts of revenues and expenses reported in the relevant reporting period. These estimates are based on the information available at the balance sheet date and may differ from actual results.

These financial statements are presented in thousands of Czech crowns (CZK '000).

The financial statements have been prepared as of 31 December 2022 for the year ended 31 December 2022.

These financial statements are separate.

These financial statements are unconsolidated. The ultimate owner of the Bank is Fio holding, a.s., which consolidates the Group in accordance with Czech accounting regulations.

The military conflict in Ukraine and the imposition of economic sanctions against Russia and Belarus resulted in events that cannot be fully reflected in the financial statements for accrual reasons but may have a negative impact on the Bank's activities. Given the increasing uncertainty on the markets, there is an increased volatility in proprietary positions in the trading portfolio which, however, does not involve a significant increase in the market risk due to its relatively small volume compared to the balance sheet total.

The past year was predominantly marked by rising inflation. In the Czech Republic, a rapid increase in interest rates was followed by a significant growth in demand for deposit products. Fio banka responded by adding the Fio Savings Account with a favourable rate without any deposit limit, not only for individuals but also for companies.

The rise in interest rates slowed down the increase in the volume of credit drawdown. It was evident in the area of mortgage lending, where interest rates, following interbank market rates, attacked multi-year highs. The situation was somewhat different in Slovakia, where European Central Bank rates started rising later.

### 3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted in the preparation of the financial statements are set out below.

#### 3.1. Recognition Date

The date of the recognition of individual transactions is principally the date of payment or receipt of cash, the day of purchase or sale of foreign currencies/securities, the date on which a payment is made or an amount is collected from the client's account, the day of issuing an order to the correspondent to make a payment, the day of settlement of the Company's orders with the CNB Clearing Centre, the day on which funds are credited according to a report from the Company's correspondent ('a report' is taken to mean a report in SWIFT, a bank notice, medium take-over, account statement, or other documents as appropriate), the trade date and the settlement date relating to transactions with securities, foreign currencies, options or other derivatives, the date of issuance or acceptance of a guarantee or loan commitment, and the date of accepting assets into custody.

#### 3.2. Financial Assets

In line with Czech accounting regulations, the Company measures financial instruments based on International Accounting Standards.

Upon initial recognition, financial assets are stated at fair value increased or decreased by transaction costs, with the exception of financial assets at fair value through profit or loss.

The Company derecognises a financial asset from its balance sheet when it loses control of the contractual rights that comprise the financial asset (or a portion of the financial asset). The Company loses such control if it realises the rights to benefits specified in the contract, the rights expire, or the Company surrenders those rights.

##### 3.2.1. Loans and Receivables to Banks and Customers, Debt Securities

Loans and receivables to banks, to customers and debt securities (debt financial assets) are classified and after initial recognition subsequently measured at:

- Amortised cost;
- Fair value through valuation gains and losses;
- Fair value through profit or loss.

Classification is determined based on the characteristics on contractual cash flows of the debt financial asset and the business model in which the financial asset is included:

The Bank distinguishes the following business models:

- Business model whose objective is to retain the financial asset until maturity and collect contractual cash flows;
- Business model whose objective is achieved simultaneously by collecting contractual cash flows and the sale of assets; and
- Business model whose objective is to trade the financial asset.

The Bank assesses whether the contractual cash flows represent solely a repayment of principal and interest on the unpaid portion of principal. Principal is the fair value of the financial asset on initial recognition. Interest reflects the time value of money, interest rate risk related to the unpaid portion of the principal for the specific period of time and other basic risks and expenses related to the provision of a loan as well as the profit margin.

If the financial asset is held within a business model with the objective to hold the financial asset until maturity and to collect contractual cash flows and all these flows simultaneously represent payment of principal and interest on the unpaid part of principal, the financial asset is classified and valued at amortised cost.

Amortised cost is the amount at which the asset or liability was measured upon initial recognition, minus principal repayments, and increased or decreased using the effective interest rate by fees that are an integral part

of a financial instrument, and amortisation of any premium or discount, i.e. the difference between the initial amount and the amount at maturity, and decreased by a provision for the amount of expected credit losses.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. In calculating the effective interest rate, the Company estimates future cash flows after considering all of the contractual terms of the financial instrument taking into account all fees and incremental costs directly attributable to the instrument, which are an integral part of the effective interest rate, but not taking into account expected credit losses.

Income from debt financial assets measured at amortised cost is reported in the profit and loss account under "Interest income from debt securities". If sold, the difference between the selling price and the price before the sale would be reported in the "Profit or loss on financial operations" line.

If the financial asset is held within a business model whose objective is achieved simultaneously by collecting contractual cash flows and the sale of assets and all these flows simultaneously represent payment of principal and interest on the unpaid part of principal, the financial asset is classified and valued at fair value through valuation gains and losses. Unrealised gains/losses from this remeasurement are reported in valuation gains and losses as part of "Valuation gains and losses".

If the financial asset is held within a business model whose objective is to trade the financial asset or the related cash flows do not represent solely payment of principal and interest on the unpaid part of principal, irrespective of the business model, the financial asset is classified and valued at fair value through profit or loss. Gains/losses from this remeasurement are reported in the profit and loss account as part of "Profit or loss on financial operations".

The fair value used for the revaluation of securities is set as the arm's length price promulgated as of the date of determination of the fair value, provided that the Bank proves that the security can be sold for the arm's length price.

Levels of fair value determination:

- 1) Price of securities on active markets (Level 1)
- 2) Price on other markets or price derived from them (Level 2)
- 3) Price not derived from the market, rather for example by the Bank's model (Level 3)

In case of publicly tradable debt securities and equity securities, fair values are equal to prices achieved on a public market of OECD countries, provided that the requirements for the liquidity of the securities are met at the same time.

Repo transactions (i.e. the sales of securities with a concurrent commitment to repurchase these securities at an agreed-upon price) or reverse repo transactions (i.e. the purchase of securities with a concurrent commitment to resell these securities) are accounted for as collateralised loans received or provided. The ownership title to securities is passed to the entity providing the loan. Securities transferred within repo transactions continue to be presented as part of securities in the relevant lines of the Company's balance sheet and the amount obtained as a result of transferring securities within repo transactions is recognised under "Due to banks" or "Due to customers". Securities received within reverse repo transactions are only presented in off-balance sheet accounts in the line "Received pledges and collateral". The loan granted within reverse repo transaction is presented in the line "Loans and receivables to banks" or "Loans and receivables to customers". The interest on debt securities transferred within repo transactions is accrued, as opposed to the interest on debt securities obtained within reverse repo transactions.



Income or expense arising from repo transactions or reverse repo transactions as the difference between the selling and purchase price is accrued over the term of the transaction and recorded in 'Interest income and similar income' or 'Interest expense and similar expense' in the profit and loss account.

Debt financial assets held by the Bank as of the balance sheet date are included in the business model with the objective to hold the financial asset until maturity and to collect contractual cash flows and concurrently

in the business model with the objective of financial asset trading. In a business model that aims to hold a financial asset and collect contractual cash flows, no sale before maturity of the bonds is assumed.

Financial assets are recognised in amounts net of provisions. Provisions from impairment of debt securities are determined based on the model of expected losses based on the requirements of IFRS 9. In order to determine expected losses, the Bank divides debt financial assets into three categories based on the level of risk:

- Stage 1 – this category includes debt securities whose credit risk had not significantly increased since initial recognition as of the balance sheet date. Impairment of financial assets is determined as expected credit loss over 12 months after the balance sheet date. Interest income is calculated on a straight-line basis using the current interest rate and it is determined from the gross carrying amount of the asset.
- Stage 2 – this category includes debt securities whose credit risk had significantly increased since initial recognition as of the balance sheet date, but default had not occurred. Impairment of financial assets is determined as expected credit loss until maturity. Interest income is calculated using the effective interest rate method and it is determined from the gross carrying amount of the asset.
- Stage 3 – this category includes debt securities in default. Impairment of financial assets is determined as expected credit loss until maturity of the asset. Interest income is calculated using the effective interest rate method and it is determined from the net carrying amount of the asset, taking into account the provision.

A separate category includes purchased or originated credit impaired assets (POCI - Purchased or originated credit impaired receivables). POCI assets are financial assets that are credit impaired already on initial recognition and they are reported in net value throughout the lifetime of the asset without the option of transfer to the other risk categories. Impairment of these financial assets is determined as the expected credit loss until maturity. Income is determined using the effective interest rate adjusted for the credit risk.

A material increase in credit risk is considered to be an event where the debtor is in default by 30 or more days since the maturity of the contractual payment.

The Bank considers assets to be impaired if the debtor is in default by 91 or more days since the maturity of the contractual payment.

Provisions are charged to expenses, and they are reported under "Write-offs, charge for, and use of provisions and reserves for receivables and guarantees."

Write-off of irrecoverable receivables is included in "Write-offs, charge for, and use of provisions and reserves for receivables and guarantees." Income from previously written-off financial assets is included in the profit and loss account under "Release of provisions and reserves for receivables and guarantees, recoveries of receivables assigned, and recoveries of receivables previously written off."

Default interest on receivables in default is presented in off-balance sheet accounts.

Operating and other receivables are immaterial from the Bank's perspective; for this reason, the Company recognises full provisions for operating and other receivables when they are past their due dates by more than a year.

### 3.2.2. Shares, Share Certificates and Other Equity Investments

Equity financial assets are classified and measured at fair value in line with IAS 39 through profit or loss under

"Profit or loss on financial operations", unless the Bank decided on initial recognition of this asset to classify and measure it at fair value reported in valuation gains and losses under "Valuation gains and losses" without the option of reclassification of the accumulated change in fair value from valuation gains and losses to profit or loss. Dividends from equity securities are always reported in the profit and loss account under "Profit or loss on financial operations".

### 3.2.3. Financial Derivatives

Financial derivatives include the following financial instruments:

- with zero or low initial investment;
- with their fair value changing according to the changes in the interest rate, price of a security, price of a commodity, exchange rate, price index, or a similar variable;
- which are agreed and settled as of the future date.

Financial derivatives are reported at fair values and in their nominal values off balance sheet. The fair value is determined based on quoted market prices or valuation models that reflect the current market and contractual value of an underlying instrument as well as the time value and yield curve.

Derivatives are recognised in both off-balance sheet and balance sheet accounts from the moment they are agreed until they are settled, terminated, applied, sold or repurchased.

Derivatives are reported at their fair values in "Other assets" and "Other liabilities". Realised and unrealised gains and losses are included in the profit and loss account under "Gains and losses on financial operations".

Fio banka uses financial derivatives to hedge against the currency risk to which it is exposed due to its financial market operations, it does not classify them as hedging from the accounting perspective and they are reported as derivatives held for trading when gains and losses from revaluation to fair value are reported in "Gains and losses on financial operations".

### 3.3. Financial Liabilities

Due to banks and cooperative credit unions and due to customers are measured at amortised cost. Financial liabilities are derecognised when they cease to exist.

A financial liability or its part ceases to exist if the obligation defined by a contract is fulfilled, cancelled or its validity ends, and the reporting entity will no longer report the financial liability or its part in the balance sheet. The difference between the value recorded in accounting of a liability or its part that ceased to exist or was transferred to another entity and the amount paid for this liability is recognised in profit or loss.

### 3.4. Issued Debt Securities

In 2021, the Bank issued bonds in line with minimum requirements for own funds and eligible liabilities (MREL). These securities are measured at amortised cost and reported as liabilities from debt securities. In 2022, the Bank issued no MREL bonds.

### 3.5. Transactions with Securities on behalf of Clients

Securities received by the Company into custody, administration or safe-keeping are recorded at market value and reported within the off balance sheet line "Assets received into custody, administration and safe-keeping".

Securities received by the Company for management are recorded at market value and reported within the off balance sheet line 'Assets received for management'. On the balance sheet, liabilities include the Company's payables to clients arising principally from cash received to purchase securities, cash to be refunded to the client, etc.

### 3.6. Investments in Subsidiaries and Associates

Investments in subsidiaries refer to investments in an entity in which the Company is a majority shareholder. In such a case, the Company has controlling influence on the entity's management, exercising full control over its activity. The influence is based on the ownership percentage or an agreement or the Articles regardless of the participation interest value.

Investments in associates refer to investments in an entity in which the Company has ownership percentage (participation) of at least 20%. In such a case, the Company has substantial influence on the entity's management arising from ownership percentage or an agreement or the Articles regardless of the participation interest value.

Participation interests in subsidiaries and associates are recorded at acquisition cost which also includes direct costs related to the acquisition. At the balance sheet date, the Company measures participation interests using the equity method of accounting. The equity investment recognised at cost on acquisition is revalued at the balance sheet date to reflect the value equivalent to the Company's proportion of a subsidiary/associate's equity.

### 3.7. Charge for Reserves

Reserves represent a probable performance which is uncertain as to the date on which it will arise and as to its amount. The Bank recognises a reserve when:

- It has a present performance obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation whereby "probable" refers to the probability of more than 50 percent; and
- A reliable estimate as to the amount of the obligation can be made.

The Bank does not make any reserves for off-balance sheet receivables from undrawn loan commitments and guarantees.

### 3.8. Tangible and Intangible Assets

Tangible and intangible assets are recognised at historical cost and depreciated over the estimated useful life using the straight-line method.

	Depreciation method	Number of months
Development	Straight-line	36
Software	Straight-line	36
Technical improvements on buildings	Straight-line	108
Computer systems	Straight-line	36
Vehicles	Straight-line	60
Furniture and fixtures	Straight-line	36
Other	Straight-line	36-120

Intangible assets with an acquisition cost lower than CZK 60 thousand and tangible assets with an acquisition cost greater than CZK 80 thousand and with useful life not exceeding one year are expensed in the period in which they were acquired.

Depreciation of leases under IFRS 16 is further discussed in note 3.15 Lease measurement under IFRS 16.

### 3.9. Foreign Currency Translation

Transactions denominated in foreign currencies are recorded in the local currency at the exchange rate prevailing on the date of the transaction. Assets and liabilities denominated in foreign currencies and foreign exchange spot transactions before their due dates are translated into the local currency at the exchange rate of the Czech National Bank prevailing on the balance sheet date.

The resulting gain or loss arising from the translation of assets and liabilities denominated in foreign currencies, except for participation interests in foreign currencies, is presented in the profit and loss account line 'Profit or loss on financial operations'.

### 3.10. Taxation

The income tax base is calculated using the operating result of the current period increased by tax non-deductible expenses and net of income that is not subject to the income tax which is further adjusted by tax relief and tax credit, if any. Tax receivables and payables are calculated using the tax rate effective at the year-end and recognised in the amount of the estimated payment to be made to the relevant tax authority.

Deferred tax is based on all temporary differences between the carrying and tax values of assets and liabilities using the anticipated tax rate effective for the subsequent period. Deferred tax assets are only recognised and accounted for if no doubt exists as to their recovery in the following reporting periods.

### 3.11. Interest Income and Expense

Interest income and expense is presented in the profit and loss account when earned or incurred, on an accruals basis. Interest on loans and deposits is accrued on a daily basis. Loans and deposits are measured at amortised cost. Default interest on distressed receivables is not accrued, therefore, such default interest is not included in the Bank's income for the period.

The effective interest rate on loans is fully akin to the nominal rate as any ancillary income or costs are negligible.

Interest income and expense resulting from the holding of debt securities also involve a discount or a bonus, or other differences between the acquisition cost of the interest-bearing instrument and its value at the maturity date which is determined using the effective interest rate method.

### 3.12. Fees and Commissions

The recognition of fee and commission income depends on the purpose for which they were imposed and accounting treatment of a related financial instrument.

Depending on the substance of a fee and type of provided services, the Bank classifies fees and commissions into the following groups:

- fees and commissions that are an integral part of the effective interest rate of a financial instrument and which are reported in Interest income using the effective interest rate;
- fees and commissions for provided services and execution of an act such as fees for deposit products, fees for services relating to loans, income fees from provided transactions, income fees from cross selling of third party products (such as insurance and investment products where the Bank is an intermediary given that it does not assume control over the provided products, i.e. involving net recognition of income), fees from specialised financial services. The income from these fees is recognised when the relevant services are provided or an act executed. If they relate to a longer time period, they are recognised evenly over this period. Fees and commissions are recognised in Net income from fees and commissions.

**3.13. Use of Estimates**

The presentation of financial statements in line with Czech Accounting Standards requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date, the information disclosed on contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period.

These estimates, which predominantly involve determining the fair value of financial instruments, measurement of intangible assets, impairment of assets and reserves, are based on the information available at the balance sheet date. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it.

**3.14. Uncertainty of Estimates and Parameters Used (PD, ECL and Applied Macroeconomic Scenarios)**

Significant estimates in the application of the reporting entity's methodology and policies are affected by external uncertainty regarding the development in interest rates, exchange rates, commodity prices and inflation expectations relating to the current economic situation. They may thus differ from those made at the end of the preceding reporting period, especially in the area of expected credit losses (ECL). The most recent Financial Stability Report can be suitably approximated as a benchmark for macroeconomic analyses, but for the Bank's accounting practice and prudence, these estimates have to be additionally adjusted in response to the current development.

The Bank performs this adjustment as a combination of internal parameters and parameters disclosed in the Financial Stability Report and monitors the forecasts of other macroeconomic authorities. These adjustments of estimates then gradually enter into the calculation of internal PD for individual credit products, conceived as a combination of internal metrics (analyses of historical data, increased by the predicted market deterioration in line with the Financial Stability Report) and the values generally recommended by the central bank.

Thus, in practice, the determination of PD is based on 3 pillars:

- 1) Historical default statistics of loans granted by the Bank;
- 2) Forward Looking Adjustment (FLA);
- 3) Management Overlays.

For a given year, the Bank applies an expert PD deterioration of 1.5 p.p. for residential mortgage loans (due to rising rates and cost of living of customers), a PD deterioration of 1.5 p.p. for securities loans (due to increased volatility of titles) and a PD deterioration of 1.6 p.p. for retail consumer loans (overdrafts, credit cards, instalment loans), mainly due to the worsening economic development. The worst-case scenario expected by the CNB was chosen for FLA.

**3.15. Lease Measurement under IFRS 16**

The Company assesses whether a contract is or contains a lease at the inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). Short-term leases and low-value leases are reported in the "Other administrative expenses" line. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

In applying IFRS 16, for all leases (except short-term leases and leases of low-value assets), the Company:

- (a) recognises right-of-use assets and lease liabilities in the statement of financial position, which are presented on the balance sheet lines Tangible fixed assets, Land and buildings for operating activities and Other liabilities;
- (b) recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss on lines Write-offs, charge for and use of provisions and reserves for tangible and intangible fixed assets and Interest expense and similar expense.

**4. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT****4.1. Cash in Hand and Balances with Central Banks**

	(CZK '000)	
	31 Dec 2022	31 Dec 2021
Cash in hand	240 032	187 376
Accounts at central banks	13 942 147	3 156 132
Loans provided – reverse repo transactions	41 800 000	50 000 000
Cash in ATMs	1 163 132	1 710 474
<b>Total</b>	<b>57 145 311</b>	<b>55 053 982</b>

As of 31 December 2022, loans arising from reverse repo transactions were secured by debt securities in the nominal value of CZK 42,207,000 thousand (CZK 49,892,000 thousand as of 31 December 2021).

**4.2. Loans and Receivables to Banks and Cooperative Credit Unions**

	(CZK '000)	
	31 Dec 2022	31 Dec 2021
Current accounts	2 725 835	1 687 469
Term deposits	464 077	601 385
<b>Total loans and receivables to banks and cooperative credit unions</b>	<b>3 189 912</b>	<b>2 288 854</b>

All loans and receivables to banks and cooperative credit unions are categorised as Stage 1. No provision was recognised in respect of these assets due to immateriality.

**4.3. Loans and Receivables to Customers**By contractual maturity

	(CZK '000)	
	31 Dec 2022	31 Dec 2021
Short-term loans	20 261 028	18 837 433
Medium-term loans	613 228	786 469
Long-term loans	20 381 216	17 829 715
<b>Total loans and receivables to customers</b>	<b>41 255 472</b>	<b>37 453 617</b>

Short-term loans mature within 1 year. Medium-term loans have a maturity of between one and five years. Long-term loans mature in more than five years.

By territory

	(CZK '000)	
	31 Dec 2022	31 Dec 2021
Czech Republic	32 941 686	29 899 207
Slovakia	8 251 463	6 974 887
Other countries	62 323	579 523
<b>Total loans and receivables to customers</b>	<b>41 255 472</b>	<b>37 453 617</b>

By type of client

	(CZK '000)	
	31 Dec 2022	31 Dec 2021
Individuals	18 959 357	15 979 980
Legal entities	22 296 115	21 473 637
<b>Total loans and receivables to customers</b>	<b>41 255 472</b>	<b>37 453 617</b>

## By segment

	(CZK '000)	
	31 Dec 2022	31 Dec 2021
Households	18 105 057	15 276 024
Real estate	8 161 744	7 170 554
Finance	767 454	679 871
Services	5 579 535	8 840 041
Sundry	8 641 682	5 487 127
<b>Total loans and receivables to customers</b>	<b>41 255 472</b>	<b>37 453 617</b>

## By classification

## 2022

	31 Dec 2022			31 Dec 2021
	Gross	Provision	Net	Net
Stage 1	35 373 405	188 478	35 184 927	32 224 125
Stage 2	3 688 223	210 735	3 477 488	2 776 299
Stage 3	2 401 125	731 064	1 670 061	1 607 490
POCI	1 561 668	638 572	922 996	845 703
<b>Total loans and receivables to customers</b>	<b>43 024 421</b>	<b>1 768 949</b>	<b>41 255 472</b>	<b>37 453 617</b>

## 2021

	31 Dec 2021			31 Dec 2020
	Gross	Provision	Net	Net
Stage 1	32 372 397	148 272	32 224 125	20 251 832
Stage 2	2 882 080	105 781	2 776 299	3 566 082
Stage 3	2 119 175	511 685	1 607 490	2 327 079
POCI	1 425 855 <sup>1</sup>	580 152	845 703	0
<b>Total loans and receivables to customers</b>	<b>38 799 507</b>	<b>1 345 890</b>	<b>37 453 617</b>	<b>26 144 993</b>

\*The 2021 table was adjusted to reflect reality.

The following table shows the reasons for changing the gross value by risk category:

	(CZK '000)				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross value at 31 Dec 2021*</b>	<b>32 372 397</b>	<b>2 882 080</b>	<b>2 119 175</b>	<b>1 425 855</b>	<b>38 799 507</b>
Change of provision due to:					
- Transfer to Stage 1	125 233	-115 276	-9 957	0	0
- Transfer to Stage 2	-1 533 552	1 613 653	-80 101	0	0
- Transfer to Stage 3	-329 357	-549 593	878 950	0	0
- POCI	0	0	0	0	0
- Newly originated loans and receivables to customers	8 839 384	477 604	110 544	-195 318	9 232 216
- Derecognised loans and receivables to customers	-5 813 422	-487 824	-478 825	0	-6 780 071
- Increase of receivables without change of stage	3 519 749	308 292	52 273	331 129	4 211 443
- Decrease of receivables without change of stage	-1 807 027	-440 713	-190 934	0	-2 438 674
<b>Gross value at 31 Dec 2022</b>	<b>35 373 405</b>	<b>3 688 223</b>	<b>2 401 125</b>	<b>1 561 668</b>	<b>43 024 421</b>

\*The opening balance of 2022 was adjusted to reflect reality.

<sup>1</sup> There were primarily the following reasons for the provision of new receivables, or an increase in receivables of clients in stage 3:

a) from the Bank's perspective, it was assessed to be more profitable to continue the project implementation (e.g. completion of a development plan or financing of other engagements of a client) and consequently increase the yield from the collateral or provide the client with further financing to increase the likelihood of receivable recovery (rather than making the loan payable and sell the collateral in the current less liquid state)

b) provision of operational financing to clients affected by COVID-19, or COVID-19 measures where the prerequisite for the proper continuation of the plan (repayment of the loan) after the measures are cancelled was assessed

c) restructuring of loans



The following table shows the reasons for provisions by risk category:

	(CZK '000)				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Provision balance at 31 Dec 2021</b>	148 272	105 781	511 685	580 152	1 345 890
Change of provision due to					
- Transfer to Stage 1	2 855	-1 413	-1 442	0	0
- Transfer to Stage 2	-8 086	25 778	-17 692	0	0
- Transfer to Stage 3	-3 475	-41 098	44 573	0	0
- POCI	0	0	0	0	0
- Newly acquired financial assets	-95 491	51 230	64 063	0	210 784
- Derecognised financial assets	-31 475	-12 141	-33 944	0	-77 560
- Increase in credit risk	40 916	136 504	252 776	96 524	526 720
- Decrease in credit risk	-56 020	-53 906	-88 955	-38 004	-236 885
<b>Provision balance at 31 Dec 2022</b>	<b>188 478</b>	<b>210 735</b>	<b>731 064</b>	<b>638 672</b>	<b>1 768 949</b>

Loans and receivables to customers are secured by real estate, movable property, securities, receivables from third parties, state guarantees, etc. in the aggregate amount of CZK 32,803,048 thousand as of 31 December 2022 (31 December 2021: CZK 25,829,044 thousand).

During 2022, the Company released provisions against loans and receivables to customers in the amount of CZK 793,566 thousand and created provisions against loans and receivables to customers in the amount of CZK 370,506 thousand.

#### 4.4. Debt Securities

	(CZK '000)	
Debt securities at amortised cost	31 Dec 2022	31 Dec 2021
Government bonds	125 472 158	117 689 478
<b>Total at amortised cost</b>	<b>125 472 158</b>	<b>117 689 478</b>

	(CZK '000)	
Debt securities at fair value through profit or loss	31 Dec 2022	31 Dec 2021
Government bonds	157 842	170 142
Non-government bonds	9 582	18 230
<b>Total at fair value through profit or loss</b>	<b>167 424</b>	<b>188 372</b>
<b>Total debt securities</b>	<b>125 639 582</b>	<b>117 877 850</b>

Debt securities in the Company's portfolio were issued predominantly in the Czech Republic.

All debts securities are classified in Stage 1. The provision against debt securities at amortised cost was not reported as of the balance sheet date due to immateriality.

#### 4.5. Shares, Share Certificates and Other Equity Investments

	(CZK '000)	
Shares, Share Certificates and Other Equity Investments	31 Dec 2022	31 Dec 2021
Fair value through valuation gains or losses	9 779	9 555
Fair value through profit or loss	201 237	194 193
<b>Total</b>	<b>211 016</b>	<b>203 748</b>

Securities at fair value through valuation gains and losses

The Bank used the option to classify these securities on initial recognition in the portfolio as financial assets at fair value through valuation gains and losses. The Bank did so since it plans to hold these equity securities in the long term and does not plan to trade them.

As of 31 December 2022, the Company received 100 shares of Burza cenných papírů Praha, a.s. with the carrying value of CZK 100 thousand (2021: CZK 100 thousand), 9 S.W.I.F.T. SCRL shares of CZK 1,579 thousand (2021: 1,355 thousand) and 150 shares of Bankovní identita a.s. with the carrying value of CZK 8,100 thousand (2021: CZK 8,100 thousand).

#### 4.6. Investments in Subsidiaries

2022

Name of the company	Registered office	Acquisition cost	Ownership percentage	Voting rights in %	(CZK '000)
					Valuation at 31 Dec 2022
RM-SYSTÉM, česká burza cenných papírů a.s.	Praha 1, V Celnici 1028/10, Postal code 117 21	31 705	100	100	45 310
RM-S FINANCE, s.r.o.	Praha 1, V Celnici 1028/10, Postal code 117 21	991	100	100	4 744
Fio forexová, s.r.o.	Praha 1, V Celnici 1028/10, Postal code 117 21	210	100	100	3 191
Fio investiční společnost, a.s.	Praha 1, V Celnici 1028/10, Postal code 110 00	20 000	100	100	28 302
Fio Consulting, spol. s.r.o.	Praha 1, V Celnici 1028/10, Postal code 117 21	500	100	100	969
Fio realitní fond SICAV, a.s.	Praha 1, V Celnici 1028/10, Postal code 117 21	100	100	100	66
<b>Total</b>		<b>53 506</b>			<b>82 582</b>

2021

Name of the company	Registered office	Acquisition cost	Ownership percentage	Voting rights in %	(CZK '000)
					Valuation at 31 Dec 2021
RM-SYSTÉM, česká burza cenných papírů a.s.	Praha 1, V Celnici 1028/10, Postal code 117 21	31 705	100	100	42 133
RM-S FINANCE, s.r.o.	Praha 1, V Celnici 1028/10, Postal code 117 21	991	100	100	4 493
Fio forexová, s.r.o.	Praha 1, V Celnici 1028/10, Postal code 117 21	210	100	100	3 200
Fio investiční společnost, a.s.	Praha 1, V Celnici 1028/10, Postal code 110 00	20 000	100	100	20 756
Fio Consulting, spol. s.r.o.	Praha 1, V Celnici 1028/10, Postal code 117 21	500	100	100	926
Fio realitní fond SICAV, a.s.	Praha 1, V Celnici 1028/10, Postal code 117 21	100	100	100	100
<b>Total</b>		<b>53 506</b>			<b>71 608</b>

Upon acquisition, the Company recognises the acquired share or participation interest at cost. At the balance sheet date, the Company records participation interests at the value established using the equity method of accounting. The equity investment recognised at cost on acquisition is revalued at the balance sheet date to reflect the value equivalent to the Company's proportion of a subsidiary/associate's equity. The revaluation difference at the balance sheet date is presented in the line 'Share of profits/(losses) of subsidiaries and associates'.

As a collateral for receivables, shares and equity investments in some companies have been temporarily transferred to Fio banka, a.s. Although these companies are legally owned by Fio banka, a.s., they do not meet the conditions of the relevant legislation to be included in the balance sheet of Fio banka, a.s., since based on relevant concluded contracts Fio banka, a.s. does not control or manage the relevant activities of these companies and these companies therefore do not represent controlled entities or entities under joint control, and Fio banka, a.s. cannot be seen as an entity with substantial influence with respect to them.

## 4.7. Fixed Assets

### 4.7.1. Intangible Fixed Assets (Intangible FA)

#### Cost

	(CZK '000)						
	31 Dec 2020	Additions	Disposals	31 Dec 2021	Additions	Disposals	31 Dec 2022
Software	21 869	0	0	21 869	2 240	0	24 109
Acquisitions of intangible FA	2 569	900	1 229	2 240	17 150	19 390	0
Other intangible FA	11 701	1 229	0	12 930	17 149	0	30 079
Goodwill	-1 143	0	0	-1 143	0	0	-1 143
<b>Total</b>	<b>34 996</b>	<b>2 129</b>	<b>1 229</b>	<b>35 896</b>	<b>36 539</b>	<b>19 390</b>	<b>53 045</b>

#### Accumulated Amortisation

	(CZK '000)						
	31 Dec 2020	Additions	Disposals	31 Dec 2021	Additions	Disposals	31 Dec 2022
Software	21 719	148	0	21 867	2	0	21 869
Other intangible FA	11 701	246	0	11 947	864	0	12 811
Goodwill	-1 143	0	0	-1 143	0	0	-1 143
<b>Total</b>	<b>32 277</b>	<b>394</b>	<b>0</b>	<b>32 671</b>	<b>866</b>	<b>0</b>	<b>33 537</b>

#### Net Book Value

	(CZK '000)	
	31 Dec 2021	31 Dec 2022
Software	2	2 240
Acquisitions of intangible FA	2 240	0
Other intangible FA	983	17 268
Goodwill	0	0
<b>Total</b>	<b>3 225</b>	<b>19 508</b>

The Company's negative goodwill originated on the acquisition of enterprises. The Company purchased enterprises for a price determined based on an expert's opinion which was lower than the difference between the transferred assets and liabilities.

### 4.7.2. Tangible Fixed Assets (Tangible FA)

#### Cost

	(CZK '000)						
	31 Dec 2020	Additions	Disposals	31 Dec 2021	Additions	Disposals	31 Dec 2022
Vehicles	5 208	663	173	5 698	1 191	0	6 889
Acquisitions of tangible FA	13 159	1 446	0	14 605	51 410	46 461	19 554
Lease under IFRS 16	567 586*	38 884	118 141	488 329	158 805	104 778	542 356
ATMs	17 698	26 230	0	43 928	23 250	8 030	59 148
Other tangible FA	81 477	7 995	8 365	81 107	26 457	0	107 564
<b>Total</b>	<b>685 128</b>	<b>75 218</b>	<b>126 679</b>	<b>633 667</b>	<b>261 113</b>	<b>159 269</b>	<b>735 511</b>

#### Accumulated Depreciation

	(CZK '000)						
	31 Dec 2020	Additions	Disposals	31 Dec 2021	Additions	Disposals	31 Dec 2022
Vehicles	2 571	1 137	173	3 535	1 259	0	4 794
Lease under IFRS 16	135 048*	86 050	4 803	217 295	80 035	797	296 533
ATMs	1 432	5 472	27	6 877	8 727	0	15 604
Other tangible FA	45 500	5 435	0	50 935	5 526	0	56 461
<b>Total</b>	<b>185 551</b>	<b>98 094</b>	<b>5 003</b>	<b>278 642</b>	<b>95 547</b>	<b>797</b>	<b>373 392</b>

\*The gross balance and accumulated depreciation at the end of 2020 was adjusted to correctly correspond to the actual status under IFRS 16 as of 31 December 2020.

**Net Book Value**

	(CZK '000)	
	31 Dec 2021	31 Dec 2022
Vehicles	2 163	2 095
Acquisitions of tangible FA	14 605	19 554
Lease under IFRS 16	271 034	245 823
ATMs	37 051	43 544
Other tangible FA	30 172	51 103
<b>Total</b>	<b>355 025</b>	<b>362 119</b>

In the year ended 31 December 2022, the Company acquired tangible assets in the amount of CZK 6,428 thousand charged directly to expenses (31 December 2021: CZK 12,853 thousand). These assets principally include low-value tangible assets composed of other movable assets and their sets with useful life exceeding one year which are not recognised under fixed assets but are directly expensed.

**4.8. Other Assets**

	(CZK '000)	
	31 Dec 2022	31 Dec 2021
Provided deposits and prepayments	631 502	609 362
Receivables from securities markets	241 701	242 339
Estimated receivables	14 117	10 171
Guarantee funds	1 000	1 577
Margin contribution for derivatives trading	0	8 510
Positive fair value of open derivatives (FX swap)	0	44 230
Cash in transit	104 448	75 629
Corporate income tax	394 077	282 565
Other	50 864	9 027
<b>Total other assets</b>	<b>1 437 709</b>	<b>1 283 410</b>

Provisions are created against receivables past their due dates by more than one year and presented in the line 'Other'. The value of provisions as of 31 December 2022 amounted to CZK 322 thousand (2021: CZK 345 thousand).

The positive fair value of open derivatives is based on a receivable from fixed term transactions in the nominal value amounting to CZK 0 thousand (2021: CZK 5,090,476 thousand) and a payable from fixed term transactions in the nominal value amounting to CZK 0 thousand (2021: CZK 5,059,457 thousand).

Cash in transit is predominantly composed of resources for the funding of branches and ATMs.

**Provided deposits and prepayments**

	(CZK '000)	
	31 Dec 2022	31 Dec 2021
Fio leasing, a.s., a deposit paid for the lease term	9 479	16 364
Deposits paid to card associations	578 428	561 802
Other	43 595	31 196
<b>Total deposits and prepayments</b>	<b>631 502</b>	<b>609 362</b>

**4.9. Prepayments and Accrued Income**

As of 31 December 2022, prepayments and accrued income amount to CZK 85,001 thousand (31 December 2021: CZK 93,648 thousand) and predominantly include costs of a media campaign in the amount of CZK 7,149 thousand and interest on repo transactions of CZK 45,733 thousand.

**4.10. Due to Banks and Cooperative Credit Unions**

	(CZK '000)	
	31 Dec 2022	31 Dec 2021
Repayable on demand	33 171	139 154
Other	44	45
<b>Total</b>	<b>33 215</b>	<b>139 209</b>

**4.11. Due to Customers**

	(CZK '000)	
	31 Dec 2022	31 Dec 2021
Repayable on demand	204 643 283	200 194 577
Other	7 459 000	3 202 093
<b>Total due to customers</b>	<b>212 102 283</b>	<b>203 396 670</b>

**4.12. Other Liabilities**

	(CZK '000)	
	31 Dec 2022	31 Dec 2021
Negative fair value of open derivatives (FX swap)	431 148	565 861
Outgoing payments	2 280 292	763 052
Payables to securities markets	196	168
Payables to employees	41 324	40 384
Estimated payables	74 623	46 495
Payables to the state budget	63 144	30 774
Domestic suppliers	27 456	20 788
Foreign suppliers	16 040	15 895
Payables to card associations	328 381	39 561
Payables arising from accounting for leases under IFRS 16	252 746	282 267
Unidentified contributions	9 001	14 222
Other	6 816	206 145
<b>Total other liabilities</b>	<b>3 531 167</b>	<b>2 025 612</b>

The negative fair value of open derivatives (FX swap)

Negative Fair Value	Nominal value of receivable in the currency	Receivable currency	Nominal value of payable in the currency	Payable currency
188 158	800 000	EUR	19 538 801	CZK
2 020	7 000	GBP	192 983	CZK
148	6 000	NOK	13 958	CZK
4	2 500	PLN	12 875	CZK
240 818	147 880	USD	3 592 685	CZK
<b>431 148</b>			<b>23 351 302</b>	<b>CZK</b>

The negative fair value of open derivatives is based on a receivable from fixed term transactions in the nominal value of CZK 22,853,498 thousand (2021: CZK 26,670,294 thousand) and a payable from fixed term transactions in the nominal value of CZK 23,351,302 thousand (2021: CZK 27,286,006 thousand).

**Amounts due arising from social security and health insurance contributions**

As of 31 December 2022, the amount due arising from the contribution to social security and state employment policy was CZK 3,397 thousand (31 December 2021: CZK 2,933 thousand). The Company records no payables past their due dates arising from the contribution to social security and state employment policy.

As of 31 December 2022, the amount due arising from health insurance contributions was CZK 7,579 thousand (31 December 2021: CZK 7,454 thousand). The Company records no payables past their due dates arising from health insurance contributions.

**4.13. Reserves**

As of 31 December 2022, reserves in the amount of CZK 724,300 thousand (31 December 2021: CZK 504,686 thousand) principally comprises a reserve for the corporate income tax of CZK 721,804 thousand, a reserve for outstanding vacation days of CZK 2,496 thousand.

	31 Dec 2021	Release	Charge	(CZK '000) 31 Dec 2022
Income tax reserve	502 217	502 217	721 804	721 804
Reserve for court disputes	539	539	0	0
Reserve for outstanding vacation days	1 930	1 930	2 496	2 496
<b>Total</b>	<b>504 686</b>	<b>504 686</b>	<b>724 300</b>	<b>724 300</b>

**4.14. Subordinated Liabilities**

As of 31 December 2022, the Company records a subordinated liability of CZK 90,000 thousand (2021: CZK 90,000 thousand). This liability bears interest at 15% p. a. with a notice period of 5 years.

**4.15. Liabilities from Debt Securities**

In December 2022, the Company issued its own bonds in order to meet the MREL requirements. As of 31 December 2022, it subscribed bonds in the amount of CZK 601,417 (31 December 2021: CZK 588,718 thousand).

**4.16. Equity**

The Company's share capital comprises 760 thousand ordinary shares with a nominal value of CZK 1 thousand.

As of 31 December 2022, CZK 760 thousand was paid.

The Company's share capital was fully paid as of 19 December 2014.

In the years ended 31 December 2022 and 31 December 2021, no increase was made in the Company's share capital by the subscription of shares.

As of 31 December 2022 and 31 December 2021, no treasury shares were held by the Company.

The Company did not pay out dividends in the year ended 31 December 2022.

**Distribution of Profit**

Based on a decision of the sole shareholder acting in the capacity of the General Meeting, the following distribution of the 2022 profit was approved:

	2022	(CZK '000) 2021
Retained earnings brought forward at the beginning of the period	4 841 777	3 665 275
Operating result of prior years	2 338 009	1 176 502
<b>Retained earnings brought forward at the end of the period</b>	<b>7 179 786</b>	<b>4 841 777</b>

The Company plans to transfer the profit for the current period to the Accumulated profits brought forward.

Valuation differences:

	(CZK '000)				
	Valuation differences from the translation of hedging derivatives	Available-for-sale securities	Net investment in associates and subsidiaries	Other valuation differences on translation of non-operating tangible fixed assets	TOTAL
Balance as of 1 Jan 2022	0	285	0	0	285
FX differences and valuation differences not included in profit or loss	0	225	0	0	225
Balance as of 31 Dec 2022	0	510	0	0	510

The Company records shares of S.W.I.F.T. SCRL in the available-for-sale securities category.

#### 4.17. Interest Expense and Income

	(CZK '000)	
	2022	2021
Interest on deposits provided to other banks*	938 687	412 095
Interest on loans provided to clients*	1 770 161	1 002 852
Interest on debt securities measured at amortised cost*	4 180 877	1 364 518
Interest on debt securities measured at fair value through profit or loss	34 897	33 993
<b>Interest income and similar income</b>	<b>6 924 622</b>	<b>2 813 448</b>
Interest on deposits received from clients	1 116 671	96 053
Interest on debt securities measured at amortised cost*	338 077	190 730
Interest on the subordinated debt	13 500	13 500
Other interest	40 316	14 352
Interest expense arising from leases under IFRS 16	3 813	4 858
<b>Interest expense and similar expense</b>	<b>1 512 377</b>	<b>319 503</b>
<b>Net interest income</b>	<b>5 412 245</b>	<b>2 493 945</b>

\* This interest is calculated using the effective interest rate

The increase in interest on deposits provided to clients was caused by the increase in interest rates during 2022 and increasing volume of provided loans.

Other interest includes interest on loans from other banks and interest on repurchase operations.

In the years ended 31 December 2022 and 31 December 2021, uncollected default interest on distressed receivables amounted CZK 322,332 thousand and CZK 342,242 thousand, respectively.

#### 4.18. Fees and Commissions

	(CZK '000)	
	2022	2021
Transactions with securities	203 111	199 236
Other investment services	32 236	42 988
Client accounts and loans	231 372	197 290
Other fees	12 723	7 815
ATM fees	29 017	24 543
Fees charged by card associations	510 235	327 759
<b>Total fee and commission income</b>	<b>1 018 694</b>	<b>799 621</b>
Payment system and card transactions	297 945	208 524
Transactions with securities	68 722	67 257
<b>Total fee and commission expense</b>	<b>366 667</b>	<b>275 781</b>
<b>Net fee and commission income</b>	<b>652 027</b>	<b>523 840</b>

**4.19. Net Profit or Loss on Financial Operations**

	(CZK '000)	
	2022	2021
Profit/(loss) on securities	-22 361	-15 097
Profit on FX differences	1 593 164	1 371 188
Profit (loss) on proprietary trading	-6 275	63 743
Profit/(loss) on currency derivatives	-768 831	-578 069
Profit/(loss) on other operations	0	83
<b>Profit or loss on financial operations</b>	<b>795 697</b>	<b>841 848</b>

**4.20. Other Operating Expenses**

Other operating expenses amounting to CZK 160,060 thousand (2021: CZK 130,141 thousand) predominantly include contributions to the Securities Dealers Guarantee Fund, a contribution to the Crisis Resolution Fund, contributions to the Deposit Insurance Fund. In 2022, the expense of the Securities Dealers Guarantee Fund amounted to CZK 4,814 thousand (2021: CZK 7,374 thousand). The expense of the Deposit Insurance Fund for 2022 amounted to CZK 99,852 thousand (2021: CZK 86,141 thousand). A contribution to the Crisis Resolution Fund amounted to CZK 55,243 thousand (2021: CZK 36,589 thousand).

**4.21. Administrative Expenses**

	(CZK '000)	
	2022	2021
Wages and bonuses	145 109	126 529
Social security and health insurance expenses	36 852	31 318
Other staff costs	2 210	1 687
<b>Staff costs and bonuses</b>	<b>184 172</b>	<b>159 534</b>
Audit*	6 261	5 552
Short-term and low-value leases, overhead services relating to rental**	17 301	3 429
Postage fees	6 746	6 376
Advertising	75 460	80 814
Information resources	6 615	6 796
Outsourced services	449 276	387 307
Other purchased consumables and services	380 653	312 101
<b>Other administrative expenses</b>	<b>942 312</b>	<b>802 375</b>
<b>Total administrative expenses</b>	<b>1 126 484</b>	<b>961 909</b>

\*The cost of the statutory auditor from the Audit line was CZK 4,434 thousand in 2022 (CZK 5,457 thousand in 2021).

\*\*The increase was mainly due to new non-IFRS16 premises and inflation.

Bonuses to the Company's Board of Directors, Supervisory Board and other members of the top management amounted to CZK 93,900 thousand in 2022 (in 2021: CZK 81,953 thousand).

**4.22. Taxation**Income Tax Payable

The Company's operating result for the year ended 31 December 2022 consisted of the profit before tax amounting to CZK 5,128,843 thousand (2021: a profit of CZK 2,840,771 thousand).

In the year ended 31 December 2022, the Company's corporate income tax prepayments amounted to CZK 392,034 thousand (2021: CZK 282,565 thousand).



The table below sets out adjustments to the profit on ordinary activities before tax to arrive at the income tax base:

	(CZK '000)	
	2022	2021
Profit/loss before tax	5 128 843	2 840 771
Expenses not deductible for tax purposes	223 564	122 346
Income not taxable	1 627 843	317 795
Gifts	2 800	2 075
Tax base	3 721 764	2 643 246
Tax relief	5	0
<b>Total tax payable</b>	<b>707 130</b>	<b>502 217</b>
Adjustment to the tax payable of prior years	218	-643
Change in deferred tax	1 723	1 188
Tax paid abroad	39 893	0
Offsetting of tax paid abroad	25 219	0
<b>Total</b>	<b>723 309</b>	<b>502 762</b>

The increase in exempt income is mainly due to the investment in government bonds, the yield on which is exempt from income tax.

#### Deferred Tax

As disclosed in Note 3.10, as of 31 December 2022 the Company records a temporary difference between the tax and net book values of tangible fixed assets of CZK (17,459) thousand and reserves for outstanding vacation days of CZK 2,496 thousand. As of 31 December 2022, the Company records a deferred tax liability of CZK 2,843 thousand (2021: a deferred tax asset of CZK 1,120 thousand).

#### 4.23. Off-Balance Sheet Transactions

Items recorded on the Company's off-balance sheet accounts include:

- Securities received for custody, administration and safe-keeping; this constitutes the fair value of securities deposited on the accounts of the Company's clients as of the balance sheet date;
- Collateralisation of provided loans;
- Collateralisation of loans from reverse repo transactions;
- Nominal value of open derivatives – receivables and payables arising from currency swaps.

#### 4.24. Average Number of Employees and Supervisory Board Members

	(number of persons)	
	2022	2021
Employees	114	98
Of which: members of the Board of Directors	5	5
Members of the Supervisory Board	3	3

#### 4.25. Information according to the Banking Act Section 11c - Distribution by States

	(CZK '000)	
	Czech Republic	Slovakia
(a) list of activities carried out	See Note 1	See Note 1
(b) turnover	8 731 870	834 919
(c) number of employees converted into full-time equivalents	72	42
(d) profit or loss before tax	4 996 010	132 833
(e) corporate income tax or similar tax paid abroad or the loss	679 392	43 917
(f) public aid received	0	0

## 5. Related Party Transactions

Relations with related parties in the Fio Group.

31 December 2022

	(CZK '000)				
	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio forexová s.r.o.	Fio consulting s.r.o.	RM-S FINANCE, s.r.o.	Fio investiční společnost, a.s.
Loans and receivables to banks and cooperative credit unions	0	0	0	0	0
Other assets	24	0	0	31 779	23 890
<b>TOTAL ASSETS</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>31 779</b>	<b>23 890</b>
Due to banks and cooperative credit unions	0	0	0	0	0
Other payables	54 150	3 191	1 375	77 560	17 790
<b>TOTAL LIABILITIES</b>	<b>54 150</b>	<b>3 191</b>	<b>1 375</b>	<b>77 560</b>	<b>17 790</b>

31 December 2021

	(CZK '000)				
	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio forexová s.r.o.	Fio consulting s.r.o.	RM-S FINANCE, s.r.o.	Fio investiční společnost, a.s.
Loans and receivables to banks and cooperative credit unions	0	0	0	0	0
Other assets	194	0	1 890	2 282	7 500
<b>TOTAL ASSETS</b>	<b>194</b>	<b>0</b>	<b>1 890</b>	<b>2 282</b>	<b>7 500</b>
Due to banks and cooperative credit unions	0	0	0	0	0
Other payables	57 440	3 231	659	42 504	24 310
<b>TOTAL LIABILITIES</b>	<b>57 440</b>	<b>3 231</b>	<b>659</b>	<b>42 504</b>	<b>24 310</b>

1 January – 31 December 2022

	(CZK '000)				
	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio forexová s.r.o.	Fio consulting s.r.o.	RM-S FINANCE, s.r.o.	Fio investiční společnost, a.s.
Interest income	0	0	0	0	0
Interest expense	0	0	0	0	0
Fee and commission income	0	0	0	0	12 168
Fee and commission expense	-12 801	0	0	0	0
Profit or loss on financial operations	0	0	0	0	0
Other operating income	0	0	0	0	0
Administrative expenses	0	0	-3 300	-392 833	0
<b>TOTAL</b>	<b>-12 801</b>	<b>0</b>	<b>-3 300</b>	<b>-392 833</b>	<b>12 168</b>

1 January – 31 December 2021

	(CZK '000)				
	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio forexová s.r.o.	Fio consulting s.r.o.	RM-S FINANCE, s.r.o.	Fio investiční společnost, a.s.
Interest income	0	0	0	0	0
Interest expense	-60	0	0	0	0
Fee and commission income	0	0	0	0	7 500
Fee and commission expense	-11 233	-14 352	0	0	0
Profit or loss on financial operations	0	0	0	0	0
Other operating income	0	0	0	0	0
Administrative expenses	0	0	-1 340	-288 573	0
<b>TOTAL</b>	<b>-11 293</b>	<b>-14 352</b>	<b>-1 340</b>	<b>-288 573</b>	<b>7 500</b>

As of 31 December 2022, the aggregate amount of the loans provided by the Company to members of the Supervisory Board and the Board of Directors was CZK 25,452 thousand (31 December 2021: CZK 26,724 thousand).

## 6. Risk Management

### 6.1. Bank Risks

The Company manages the risks to which it is exposed in its activity, predominantly using the methods as follows:

- Identification of the risks taken;
- Analysis, quantification and regular monitoring of the risks taken;
- Assessment of the degree of risk in executed transactions including the manner of approval;
- Setting the limits in relation to the Company's exposures towards counterparties;
- Minimisation of the degree of risk in transactions, e.g. by utilising collateral;
- Manners of approving new products; and
- Rigorous separation of risk management from the Company's business activity.

### 6.2. Market Risks

These are the risks which the Company is exposed to predominantly as a result of fluctuations of prices, interest rates and foreign exchange rates of financial instruments on individual markets.

The primary tool for monitoring and managing market risks includes VaR (Value at Risk) and stress testing. As of 31 December 2022, the highest daily potential loss at the 95% probability level is below 5% of the market value of the Bank's trading book which confirms a conservative business strategy. VaR is subject to regular regressive testing using actual results in order to verify the model validity. Hypothetical as well as historical situations are used for developing stress scenarios. Set out below are individual risks, including specification of their management.

#### 6.2.1. Currency Risk

Positions in currency instruments result from the structure of the Company's assets and liabilities. The Company has foreign currencies in its own positions as it provides its clients with services in foreign currencies and operates in Slovakia through its foreign branch.

Risk Management determines volume limits for open positions in individual currencies and the VaR limit for the currency portfolio.

Hedging currency operations are used to meet the set limits.

A confidence level as equal to 99% and the 1D and 1Y intervals of holding are used in calculating risk, while the maximum anticipated annual loss from foreign exchange rate changes at the 99% probability level should not exceed more than lower CZK million using the VaR methodology. The estimated similarity of the statistical distribution of changes in market variables with a regular distribution is assumed. The time independence principle is utilised in recalculations between individual intervals. VaR is calculated by means of the historical method, using historical periods of the last 100 or 1,000 business days, whichever is higher.

#### 6.2.2. Interest Rate Risk

Interest rate risk is the risk of changes in the value of financial instruments due to changes in market interest rates. The period for which the interest rate is fixed indicates to what extent the instrument in question is exposed to the risk of interest rate changes.

The Company maintains a stable structure of interest rate sensitive and insensitive assets and liabilities. Discrepancies (if any) are managed by way of changes in the manner of applying interest rates to the Company's assets and liabilities.

The gap analysis is used to observe the degree of using interest rates which are not determined by the Company and the degree of the interest rate risk taken whereby interest rate sensitive assets and liabilities are classified into several time baskets. Stress scenarios of the impacts of the parallel shift of the yield curve on the present value of equity and profit/loss within one year are also used. These analyses take place on a quarterly basis.

### 6.2.3. Proprietary Trading

The Company purchases debt securities of highly creditworthy counterparties for its portfolio. These are usually government bonds. The degree of risk in those transactions is limited by the set limits and is regularly observed by Risk Management.

The Bank also trades with shares on markets in the Czech Republic and abroad. The risk level of these positions is restricted by the volume limits set by Risk Management as well as by the limits and the permissible VaR of these positions. The limits are set to make sure that any potential losses from these positions cannot significantly affect the Bank's profitability. The positions are monitored on a periodic basis and their performance is regularly assessed.

### 6.3. Liquidity Risk

The Company classifies individual items of assets and liabilities into time-based groups by their residual maturity. The selected structure of the groups is in line with generally binding legislation and the regulator's requirements.

The Company seeks to reduce the liquidity risk, particularly by maintaining a sufficient reserve of high liquid assets.

Risk Management regularly analyses the structure of assets and liabilities structure as well as cash flows to identify any increase in the liquidity risk.

The principal sources of quick liquidity are deposits with the Czech National Bank and government bonds of the Czech Republic.

### 6.4. Credit Risk

Credit risk means the risk arising from the counterparty's failure to meet its contractual obligations under the terms of a contract.

The Company generally monitors the credit risk for all balance sheet and off-balance sheet positions.

Basic procedures for mitigating risk exposures:

A loan applicant and a debtor are evaluated by assessing several criteria, such as their property situation, income generated in prior periods, the ability to repay the loan in the future, business plan, purpose of the loan and the value of the proposed collateral. As regards business loans, financial statements, or, more precisely, tax returns, for a number of prior years are required. Furthermore, the previous activity in Fio banka, or in other entities of the Fio Group, is also assessed.

The most liquid global shares traded on global stock exchanges are used to collateralise loans. In other situations, loans are principally secured by immovable property, guarantees, acceptance of the debtor's obligation, or the pledge of the debtor's receivables from solvent business partners and other types of collateral. The collateral is usually not required for low-value overdraft loans.

The classification of receivables is based upon an internal policy and applicable legislation defining the rules for the classification of receivables and provisioning by banks. Reserves and provisions for receivables are created based on an internal policy which reflects the requirements of IFRS 9.

The Company seeks to use all legal instruments for the collection of receivables such that the costs of collection were not inadequate to the anticipated outcome.

The limits of the Company's exposure are governed by generally binding regulations stipulating the rules for credit exposure of banks. The Company applies the definition of a group of connected clients under Regulation (EU) No 575/2013 which also sets the limits of large exposures to a debtor or a group of connected clients at 25% of eligible capital.

The Company does not use credit derivatives to reduce the credit risk.

The Company enters into relations with counterparties, which include other banks or securities traders, only if they have been provided with a non-zero credit line by Risk Management. In determining the credit line, Risk Management observes the rules specified in an internal policy. In particular, Risk Management utilises information on the share capital and equity of those financial institutions as well as the structure of assets, credit portfolio quality and collateralisation of receivables. Additionally, the risk management methods, requirements of the counterparty's supervisory bodies and rating (if available) are also considered. Limits for deposits are subsequently determined as part of the counterparty's equity.

The update of parameters (PD) ECL under IFRS 9 is based on actual historical data and management adjustments. As of 31 December 2022, the coefficients were updated to reflect the current and prospective risks of individual loan products.

	(CZK '000)	
	As of 31 Dec 2022	As of 31 Dec 2021
Total commitments and guarantees	28 171 668	25 687 509
Of which: irrevocable	1 685 499	2 203 343
<b>Total</b>	<b>28 171 668</b>	<b>25 687 509</b>

#### 6.4.1. Concentration Risk

In the loan portfolio, the Company additionally monitors possible concentration risks, while monitoring whether individual NACE sectors do not exceed the allowed limit per sector which was CZK 8.5 billion at the end of the year. Except for the exposure to entities in the T group which includes primarily households (which are exempt from the limit on concentrations), no limit for any sector was breached.

TOP 5 sectors with the highest sector concentration	Exposure of the sector (CZK billion)
T – Activities of households	18,3
L – Real estate activities	8,4
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	2,9
F – Construction	2,5
C – Manufacturing	2,2

#### 6.5. Operational Risks

The Company defines operational risk as the risk of loss resulting from the inadequacy or the failure of internal processes, persons, systems or external factors.

##### Basic procedures for reducing risk

The risk of human factor failure is reduced particularly by the appropriate training of the relevant persons as well as by consistent controls.

The risk of loss or theft of cash on hand is managed by appropriate storage facilities (safe, bank safe, safety box, etc.), insurance, by setting the limits for the amount of cash as well as by inspecting compliance of the actual amount of cash with the recorded figures.

Record-keeping and the notification obligation as regards operational risk events are provided for in the specific internal policy of the Company.

There is a special internal regulation for specifying risks, procedures and measures for the reduction of risks resulting from the use of information systems.

A specific internal policy of the Company regulates the procedures and processes for the minimisation of risks arising from the launch of new products and services.

The Company currently determines the degree of capital requirements for operational risks by applying the basic indicator in accordance with applicable legal regulations and, concurrently, monitors operational risk events, creating a database of these events to be able to evaluate them by own statistic models.

The Company has developed plans for business continuity in the event of an unexpected suspension or limitation of its activities, such as due to a failure of external infrastructure. These plans are tested and updated on a regular basis.

## 6.6. Fair Value Hierarchy for Financial Instruments

### 31 December 2022

	Recognised value	Fair value	Stage 1	Stage 2	Stage 3
					(CZK '000)
Cash in hand and balances with central banks	57 145 311	57 145 311	0	0	57 145 311
State zero-coupon bonds	0	0	0	0	0
Loans and receivables to banks and cooperative credit unions	3 189 912	3 189 912	0	0	3 189 912
Loans and receivables to customers*	41 255 472	41 255 472	0	0	41 255 472
Debt securities	125 639 582	115 576 796	115 576 796	0	0
Shares, share certificates and other equity investments	211 016	211 016	202 816	0	8 200
Investments in subsidiaries	82 582	82 582	0	0	82 582
Tangible and intangible fixed assets	381 627	381 627	0	0	381 627
Other assets	1 437 709	1 437 709	0	0	1 437 709
Prepayments and accrued income	85 001	85 001	0	0	85 001
<b>TOTAL ASSETS</b>	<b>229 428 212</b>	<b>219 365 426</b>	<b>115 779 612</b>	<b>0</b>	<b>103 585 814</b>
Due to banks and cooperative credit unions	33 215	33 215	0	0	33 215
Due to customers*	212 102 283	212 102 283	0	0	212 102 283
Liabilities from debt securities	601 417	576 000	576 000	0	0
Other liabilities	3 531 167	3 531 167	0	0	3 531 167
Reserves	724 300	724 300	0	0	724 300
Subordinated liabilities	90 000	90 000	0	0	90 000
Equity	12 345 830	12 345 830	0	0	12 345 830
<b>TOTAL LIABILITIES</b>	<b>229 428 212</b>	<b>229 402 795</b>	<b>576 000</b>	<b>0</b>	<b>228 826 795</b>

\* The Company has not developed detailed models to determine the fair value of loans and deposits at this time. Nevertheless, the expected difference between the accrued value and fair value is considered to be immaterial.

31 December 2021

	Recognised value	Fair value	Stage 1	Stage 2	(CZK '000) Stage 3
Cash in hand and balances with central banks	55 053 982	55 053 982	0	0	55 053 982
State zero-coupon bonds	0	0	0	0	0
Loans and receivables to banks and cooperative credit unions	2 288 854	2 288 854	0	0	2 288 854
Loans and receivables to customers*	37 453 617	37 453 617	0	0	37 453 617
Debt securities	112 877 849	112 845 315	112 845 315	0	0
Shares, share certificates and other equity investments	203 748	203 748	195 548	0	8200
Investments in subsidiaries	71 608	71 608	0	0	71 608
Tangible and intangible fixed assets	358 250	358 250	0	0	358 250
Other assets	1 283 410	1 283 410	0	0	1 283 410
Prepayments and accrued income	93 648	93 648	0	0	93 648
<b>TOTAL ASSETS</b>	<b>214 684 966</b>	<b>209 652 432</b>	<b>113 040 863</b>	<b>0</b>	<b>96 611 569</b>
Due to banks and cooperative credit unions	139 209	139 209	0	0	139 209
Due to customers*	203 396 670	203 396 670	0	0	203 396 670
Liabilities from debt securities	588 718	587 330	587 330	0	0
Other liabilities	2 025 612	2 025 612	0	0	2 025 612
Reserves	504 686	504 686	0	0	504 686
Subordinated liabilities	90 000	90 000	0	0	90 000
Equity	7 940 071	7 940 071	0	0	7 940 071
<b>TOTAL LIABILITIES</b>	<b>214 684 966</b>	<b>214 683 578</b>	<b>587 330</b>	<b>0</b>	<b>214 096 248</b>

\* The Company has not developed detailed models to determine the fair value of loans and deposits at this time. However, the expected difference between the accrued value and fair value is considered to be immaterial.

## 7. RESIDUAL MATURITY OF ASSETS AND LIABILITIES

31 December 2022

	(CZK '000)						
	Repayable on demand within 7 days	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Not defined	Total
Cash in hand and balances with central banks	33 445 311	23 700 000	0	0	0	0	57 145 311
State zero-coupon bonds	0	0	0	0	0	0	0
Loans and receivables to banks and cooperative credit unions	2 725 835	0	127 777	0	0	336 300	3 189 912
Loans and receivables to customers	1 052 254	3 659 340	15 539 434	613 227	20 381 217	0	41 255 472
Debt securities	0	482 173	9 645 649	76 519 875	38 982 303	9 582	125 639 582
Shares, share certificates and other equity investments	0	0	0	0	0	211 016	211 016
Investments in subsidiaries	0	0	0	0	0	82 582	82 582
Tangible and intangible fixed assets	0	0	0	0	0	381 627	381 627
Other assets	990 389	44 463	392 047	10 808	0	2	1 437 709
Prepayments and accrued income	34 514	11 219	392 68	0	0	0	85 001
<b>TOTAL ASSETS</b>	<b>38 258 303</b>	<b>27 897 195</b>	<b>25 744 175</b>	<b>77 143 910</b>	<b>59 363 520</b>	<b>1 021 109</b>	<b>229 428 212</b>
Due to banks and cooperative credit unions	33 171	44	0	0	0	0	33 215
Due to customers	208 259 375	3 432 457	2 117 551	292 900	0	0	212 102 283
Liabilities from debt securities	0	0	1 417	600 000	0	0	601 417
Other liabilities	3 127 447	148 130	0	0	0	255 590	3 531 167
Reserves	0	0	721 804	0	0	2 496	724 300
Subordinated liabilities	0	0	0	0	90 000	0	90 000
Equity	0	0	0	0	0	12 345 830	12 345 830
Non-derivative liabilities	210 588 845	1 580 631	2 840 772	892 900	90 000	12 603 916	228 997 054
Derivative liabilities	431 148	0	0	0	0	0	431 148
<b>TOTAL LIABILITIES</b>	<b>211 419 993</b>	<b>1 580 631</b>	<b>2 840 772</b>	<b>892 900</b>	<b>90 000</b>	<b>12 603 916</b>	<b>229 428 212</b>
Net liquidity risk	-173 161 690	26 316 564	22 903 403	76 251 010	59 273 520	-11 582 807	0
Cumulative liquidity risk	-173 161 690	-146 845 126	-123 941 723	-47 690 713	11 582 807	0	0

31 December 2021

	(CZK '000)						
	Repayable on demand within 7 days	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Not defined	Total
Cash in hand and balances with central banks	50 253 982	4 800 000	0	0	0	0	55 053 982
State zero-coupon bonds	0	0	0	0	0	0	0
Loans and receivables to banks and cooperative credit unions	1 687 469	0	127 635	0	0	473 750	2 288 854
Loans and receivables to customers	1 094 785	3 453 593	14 289 051	786 469	17 829 715	0	37 453 612
Debt securities	0	460 335	8 811 906	60 150 951	48 436 427	18 230	117 877 849
Shares, share certificates and other equity investments	0	0	0	0	0	203 748	203 748
Investments in subsidiaries	0	0	0	0	0	71 608	71 608
Tangible and intangible fixed assets	0	0	0	0	0	358 250	358 250
Other assets	957 006	6 198	309 300	11 104	0	2	1 283 410
Prepayments and accrued income	42 375	29 671	14 179	7 423	0	0	93 648
<b>TOTAL ASSETS</b>	<b>54 035 621</b>	<b>8 749 797</b>	<b>23 551 871</b>	<b>60 955 947</b>	<b>66 266 142</b>	<b>1 125 588</b>	<b>214 684 966</b>
Due to banks and cooperative credit unions	139 164	45	0	0	0	0	139 209
Due to customers	201 108 875	1 180 767	755 038	351 990	0	0	203 396 670
Liabilities from debt securities	0	0	1 388	0	587 330	0	588 718
Other liabilities	1 011 563	108 029	46 452	0	0	293 706	1 459 750
Reserves	0	0	502 217	0	0	2 469	504 686
Subordinated liabilities	0	0	0	0	90 000	0	90 000
Equity	0	0	0	0	0	7 940 071	7 940 071
Non-derivative liabilities	202 259 602	1 288 841	1 305 095	351 990	677 330	8 236 246	214 119 104
Derivative liabilities	565 862	0	0	0	0	0	565 862
<b>TOTAL LIABILITIES</b>	<b>202 825 464</b>	<b>1 288 841</b>	<b>1 305 095</b>	<b>351 990</b>	<b>677 330</b>	<b>8 236 246</b>	<b>214 684 966</b>
Net liquidity risk	-148 789 843	7 460 956	22 246 776	60 603 957	65 588 812	-7 110 658	0
Cumulative liquidity risk	-148 789 843	-141 328 887	-119 082 111	-58 478 154	7 110 658	-	0

The Bank's liquidity position is in line with the Bank's risk management strategy.



**8. ASSETS AND LIABILITIES BY CURRENCY****31 December 2022**

	(CZK '000)				
	CZK	EUR	USD	Other	Total
Cash in hand and balances with central banks	46 159 957	10 915 864	69 461	29	57 145 311
State zero-coupon bonds	0	0	0	0	0
Loans and receivables to banks and cooperative credit unions	657 429	230 473	1 349 313	952 697	3 189 912
Loans and receivables to customers	31 439 406	9 555 836	260 199	31	41 255 472
Debt securities	122 115 788	3 514 212	9 582	0	125 639 582
Shares, share certificates and other equity investments	174 166	6 514	30 336	0	211 016
Investments in subsidiaries	82 582	0	0	0	82 582
Tangible and intangible fixed assets	381 627	0	0	0	381 627
Other assets	580 775	55 715	798 730	2 488	1 437 709
Prepayments and accrued income	64 501	19 868	632	0	85 001
<b>TOTAL ASSETS</b>	<b>201 656 231</b>	<b>24 298 482</b>	<b>2 518 253</b>	<b>955 246</b>	<b>229 428 212</b>
Due to banks and cooperative credit unions	6 987	14 403	11 875	0	33 215
Due to customers	162 377 410	42 724 180	5 843 788	1 156 905	212 102 283
Liabilities from debt securities	601 417	0	0	0	601 417
Other liabilities	2 441 160	1 047 327	33 110	9 570	3 531 167
Reserves	684 407	39 893	0	0	724 300
Subordinated liabilities	90 000	0	0	0	90 000
Equity	12 345 830	0	0	0	12 345 830
<b>TOTAL LIABILITIES</b>	<b>178 547 161</b>	<b>43 825 803</b>	<b>5 888 773</b>	<b>1 166 475</b>	<b>229 428 212</b>
Net currency risk	23 109 070	-19 527 321	-3 370 520	-211 229	0
Cumulative currency risk	23 109 070	3 581 749	211 229	0	0

**31 December 2021**

	(CZK '000)				
	CZK	EUR	USD	Other	Total
Cash in hand and balances with central banks	53 758 620	1 251 350	43 983	29	55 053 982
State zero-coupon bonds	0	0	0	0	0
Loans and receivables to banks and cooperative credit unions	828 879	329 834	463 310	666 831	2 288 854
Loans and receivables to customers	29 162 969	7 869 134	332 990	88 515	37 453 617
Debt securities	114 499 350	3 360 269	18 230	0	117 877 849
Shares, share certificates and other equity investments	159 577	7 182	36 989	0	203 748
Investments in subsidiaries	71 608	0	0	0	71 608
Tangible and intangible fixed assets	358 250	0	0	0	358 250
Other assets	449 260	48 161	785 354	2 635	1 285 410
Prepayments and accrued income	60 144	32 981	523	0	93 648
<b>TOTAL ASSETS</b>	<b>199 348 657</b>	<b>12 898 911</b>	<b>1 679 388</b>	<b>758 010</b>	<b>214 684 966</b>
Due to banks and cooperative credit unions	103 333	25 578	10 298	0	139 209
Due to customers	161 311 043	36 433 236	4 709 539	942 852	203 396 670
Liabilities from debt securities	588 718	0	0	0	588 718
Other liabilities	1 705 745	310 267	6 227	3 373	2 025 612
Reserves	504 686	0	0	0	504 686
Subordinated liabilities	90 000	0	0	0	90 000
Equity	7 940 071	0	0	0	7 940 071
<b>TOTAL LIABILITIES</b>	<b>172 248 596</b>	<b>36 799 081</b>	<b>4 726 054</b>	<b>946 225</b>	<b>214 684 966</b>
Net currency risk	27 105 061	-23 870 170	-3 046 676	-188 215	0
Cumulative currency risk	27 105 061	3 234 891	188 215	0	0

The Bank's foreign exchange position is in line with the Bank's risk management strategy.

## 9. INTEREST RATE ANALYSIS

31 December 2022

(CZK '000)

	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Not defined	Total
Cash in hand and balances with central banks	33 445 311	23 700 000	0	0	0	57 145 311
State zero-coupon bonds	0	0	0	0	0	0
Loans and receivables to banks and cooperative credit unions	2 725 835	127 777	0	0	336 300	3 189 912
Loans and receivables to customers	4 460 212	18 197 760	18 345 281	248 219	0	41 255 472
Debt securities	482 172	46 963 790	53 883 549	24 300 489	9 582	125 639 582
Shares, share certificates and other equity investments	0	0	0	0	211 016	211 016
Investments in subsidiaries	0	0	0	0	82 582	82 582
Tangible and intangible fixed assets	0	0	0	0	381 627	381 627
Other assets	1 034 852	392 047	10 808	0	2	1 437 709
Prepayments and accrued income	84 959	42	0	0	0	85 001
<b>TOTAL ASSETS</b>	<b>42 233 341</b>	<b>89 381 416</b>	<b>72 243 638</b>	<b>24 548 708</b>	<b>1 021 109</b>	<b>229 428 212</b>
Due to banks and cooperative credit unions	33 171	44	0	0	0	33 215
Due to customers	209 691 832	2 117 551	292 900	0	0	212 102 283
Liabilities from debt securities	0	0	601 417	0	0	601 417
Other assets	3 127 448	148 130	0	0	255 589	3 531 167
Reserves	0	721 804	0	0	2 496	724 300
Subordinated liabilities	0	0	0	90 000	0	90 000
Equity	0	0	0	0	12 345 830	12 345 830
<b>TOTAL LIABILITIES</b>	<b>212 852 451</b>	<b>2 987 529</b>	<b>894 317</b>	<b>90 000</b>	<b>12 603 915</b>	<b>229 428 212</b>
Net interest rate risk	-170 619 110	86 393 887	71 349 321	24 458 708	-11 582 806	0
Cumulative interest rate risk	-170 619 110	-84 225 223	-12 875 902	11 582 805	0	0

31 December 2021

(CZK '000)

	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Not defined	Total
Cash in hand and balances with central banks	50 253 982	4 800 000	0	0	0	55 053 982
State zero-coupon bonds	0	0	0	0	0	0
Loans and receivables to banks and cooperative credit unions	1 687 460	127 635	0	0	473 750	2 288 854
Loans and receivables to customers	3 732 787	16 857 831	16 261 221	591 778	0	37 453 617
Debt securities	0	41 599 301	53 433 537	22 826 781	18 230	117 877 849
Shares, share certificates and other equity investments	0	0	0	0	203 748	203 748
Investments in subsidiaries	0	0	0	0	71 608	71 608
Tangible and intangible fixed assets	0	0	0	0	358 250	358 250
Other assets	963 204	309 100	11 104	0	2	1 283 410
Prepayments and accrued income	72 046	14 179	7 423	0	0	93 648
<b>TOTAL ASSETS</b>	<b>56 709 488</b>	<b>63 718 046</b>	<b>69 713 285</b>	<b>23 418 559</b>	<b>1 125 588</b>	<b>214 684 966</b>
Due to banks and cooperative credit unions	139 209	0	0	0	0	139 209
Due to customers	202 289 642	755 038	351 990	0	0	203 396 670
Liabilities from debt securities	0	0	0	588 718	0	588 718
Other assets	1 685 454	45 452	0	0	293 706	2 025 612
Reserves	0	502 217	0	0	2 469	504 686
Subordinated liabilities	0	0	0	90 000	0	90 000
Equity	0	0	0	0	7 940 071	7 940 071
<b>TOTAL LIABILITIES</b>	<b>204 114 305</b>	<b>1 303 707</b>	<b>351 990</b>	<b>678 718</b>	<b>8 236 246</b>	<b>214 684 966</b>
Net interest rate risk	-147 404 817	62 414 339	69 361 295	22 739 841	-7 110 658	0
Cumulative interest rate risk	-147 404 817	-84 990 478	-15 629 183	7 110 658	0	0

The Bank's position is in line with the Bank's risk management strategy.

## 10. POST BALANCE SHEET EVENTS

No other events occurred subsequent to the balance sheet date that would have an impact on the financial statements of the Bank.

# IV.

## Information on Capital

## Information on Capital, Capital Requirements and Ratio Indicators

(Information published under Section 102 (1) of Decree No. 163/2014 Coll.)

In 2014, new legal regulations came into force providing for capital adequacy by launching the Basel III requirements, namely Capital Requirements Regulation (EU) No 575/2013 (CRR) and Decree No. 163/2014 Coll. of the Czech National Bank. Nevertheless, the changes arising for the Company due to the new regulations are rather insignificant.

### Information on capital requirements on an individual basis as of 31 December 2022 (CZK '000)

Common Equity Tier 1 capital: instruments and reserves		
1	Capital instruments and related share premium = Paid share capital	760,000.00
2	Retained earnings	10,722,677.43
6	Common Equity Tier 1 capital before normative adjustments	11,482,962.518
Common Equity Tier 1 capital: normative adjustments		
8	Intangible assets (net of related tax liabilities) (negative value)	-19,963.331
28	Total normative adjustments to Common Equity Tier 1 capital	-20,764.718
29	Common Equity Tier 1	11,462,198.1
44	Additional Tier 1 capital	0.000
45	Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital	11,462,198.1
Tier 2 capital: instruments and items		
46	Capital instruments and related share premium	0.000
57	Total normative adjustments to Tier 2 capital	0.000
58	Tier 2 capital	90,000.000
59	<b>Total capital = Tier 1 capital + Tier 2 capital</b>	<b>11,552,198.100</b>

**Information on capital requirements on an individual basis as of 31 December 2022  
(CZK '000)**

The Company applies the standardised approach to calculating the capital requirements for credit risk.

<b>Credit risk</b> – 8% of the volume of risk-weighted exposures for each category of exposures listed in Article 112	Exposures to central governments or central banks	0.000
	Exposures to regional governments or local authorities	0.000
	Exposures to public sector entities	0.000
	Exposures to international development banks	0.000
	Exposures to international organisations	0.000
	Exposures to institutions	67,527.722
	Exposures to companies	1,081,581.271
	Retail exposures	139,277.305
	Exposures secured by property	444,601.061
	Exposures in default	187,282.359
	Exposures related with extremely high risk	294,645.026
	Exposures in secured bonds	0.000
	Items representing securitised positions	0.000
	Exposures to institutions and businesses with short-term credit rating	0.000
	Exposure in the form of share units or shares in collective investment entities	0.000
	Share exposure	9,305.287
	Other items	29,881.262
	Capital requirement calculated under Section 92 (3) b) and c)	Regarding the position risk
These limits may be exceeded for large exposures listed in Articles 395 through 401 if institutions are permitted to do so.		0.000
Regarding currency risk		0.000
Regarding settlement risk		0.000
	Regarding commodity risk	0.000
Under Title III Chapter 2 – regarding operating risk, by way of the basic indicators		525,352.000
<b>TOTAL</b>		<b>2,818,714.266</b>

**Capital ratios as of 31 December 2022 (as a percentage share of the risk exposure)**

61	Common Equity Tier 1 capital	32.53%
62	Tier 1 capital	32.53%
63	Total capital	32.79%

## Ratio indicators

	<b>As of 31 December 2022</b>
Return on average assets (ROAA)	1.99%
Return on assets (ROA)	1.92%
Return on average equity (ROAE)	38.44%
Assets per employee (CZK '000)	2,048,466
Administrative costs per employee (CZK '000)	10,058
Profit or loss after tax per employee (CZK '000)	39,335

The information on the Company that has to be published is available at: <http://www.fio.cz/o-nas/fio-banka>



## **Report on Relations**





**Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Other Entities Controlled by the Same Controlling Entity** (hereinafter the "Report on Relations") prepared pursuant to Section 82 et seq. of Act No. 90/2012 Coll., on Business Corporations, of Fio banka, a.s., Corporate ID: 61858374, with its registered office at Prague 1, V Celnici 1028/10, postal code 11721, recorded in the Register of Companies held by the Municipal Court in Prague, File No. B 2704, for the reporting period from 1 January 2022 to 31 December 2022.

## **I. Structure of Relations**

### **1. Controlled Entity**

Fio banka, a.s.  
Corporate ID: 61858374  
Praha 1, V Celnici 1028/10, postal code 11721  
recorded in the Register of Companies held by the Municipal Court in Prague, File No. B 2704,  
represented by the Chairman of the Board of Directors, Jan Sochor, and a member of the Board of Directors, Josef Valter,

(hereinafter the "Bank" or the "Controlled Entity")

### **2. Controlling Entity**

Fio holding, a.s.  
Corporate ID: 60192763  
with its registered office at: 117 21 Prague 1, V Celnici 1028/10  
recorded in the Register of Companies held by the Municipal Court in Prague, File No. B 2270

The company's shareholders are Petr Marsa and Romuald Kopún, acting in concert, who represent the Controlling Entity, thus indirectly controlling the Controlled Entity.

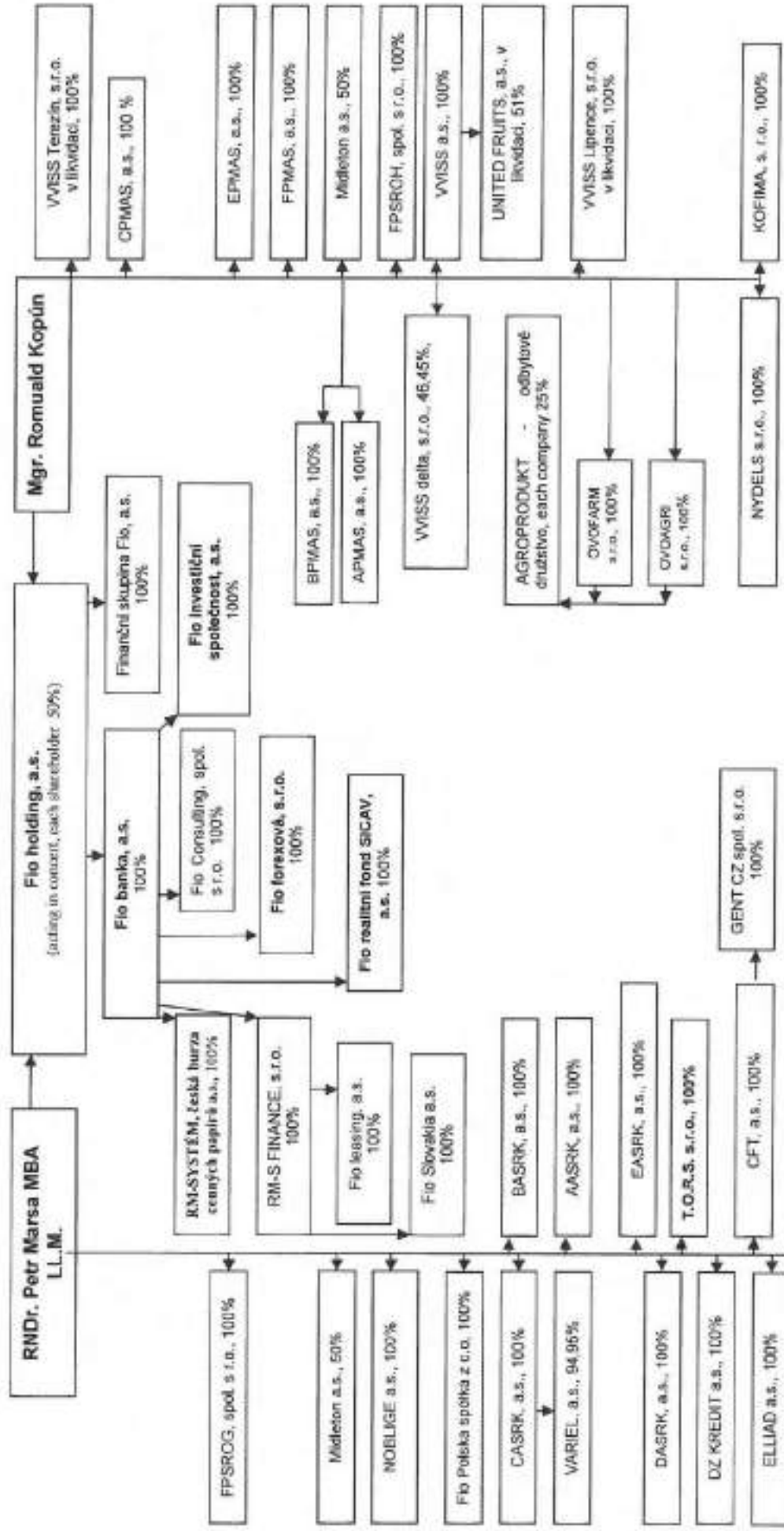
(hereinafter also the "Controlling Persons")

### **3. Entities Controlled by the Same Controlling Persons, Petr Marsa and Romuald Kopún**

- AASRK, a.s., Corporate ID: 28205367, Praha 1, V Celnici 1028/10, postal code 110 00;
- AGROPRODUKT-odbytové družstvo, Corporate ID: 43903797, Madunice, Kostolanská 2/540, postal code 922 42, Slovak Republic;
- APMAS, a.s., Corporate ID: 28206436, Praha 1, V Celnici 1028/10, postal code 117 21;
- BASRK, a.s., Corporate ID: 28204107, Praha 1, V Celnici 1028/10, postal code 117 21;
- BPMAS, a.s., Corporate ID: 28212703, Praha 1, V Celnici 1028/10, postal code 117 21;
- CASRK, a.s., Corporate ID: 28207483, Praha 1, V Celnici 1028/10, postal code 117 21;
- CFT, a.s., Corporate ID: 61859079, Praha 1, V Celnici 1028/10, postal code 117 21;
- CPMAS, a.s., Corporate ID: 28211138, Praha 1, V Celnici 1028/10, postal code 110 00;
- DASRK, a.s., Corporate ID: 282 12 711, Praha 1, V Celnici 1028/10, postal code 117 21;
- DZ KREDIT a.s., Corporate ID: 25623184, Praha 1, V Celnici 1028/10, postal code 117 21;
- EASRK, a.s., Corporate ID: 28206576, Praha 1, V Celnici 1028/10, postal code 117 21;
- ELLIAD a.s., Corporate ID: 25623192, Praha 1, V Celnici 1028/10, postal code 117 21;
- EPMAS, a.s., Corporate ID: 28206517, Praha 1, V Celnici 1028/10, postal code 117 21;
- Finanční skupina Fio, a.s., Corporate ID: 26761858, Praha 1, V Celnici 1028/10, postal code 117 21;
- Fio Consulting, spol. s.r.o., Corporate ID: 25740334, Praha 1, V Celnici 1028/10, postal code 117 21;
- Fio holding, a.s., Corporate ID: 60192763, Praha 1, V Celnici 1028/10, postal code 117 21;
- Fio investiční společnost, a.s., Corporate ID: 06704441, Praha 1, V Celnici 1028/10, postal code 110 00;
- Fio leasing, a.s., Corporate ID: 61860841, Praha 1, V Celnici 1028/10, postal code 110 00;
- Fio Polska spółka z o.o, Corporate ID: 140192908, Szpitalna 1/17, 00-020 Warszawa, Poland;
- Fio realitní fond SICAV, a.s., Corporate ID: 14052628, Praha 1, V Celnici 1028/10, postal code 110 00,

- Fio Slovakia, a.s., Corporate ID: 35828137, Nám. SNP 21, Bratislava 811 01;
- FPMAS, a.s., Corporate ID: 282 11 502, Praha 1, V Celnici 1028/10, postal code 117 21;
- FPSROG, spol. s r.o., Corporate ID: 25718843, Praha 1, V Celnici 1028/10, postal code 117 21;
- FPSROH, spol. s r.o., Corporate ID: 25738755, Praha 1, V Celnici 1028/10, postal code 117 21;
- GENT CZ spol. s r.o., Corporate ID: 48593753, Praha 1, V Celnici 1028/10, postal code 117 21;
- KOFIMA, s. r.o., Corporate ID: 25269241, Praha 9, Kolmá 5/597, postal code 190 00;
- Middleton a.s., Corporate ID: 35942177, Nám. SNP 21, Bratislava 811 01, Slovak Republic;
- Fio forexová, s.r.o., Corporate ID: 27589587, Praha 1, V Celnici 1028/10, postal code 117 21;
- NOBLIGE a.s., Corporate ID: 26145090, Praha 1, V Celnici 1028/10, postal code 117 21;
- NYDELS s.r.o., Corporate ID: 64581331, Praha 9, Kolmá 5/597, postal code 190 00;
- OVOAGRI s.r.o., Corporate ID: 36463388, Madunice, Kostolanská 2/540, postal code 922 42, Slovak Republic;
- OVOFARM s.r.o., Corporate ID: 36015067, Madunice, Kostolanská 2/540, postal code 922 42, Slovak Republic;
- RM-S FINANCE, s.r.o., Corporate ID: 62915240, Praha 1, V Celnici 1028/10, postal code 117 21;
- RM-SYSTÉM, česká burza cenných papírů a.s., Corporate ID: 471 16 404, Praha 1 - Nové Město, V Celnici 1028/10, postal code 117 21;
- T.O.R.S. s.r.o., Corporate ID: 49682024, Praha 1, V Celnici 1028/10, postal code 110 00;
- UNITED FRUITS, a.s., v likvidaci, Corporate ID: 25585827, Pekařská 80, Brno, postal code 602 00;
- VARIEL, a.s., Corporate ID: 45148287, Zruč nad Sázavou, Průmyslová 1034, postal code 285 22;
- VVISS a.s., Corporate ID: 48585131, Praha 9, Kolmá 5/597, postal code 190 00;
- VVISS delta, s.r.o., Corporate ID: 36015105, Madunice, Kostolanská 2/540, postal code 922 42, Slovak Republic;
- VVISS Lipence, s.r.o., v likvidaci, Corporate ID: 64581314, Praha 9, Kolmá 5/597, postal code 190 00;
- VVISS Terežín, s.r.o., v likvidaci, Corporate ID: 25125931, Praha 9, Kolmá 5/597, postal code 190 00.

4. Graphics Depicting the Structure of Relations between Entities Controlled by Petr Marsa and Romuald Kopún



## II. Role of the Controlled Entity

The Controlled Entity, as a provider of payment and banking services, enters into business relationships with entities within the group of controlled entities, predominantly with RM-S Finance, s.r.o., which is a tied agent of the Bank (similarly, in Slovakia, the Controlled Entity enters into business relationships with Fio Slovakia a.s., by means of its organisational branch Fio banka, a.s., pobočka zahraničnej banky) and further with RM-SYSTÉM, česká burza cenných papírů a.s. and Fio investiční společnost, a.s. with which the Bank cooperates in the field of provision of banking services and trading with securities.

Other entities within the group of controlled entities are principally provided with standard banking services as well as services the Bank is authorised to provide as a securities trader.

## III. Manner and Means of Control

1. The Bank is directly controlled by Fio holding, a.s., which holds 100% of the Bank's shares.
2. The Bank is indirectly controlled by the sole shareholders of Fio holding, a.s., Messrs Petr Marsa and Romuald Kopún, acting in concert, who thus indirectly control the Controlled Entity and represent the Controlling Persons.

## IV. Contracts and Agreements Concluded in the Year Ended 31 December 2022 and Contracts and Agreements Still Effective in the Year Ended 31 December 2022

### 1. Contracts and agreements concluded between the Controlling Persons and the Controlled Entity

#### a) Contracts concluded prior to 1 January 2022 still effective as of 31 December 2022

##### **Romuald Kopún**

Bank account agreements  
Agency contract and other arrangements

##### **Petr Marsa**

Bank account agreements  
Framework agreement on the provision of payment services  
Framework agreement on financial market trading  
Framework agreement on investment

##### **Fio holding, a.s.**

Shares subscription agreement  
Account maintenance agreements  
Agency contract and other arrangements

#### b) Contracts concluded in the year ended 31 December 2022

##### **Romuald Kopún**

No new agreements were concluded in 2022.

##### **Petr Marsa**

No new agreements were concluded in 2022.

### 2. Contracts and agreements concluded between the Controlled Entity and entities controlled by the same Controlling Persons

#### a) Contracts concluded prior to 1 January 2022 still effective as of 31 December 2022

##### **AASRK, a.s.**

Account maintenance agreement

**AGROPRODUKT - odbytové družstvo**

Account maintenance agreement

**APMAS, a.s.**

Account maintenance agreement

**BASRK, a.s.**

Account maintenance agreement

**BPMAS, a.s.**

Account maintenance agreement

**CASRK, a.s.**

Account maintenance agreement

Master agreement on investment

**CFT a.s.**

Account maintenance agreement

Framework agreement on financial market trading

Framework agreement on the provision of payment services

**CPMAS, a.s.**

Account maintenance agreement

Loan Agreement No. 2010-1-4603890

**DASRK, a.s.**

Account maintenance agreement

**DZ KREDIT a.s.**

Account maintenance agreement

Agency contract and other arrangements

Framework agreement on financial market trading

Framework agreement on the provision of payment services

**EASRK, a.s.**

Account maintenance agreement

**ELLIAD a.s.**

Account maintenance agreement

Agency contract and other arrangements

Framework agreement on financial market trading

Framework agreement on the provision of payment services

**EPMAS, a.s.**

Account maintenance agreement

Agreement on loan no. 2010-1-4503819

**Finanční skupina Fio, a.s.**

Account maintenance agreement

Contract on the transfer of a business interest

**Fio Consulting, spol. s.r.o.**

Account maintenance agreements

Bookkeeping agreement

Personal data processing agreement

**Fio forexová, s.r.o.**

Account maintenance agreement

**Fio investiční společnost, a.s.**

Account maintenance agreements  
Master agreement on investment  
Framework agreement on financial market trading  
Outsourcing contract  
Contract on offering investments to the fund  
Personal data processing agreement  
Framework agreement on the provision of payment services

**Fio leasing, a.s.**

Sub-lease agreement

**FIO POLSKA SP Z O O**

Account maintenance agreements

**Fio realitní fond SICAV, a.s.**

Account agreement for the deposit of the share capital

**Fio Slovakia, a.s.**

Account maintenance agreements  
Contract on the definition of rights and obligations following from the membership in a VAT group registration  
Contract of mandate  
Framework agreement on the provision of payment services

**FPMAS, a.s.**

Account maintenance agreement

**FPSROH spol. s r.o.**

Account maintenance agreement

**FPSROG spol. s r.o.**

Account maintenance agreement

**GENT CZ spol. s r.o.**

Agency contract and other arrangements  
Framework agreement on the provision of payment services

**KOFIMA, s.r.o.**

Account maintenance agreement

**Midleton a.s.**

Account maintenance agreements

**NOBLIGE a.s.**

Account maintenance agreements  
Framework agreement on financial market trading

**NYDELS, s.r.o.**

Account maintenance agreements

**Odbytové družstvo ovoce Český ráj**

Account maintenance agreements

**OVOAGRI s.r.o.**

Account maintenance agreements

**OVOFARM s.r.o.**

Account maintenance agreement

**RM-S Finance s.r.o.**

Agency agreement

Contract on the definition of rights and obligations following from membership in a VAT group registration

Contract on the administration and development of an IT system and other ICT equipment

Account maintenance agreements

Outsourcing contract

Personal data processing agreement

**RM-SYSTÉM, česká burza cenných papírů a.s. (hereinafter also "Česká burza")**

Contract on a special validation method

Mutual cooperation agreement on the validation of the technical and programme service solution

Sublease agreement

Contract on the definition of rights and obligations following from the membership in a VAT group registration

Account maintenance agreements

Internal audit services agreement

Compliance services agreement

Contract on the representation of Česká burza with the registration of clients

Contract on the internalisation of settlement

Contract on access to the market of Česká burza

Contract on the report of transactions

Contract to act as a market maker

**T.O.R.S. s.r.o.**

Account maintenance agreement

Framework agreement on financial market trading

Framework agreement on the provision of payment services

**VARIEL, a.s.**

Account maintenance agreement

Loan agreement No. 141000078

Loan agreement No. 151000002

Loan agreement No. 171000065

Loan agreement No. 171000066

Loan agreement No. 181000083

Master agreement on investment

Contract on the provision of a guarantee No. 223000009

**VVISS, a.s.**

Account maintenance agreements

Master agreement on investment

Contract on the definition of rights and obligations following from membership in a VAT group registration

Loan agreement No. 151000039

Contract on the provision of a borrowing

Contract on the provision of a guarantee No. 173000029

Loan agreement No. 191000027

Contract on the provision of a guarantee No. 193000015

Framework agreement on financial market trading

Loan agreement No. 210404886035

Loan agreement No. 2012-1-4592317

**b) Contracts Concluded in 2022****BPMAS, a.s.**

Framework contract on investment

**DZ KREDIT a.s.**  
Deposit account agreement

**Fio Real Estate Fund SICAV, a.s.**  
Account maintenance agreement  
Framework agreement for the provision of payment services

**Fio Slovakia, a.s.**  
Fio konto account agreement

**WISS, a.s.**  
Contract on the provision of a guarantee No. 223000005

In some cases, other contracts on the provision of standard banking services were concluded in relation to the account maintenance agreements (eg agreements on the issuance of bank cards, activation of internet banking etc). Also, amendments to some of the aforementioned contracts and agreements were concluded.

**V. List of the Acts Made in the Latest Reporting Period at the Instigation or in the Interest of the Controlling Entity or Entities Controlled by the Controlling Entity with Respect to Assets Exceeding 10% of Equity identified in the Financial Statements for the Year Ended 31 December 2022**

- In 2021, Fio forexová, s.r.o. drew a loan provided by Fio banka, a.s. (based on the aforementioned Loan Agreement No. 151000081) of up to CZK 26.2 billion.

**VI. Assessment of Detriment Incurred by the Controlled Entity and the Settlement thereof pursuant to Sections 71 and 72 of Act No. 90/2012 Coll.**

The Bank as the Controlled Entity did not incur any detriment. All transactions made between the Controlling Entity and the Controlled Entity and between the Controlled Entity and entities controlled by the same Controlling Entity were made pursuant to the applicable legal regulations.




## VII. Assessment of Advantages and Disadvantages Arising from Control


Within the group of controlled entities, as far as the Bank is concerned, advantages of being a controlled entity prevail, the main reason being the fact that the Bank is ultimately controlled by two natural persons acting in concert, which provides the Bank with stability in decision-making processes.

In 2022, controlled entities cooperated predominantly in the mediation of the Bank's services, both the payment and investment ones. The controlled entities are not in competition in terms of the services provided and, therefore, such a situation has no negative impact on their market position, and the Bank and its management have sufficient space to maximally exploit the market potential in the respective area of business.

In Prague on 31 March 2023



.....  
**Jan Sochor**  
Chairman of the Board of Directors  
Fio banka, a.s.



.....  
**Josef Valter**  
Member of the Board of Directors  
Fio banka, a.s.