

**Fio banka, a.s.**

**ANNUAL REPORT**

**2010**

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# **I. General section**

## Introduction

The year 2010 represented an important milestone in the history of Fio Financial Group. Fio, burzovní společnost, a.s., trader in securities was granted a banking licence in May, becoming a bank with the trade name of Fio banka, a.s. Subsequently, upon a company sale contract effective as of 31<sup>st</sup> August 2010 the company as a purchaser assumed all the rights, obligations and duties of its affiliated company – Fio, družstevní záložna, beginning to offer traditional banking services such as administration of accounts, system of payments etc. besides investment services in September. The new bank in the Czech market awakened a big interest of clients, which was fully particularly shown after the integration of banking services into its portfolio by a triple increase of clients as opposed to the period before being granted a banking licence, as well as the increase of the bank deposits volume. Over 22,000 purely “banking” clients were gained in 2010.

Finalising the process of extending and rebranding the branch network meant an important accomplishment of that year, as at present Fio bank has 57 branches around the Czech Republic, with all the branches being located either in the centre or frequented parts of larger towns. Furthermore, the bank intends to expand its branch network in order to make the availability of services for its clients as extensive as possible.

Fio bank further strengthened its position of the largest on-line Czech broker. Despite the fact that the activity in capital markets was generally subdued in 2010, the bank managed to increase the volume of trades in investment instruments onto CZK 224,600 million. Additionally, the number of new client/investors went up by more than 8,000. The first electronically arranged product – a new concept of a currency credit was added to the bank’s range of services, which can newly be used by clients as an assurance against currency risk without having to visit the bank branch. The transition of the securities register from the Securities Centre to the Central Securities Depository represented another important event of that year. Fio bank provided investors with information support and did its best to make the change as smooth as possible for them.

Last year, the bank became an affiliated member of the credit card association MasterCard, thus commencing talks about new solutions in the field of credit cards as well upgrading related services for its clients. This represents a direction the bank wants to generally take – gradual development, improving the existing products and introducing new products resulting in the satisfaction of the clients. Having been awarded the “Accommodating bank” by both the general public and the experts in the client evaluation of banks in the 3<sup>rd</sup> and 4<sup>th</sup> quarters 2010 only suggests that the route taken is a correct one.

**Mgr. Jan Sochor, m.p.**  
**Chairman of the Board of Directors**

## A. Basic information

Trade name: Fio banka, a.s. (Fio, burzovní společnost, a.s.until 17<sup>th</sup> May 2010)

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

Company Registration Number: 618 58 374

## B. Information about the company's own shares, registered capital, shareholders and subsidiaries

- The company's registered capital amounting to CZK 560,000,000.00 is divided into 560,000 pcs of book-entered common shares issued in the bearer's name (ISIN: CZ0008034246) with nominal value of CZK 1,000.00.
- The transferability of the shares is not restricted whatsoever; they are transferred through a Share Transfer Agreement.
- The rights provided by the legislation and statutes are connected to the shares; no other rights or preference rights arise from them.
- The shares are not listed on any regulated markets
- As of 31<sup>st</sup> December 2010, the company had a sole shareholder - Fio holding, a.s., Company Registration Number: 60192763, Prague 1, V Celnici 1028/10, Postcode: 11721.
- No dividends have been paid out in the previous three years.
- None of the companies or entities in which the company has a direct or indirect share exceeding 50% of the registered capital or voting rights owns any shares in the company.
- As of 31<sup>st</sup> December 2010, the company has the following subsidiaries: Fio o.c.p., a.s., Company Registration Number: 35960990, Kollárovo nám. 15, Bratislava 811 06, Slovakia, Družstevní záložna PSD, Company Registration No: 64946835, Prague 1, V Celnici 1028/10, Postcode 117 21, Czech Republic and RM-SYSTÉM, česká burza cenných papírů a.s., Company Registration Number: 47116404, V Celnici 1028/10, Postcode: 11721, Czech Republic. Through the company Fio, o.c.p., a.s., Fio banka, a.s. holds a 100% stake in the company RM-S FINANCE, s.r.o., Company Registration Number: 62915240, V Celnici 1028/10, Postcode: 11721, Czech Republic.

## C. Information about activities

### Granted permissions to carry out activities:

- The Czech Ministry of Finance of 15<sup>th</sup> August 1994, Ref. No. 102/38 536/94,
- In a resolution of 18<sup>th</sup> June 1999, Ref. No. 521/1388-k/99, the Czech Securities Commission recognised the Czech Ministry of Finance's licence of 15<sup>th</sup> August 1994, Ref. No. 102/38 536/94, as fully effective,
- The certification concerning the extent of the securities trading licence issued on 25<sup>th</sup> January 2001, Ref. No. 43/Z/19/2001 by the Czech Securities Commission under Act No. 362/2000 Coll., s. II Transitional Provisions (9),
- The Czech Securities Commission's resolution of 10<sup>th</sup> February 2004, Ref. No.: 43/N/226/2003/1 – the extension of the permit to perform operations
- The Czech National Bank's resolutions of 31<sup>st</sup> August 2006, Ref. No.: 43/N/158/2005/6, 2006/7096/540 - the permit to perform operations extended to include trading in derivatives,
- The Czech National Bank's resolution of 5<sup>th</sup> May 2010, Ref. No. 2010/4201/570 – a banking licence granted.

**Start of business activities:** 31<sup>st</sup> August 1994

**Information regarding the incorporation of the company, membership in the stock exchange and company subject of enterprise:**

Fio banka, a.s. was incorporated through a single Memorandum of Association on 20<sup>th</sup> June 1994 - then under the trade name of Fio, burzovní společnost, a.s. The company was registered in the Commercial Register on 31<sup>st</sup> August 1994. Since 15<sup>th</sup> March 1995, the company has been a shareholder in Prague Stock Exchange (Burza cenných papírů Praha, a.s.), holding 100 pcs of share warrants in Prague Stock Exchange issued in the bearer's name with a nominal value of CZK 1,000.00 as of 31<sup>st</sup> December 2010. The company became a member of the Prague Stock Exchange on 20<sup>th</sup> February 1995, beginning to trade there in April 1995.

In accordance with the Czech Securities Commission's decision of 10<sup>th</sup> February 2004, Ref. No.: 43/N/226/2003/1, and with regard to the Czech Securities Commission's resolution Ref. No.: 512/1388-k/99 of 18<sup>th</sup> June 1999, the extent of the licence for Fio, burzovní společnost, a.s. (Fio banka, a.s. today) to perform trading operations in securities has been as follows since 11<sup>th</sup> March 2004:

- providing main investment services under the Capital Market Undertaking Act No. 256/2004 Coll., s. 4 (2) (a), (b), (c), (d) and (e), (hereinafter also referred to as the "Act"), this being in relation to the investment tools under s. 3 (1) (a), (b) of the Act,
- providing additional investment services under s. 4 (3) (a), (b), (c) and (e) of the Act, this being in relation to the investment tools under s. 3 (1) (a), (b) of the Act, and additional investment services under s. 4 (3) (d) and (f) of the Act, this being in relation to the investment tools under s. 3 (1) (a), (b), (c) and (d) of the Act.

In accordance with the Czech Securities Commission's resolution of 31<sup>st</sup> August 2006, Ref. No.: 43/N/158/2005/6, 2006/7096/540, since 12<sup>th</sup> September 2006 the extent of the license for Fio, burzovní společnost, a.s. (Fio banka, a.s. today) to perform trading operations in securities has been the following:

- I. Main investment services under Capital Market Undertaking Act, s. 4 (2)
  - a) receiving and transferring instructions regarding investment tools (Capital Market Undertaking Act, s. 4 (2) (a)),
  - b) carrying out instructions regarding investment tools on the client's account (Capital Market Undertaking Act, s. 4 (2) (b)),
  - c) trading in investment tools on the company's own account (Capital Market Undertaking Act, s.4 (2) (c)),
  - d) managing the client's property should it include an investment tool, on the basis of independent advising within contractual covenants (Capital Market Undertaking Act, s. 4 (2) (d)),
  - e) investment consulting concerning investment tools (Capital Market Undertaking Act, s. 4 (2) (e)),
  - f) subscribing or placing investment tools with an obligation of their subscription (Capital Market Undertaking Act, s. 4 (2) (g)),
  - g) placing investment tools without an obligation of their subscription (Capital Market Undertaking Act, s. 4 (2) (h)).
- II. Additional investment services under Capital Market Undertaking Act, s. 4 (3):
  - a) custody and administration of investment tools including related services (Capital Market Undertaking Act, s. 4 (3) (a)),
  - b) granting clients with credits or loans in order to facilitate trading in the investment tool which the provider of the credit or loan is participating in (Capital Market Undertaking Act, s.4 (3) (b)),
  - c) consulting service related to the capital structure, industrial strategies and issues related, as well as providing advice and services related to corporate restructuring or the transfer of companies (Capital Market Undertaking Act, s. 4 (3) (c)),

- d) providing investment recommendations and analyses of investment opportunities or similar general recommendations related to trading in investment tools (Capital Market Undertaking Act, s. 4 (3) (d)),
- e) carrying out forex operations related to the provision of investment services (Capital Market Undertaking Act, s. 4 (3) (e)).

The provision of investment services under I (a) through (c) and (e) is related to investment tools under the Capital Market Undertaking Act s. 3 (1) (a), (b) and (d) through (k), i.e. to investment securities, collective investment securities and derivatives. The provision of investment services under I (d), (g) and (h) is related to investment tools under the Capital Market Undertaking Act s. 3 (1) (a) and (b), i.e. to investment securities and collective investment securities.

The provision of investment services under II (b) is related to investment tools under the Capital Market Undertaking Act s. 3 (1) (a) and (b), i.e. to investment securities and collective investment securities. The provision of investment services under II (a) and (d) is related to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b) and (d) through (k), i.e. to investment securities, collective investment securities and derivatives.

In compliance with the Czech National Bank's resolution of 5<sup>th</sup> May 2010, Ref. No. 2010/4201/570, the extent of the banking licence and the securities trading licence for Fio banka, a.s. has been since 5<sup>th</sup> May 2010 as follows:

- performing activities mentioned in the Bank Act, s. 1 (1) under subsections:

- a) receiving deposits from the general public,
- b) granting credits,

- performing activities mentioned in the Bank Act, s. 1 (3) under subsections:

- a) investing into securities on the company's own account,
- b) financial leasing,
- c) system of payment and accounting,
- d) issuing and administrating the means of payment, e.g. credit cards and traveller's cheques,
- e) granting bank guaranty,
- f) opening letters of credit,
- g) providing collections,
- h) providing investment services within the extent of main investment services,

Within the extent of main investment services

- under the Capital Market Undertaking Act No. 256/2004 Coll., s. 4 (2) (a), as amended (hereinafter referred to as "the Capital Market Undertaking Act"), receiving and transferring instructions regarding investment tools, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b) and (d) through (k),

- under the Capital Market Undertaking Act, s. 4 (2) (b), carrying out instructions regarding investment tools on the client's account, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b) and (d) through (k),

- under the Capital Market Undertaking Act, s. 4 (2) (c), trading in investment tools on the company's own account, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b) and (d) through (k),

- under the Capital Market Undertaking Act, s. 4 (2) (d), managing the client's property should it include an investment tool, on the basis of independent advising within contractual covenants, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b),

- under the Capital Market Undertaking Act, s. 4 (2) (e), investment consulting concerning investment tools, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b) and (d) through (k),

- under the Capital Market Undertaking Act, s. 4 (2) (g), subscribing or placing investment tools with an obligation of their subscription, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b),

- under the Capital Market Undertaking Act, s. 4 (2) (h), placing investment tools without an obligation of their subscription, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b),

and within the extent of additional investment services

- under the Capital Market Undertaking Act, s. 4 (3) (a), custody and administration of investment tools including related services, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b) and (d) through (k),

- under the Capital Market Undertaking Act, s. 4 (3) (b), granting clients with credits or loans in order to facilitate trading in the investment tool which the provider of the credit or loan is participating in, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b),

- under the Capital Market Undertaking Act, s. 4 (3) (c), consulting service related to the capital structure, industrial strategies and issues related, as well as providing advice and services related to corporate restructuring or the transfer of companies,

- under the Capital Market Undertaking Act, s. 4 (3) (d), providing investment recommendations and analyses of investment opportunities or similar general recommendations related to trading in investment tools, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b) and (d) through (k),

- under the Capital Market Undertaking Act, s. 4 (3) (e), carrying out forex operations related to the provision of investment services,

- i) financial brokerage,
- k) exchange services,
- l) providing banking reference,
- m) trading with forex values and gold on the company's own account or on the client's account,
- n) safe-deposit box rental, and
- o) activities directly related to the activities mentioned in the banking licence.

## **D. Report on the bank's business activities and the state of its holdings**

### **The evaluation in the area of investment banking:**

A opposed to 2009, the year 2010 brought significant improvement of the global economic situation indeed, nonetheless many problematic areas remained, negatively affecting the activities on financial markets to a significant extent. The continuing high uncertainty and volatility presented their common factor. These two aspects were evident not only on the world market, but also on our home market, otherwise quite resistant to external impacts. At the beginning of the year, the global sentiment was particularly negatively affected by the outbreak of the debt crisis in Greece, the US President Barack Obama's efforts to further restrict the financial sector in the USA and by tightening the monetary policy in China. Luckily, after a rescue plan for Greece was approved by supra-national authorities



and the improving macroeconomic and microeconomic indicators in the USA supported the global optimism concerning the economic revitalization the overall sentiment reversed.

The second quarter can be considered the most problematic period in this aspect, as the world markets were literally convulsed by worries about the fate of the over-indebted Eurozone members and the impact this situation would have on the global economy. Being intensively affected by these factors, the domestic market went virtually through an identical process like the leading world markets. However, in the second half of the year the progress on the domestic market was somewhat different from the global progress indicated by the markets of the highly developed countries. Speculations and the subsequent approval of the second round of the quantitative easing in the USA sent the overseas markets close to their maximum values during the autumn; nonetheless the domestic market index hit its minimum, namely due to a weak performance of the domestic market's dominant title – the stock of ČEZ. The last month of the year was, however, marked by increase again, further augmented by catching up the performance of world markets.

The progress on the capital markets was also reflected in the progress of Fio bank's receipts. Despite the fact that the business activity on markets was overall subdued, the bank managed to increase the volume of trades as opposed to 2009, i.e. from CZK 207,000 million to CZK 224,600 million. The increase in the volume of trades is particularly a result of more active trading in futures contracts on Chicago market, which is being more and more favoured by investors. As opposed to 2009, the volume of trades in futures contracts more than doubled, with the most attractive underlying assets of the contracts being crude oil and gold representing commodities and the currency pair of USD/EUR. Trading in agricultural commodities, particularly wheat and corn has gradually been gaining popularity. The volumes of trades in shares amounted to CZK 157,100 million in 2010. The total number of all carried out trades reached a level of 734,000 with 3.7 million orders placed, i.e. Fio bank's system received a new order every 6 seconds on average, carrying out a trade every 30 seconds on average.

Getting ready for the change of a trader and depositary in the USA represented Fio bank's significant activity last year, aiming at providing its clients with more favourable trading on the American market and above all, safer deposits of their investment means. Pershing, the subsidiary of one of the largest American banks - Bank of New York Mellon, is the new partner. The transition was finalised in February 2011 for organisational reasons.

Last year Fio bank gained 8,186 new clients who entered into Consignment Agreements or Management Agreements. That represents quite as matching an acquisition as in 2009, which can be considered a good signal given the current situation on the market as well as proof of the leading position amongst local traders focused on providing investments service to the general public. At present, Fio bank is therefore providing investment banking services to a considerable amount of 38,349 clients and furthermore, this amount does not include clients who were provided one-time investment services, e.g. within the settlement of decedent's estate or the sale of shares acquired during the voucher privatization in the first half of 1990's.

### **The evaluation in the area of commercial banking:**

In the third quarter of 2010, Fio bank integrated the services of Fio, cooperative savings bank (hereinafter referred to as the "savings bank") into its portfolio, beginning to provide traditional commercial banking services besides investment banking services – particularly such as opening current, saving and fixed accounts, establishing internet banking, providing a system of payment, issuing credit cards and granting both the general public and entrepreneurial entities with credits.

As far as this area is concerned, Fio bank took over to a full extent the no-charge policy that the savings bank came up with as the first banking institution on the Czech market. Since 2006, that has also included no charge for unlimited electronic system of payment within the Czech Republic. The top-quality Internet banking is provided free with the accounts as well as the international electronic credit card Maestro Fio Chip since 2007. As of 31<sup>st</sup> December 2010, Fio bank registered issued 27,031

debit cards. In the area of credit cards, the bank made its first important advancing step, having become the associated member of the Mastercard Association at the end of the year.

In 2010, new accounts were opened by 22,332 clients. Since the no-charge offer applies to individuals, sole traders as well as corporate bodies, the new clients ranked from all the mentioned groups and moreover, the bank notes a rising interest from corporate bodies stimulated not only by the free-of-charge home transactions, but also by advantageous products in the area of international payments.

Along with the increase in the amount of bank clients, the rise of deposit volume took place. Besides current accounts, the clients deposited their funds in saving accounts or used a wide range of fixed accounts, where during the year the maturity was extended up to 5 years due to the demand.

The 2010 supply of credits included bank overdraft accounts, i.e. current accounts with a permitted negative balance in two interest versions based on the client's choice. These credits are granted to clients with at least a two-month banking history with Fio bank, representing a regular product for those who wish to have an extra monetary reserve with their account. Additionally, consumer credits were also granted, particularly to the present clients.

As far as the entrepreneurial public is concerned, the bank successfully granted business credits of both operating and investment types. Moreover, it also focused on funding the developer sector and other specific types of credits, including agricultural credits with the chance of being granted agricultural subsidies from the Supportive and Guaranty Agrarian and Forestry Fund. When granting credits to entrepreneurial entities, Fio bank especially benefits from the individual approach policy to every case, by the means of which it can meet demands of such entities who due to some non-standard aspects cannot successfully pass through the scoring carried out by competing banking institutions on a regular basis, despite the fact that their business plans are rational and their credit is sufficiently secured.

The range of credit products is completed by a very specific but at the same time very important part of the product portfolio – credits used for trading in securities and currency credits, i.e. credits granted following the investment banking services. The credit for trading can be used to invest on the Czech, American and German markets as well as on the Polish one in the future, thus increasing the profitability of the means. The currency credit provides investors with a chance of hedging against currency risk when trading on foreign markets and is available on-line.

### **The overview of the most important events in 2010**

Having been granted the banking licence for Fio, burzovní společnost, a.s. and the related change of the trade name into Fio banka, a.s. represented the most important event of 2010. As of 1<sup>st</sup> September 2010, the bank integrated all the commercial banking services previously provided by Fio, cooperative savings bank into its product portfolio, thus becoming a banking institution with a full range of services. Presently, its activities are divided into two main directions – commercial banking services and investment banking services.

As far as the commercial banking is concerned, becoming the associated member of the Mastercard Association at the end of the year was last year's most important event. Credit cards and related services represent an important part of Fio bank's product portfolio; the bank intends to continue advancing these services for its clients' satisfaction in the future as well.

Concerning the investment banking services, the transition of the securities register from the Securities Centre to the Central Securities Depository was an event of key importance. This change in the system of registering securities and their owners in the Czech Republic took place on the 7<sup>th</sup> July 2010, requiring an extensive implementation into the bank's information system as well as providing investors with information support, which was met to a full extend.

Furthermore, Fio bank introduced a new product for investors - currency credit service, which provides investors with a chance of hedging against currency risk when trading on foreign markets. The agreement governing the provision of this service can only be entered into on-line via the e-Broker Internet application, representing the first actual result of the long-term concept to arrange Fio bank's individual services electronically to a significant extent, thus making their access easier for clients.

In addition to that, Fio bank made the intelligent order "Stepper" available for investors directly on RM-SYSTEM Stock Exchange as soon as the stock exchange launched this option. They together cooperated in a project of educating the general public in a series of investment seminars aimed at the beginners as well as the advanced along with the StudentBroker programme for universities.

Finalising the process of extending and rebranding the branch network in 2010 optimised the distribution of business locations, unifying their look at the same time. Many branches were moved either to the town centres or to the frequented parts. Moreover, three new branches were opened – a branch within the company's headquarters in Prague, a second branch in Plzeň and a new branch in Třinec. The bank intends to expand its branch network in the future as well in order to make the availability of services for its clients as extensive as possible.

At the end of 2010, Fio bank came first in the client evaluation of banks by both the general public and the experts as the "Accommodating bank" in the 3rd and 4th quarters. This award is noteworthy particularly due to the fact that it was won for the very first whole quarter in which the bank provided its commercial banking services concerned in the assessment.

### **Branch network information**

Trade Name: Fio banka, a.s.

Company Registration Number: 61858374

Registered Office: V Celnici 1028/10, Postcode 117 21

Branch Offices (as of 31<sup>st</sup> December 2010) – town, street, postcode, (country) and telephone:

#### Czech Republic

Brno, Joštova 4, 602 00, 224 346 815 - 816, 818

Brno, Veveří 2581/102, 616 00, 224 346 865-6

Břeclav, U Tržiště 24, 690 02, 224 346 941

České Budějovice, Nám. Přemysla Otakara II. 117/32, 370 01, 224 346 858-9

Děčín, Masarykovo nám. 3, 405 02, 224 346 973

Frydek-Místek, Zámecké nám. 42, 738 01, 224 346 936-937

Cheb, Svobody 53, 350 02, 224 346 971

Chomutov, náměstí 1. máje 4, 430 01, 224 346 984-985

Chrudim, Resselovo náměstí 61, 537 01, 224 346 954

Havířov, Hlavní třída 64, 736 01, 224 346 963 - 964

Havlíčkův Brod, Horní 16, 580 01, 224 346 958

Hodonín, Národní třída 79, 695 01, 224 346 913 - 914

Hradec Králové, Masarykovo náměstí 511, 500 02, 224 346 835-7

Jablonec nad Nisou, Mírové náměstí 19, 467 51, 224 346 975

Jihlava, Masarykovo náměstí 20, 586 01, 224 346 869 - 71

Karlovy Vary, T.G.Masaryka 38, 360 01, 224 346 872-873

Karviná- Fryštát, Fryštátská 87/6, 733 01, 224 346 892

Kladno, Osvozených politických vězňů 379, 272 01, 224 346 924-925

Klatovy, Vídeňská 181, 339 01, 224 346 875

Kolín, Karlovo náměstí 7, 280 02, 224 346 932

Kroměříž, Riegrovo nám. 179, 767 01, 224 346 877

Liberec, nám. Dr. E. Beneše 14/II, 460 01, 224 346 879-81  
Mladá Boleslav, Jaselská 67, 293 01, 224 346 926  
Náchod, Hrašeho 26, 547 01, 224 346 882  
Most, Moskevská 3336, 434 01, 224 346 965  
Nový Jičín, Štefánikova 2086, 741 01, 224 346 969 - 970  
Olomouc, Dolní náměstí 20, 779 00, 224 346 920-21  
Ostrava, Nádražní 39, 702 00, 224 346 846-8, 224 346 885-6  
Opava, Hrnčířská 227/16, 746 01, 224 346 930-31  
Pardubice, Masarykovo náměstí 1544, 530 02, 224 346 841, 842, 843, 844  
Pelhřimov, Palackého 61, 393 01, 224 346 956  
Plzeň, Prešovská 13, 301 00, 224 346 977-9  
Plzeň, Slovanská alej 30, 326 00, 224 346 829-31  
Prague 1, Rybná 14, 110 00, 224 346 808-811  
Prague 1, Senovážné nám. 24, 116 47, 224 346 801-805  
Prague 1, V Celnici 1028/10, 117 21, 224 346 987-989  
Prague 2, Ječná 35, 120 00, 224 346 895-897  
Prague 4, Budějovická 1523/9a, 140 00, 224 346 863-4, 890  
Prague 5, Radlická 608/2, 150 00, 224 346 945-7  
Prostějov, Hlaváčkovo nám. 2a, 796 01, 224 346 948  
Přerov, Čechova 3216/33, 750 02, 224 346 950, 951  
Příbram, Pražská 126, 261 02, 224 346 952  
Strakonice, Palackého nám. 102, 386 01, 224 346 928  
Svitavy, Nám. Míru 42, 568 02, 224 346 934  
Šumperk, Bulharská 229/1, 787 01, 224 346 915, 916  
Tábor, Palackého 359/1, 390 01, 224 346 898  
Teplice, U Nádraží 5, 415 01, 224 346 960  
Trutnov, Školní 154, 541 01, 224 346 900  
Třebíč, Jihlavská brána 5/4, 674 01, 224 346 943 - 944  
Třinec, Nám. Svobody 527, 739 61, 224 346 990  
Uherské Hradiště, Mariánské náměstí 61, 686 01, 224 346 922 - 923  
Ústí nad Labem, Dlouhá 3458/2A, 400 01, 224 346 902, 903, 904  
Ústí nad Orlicí, 17.listopadu 1394, 562 01, 224 346 917  
Vsetín, Hlásenka 1673/9, 755 01, 224 346 967  
Zlín, Zarámí 92, 760 01, 224 346 906-908  
Znojmo, Horní náměstí 8/2, 669 02, 224 346 909 - 910  
Žďár nad Sázavou, Nádražní 6, 591 01, 224 346 911 - 912

#### Poland

Warsaw, ul. Szpitalna 1/17 , 00-020, +48 (22) 827 19 27

#### Hungary

Budapest, Sas u. 10-12., +36 (1) 301 8745/6

#### Foreign Branch:

Fio banka, a.s., pobočka zahraničnej banky

Company Registration Number: 36 869 376, Reg. Office Kollárovo námestie 15, Bratislava 811 06

#### Branch Offices:

- Bratislava, Kollárovo námestie 15, 811 06

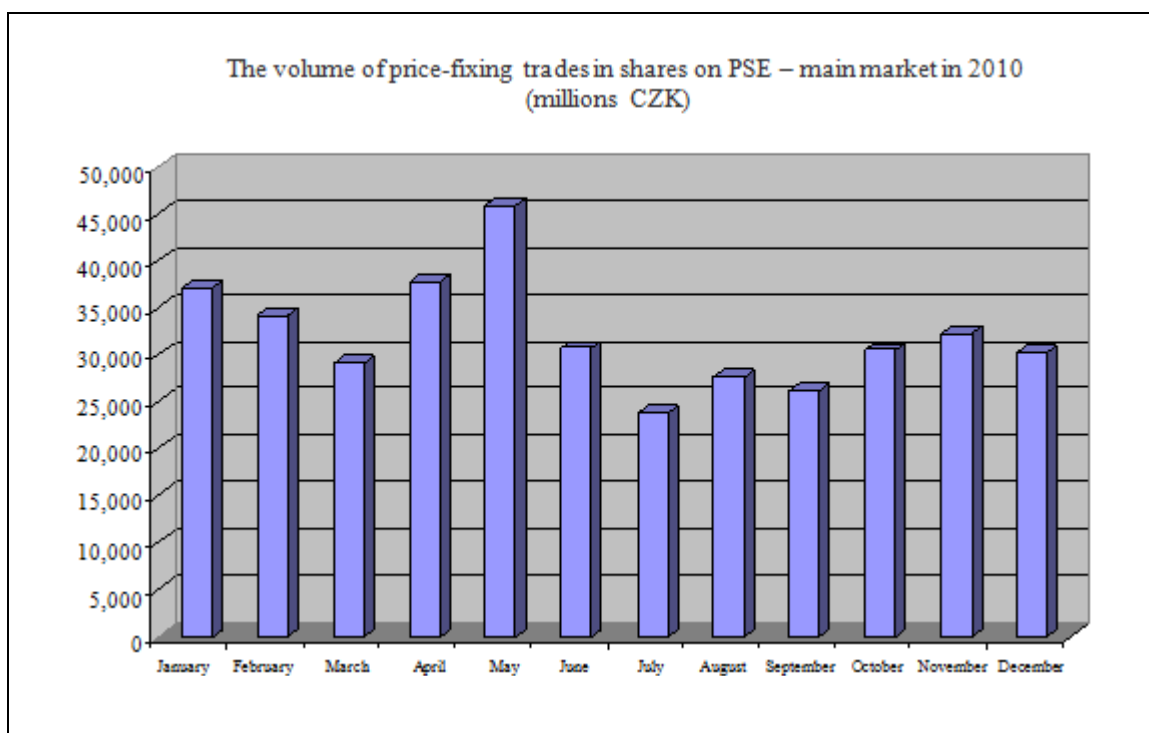
- Košice, Hlavná 8, 040 01

- Žilina, Nám. E. Štúra 2, 010 01

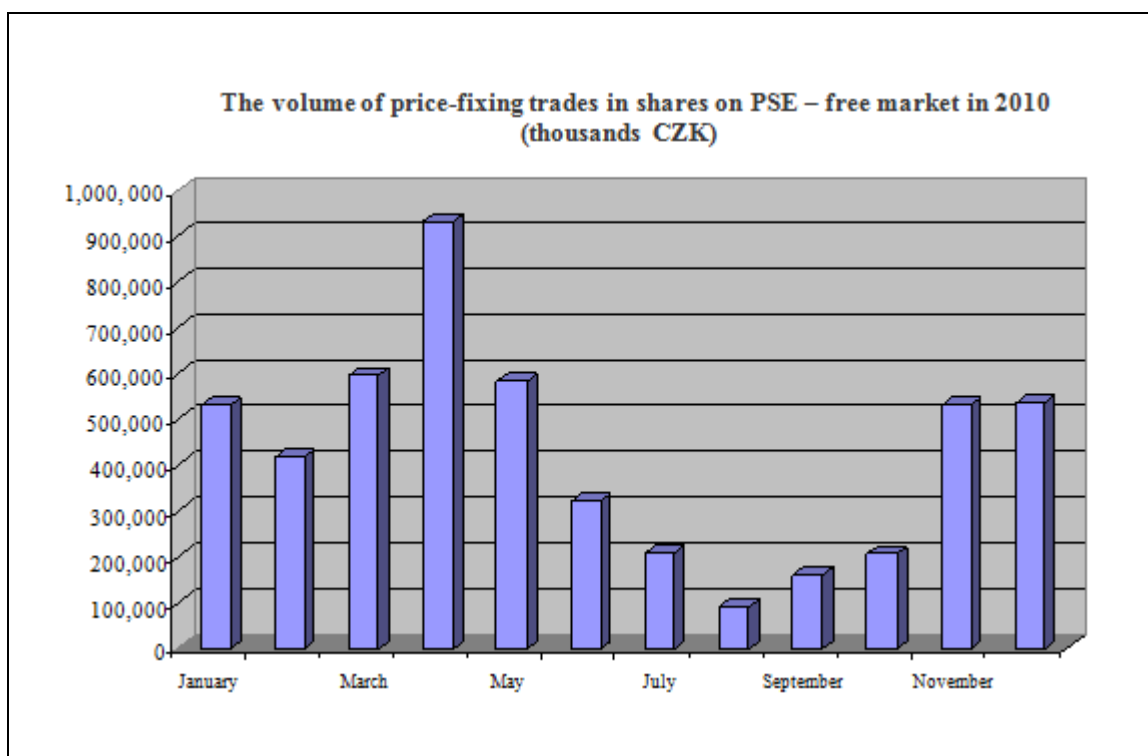
## Trading on the Czech markets

Despite increased volatility, the year 2010 represented a successful period for most world stock markets. Only some European countries with debt problems experienced no rise. Prague Stock Exchange was alongside those countries whose share indexes grew by 10%. Within the 12 months of 2010, the PX index rose from 1,117.3 onto 1,224.8 points. Following a volatile beginning of the year when the domestic market reached its bottom at 1,092 points, the 1<sup>st</sup> quarter saw it rise onto its maximum at 1,315 due to the improved foreign sentiment. While the Czech stocks outperformed the advanced foreign markets during the first quarter, the oncoming European debt crisis of so-called PIGS countries (Portugal, Ireland, Greece and Spain) brought a significant correction to the stock markets during May, which also resulted in the fall of Czech stock titles onto their previous minimums. The subsequent months saw the domestic titles gradually rise onto higher levels owing to the improving foreign sentiment; nonetheless, they were not able to attract a comparable interest like at the beginning of the year. This was evident particularly in the autumn, when the advanced markets recorded a significant stock rally following the announcement of the second round of the quantitative easing from American FED, while Prague Stock Exchange stagnated. Luckily, at the very end of the year, the Czech stocks recovered and were closing on the profits of other countries.

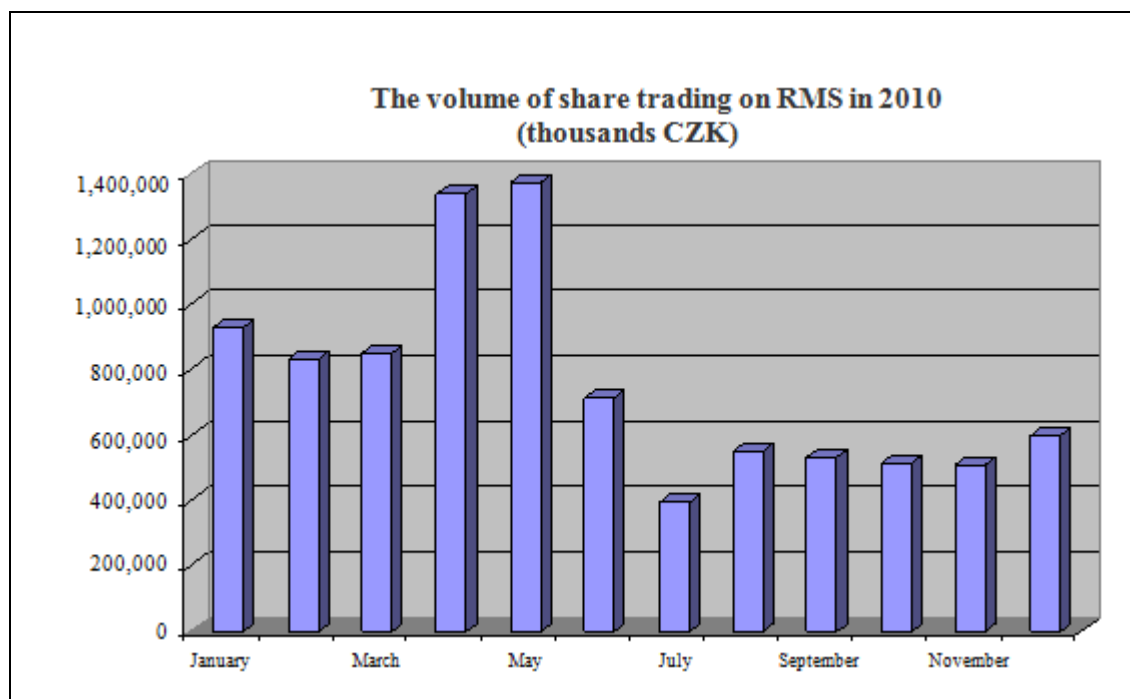
After some silence, the Prague Stock Exchange saw new stocks in 2010 – Fortuna’s IPO. The technological company KITD is another newcomer; nonetheless that was a case of so-called dual listing from the American market. The performance amongst the individual titles was different, with the winner being the stocks of NWR mining company (+65%) and the opposite side of the spectrum being taken by ECM developer (-70%). The traditionally leading stocks and the key title from previous years - ČEZ electrical company fell behind (-9.5%).



Source: BCPP, a.s.



Source: BCPP, a.s.

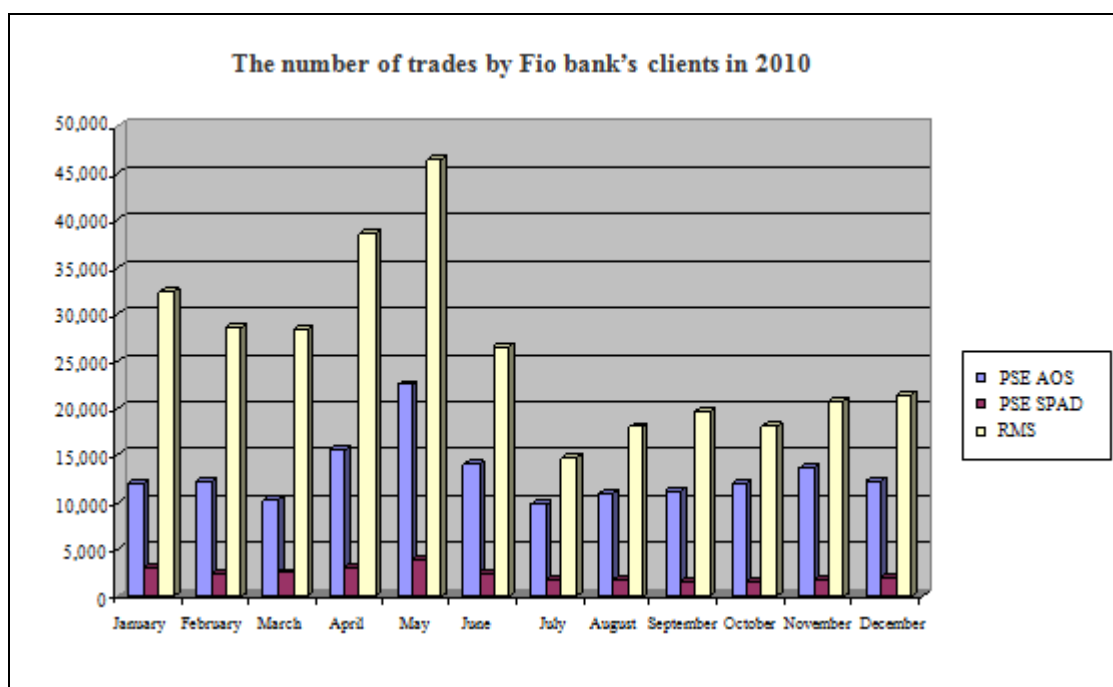


Source: RM-SYSTÉM, česká burza cenných papírů a.s.

### Trading on international markets

- In 2010, the world stock markets caught a positive wave, continuing the 2009 trend. The positive progress at the beginning of the year was interrupted by only one correction caused by deepening

problems of some heavily indebted European countries, the US President Barack Obama's efforts to further restrict the financial system and by tightening the monetary policy in China. Investors managed to gradually overcome these negative effects, resulting in the April rise of the American indexes onto the numbers of September 2008, when the Lehman Brothers collapse took place. The April numbers represented maximum values for several subsequent months, when the escalation of the European debt crisis fully surfaced on markets throughout the second quarter. Coordinated help from European countries was a must to save the most problematic country – Greece. Subsequently, some unprecedented measures amounting to EUR 750,000 million were agreed upon with the help of international institutions to be taken as the last-help instance for countries in debt. This period was reflected by quite anxious performances on stock markets and characterised by its extreme volatility. The main indexes declined by more than 10% during the second quarter, reaching red numbers in the annual statistics. The markets were also substantially stirred by an event from the beginning of May, when within a so-called “flash crash“ the indexes on Wall Street fell by nearly 10% in just a few minutes. Despite the fact that most of the losses were quickly balanced within the same day, this situation significantly supported the volatility and anxiety that occurred in the second quarter. The situation concerning the heavily indebted European countries represented an important factor also in the second half of the year, when Ireland had to receive financial help as well. Owing to tension and scepticism on financial markets, other more important countries from an economic point of view such as Italy and Spain got into trouble. Subsequently, European politicians proceeded to create a permanent recovery mechanism. The individual countries also considered in unison the determination to decrease the government spending and the effort to limit the state debt as essential, which can however result in slowing down the economic growth in the end. The change in sentiment on the markets came in September when the market began to speculate about another round of quantitative easing in the USA. That took place to the investors' satisfaction at FED's November meeting, when the programme in the amount of USD 600,000 million was approved. The funds will be supplied into the economy through government bonds, which are to continue until June 2011. The strong continuous growth over the last months eventually brought positive annual appreciation, when the American indexes strengthened by more than 10%. The differences in performance in Europe were significant. The German economy put up with the situation in the best way, as the DAX index strengthened by more than 15%; on the other hand stock exchanges in the most problematic countries often ended up in red numbers at the end of the year.



### **Trading on the company's own account**

In 2010, Fio bank purchased bonds on its own account, gradually strengthening and building its portfolio, particularly with highly liquid government bonds. Fio bank operates as a market maker in the SPAD segment of Prague Stock Exchange, carrying out the same activities also on RM-SYSTEM Stock Exchange.

### **The information about the bank's holdings and financial situation**

As at 31<sup>st</sup> December 2010, the company's total assets were CZK 8,951,761 thousand. This was mainly composed of a balance in cash and central bank deposits amounting to CZK 776,041 thousand, non-coupon government bonds in the value of CZK 298,231 thousand, funds in bank accounts and cooperative savings bank accounts amounting to CZK 2,710,672 thousand, client receivables in the value of CZK 3,541,889 thousand, debt securities amounting to CZK 1,032,801 thousand, fixed assets in the value of CZK 158,349 thousand and other assets amounting to 425,333 thousand.

In 2010 the company recorded a net profit of CZK 142,287 thousand from fees and commissions, a net profit of CZK 26,417 thousand from interest and a loss of CZK 771 thousand from financial operations. The company's pre-tax profit from ordinary activities amounted to CZK 46,006 thousand.

In the long term, the company's financial situation is very good. The company continuously has ready access to sufficient liquid funds to pay its obligations and pays its contributions to the market guarantee funds, deposit guarantee funds and securities trader guarantee funds regularly and in full. Over the course of its existence the company has never been insolvent.

In the course of 2010, Fio bank's capital adequacy was at its lowest level as of 31<sup>st</sup> December 2010, explicitly 15.35%. This level of capital adequacy represents a safe level for risk cover, being about double of the limit set down by the legislation.

## **E. Information about the bank's statutory and supervisory bodies**

### **Board of Directors:**

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

graduated from Charles University in Prague, Faculty of Mathematics and Physics and has been active on the capital market for over 15 years. He has been the Chairman of the Board since 22<sup>nd</sup> May 2002. From 30<sup>th</sup> April 2001 until 23<sup>rd</sup> April 2002, he was the Director of the securities trading company Fio brokerská, spol. s r.o. Before that he was a member of the staff who was particularly involved in creating the trading company's electronic trading system. Regarding Fio, burzovní společnost, a.s., he was in a position of the Director and the only Corporate Agent at the same time.

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

graduated from Charles University, Faculty of Law and has been active in the Fio Financial Group since 2002. Since that year he has also been managing its Legal Division (later Legal and Compliance Division). From 2002 until 2006, he was a Member of the Board of Directors for Fio, cooperative savings bank and from 2006 until 2010, he was the Chairman of the Board of Directors for Fio, cooperative savings bank. He has been a Member of the Board of Directors of Fio banka, a.s. since 5<sup>th</sup> May 2010.

#### **Ing. David Hybeš**, Member of the Board of Directors

graduated from the University of Economics, Faculty of Business Administration and has been active in the Fio Financial Group since 2006. Since that year he has also been in a position of the Chief Operating Officer. He has been a Member of the Board of Directors for the company since 5<sup>th</sup> May 2010.



Under the Act No. 513/1991 Coll., s. 194 (1), Commercial Code and s. 5.2.2. (1), Articles of Association, the company's Board of Directors has three members.

### **Supervisory Board:**

#### **Mgr. Romuald Kopún**, Chairman of the Supervisory Board

graduated from Charles University in Prague, Faculty of Mathematics and Physics. He has been a member of the Board of Supervisors since 1994. Particularly in this post he has gained necessary experience in the capital market sector.

#### **RNDr. Petr Marsa**, Member of the Supervisory Board

graduated from Charles University in Prague, Faculty of Mathematics and Physics. He has been active on the financial market for over 15 years. Over the years, he has held various posts in the managing bodies of various companies of the Fio Financial Group.

#### **Ing. Ján Franek**, Member of the Supervisory Board

graduated from the Czech Technical University in Prague, Faculty of Nuclear Sciences and Physical Engineering. He has been working for the Fio Financial Group since 1995. Since 2001, he has been in charge of the Development Division and has been responsible for the development projects focused at expanding and improving the quality of client services.

No members of the Board of Directors, Supervisory board or bank management own any of Fio bank's shares.

No employees can have a share in the bank's registered capital.

### **Other information**

Over the past three years, the company activities have never been interrupted.

An overview of changes in equity in the past three accounting periods is provided in the financial statement included in this annual report.

Information regarding the average number of employees and changes in this number is provided in the notes to the 2010 financial statement included in this annual report. The increase in the company's personnel corresponds with its strategy to continuously improve the quality of the services provided.

The company spent no funds on research, development and environmental activities during 2010. As far as the labour relations are concerned, they are provided in the 2010 financial statement included in this annual report.

Upon a resolution of the Board of Directors of 5<sup>th</sup> May 2010, the bank's foreign branch was established in the Slovak Republic, i.e. Fio banka, a. s., pobočka zahraničnej banky, Company Registration Number: 36 869 376, Kollárovo námestie 15 Bratislava 811 06, Slovak Republic.

### **Foreign Branch Manager:**

#### **Ing. Marek Polka**

Graduated from the University of Economics in Prague, Faculty of Finance and Accounting and has been active in the Fio Financial Group since May 2001, when he took up a position of a client worker in the Prague branch. Over the course of time, he went through the posts of the Provisional Manager in Plzeň branch, the Manager of the Group's largest branch in Prague and subsequently the manager of the Client Service Department. Since April 2006, he has been managing the Fio Financial Group's

Client Division. From 1<sup>st</sup> April 2006, he was the Member of the Board of Directors for Fio, cooperative savings bank and since 3<sup>rd</sup> May 2010, he has served as the Chairman of the Board of Directors for Fio, cooperative savings bank. His key responsibilities of the Client Division Manager are making sure that all branches run properly, managing customer relations and administering the product range.

## **F. Information about persons responsible for the Annual Report**

The person responsible for the Annual Report is Mgr. Jan Sochor, Birth ID No.: 690222/0050, Prague 1, Opletalova 30, Postcode 110 00 – Chairman of the Board of Directors of Fio banka, a.s.

The financial statements for 2003, 2004, 2005, 2006 and 2007 were verified by the auditor:

Ing. Helena Holeková, Topol 70, 537 05 Chrudim 5, Auditor No. 1589

The financial statements for 2008, 2009 and 2010 were verified by the auditor:

Deloitte Audit s.r.o., Company Registration Number: 49620592, Karolinská 654/2, Prague 8.

In Prague, on 19<sup>th</sup> May 2011

Mgr. Jan Sochor, m.p.  
Chairman of the Board of Directors

Mgr. Josef Valter, m.p.  
Member of the Board of Directors

Ing. David Hybeš m.p.  
Member of the Board of Directors

## **II. Auditor's Statement**

# Deloitte

Deloitte Audit s.r.o.

Nile House  
Karolínská 654/2  
186 00 Prague 8- Karlín  
Czech Republic

Tel.: +420 246 042 500  
Fax: +420 246 042 555  
[DeloitteCZ@deloitteCE.com](mailto:DeloitteCZ@deloitteCE.com)  
[www.deloitte.cz](http://www.deloitte.cz)

registered with the Municipal Court  
in Prague, Section C, File No. 24349  
Company Registration Number: 49620592  
VATIN: CZ49620592

## INDEPENDENT AUDITOR'S REPORT

to the shareholders of Fio Banka, a.s.

Registered office: Prague 1, V Celnici 1028/10, 11721  
Company Registration No.: 618 58 374

### Report on the Financial Statement

Based on our audit, we issued the following report on the financial statement included in Chapter III of this Annual Report on 20<sup>th</sup> May 2010:

"We have audited the attached financial statement of Fio Banka, a.s., i.e. the balance sheet as of 31<sup>st</sup> December 2010, the profit and loss statement, the overview of changes in equity for the year ending as of that date and the notes to this financial statement, including a summary of significant accounting policies applied and additional supporting information.

### Statutory Body's Responsibility for the Financial Statement

The statutory body of the company is responsible for the preparation and fair presentation of this financial statement in accordance with the Czech accounting standards and regulations and for an internal control system essential for preparing the financial statement that is free of substantial (material) misstatement, whether due to fraud or error.

### Auditor's Responsibility

It is our responsibility to express an opinion on this financial statement based on our audit. The audit was conducted in accordance with the Auditors Act and the Auditing International Standards as well as the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance whether the financial statement is free of substantial (material) misstatement.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selection of procedures depends on the auditor's judgment, including the assessment of the risks of substantial (material) misstatement mentioned in the financial statement, whether due to fraud or error. In making those risk assessments the auditor reviews the internal control system relevant for preparing a true and fair financial statement in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control system of the accounting entity. The audit also includes evaluating the appropriateness of accounting policies used and the adequacy of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statement gives a true and fair view of the financial position of Fio banka, a.s. as at 31<sup>st</sup> December 2010 and of its financial performance for the year then ended in accordance with Czech accounting standards and regulations."

Deloitte refers to one or more companies of Deloitte Touche Tohmatsu Ltd., a British private limited company and its network of member firms, each of which is a legally separate and independent entity. A detailed description of the legal structure of Deloitte Touche Tohmatsu Ltd. and its member firms can be seen at [www.deloitte.com/cz/onas](http://www.deloitte.com/cz/onas).

### **Report on the report on relations**

We have reviewed the factual accuracy of the information mentioned in the report on relations between persons related to Fio banka, a.s. as at 31<sup>st</sup> December 2010 included in this annual report in chapter IV. Creating this report on relations is the responsibility of the company's statutory body. Our responsibility is to express our view on the report on relations based upon our review.

We conducted our review in accordance with Auditor Standard No. 56 issued by the Chamber of Auditors of the Czech Republic. This standard requires planning and carrying out the review in order to obtain moderate assurance as to whether the report on relations is free of substantial (material) factual misstatements. The review is limited primarily to inquiries of the company personnel and to analytical procedures and examination on a test basis of the factual accuracy of the information, thus providing a lower level of assurance than the audit. We have not performed the audit of the report on relations and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that would indicate that the information included in the report on relations between connected persons of Fio banka, a.s. as at 31<sup>st</sup> December 2010 contains any substantial (material) factual misstatements.

The company has decided not to mention the values of performance within the relevant contracts with reference to the trade secret.

### **Report on the Annual Report**

We have also audited the annual report for consistency with the financial statement of the company of 31<sup>st</sup> December 2010. The company's statutory body is responsible for the accuracy of this annual report. Our responsibility is to express an opinion on the consistency of the annual report and the financial statement based upon our audit.

We conducted our audit in accordance with the International Standards on Auditing and related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that the auditor plans and performs the audit in order to obtain reasonable assurance about whether the information included in the annual report describing matters that are also presented in the financial statement is, in all substantial (material) respects, consistent with the relevant financial statement. We believe that our audit provides a reasonable basis for the auditor's opinion.

As far as we are concerned, the information included in the annual report is consistent, in all substantial (material) respects, with the aforementioned financial statement.

In Prague, 20<sup>th</sup> May 2011

Auditing company:

Deloitte Audit s.r.o.  
certificate no. 79

*signature illegible*

Statutory auditor:

Diana Rádl Rogerová  
certificate no. 2045

*signature illegible*

## **III. Company financial statement as at 31<sup>st</sup> December 2010**

**FINANCIAL STATEMENT AS AT 31<sup>st</sup> DECEMBER 2010**

Name of the Company: Fio banka, a.s.  
Registered Office: Prague 1, V Celnici 1028/10, Postcode 117 21  
Legal Form: a joint-stock company  
Company Registration No.: 618 58 374

Parts of the Financial Statement:

Balance Sheet  
Income Statement  
Statement of Changes in Equity  
Notes

The Financial Statement was elaborated on 20<sup>th</sup> May 2011.

Statutory body of the accounting entity	Signature
	<i>Signature illegible</i>

**BALANCE SHEET**  
as of 31<sup>st</sup> December 2010  
(in whole thousands CZK)

Name and registered office of the accounting entity:

Fio banka, a.s.  
Prague 1, V Celnici 1028/10, Postcode 117 21  
Co. Reg. No.: 61858374  
Date: 31<sup>st</sup> December 2010

Mark a	ASSETS b	line c	31 <sup>st</sup> Dec 2010			31 <sup>st</sup> Dec 2009
			Gross 1	Corrections 2	Net 3	Net 4
	<b>TOTAL ASSETS</b>	001	8,966,736	14,975	8,951,761	2,005,292
1.	Cash-in-hand, deposits in central banks	002	776,041	0	776,041	9
2.	Governmental non-coupon bonds and other securities received by the central bank for refinancing	003	298,231	0	298,231	0
a)	Issued by governmental agencies	004	298,231	0	298,231	0
b)	Other	005	0	0	0	0
3.	Receivables on behalf of banks and cooperative savings banks	006	2,710,672	0	2,710,672	1,348,252
a)	Payable on call	007	1,843,219	0	1,843,219	1,292,530
b)	Other receivables	008	867,453	0	867,453	55,722
4.	Receivables on behalf of clients	009	3,541,889	0	3,541,889	657
a)	Payable on call	010	0	0	0	657
b)	Other receivables	011	3,541,889	0	3,541,889	0
5.	Debt securities	012	1,032,801	0	1,032,801	0
a)	Issued by governmental agencies	013	890,043	0	890,043	0
b)	Issued by other persons	014	142,758	0	142,758	0
6.	Shares, share fund certificates and other shares	015	100	0	100	100
8.	Shares with decisive influence	018	158,349	0	158,349	88,386
9.	Intangible Fixed Assets	020	17,029	13,828	3,201	4,199
a)	Installation costs thereof	021	0	0	0	0
b)	Goodwill thereof	022	-252	-17	-235	0
10.	Tangible Fixed Assets	023	3,038	993	2,045	1,496
11.	Other assets	025	425,487	154	425,333	301,379
12.	Registered capital receivables	026	0	0	0	259,038
13.	Accrued expenses and revenues	027	3,099	0	3,099	1,776



Mark	LIABILITIES	line	31 <sup>st</sup> Dec 2010	31 <sup>st</sup> Dec 2009
a	b	c	6	7
	<b>TOTAL LIABILITIES</b>	028	8,951,761	2,005,292
1.	Obligations to banks and cooperative savings banks	029	250,458	872
a)	Payable on call	030	71,569	872
a)	Other obligations	031	178,889	0
2.	Obligations to clients	032	7,825,324	56,857
a)	Payable on call	033	3,542,190	664
b)	Other obligations	034	4,283,134	56,193
4.	Other liabilities	038	175,311	1,345,780
6.	Reserves	040	5,836	409
a)	Pensions and similar obligations	041	0	0
b)	Taxes	042	3,960	
c)	Other	043	1,876	409
7.	Subordinate obligations	044	40,000	0
8.	Registered capital	045	560,000	560,000
a)	Paid registered capital thereof	046	560,000	560,000
10.	Statutory reserves and other funds created from profit	050	4,501	3,783
a)	Mandatory reserves and risk funds	051	4,501	3,783
13.	Revaluation reserves	056	8,614	-2,576
c)	Share conversion thereof	059	8,614	-2,576
14.	Retained earnings from previous periods	060	39,449	25,818
15.	Profit for the accounting period	061	42,268	14,349

*Stamps:*

**Deloitte Audit s.r.o.**  
Karolinská 654/2, 186 00 Prague 8  
Certificate no. 079

**Diana RádI Rogerová**  
Auditor  
Certificate no. 2045

**OFF-BALANCE SHEET**  
as of 31 December 2010  
(in whole thousands CZK)

Name and registered office of the accounting entity:

Fio banka, a.s. Prague 1, V Celnici 1028/10, Postcode 117 21 Co. Reg. No.: 61858374 Date: 31 <sup>st</sup> December 2010
---

Mark	OFF-BALANCE SHEET ITEMS	line	31 <sup>st</sup> Dec 2010	31 <sup>st</sup> Dec 2009
a	b	C	1	2
1.	Provided assurances and guaranties	001	923,635	0
4.	Receivables from term transactions	004	273,972	16,911
10.	Received collateral	011	4,751,015	47,104
12.	Obligations from term transactions	013	275,485	17,300
14.	Assets received into custody, administration and safekeeping	015	13,143,176	2,717,924
15.	Assets received for management	017	39,198	28,838

**PROFIT AND LOSS STATEMENT**  
for the period from 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2010  
(in whole thousands CZK)

Name and registered office of the accounting entity:

Fio banka, a.s. Prague 1, V Celnici 1028/10, Postcode 117 21 Co. Reg. No.: 61858374 Date: 31 <sup>st</sup> December 2010
---

Mark	TEXT	line	31 <sup>st</sup> Dec 2010	31 <sup>st</sup> Dec 2009
a	b	c	1	2
1.	Earnings from interest and similar earnings	001	111,093	6,520
	Interest from debt securities thereof	002	14,122	180
2.	Interest costs and similar costs	003	84,676	5,819
	Interest costs from securities with fixed earnings thereof	004	1,117	0
3.	Earnings from shares and share funds	005	0	4,732
c)	Earnings from other shares and share funds	008	0	4,732
4.	Earnings from fees and commissions	009	187,360	196,452
5.	Fees and commissions costs	010	45,073	85,246
6.	Net profit from financial operations	011	-771	17,746
7.	Other operating revenues	012	27,156	94
8.	Other operating costs	013	6,261	3,873
9.	Administration costs	014	141,736	112,814
a)	Personnel costs	015	22,237	19,556
aa)	Social security and health insurance thereof	016	5,250	4,666
b)	Other administrative costs	017	119,499	93,258
10.	Reversal of accrued liabilities and adjustments to tangible and intangible fixed assets	018	17	0
11.	Depreciation, creation and use of reserves and adjustments to tangible and intangible fixed assets	019	1,103	811
17.	Creation and use of other reserves	025	0	44
19.	Pre-tax profit from regular activities for the accounting period	027	46,006	16,937
22.	Pre-tax profit from extraordinary activities for the accounting period	030	0	16,937
23.	Income tax	031	3,738	2,588
24.	After-tax profit for the accounting period	032	42,268	14,349

**OVERVIEW OF CHANGES IN EQUITY FOR 2010**

(in thousands CZK)

	Registered capital	Reserve funds	Revaluation reserves	Retained earnings/ (loss) from previous years	Profit / loss in the ratification process	Profit / loss for the accounting period	Total
Balance as of 1 <sup>st</sup> January 2009	60,000	3,296	-	16,570	9,735	-	89,601
Exchange rate differences and revaluation reserves not included in the profit/loss			-2,576				
Net profit / loss for the accounting period						14,349	
Transfers to funds		487		9,248	-9,735		
Issue of shares	500,000						
Balance as of 1 <sup>st</sup> January 2010	560,000	3,783	(2,576)	25,818	14,349	-	601,374
Exchange rate differences and revaluation reserves not included in the profit/loss			11,190				
Net profit / loss for the accounting period						42,268	
Transfers to funds		718		13,631	-14,349		
Balance as of 31 <sup>st</sup> December 2010	560,000	4,501	8,614	39,449	-	42,268	654,832

## **NOTES TO THE FINANCIAL STATEMENT 2010**

**Company Name:** Fio banka, a.s.  
**Registered Office:** Prague 1, V Celnici 1028/10, 117 21  
**Legal Form:** Joint stock company  
**Company Registration No.:** 618 58 374

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## 1. GENERAL INFORMATION

### 1.1. *Formation and characteristics of the company*

Fio banka, a.s. (hereinafter referred to as the "company") was formed by a single Memorandum of Association on 20<sup>th</sup> June 1994 (then under a trade name of Fio, burzovní společnost, a.s.) and was incorporated upon its registration in the Commercial Register in Prague on 31<sup>st</sup> August 1994.

The company's subject of enterprise corresponds with the provisions of the Bank Act No. 21/1992 Coll., as amended and with the licence granted by the Czech National Bank. The subject of enterprise is therefore:

- Performing activities mentioned in the Bank Act, s. 1 (1) under subsections:

- a) receiving deposits from the general public,
- b) granting credits,

- Performing activities mentioned in the Bank Act, s. 1 (3) under subsections:

- a) investing into securities on the company's own account,
- b) financial leasing,
- c) system of payment and accounting,
- d) issuing and administering the means of payment, e.g. credit cards and traveller's cheques,
- e) granting bank guaranty,
- f) opening letters of credit,
- g) providing collections,
- h) providing investment services within the extent of main investment services,

Within the extent of main investment services

- under the Capital Market Undertaking Act No. 256/2004 Coll., s. 4 (2) (a), as amended (hereinafter referred to as "the Capital Market Undertaking Act"), receiving and transferring instructions regarding investment tools, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b) and (d) through (k),

- under the Capital Market Undertaking Act, s. 4 (2) (b), carrying out instructions regarding investment tools on the client's account, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b) and (d) through (k),

- under the Capital Market Undertaking Act, s. 4 (2) (c), trading in investment tools on the company's own account, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b) and (d) through (k),

- under the Capital Market Undertaking Act, s. 4 (2) (d), managing the client's property should it include an investment tool, on the basis of independent advising within contractual covenants, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b),

- under the Capital Market Undertaking Act, s. 4 (2) (e), investment consulting concerning investment tools, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b) and (d) through (k),



- under the Capital Market Undertaking Act, s. 4 (2) (g), subscribing or placing investment tools with an obligation of their subscription, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b),

- under the Capital Market Undertaking Act, s. 4 (2) (h), placing investment tools without an obligation of their subscription, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b),

and within the extent of additional investment services

- under the Capital Market Undertaking Act, s. 4 (3) (a), custody and administration of investment tools including related services, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b) and (d) through (k),

- under the Capital Market Undertaking Act, s. 4 (3) (b), granting clients with credits or loans in order to facilitate trading in the investment tool which the provider of the credit or loan is participating in, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b),

- under the Capital Market Undertaking Act, s. 4 (3) (c), consulting service related to the capital structure, industrial strategies and issues related, as well as providing advice and services related to corporate restructuring or the transfer of companies,

- under the Capital Market Undertaking Act, s. 4 (3) (d), providing investment recommendations and analyses of investment opportunities or similar general recommendations related to trading in investment tools, namely in relation to investment tools under the Capital Market Undertaking Act, s. 3 (1) (a), (b) and (d) through (k),

- under the Capital Market Undertaking Act, s. 4 (3) (e), carrying out forex operations related to the provision of investment services,

- i) financial brokerage,
- k) exchange services,
- l) providing banking reference,
- m) trading with forex values and gold on the company's own account or on the client's account,
- n) safe-deposit box rental, and
- o) activities directly related to the activities mentioned in the banking licence.

Company's registered capital: CZK 560,000,000 (paid in full as at 27<sup>th</sup> Jan 2010)

Balance sheet day: 31<sup>st</sup> December 2010

Financial statement elaborated: 31<sup>st</sup> March 2011

Accounting period: calendar year

Currency used in Financial statement: Czech koruna (CZK)

Individuals and legal entities with a stake greater than 20% of the company's registered capital and the amount of their stakes are listed in the following table:

<b>Shareholder:</b>	<b>% share in registered capital</b>
Fio holding, a.s.	100 %
<b>Total</b>	<b>100 %</b>

## **1.2. *Changes and supplements in the Commercial Register in the past accounting period***

The registered capital was paid in full as of 27<sup>th</sup> January 2010.

The company was granted a banking license by Czech National Bank's resolution of 5<sup>th</sup> May 2010, Ref. No. 2010/4201/570. In relation to this fact, the subsequent changes were made in the Commercial Register:

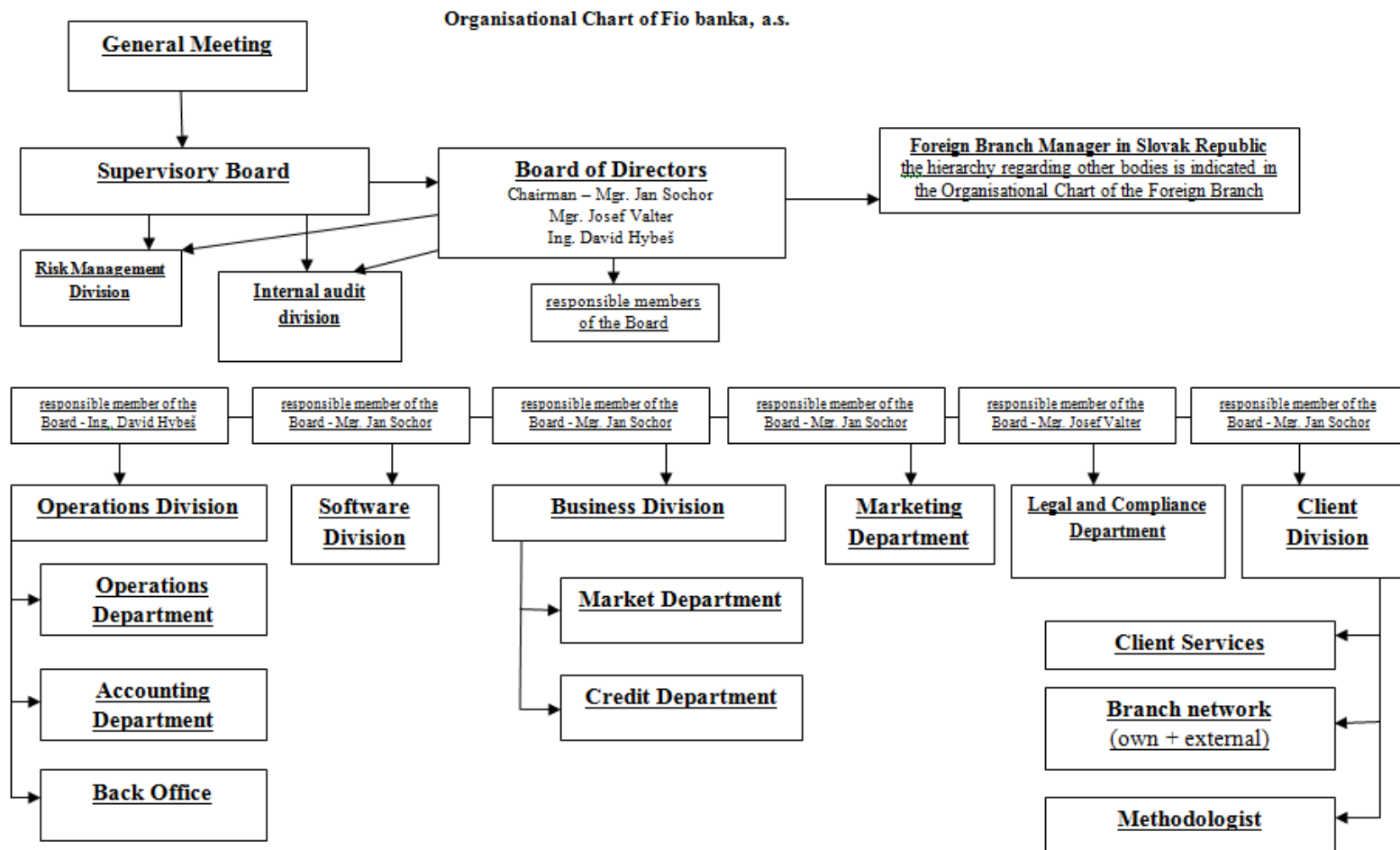
- a) The trade name of the company was changed into Fio banka, a.s.
- b) The company's subject of enterprise was extended by banking services.
- c) The number of Members of the Board of Directors rose, as Mgr. Josef Valter and ing. David Hybeš were appointed as members.
- d) A change in the way of dealing on behalf of the company took place (see Art. 1.4).  
The aforementioned changes were made in the Commercial Register on 17<sup>th</sup> May 2010.

As of 31<sup>st</sup> August 2010, the company purchased Fio, cooperative savings bank, Company Registration Number: 649 46 843, registered address Prague 1, V Celnici 1028/10, Postcode 11721, registered with the Register Court in Prague, Section Dr, file No. 2643. Within the purchase, the whole of Fio, cooperative savings bank passed to the company, including all the rights and obligations related to Fio, cooperative savings bank. The company purchased Fio, cooperative savings bank for a price set upon an expert evaluation of NSG Morison in the amount of CZK 267,779. Upon this purchase, assets amounting to CZK 5,281,005 and liabilities amounting to CZK 5,012,436 passed to the company.

From the day when Fio, cooperative savings bank was signed over, the company actually began provide the general public with banking services. The mentioned facts were entered in the Commercial Register on 28<sup>th</sup> December 2010.

There was a change in the registered address of the sole shareholder of the company, i.e. the commercial company of Fio holding, a.s., Company Registration Number: 601 92 763. The change in the registered address (on the day of the financial statement elaboration: Prague 1, V Celnici 1028/10, Postcode 117 21) was entered in the Commercial Register on 28<sup>th</sup> December 2010.

1.3. Company organisational structure



#### 1.4. *Identification of the Group*

The company is part of Fio financial group.

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

	<b>Post</b>	<b>Name</b>
<b>Board of Directors</b>	Chairman	Mgr. Jan Sochor
	Member	Mgr. Josef Valter
	Member	Ing. David Hybeš
<b>Supervisory Board</b>	Chairman	Mgr. Romuald Kopún
	Vice-chairman:	RNDr. Petr Marsa
	Member:	Ing. Ján Franek

During the accounting period, the number of Members of the Board of Directors rose, as Mgr. Josef Valter and ing. David Hybeš were appointed as members.

The Chairman of the Board of Directors or his Vice-chairman can deal on behalf of the Board of Directors, along with another Member of the Board.

## **2. BASIS FOR DRAWING UP THE FINANCIAL STATEMENT**

Accounting records are maintained and the financial statement was compiled in compliance with the Accounting Act No. 563/1991 Coll., as amended, Regulation No. 501/2002 Coll., which implements certain provisions of the Accounting Act No. 563/1991 Coll. for reporting units which are financial institutions maintaining double-entry accounting records, as amended and the Czech Accounting Standards for Financial Institutions, as amended.

The financial statement is based on the accruals principle, where transactions and other facts are assessed at the time they arise and entered in the accounts in the period to which they relate. The financial statement is compiled on the historical price principle, which is modified by revaluating financial instruments designated for trading. Assets which are not revaluated to the real value and whose values did not decline are reported in the net recoverable value. The accounting respects the cautionary principle and the expectation that the reporting unit is capable of continuing with its activities.

Compiling the financial statement requires that the company management carry out estimates which have an influence on the values of reported assets and liabilities as well as conditional assets and liabilities as of the date the financial statement was compiled, and costs and earnings in the corresponding accounting period. These estimates are based on information available as of the day the financial statement was compiled on and can differ from the actual results.

The figures in this financial statement are expressed in thousands of Czech koruna (CZK).

The financial statement was compiled as of 31<sup>st</sup> December 2010.

This financial statement is unconsolidated.

### **3. SIGNIFICANT ACCOUNTING METHODS**

The financial statement was elaborated in accordance with the following significant accounting methods.

#### **3.1. *The moment of the accounting transaction execution***

The moment of the accounting transaction execution is usually understood the day of payment or assumption of paper currency; the day of purchase or sale of a foreign currency, forex, or securities; the day of effecting payments or collection from a client's account; the day of ordering the correspondent to carry out a payment; the day of carrying to accounts the bank's orders with the Czech National Bank's clearing centre; the day of receipt (foreign currency) funds in accordance with the report by the bank's correspondent (the 'report' means a message in the SWIFT system, the bank's notice, a received medium, an account statement, or other documents); the day of transaction and settlement of a trade with securities, forex, options or other derivatives; the day of issuing or receiving collateral, or standby credit; the day of assumption of assets into the banker's custody.

A financial asset or its part is debited from the balance sheet in the case that the bank loses control of contractual rights to this financial asset or its part. The bank loses the control upon asserting benefits rights specified by a contract and the extinguishment or surrender of these rights.

#### **3.2. *Debt certificates, shares, allotment certificates and other shares***

Exchequer bills, bonds and other debt certificates and shares, including allotment certificates and other shares are classified in compliance with the bank's intent in the portfolio of securities kept until their maturity or for trading (securities valued at their real value against the accounts of costs or earnings). Only debt certificates can be included in the maturity portfolio.

Debt certificates, shares, allotment certificates and other shares kept for trading are valued by their real value and profit/loss of this revaluation are recorded in the Profit/Loss Statement under the entry of "Net profit/loss from financial operations".

The real value used for the purpose of securities revaluation is set as the market price declared on the day of setting the real value, as long as the bank proves that the security can be sold at the market price.

As far as publically negotiable debt certificates and property securities are concerned, the real values equal the prices reached on public markets of the OECD countries, given that the requirements for securities liquidity are met at the same time.

Repo operations (= the sales of securities together with an agreement for the seller to buy back the securities for a set price at a later date) or reverse repo operations (= the purchase of securities together with an agreement for the buyer to sell the securities for a set price at a later date) are accounted as secured received or granted credits. The securities ownership right is transferred onto the entity granting the credit. Securities transferred within repo operations remain included in appropriate entries of the Profit/Loss Statement and the amount gained by the securities transfer within repo operations is accounted in "Obligations to banks" or "Obligations to clients". The securities received within reverse repo operations are only registered in the Off-Balance Sheet, namely in the "Received collateral". The credit granted within reverse repo operations is included under the entry of "Obligation to banks" or "Obligations to clients". Regarding the debt securities transferred within repo operations, there interest is deferred; in the case of debt securities received within reverse repo operations, the interest is not deferred.

Costs and revenues arisen within repo or reverse repo operations as a difference between the sales price and the purchase price are deferred for the duration of the transaction and shown in the Profit/Loss Statement as “Earnings from interest and similar earnings” or “Costs of interest and similar costs”.

### **3.3. *Securities transactions on behalf of clients***

Securities taken to the banker’s custody, administration or safekeeping are accounted at their market value and listed in the Off-Balance Sheet under the entry of “Assets received into custody, administration and safekeeping”.

Securities taken over by the bank in order to be managed are accounted at their market prices and are listed in the Off-Balance Sheet under the entry of “Assets received for management”. The bank’s obligations to clients, particularly regarding received cash intended for the securities purchase or cash to be returned to the client etc. is accounted in Liabilities chart of the Balance Sheet.

Receivables on behalf of non-bank subjects are reported in the residual value, including the accrued associated interest, dues and/or other accruals (accrued interest and fees) reduced by provisions. The company recognises provisions in case it finds that the current recoverable value of the receivable is less than the residual value recorded in the accounting. The company recognises provisions if these regard a temporary reduction in the value of the receivables.

### **3.4. *Shares with decisive and substantial influence***

Shares with decisive influence mean a share of an entity where the bank represents a majority shareholder. In that case, the bank has a decisive influence on the management of the entity, fully controlling its operations. This influence arises from the share of the registered capital or from an agreement or statutes irrespective of the total property share.

Shares with substantial influence mean a share of an entity where the bank has at least a 20% share of its registered capital. In this case, the bank has a substantial influence on the management of the entity, which arises from the mentioned share of the registered capital or from an agreement or statutes irrespective of the total property share.

Upon their purchase, shares with decisive and substantial influence are valued at their purchase price. Direct costs related to their purchase are a part of the purchase price. On the day of the balance sheet elaboration, the shares are valued by an equivalence method, when the value of the property share is adjusted to a value corresponding with the height of the company’s share on its own capital in a subsidiary or affiliated company as of the day of the balance sheet elaboration.

### **3.5. *Bank and clients receivables***

Receivables are accounted in amounts detracted by provisions. The deferred interest revenues are a part of the accounting value of these receivables.

The receivables are evaluated from a return point of view. Upon that, adjustments are made to individual receivables. Adjustments made at the expense of costs are included under the entry of “Depreciation, creation and use of adjustments and reserves to receivables and collateral” in the analytical accounts for the purpose of tax calculation.

The depreciation of uncollectable receivables is included under the entry of “Depreciation, creation and use of adjustments and reserves to receivables and collateral”. Revenues from earlier depreciated

credits are included in the Profit/Loss Statement under the entry of “Amortisation of adjustments and reserves receivables and collateral, revenues from assigning receivables and revenues from earlier depreciated credits”.

### 3.6. *Creating reserves*

A reserve represents possible performance with indistinct timetable and extent. The reserve is created in the case where the following criteria apply:

- there is an obligation (legal or material) to perform, which is a result of previous events
- it is likely that the performance will take place, requiring outflow of funds representing economic benefit, whereas “likely” means probability higher than 50%.
- it is possible to make considerably reliable estimate of the performance.

### 3.7. *Tangible and intangible assets*

Tangible and intangible assets are accounted in historical process and amortised on a straight-line basis during their estimated service life.

	<b>Amortisation method</b>	<b>Number of months</b>
Intangible results of research and development	straight-line	36
Software	straight-line	36
Technical improvements to buildings	straight-line	108
Computer systems	straight-line	36
Vehicles	straight-line	36
Inventory	straight-line	36
Other	straight-line	36-120

The intangible assets with a purchase price lower than CZK 60,000 and the tangible assets with a purchase price lower than CZK 40,000 are accounted in costs for the period they were purchased in, whereas their estimated service life is shorter than 1 year.

### 3.8. *Conversion of amounts in foreign currencies to Czech crowns*

Transactions expressed in a foreign currency are accounted in the Czech currency converted to the relevant exchange rate on the day of the transaction. Assets and liabilities expressed in a foreign currency together with forex spot transactions before the maturity day are converted in the Czech currency at the exchange rate declared by the Czech National Bank on the date of the balance sheet.

The profit or loss resulting from the conversion of assets and liabilities expressed in a foreign currency, except for property shares in a foreign currency, is included in the Profit/Loss Statement under the entry of “Net profit/loss from financial operations”.

### 3.9. *Financial derivatives*

The bank uses all financial derivatives as trading derivatives.

Financial derivatives kept for trading purposes are accounted in their real value and the profit (loss) arising from the change in the real value is included in the Profit/Loss Statement under the entry of “Net profit/loss from financial operations”.



### **3.10. Taxes**

The tax base for the income tax is calculated from the economic result of a regular period by adding ineligible costs and subtracting revenues that are not subject to the income tax, which is further adjusted by tax abatement and possible credits.

Deferred tax arises from all temporary differences between accounting and tax value of assets and liabilities using the anticipated tax rate effective for the upcoming period. A deferred tax receivable is accounted only if there is no doubt regarding its further use in the following accounting periods.

### **3.11. Interest income and expenses**

Interest earnings and expenses are accounted in the Profit/Loss Statement for the period it is related in time and matter. Interest from credits and deposits are accrued on a daily basis. The interest income and expenses also include a discount or bonus or other differences between the purchase price of the of the interest instrument and the value at its maturity established using the effective interest rate method.

### **3.12. Use of estimates**

The elaboration of an unconsolidated financial statement in compliance with the Czech accounting regulations requires the bank's management making estimates and assumptions that affect the reported amounts of assets and liabilities as at the balance sheet date, the information issued on contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period.

These estimates, particularly related to establishing the actual value of financial instruments, appreciation of intangible assets, abatement of the assets and reserves value, are based on the information available as at the date of the financial statement elaboration.

The bank management made these estimates and assumptions upon all available relevant information.

#### 4. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS STATEMENT

During the year, the company entered into a Company Sale Agreement with Fio, cooperative savings bank, effective as of 31<sup>st</sup> August 2010. For that reason, the company shows values affected by this purchase and by the activities taken over from Fio, cooperative savings bank in its assets and liabilities accounts as of 31<sup>st</sup> December 2010.

##### 4.1. Cash in hand and deposits with central banks

	(thousands CZK)	
	31 <sup>st</sup> Dec 2010	31 <sup>st</sup> Dec 2009
Cash in hand	31,580	9
Deposits with central banks	144,380	0
Credits granted – repo operations	600,081	0
<b>Total cash in hand and deposits with central banks</b>	<b>776,041</b>	<b>9</b>

Upon purchasing the savings bank, the company gained cash in hand and deposits with central banks amounting to CZK 50,910 thousand.

##### 4.2. Governmental non-coupon bonds and other securities received by the central bank for refinancing

As of 31<sup>st</sup> December 2010, the bank kept governmental treasury bills in the value of CZK 298,231 thousand (2009: CZK 0 thousand).

##### 4.3. Receivables on behalf of banks and cooperative savings banks

	(thousands CZK)	
	31 <sup>st</sup> Dec 2010	31 <sup>st</sup> Dec 2009
Current accounts	1,843,219	1,292,530
Credits granted – repo operations	867,453	55,722
<b>Total receivables on behalf of banks and cooperative savings banks</b>	<b>2,710,672</b>	<b>1,348,252</b>

Upon purchasing the savings bank, the company obtained receivables on behalf of banks and cooperative saving banks amounting to CZK 2,311,493 thousand.

##### 4.4. Receivables on behalf of clients

In accordance with the maturity date

	(thousands CZK)	
	31 <sup>st</sup> Dec 2010	31 <sup>st</sup> Dec 2009
Short-term credits	3,225,514	657
Medium-term credits	250,801	0
Long-term credits	65,574	0
<b>Total receivables on behalf of clients</b>	<b>3,541,889</b>	<b>657</b>

In accordance with the territory

	(thousands CZK)	
	<b>31<sup>st</sup> Dec 2010</b>	<b>31<sup>st</sup> Dec 2009</b>
Czech Republic	3,414,548	0
Slovak Republic	110,140	0
Other countries	17,201	657
<b>Total receivables on behalf of clients</b>	<b>3,541,889</b>	<b>657</b>

I accordance with the type of clients

	(thousands CZK)	
	<b>31<sup>st</sup> Dec 2010</b>	<b>31<sup>st</sup> Dec 2009</b>
Individuals	823,885	657
Legal entities	2,718,004	0
<b>Total receivables on behalf of clients</b>	<b>3 541 889</b>	<b>657</b>

All the receivables on behalf of clients are classified as standard ones until their maturity and there are no adjustments to them.

The bank entered into agreements that allow transferring problematic receivables to cooperating entities.

The receivables on behalf of clients are secured by real estates, personal estate, securities, receivables on behalf of a third person, governmental collateral etc. in a total amount of CZK 4,751,015 thousand.

Upon purchasing the savings bank, the company obtained receivables on behalf of clients amounting to CZK 2,606,019 thousand.

#### 4.5. Debt securities

	(thousands CZK)	
	<b>31<sup>st</sup> Dec 2010</b>	<b>31<sup>st</sup> Dec 2009</b>
Governmental bonds in the trade portfolio	96,437	0
Non-governmental bonds in the trade portfolio	50,330	0
Governmental bonds kept until maturity	793,606	0
Non-governmental bonds kept until maturity	92,428	0
<b>Total debt securities</b>	<b>1,032,801</b>	<b>0</b>

#### 4.6. Shares, share fund certificates and other shares

As of 31<sup>st</sup> December 2010, the company holds 100 shares of Burza cenných papírů Praha, a.s. with a nominal value of CZK 1,000 per share in a portfolio of realised securities with a book value of CZK 100,000 (31<sup>st</sup> December 2009: CZK 100,000).

#### 4.7. Shares with decisive influence

2010

						(thousands CZK)
Company name	Registered address	Purchase price	Share in the registered capital in %	Right of vote in %	Appreciation as of 31 <sup>st</sup> Dec 2010	
Fio o.c.p., a.s.	Kollárovo nám. 15, 811 06 Bratislava	59,257	100	100	55,513	

RM-SYSTÉM, česká burza cenných papírů a.s.	Prague 1, Nové Město, V Celnici 1028/10, Postcode 117 21	31,705	100	100	32,172
Družstevní záložna PSD	Prague 1, V Celnici 1028/10, Postcode 117 21	58,744	73.4	73.4	70,664
<b>Total</b>		<b>149,706</b>			<b>158,349</b>

Fio bank obtained a share in Družstevní záložna PSD by purchasing further member's investment in January 2010.

## 2009

(thousands CZK)

Company name	Registered address	Purchase price	Share in the registered capital in %	Right of vote in %	Appreciation as of 31 <sup>st</sup> Dec 2009
Fio o.c.p., a.s.	Kollárovo nám. 15, 811 06 Bratislava	59,257	100	100	56,305
RM-SYSTÉM, česká burza cenných papírů a.s.	Prague 1, Nové Město, V Celnici 1028/10, Postcode 117 21	31,705	100	100	32,081
<b>Total</b>		<b>90,962</b>			<b>88,386</b>

## 4.8. Fixed assets

### 4.8.1. Intangible fixed assets

#### Purchase price

(thousands CZK)

	31 <sup>st</sup> Dec 2008	Acquisitions	Consumption	31 <sup>st</sup> Dec 2009	Acquisitions	Consumption	31 <sup>st</sup> Dec 2010
Software	0	4,581	0	4,581	11,900	0	16,481
Other IFA	800	0	0	800	0	0	800
Goodwill	0	0	0	0	-252	0	-252
<b>Total</b>	<b>800</b>	<b>4,581</b>	<b>0</b>	<b>5,381</b>	<b>11,648</b>	<b>0</b>	<b>17,029</b>

#### Repairs

(thousands CZK)

	31 <sup>st</sup> Dec 2008	Acquisitions	Consumption	31 <sup>st</sup> Dec 2009	Acquisitions	Consumption	31 <sup>st</sup> Dec 2010
Software	0	382	0	382	12,663	0	13,045
Other IFA	800	0	0	800	0	0	800
Goodwill	0	0	0	0	-17	0	-17
<b>Total</b>	<b>800</b>	<b>382</b>	<b>0</b>	<b>1,182</b>	<b>12,646</b>	<b>0</b>	<b>13,828</b>

#### Residual value

(thousands CZK)

	31 <sup>st</sup> Dec 2009	31 <sup>st</sup> Dec 2010
Software	4,199	3,437
Other IFA	0	0
Goodwill	0	-235
<b>Total</b>	<b>4,199</b>	<b>4,199</b>

The negative goodwill is a result of company purchase, when the company purchased a company for a price pursuant to an expert evaluation and this price was lower than the difference between transferred assets and liabilities.

**4.8.2. Tangible fixed assets**Purchase price

							(thousands CZK)
	31 <sup>st</sup> Dec 2008	Acquisitions	Consumption	31 <sup>st</sup> Dec 2009	Acquisitions	Consumption	31 <sup>st</sup> Dec 2010
Transport vehicles	474	0	0	474	323	0	797
Other TFA	1,552	0	0	1,552	689	0	2,241
<b>Total</b>	<b>2,026</b>	<b>0</b>	<b>0</b>	<b>2,026</b>	<b>1,012</b>	<b>0</b>	<b>3,038</b>

Repairs

							(thousands CZK)
	31 <sup>st</sup> Dec 2008	Acquisitions	Consumption	31 <sup>st</sup> Dec 2009	Acquisitions	Consumption	31 <sup>st</sup> Dec 2010
Transport vehicles	52	119	0	171	229	0	400
Other TFA	49	310	0	359	174	0	593
<b>Total</b>	<b>101</b>	<b>429</b>	<b>0</b>	<b>530</b>	<b>403</b>	<b>0</b>	<b>993</b>

Residual value

			(thousands CZK)
	31 <sup>st</sup> Dec 2009		31 <sup>st</sup> Dec 2010
Transport vehicles		303	397
Other TFA		1,193	1,648
<b>Total</b>		<b>1,496</b>	<b>2,045</b>

In 2010, the company purchased tangible assets accounted directly to costs in the amount of CZK 8,227 thousand and CZK 1,947 thousand in 2009. These assets represent minor tangible assets, which are other movables and sets of movables with a useful life of greater than one year which are not reported as fixed assets; they are accounted directly to costs.

Upon the purchase of the savings bank, the company obtained tangible fixed assets in the residual value of CZK 423 thousand.

**4.9. Other assets**

			(thousands CZK)
	31 <sup>st</sup> Dec 2010		31 <sup>st</sup> Dec 2009
Granted guarantees and deposits	253,235		211,272
Drawer receivables	0		6,647
Securities market receivables	138,336		67,221
Estimated accounts	1,878		127
Guarantee funds	1,968		1,725
Margin deposit for derivatives trading	3,513		3,514
Positive real value of open derivatives (FX swap)	30		0
Other	26,527		10,986
Adjustments	-154		-113
<b>Other assets, total</b>	<b>425,333</b>		<b>301,379</b>

Adjustments are created for receivables which have been overdue for more than one year and are listed in the line "Others".

Granted long-term guarantees and deposits

			(thousands CZK)
	31 <sup>st</sup> Dec 2010		31 <sup>st</sup> Dec 2009
UNIVYC a.s., deposited principal for the period of trading on the PSE	394		394
RM-System, a.s., deposited principal for the period of trading on the RM-S	200,000		200,000
PSE, deposit – market maker guarantee	10,000		10,000
Fio Leasing, a.s., deposited principal for the period of the lease	841		878
RM-S FINANCE, s.r.o.	42,000		0

<b>Long-term receivables, total</b>	<b>253,235</b>	<b>211,272</b>
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#### 4.10. *Accrued expenses and revenues*

Accrued expenses and revenues in the value of CZK 3,099 thousand (31<sup>st</sup> December 2009: CZK 1,776 thousand) are composed mainly of prepaid rent and subscriptions to press.

#### 4.11. *Obligations to banks, cooperative savings banks*

	(thousands CZK)	
	31 <sup>st</sup> Dec 2010	31 <sup>st</sup> Dec 2009
Obligations collectable on call	71,569	872
Other	178,889	0
<b>Total receivables on behalf of clients</b>	<b>250,458</b>	<b>872</b>

Upon purchasing the savings bank, the company obtained receivables on behalf of banks and cooperative savings banks amounting to CZK 158,674 thousand.

#### 4.12. *Obligations to clients*

	(thousands CZK)	
	31 <sup>st</sup> Dec 2010	31 <sup>st</sup> Dec 2009
Obligations collectable on call	3,542,190	664
Other	4,283,134	56,193
<b>Total receivables on behalf of clients</b>	<b>7,825,324</b>	<b>56,857</b>

Upon purchasing the savings bank, the company obtained receivables on behalf of clients amounting to CZK 4,628,959 thousand.

#### 4.13. *Other liabilities*

	(thousands CZK)	
	31 <sup>st</sup> Dec 2010	31 <sup>st</sup> Dec 2009
Real value of open derivatives (FX swap)	1,543	388
Registered interest	1,272	0
Outgoing payments	11,683	0
Obligations to drawers	0	1,282,303
Obligations to security markets	62,192	985
Obligations to employees	2,103	1,156
Estimated liability entries	65,574	38,652
Obligations to the government budget	2,738	1,893
Domestic suppliers	10,059	15,524
International suppliers	190	351
Unidentified deposits	6,153	2830
Other	11,804	1,698
<b>Other liabilities, total</b>	<b>175,311</b>	<b>1,345,780</b>

Within obtaining the banking licence, obligations to drawers were reclassified to current accounts and they are included in the commitments towards clients.

#### Due obligations in respect to social and health insurance

The total obligations in respect to social security insurance and contributions to the government's employment policy amounted to CZK 842,000 as of 31<sup>st</sup> December 2010 (CZK 481,000 as of 31<sup>st</sup> December 2009). The company does not have any overdue obligations in respect to social security insurance and contributions to the government's employment policy.

The total due obligations in respect to public health insurance amounted to CZK 357,000 as of 31<sup>st</sup> December 2010 (CZK 209,000 as of 31<sup>st</sup> December 2009). The company has no overdue obligations in respect to public health insurance.

Upon the purchase of a savings bank, the company obtained other receivables in the amount of CZK 184,803.

#### **4.14. Reserves**

The reserve as of 31<sup>st</sup> December 2010 in the amount of CZK 5,836 thousand (31<sup>st</sup> December 2009: CZK 409 thousand) is made by the income tax reserve for 2010 (CZK 3,960 thousand), the reserve for yet untaken holiday (CZK 1,337 thousand; 2009: CZK 409 thousand) and the costs of legal proceedings (CZK 539 thousand).

Upon the purchase of a savings bank, the company obtained reserves in the amount of CZK 539 thousand.

#### **4.15. Subordinate commitments**

The company registers a subordinate commitment of CZK 40,000. This commitment yields the interest of 5% p. a. which is payable upon a notice with a five-year period of notice. This subordinate deposit was obtained by the purchase of a company.

#### **4.16. Own equity**

The company's registered capital is composed of 560,000 common shares with a nominal value of CZK 1,000.

In the course of the year 2009, the company's registered capital was increased from CZK 60,000 thousand to CZK 560,000 thousand.

As of 31<sup>st</sup> December 2009, CZK 300,962 thousand was paid and CZK 259,038 thousand was listed as a receivable owed by shareholders from the stock subscription.

The registered capital was paid in full as of 27<sup>th</sup> January 2010.

As of 31<sup>st</sup> December 2010 and 31<sup>st</sup> December 2009, the company had none of its own shares in its possession.



Allocation of profit (loss)

In a decision taken by the sole shareholder acting in the capacity of the Company's general meeting, the following allocation of profits for 2009 and 2008 was approved:

	(thousands CZK)	
	<b>2010</b>	<b>2009</b>
Retained earnings from previous periods at the beginning of the period	25,818	16,570
Economic result (profit/loss) for the previous accounting period	14,349	9,735
Allocation to reserves	-718	-487
<b>Retained earnings from previous periods at the end of the period</b>	<b>39,449</b>	<b>25,818</b>

**4.17. Interest earnings and costs**

	(thousands CZK)	
	<b>2010</b>	<b>2009</b>
Interest from deposits provided to other banks	10,063	6,126
Interest from credits granted to clients	86,635	214
Interest from debt securities	14,122	180
Other interest	273	0
<b>Earnings from interest and similar earnings</b>	<b>111,093</b>	<b>6,520</b>
Interest from credits received from other banks	2	5,819
Interest from deposits received from clients	81,552	0
Interest from debt securities	1,117	0
Interest from subordinate debt	2,005	0
<b>Interest costs and similar costs</b>	<b>84,676</b>	<b>5,819</b>
<b>Net interest earnings</b>	<b>26,417</b>	<b>701</b>

**4.18. Earnings from shares and share funds**

In 2010, the company held no securities and shares, which resulted in earning. Earnings from shares and share funds are composed of dividends from shares that the company owned in the course of 2009. The total amount of CZK 4,732 thousand was made up of dividends totalling CZK 4,414 thousand from shares traded on the Czech market, dividends totalling CZK 215,000 from shares traded on the U.S. markets and dividends totalling CZK 103,000 from shares traded on the German market.

**4.19. Fees and commissions**

	(thousands CZK)	
	<b>2010</b>	<b>2009</b>
Fees from securities operations	161,889	180,268
Fees from other investment services	1,103	16,184
Fees from clients' accounts and credits	24,368	0
<b>Earnings from fees and commissions, total</b>	<b>187,360</b>	<b>196,452</b>
For making payments	1,881	1,206
For securities operations	43,147	55,318
For other services	45	28,722
<b>Costs for fees and commissions, total</b>	<b>45,073</b>	<b>85,246</b>
<b>Net earnings from fees and commissions</b>	<b>142,287</b>	<b>111,206</b>

**4.20. Profit or loss from financial operations**

(thousands CZK)

	<b>2010</b>	<b>2009</b>
Profit (loss) from securities	-4,286	16,612
Profit from exchange rate differences	18,803	769
Profit (loss) from currency derivatives	-15,288	365
<b>Net profit or loss from financial operations</b>	<b>-771</b>	<b>17,746</b>

#### 4.21. Other operating earnings

Other operating earnings amounting to CZK 27,156 thousand (2009: CZK 94,000) include particularly earnings from the settlement regarding the membership termination in Fio, cooperative savings bank as of 31<sup>st</sup> August 2010 in the amount of CZK 26,559 thousand.

#### 4.22. Other operating costs

Other operating costs in the value of CZK 6,261 thousand (2009: CZK 3,873 thousand) include particularly contributions towards the Securities Trader Guarantee Fund and Deposit Insurance Fund. The costs of the Securities Trader Guarantee Fund are CZK 3,502 thousand for 2010 (2009: CZK 3,823 thousand). The costs of the Fund and Deposit Insurance Fund are CZK 2,759 thousand for 2010 (2009: CZK 0).

#### 4.23. Administration costs

	(thousands CZK)	
	<b>2010</b>	<b>2009</b>
Salaries and remuneration	16,627	14,548
Social security costs and health insurance	5,250	4,666
Other employee costs	360	342
<b>Personnel costs and remuneration</b>	<b>22,237</b>	<b>19,556</b>
Audits	1,356	650
Rent	16,656	11,775
Postage	386	393
Advertising	10,368	10,744
Sources of information	12,644	11,424
Other purchased services	78,089	58,272
<b>Other administrative costs</b>	<b>119,499</b>	<b>93,258</b>
<b>Administration costs, total</b>	<b>141,736</b>	<b>112,814</b>

#### 4.24. Taxation

##### Due income tax

The company's economic result for the accounting period ending 31<sup>st</sup> December 2010 was a pre-tax profit amounting to CZK 46,006 thousand (2009: profit CZK 16,937 thousand) .

The modification of the economic result for regular operations before taxation of the tax base is contained in the chart below:

(thousands CZK)

	<b>2010</b>	<b>2009</b>
<b>Pre-tax profit/loss</b>	<b>46,006</b>	<b>16,937</b>
Non tax-deductible costs	2,702	1,611
Earnings not subject to taxation	(27,302)	(4,591)
Donations	(250)	(50)
<b>Tax base</b>	<b>21,156</b>	<b>13,907</b>
Tax obligation 20% (2008: 21%)	4,020	2,781
Tax discounts	(60)	(60)
Modification of tax due from previous years	8	0
<b>Due taxes, total</b>	<b>3,968</b>	<b>2,721</b>
<b>Change to status of deferred taxes</b>	<b>(230)</b>	<b>(133)</b>
<b>Total</b>	<b>3,738</b>	<b>2,588</b>

#### Deferred tax

As stated in Art. 3.10. of the annex, as of the balance sheet date of 31<sup>st</sup> December 2010 the company registers a temporary difference in the tax and accounting residual value of fixed tangible assets and reserves for unused holiday time. As of 31<sup>st</sup> December 2010, the company registers a deferred tax receivable amounting to CZK 382 thousand (2009: CZK 152 thousand).

#### **4.25. Off-balance sheet operations**

The company has the following on off balance accounts:

- Securities received for management
- Securities received into custody, administration and storage; this represents the real value of the securities stored as of the balance sheet date on the accounts of the company's clients
- Collateral of granted credits
- Collateral of credits from REPO transactions
- Nominal value of open derivatives – receivables and obligations from currency swaps
- Unused credits

#### **4.26. An average number of employees and members of the supervisory board**

	<b>2010</b>	<b>2009</b>
Employees	40	43
Members of the Board of Directors thereof	3	1
Members of the Supervisory Board	3	3

## 5. RELATIONS WITH ALLIED ENTITIES

Relations with allied entitled within the Fio group.

31.12.2010

	(thousands CZK)				
	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio družstevní záložna	Družstevní záložna PSD	RM-S FINANCE, s.r.o.	Fio o.c.p., a.s.
Receivables on behalf of banks and cooperative savings banks	0	0	53,715	0	0
Other assets	0	0	0	42,000	175,746
<b>TOTAL ASSETS</b>	<b>0</b>	<b>0</b>	<b>53,715</b>	<b>42,000</b>	<b>175,746</b>
Obligations to banks and cooperative savings banks	0	31,506	39,664	0	0
Other liabilities	66,104	0	0	6,806	167,381
<b>TOTAL LIABILITIES</b>	<b>66,104</b>	<b>31,506</b>	<b>39,664</b>	<b>6,806</b>	<b>167,381</b>

31.12.2009

	(thousands CZK)				
	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio družstevní záložna	Družstevní záložna PSD	RM-S FINANCE, s.r.o.	Fio o.c.p., a.s.
Receivables on behalf of banks and cooperative savings banks	0	1,098,851	16,563	0	0
Other assets	92	0	0	0	33,737
<b>TOTAL ASSETS</b>	<b>92</b>	<b>1,098,851</b>	<b>16,563</b>	<b>0</b>	<b>33,737</b>
Obligations to banks and cooperative savings banks	0	1	0	0	0
Other liabilities	3,263	28,714	0	4,902	2,781
<b>TOTAL LIABILITIES</b>	<b>3,263</b>	<b>28,715</b>	<b>0</b>	<b>4,902</b>	<b>2,781</b>

1.1. - 31.12.2010

	(thousands CZK)				
	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio družstevní záložna	Družstevní záložna PSD	RM-S FINANCE, s.r.o.	Fio o.c.p., a.s.
Interest earnings	200	2,792	153	0	0
Interest costs	377	0	9	2	1
Fee and commission earnings	4	624	0	4	41
Fee and commission costs	14,425	46	0	0	0
Profit/loss from financial operations	0	0	0	0	1,423
Administration costs	2,591	0	0	45,767	1,104
<b>TOTAL</b>	<b>-17,189</b>	<b>2,746</b>	<b>-9</b>	<b>-45,765</b>	<b>359</b>

1.1. - 31.12.2009

	(thousands CZK)				
	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio družstevní záložna	Družstevní záložna PSD	RM-S FINANCE, s.r.o.	Fio o.c.p., a.s.
Interest earnings	268	4,974	83	0	0
Interest costs	0	5,811	0	0	0
Fee and commission earnings	0	1,086	0	0	0
Fee and commission costs	20,805	28,737	0	0	0
Profit/loss from financial operations	0	-150	0	0	0
Administration costs	3,609	0	0	27,691	9,119
<b>TOTAL</b>	<b>-24,146</b>	<b>-28,638</b>	<b>0</b>	<b>-27,691</b>	<b>-9,119</b>

## **6. FINANCIAL INSTRUMENTS**

### **6.1. *Bank risk management***

The bank manages risks it is faced with particularly in the following ways:

- by identifying the undertaken risks
- by analysis, quantification and regular monitoring of the undertaken risks
- by evaluating the risk of carried out trades and the way of their approval
- by determining limits on the extent of its expositions towards counterparties
- by putting effort into the minimisation trade risks, e.g. by using collateral
- by approving new products
- by strictly separating risk management and other commercial activities of the bank

### **6.2. *Market risks***

These are risks that arise particularly from fluctuations of prices, interest rates and exchange rates of financial instruments on individual markets.

The primary tool to manage market risks is VaR (Value at risk) and stress testing. VaR is regularly tested based upon real results so that the model validity is verified. Hypothetical as well as historical situations are used to create stress situations. The individual risks with a specified procedure of their management.

#### **6.2.1. Liquidity risk**

The Bank includes individual entries of assets and obligations in time zones in accordance with their residual maturity. The selected structure of time zones corresponds with the requirement of generally binding legislation and the regulator.

The bank reduces the risk of liquidity, particularly by keeping sufficient reserve of fast liquid assets.

The risk management regularly – at least once every three months, carries out the analysis of the assets and liabilities structure as well as cash flow; potential increase of liquidity risk is identified within the analysis.

The main sources of ready liquidity are deposits by cooperating bank, the Czech National Bank and governmental bonds of the Czech Republic.

#### **6.2.2. Currency risk**

The positions in currency tools result from the bank's assets and liabilities structure. The bank has foreign currencies at its own positions, since it provides its clients with services in foreign currencies as well.

The risk management determines volume limits for open positions in individual currencies and the VaR limit for the currency portfolio.

Collateral currency operations are used to meet the determined standards.

When calculating risks using VaR, the level of reliability of 99% is used as well as the keeping interval of 1D and 1Y. The similarity of the statistic division of changes in market variables with a regular division is assumed. The principle of time independence is accepted when calculating amongst the individual intervals. VaR is calculated exponentially by a historical method using a historical period of previous 100 trade days.

### **6.2.3. Interest risk**

The interest risk represents a risk of changes in the value of the financial tool as a result of changes in market interest rates. The period, which the interest rate is fixed for, indicates to what extent the particular tool is subjected to interest rates risk.

The Bank keeps a stable structure of assets and liabilities both sensible and insensible to interest. Possible discrepancies are managed using changes in the way of interest bearing of assets and liabilities.

To observe the level of using interest rates not determined by the Bank and the level of the interest risk taken the Gap analysis is used, when the assets and liabilities sensible to interest are divided into 7 time groups. Stress situations when the parallel shift of the yield curve occurs are also used. These analyses take place every quarter.

### **6.2.4. The bank's trading on its own account**

The bank is currently purchasing only debt securities of highly creditworthy counterparties for its business portfolio. These are governmental bonds in particular, as well as companies with investment rating. The risk of these trades is limited by the determined limits and is regularly observed the the Risk Management Department.

### **6.2.5. Credit risk**

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

The bank observes the credit risk overall for all balance sheet and off-balance sheet positions.

Typical procedures for risk reduction:

A credit applicant is evaluated upon an assessment of several criteria, particularly his/her property situation, income earned during previous periods, the ability to pay the credit in the future, business plan, purpose of the credit and the value of proposed collateral. As far as the entrepreneurial credits are concerned, financial statements for several previous years are required. The history of activities in Fio bank, or in other companies of the Fio financial group represents another criterion.

The most liquid Czech shares traded in the SPAD segment of Burza cenných papírů Praha, a.s. can particularly serve as the collateral. Observing the value of the collateral by these shares is governed by the internal regulation (the value of the collateral is observed every day). In other credit cases real property, liability, collateral promise, the debtor's collateral pledge with receivables to solvent business partners and other types of collateral. The collateral is usually not required in case of small overdraft credits.

The collateral classification is based upon an internal regulation and generally effective legislation, which determine the rules for classification of receivable and the bank's creation of adjustments. The creation of reserves and adjustments to receivables are based on an internal regulation, which considerably follows the Act No. 593/1992 Coll., on reserves for establishing the income tax base.

The bank entered into agreements which provide a chance to transfer problematic receivables onto cooperating entities, if the bank considers it suitable.

The bank tries to use all legal instruments in order to settle the receivables in a manner that the costs of recovering are not inadequate to the anticipated outcome.

The limits of the bank's involvement are governed by generally effective legislation regarding the rules of credit involvement of a bank. The definition of economically connected group of entities in compliance with the Regulation No. 123/2007 Coll. is applied. This regulation also specifies the limits towards the debtor or the economically connected group of debtors as 25% of the bank's capital.

The bank uses no credit derivatives in order to reduce the credit risk.

The bank enters into relations with counterparties such as other banks or securities traders only if the Risk grants them non-zero line of credit. When determining the line of credit, the risk management follows rules specified by an internal regulation, arising particularly from the information on the registered and own capital of these financial institutions as well as the structure of assets, the quality of credit portfolio and credit collateral. Additionally, the risk management methods, claims of the counterparty's supervisory bodies and rating (if available) are also taken in consideration. The depositing limits are subsequently determined as a part of the counterparty's own capital.

### **6.3. *Operating risks***

The company defines the operating risk as a loss risk resulting from inadequacy or the failure of internal processes, persons, systems or owing to external events.

Basic procedures to reduce risk

The risk of human factor failure is reduced particularly by appropriate training of the relevant persons along with thorough checks.

The risk of loss or theft of the cash is managed through suitable safekeeping equipment (deposit box, safe, safe-deposit etc.), insurance policy, or by limiting the amount of cash as well as through inspections of the real amount of cash versus the filed amount.

The record-keeping and the obligation to inform about operating risk events are specified in the bank's regulations.

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

In its special internal directive, the bank regulates the procedures and processes for the minimisation of risks arising from launching new products and services.

The bank sets an updated extent of operating risks in compliance with the procedures mentioned the Regulation 123/2007 (Basel II) and at the same time it operating risk events and creates their database in order to be able use its own static modules for estimating the extent of the operating risk within a whole firm as well as for individual divisions in the future.

The bank has some elaborated plans for maintaining the continuity of business operations for the case of unexpected interruption or limitation of its activities as a result of e.g. the failure of internal infrastructure; these plans are tested on a regular basis.



## 7. RESIDUAL MATURITY OF ASSETS AND LIABILITIES

31. 12. 2010

(thousand s CZK)

	On call within 7 days	Within 3 months	Between 3 months to 1 year	Between 1 year to 5 years	Over 5 years	Unspecified	Total
Cash, deposits in central banks	144,380	600,081	0	0	0	31,580	776,041
Governmental non-coupon bonds	0	0	298,231	0	0	0	298,231
Bank and savings bank receivables	1,843,219	812,417	49,401	5,635	0	0	2,710,672
Client receivables	0	838,579	2,386,936	250,801	65,573	0	3,541,889
Debt securities	0	0	51 525	348 786	632 490	0	1,032,801
Shares, share fund certificates and other shares	0	0	0	0	0	100	100
Shares with decisive influence	0	0	0	0	0	158 349	158,349
Tangible and intangible fixed assets	0	0	0	0	0	5 246	5 246
Other assets	25	44,849	2,355	0	0	378,104	425,333
Registered capital receivables	0	0	0	0	0	0	0
Accrued costs and income	0	0	0	0	0	3,099	3,099
<b>TOTAL ASSETS</b>	<b>1,987,624</b>	<b>2,295,926</b>	<b>2,788,448</b>	<b>605,222</b>	<b>698,063</b>	<b>576,478</b>	<b>8,951,761</b>
Bank and savings bank receivables	71,569	178,889	0	0	0	0	250,458
Client receivables	3,542,190	3,738,920	375,002	169,212	0	0	7,825,324
Other liabilities	8,831	16,136	283	400	0	149,661	175,311
Reserves	0	0	0	0	0	5,836	5,836
Subordinated obligations	0	0	0	0	40,000	0	40,000
Equity	0	0	0	0	0	654,832	654,832
<b>TOTAL LIABILITIES</b>	<b>3,622,590</b>	<b>3,933,945</b>	<b>375,285</b>	<b>169,612</b>	<b>40,000</b>	<b>810,329</b>	<b>8,951,761</b>
Net liquid risk	- 1,634 966	- 1,638 019	2,413,163	435,610	658,063	- 233,851	0
Cumulative liquid risk	- 1,634 966	- 3,272 985	- 859,822	- 424,212	233,851	0	0

31. 12. 2009

(thousand s CZK)

	On call within 7 days	Within 3 months	Between 3 months to 1 year	Between 1 year to 5 years	Over 5 years	Unspecified	Total
Cash, deposits in central banks	9	0	0	0	0	0	9
Bank and savings bank receivables	1,348,252	0	0	0	0	0	1,348,252
Non-bank entities receivables	0	657	0	0	0	0	657
Shares, share fund certificates and other shares	0	0	0	0	0	100	100
Shares with decisive influence	0	0	0	0	0	88,386	88,386
Tangible and intangible fixed assets	0	0	0	0	0	5,695	5,695
Other assets	78,600	0	0	0	878	221,901	301,379
Registered capital receivables	0	0	259,038	0	0	0	259,038
Accrued costs and income	0	0	0	0	0	1,776	1,776
<b>TOTAL ASSETS</b>	<b>1,426,861</b>	<b>657</b>	<b>259,038</b>	<b>0</b>	<b>878</b>	<b>317,858</b>	<b>2,005,292</b>
Bank and savings bank receivables	872	0	0	0	0	0	872
Obligations to non-bank entities	56,857	0	0	0	0	0	56,857
Other liabilities	1,290,710	11,781	3,768	0	0	39,521	1,345,780
Reserves	0	0	0	0	0	409	409
Equity	0	0	0	0	0	601,374	601,374
<b>TOTAL LIABILITIES</b>	<b>1,348,439</b>	<b>11,781</b>	<b>3,768</b>	<b>0</b>	<b>0</b>	<b>641,304</b>	<b>2,005,292</b>
Net interest risk	78,422	-11,124	255,270	0	878	-323,446	0
Cumulative liquid risk	78,422	67,298	322,568	322,568	323,446	0	0

**8. ASSETS AND LIABILITIES CLASSIFIED BY CURRENCIES**

31. 12. 2010

(thousands CZK)

	<b>CZK</b>	<b>EUR</b>	<b>USD</b>	<b>Other</b>	<b>Total</b>
Cash, deposits in central banks	722,817	51,726	1,486	12	<b>776,041</b>
Governmental non-coupon bonds	298,231	0	0	0	<b>298,231</b>
Bank and savings bank receivables	2,212,217	280,800	215,233	2,422	<b>2,710,672</b>
Client receivables	3,258,892	257,870	24,992	135	<b>3,541,889</b>
Debt securities	1,012,384	20,417	0	0	<b>1,032,801</b>
Shares, share fund certificates and other shares	100	0	0	0	<b>100</b>
Shares with decisive influence	102,836	55,513	0	0	<b>158,349</b>
Tangible and intangible fixed assets	5,246	0	0	0	<b>5,246</b>
Other assets	277,567	47,281	89,884	10,601	<b>425,333</b>
Registered capital receivables	0	0	0	0	<b>0</b>
Accrued costs and income	3,099	0	0	0	<b>3,099</b>
<b>TOTAL ASSETS</b>	<b>7,893,389</b>	<b>713,607</b>	<b>331,595</b>	<b>13,170</b>	<b>8,951,761</b>
Bank and savings bank receivables	192,877	21,175	36,406	0	<b>250,458</b>
Client receivables	6,815,036	561,218	437,309	11,761	<b>7,825,324</b>
Other liabilities	105,341	38,394	27,819	3,757	<b>175,311</b>
Reserves	5,836	0	0	0	<b>5,836</b>
Subordinated obligations	40,000	0	0	0	<b>40,000</b>
Equity	654,832	0	0	0	<b>654,832</b>
<b>TOTAL LIABILITIES</b>	<b>7,813,922</b>	<b>620,787</b>	<b>501,534</b>	<b>15,518</b>	<b>8,951,761</b>
Net liquid risk	79,467	92,820	- 169,939	- 2,348	0
Cumulative liquid risk	79,467	172,287	2,348	0	0

31. 12. 2009

(thousands CZK)

	<b>CZK</b>	<b>EUR</b>	<b>USD</b>	<b>Other</b>	<b>Total</b>
Cash, deposits in central banks	9	0	0	0	<b>9</b>
Bank and savings bank receivables	1,067,820	76,629	190,358	13,445	<b>1,348,252</b>
Non-bank entities receivables	275	70	312	0	<b>657</b>
Shares, share fund certificates and other shares	100	0	0	0	<b>100</b>
Shares with decisive influence	88,386	0	0	0	<b>88,386</b>
Tangible and intangible fixed assets	5,695	0	0	0	<b>5,695</b>
Other assets	228,923	10,171	54,644	7,641	<b>301,379</b>
Registered capital receivables	259,038	0	0	0	<b>259,038</b>
Accrued costs and income	1,776	0	0	0	<b>1,776</b>
<b>TOTAL ASSETS</b>	<b>1,652,022</b>	<b>86,870</b>	<b>245,314</b>	<b>21,086</b>	<b>2,005,292</b>
Bank and savings bank receivables	3	867	2	0	<b>872</b>
Obligations to non-bank entities	56,193	0	0	664	<b>56,857</b>
Other liabilities	1,081,220	50,301	203,513	10,746	<b>1,345,780</b>
Reserves	409	0	0	0	<b>409</b>
Equity	601,374	0	0	0	<b>601,374</b>
<b>TOTAL LIABILITIES</b>	<b>1,739,199</b>	<b>51,168</b>	<b>203,515</b>	<b>11,410</b>	<b>2,005,292</b>
Net interest risk	-87,177	35,702	41,799	9,676	0
Cumulative liquid risk	-87,177	-51,475	-9,676	0	0

**9. INTEREST RATE ANALYSIS**

31. 12. 2010

(thousands CZK)

	Within 3 months	Between 3 months to 1 year	Between 1 year to 5 years	Over 5 years	Unspecified	Total
Cash, deposits in central banks	74,461	0	0	0	31,580	<b>776,041</b>
Governmental non-coupon bonds	0	298,231	0	0	0	<b>298,231</b>
Bank and savings bank receivables	2,655,636	49,401	5,635	0	0	<b>2,710,672</b>
Client receivables	838,579	2,386,936	250,801	65,573	0	<b>3,541,889</b>
Debt securities	91,233	587,520	257,611	96,437	0	<b>1,032,801</b>
Shares, share fund certificates and other shares	0	0	0	0	100	<b>100</b>
Shares with decisive influence	0	0	0	0	158,349	<b>158,349</b>
Tangible and intangible fixed assets	0	0	0	0	5,246	<b>5,246</b>
Other assets	0	0	0	0	425,333	<b>425,333</b>
Registered capital receivables	0	0	0	0	0	<b>0</b>
Accrued costs and income	0	0	0	0	3,099	<b>3,099</b>
<b>TOTAL ASSETS</b>	<b>4,329,909</b>	<b>3,322,088</b>	<b>514,047</b>	<b>162,010</b>	<b>623,707</b>	<b>8,951,761</b>
Bank and savings bank receivables	250,458	0	0	0	0	<b>250,458</b>
Client receivables	7,281,110	375,002	169,212	0	0	<b>7,825,324</b>
Other liabilities	0	0	0	0	175,311	<b>175,311</b>
Reserves	0	0	0	0	5,836	<b>5,836</b>
Subordinated obligations	0	0	0	40,000	0	<b>40,000</b>
Equity	0	0	0	0	654,832	<b>654,832</b>
<b>TOTAL LIABILITIES</b>	<b>7,531,568</b>	<b>375,002</b>	<b>169,212</b>	<b>40,000</b>	<b>835,979</b>	<b>8,951,761</b>
Net liquid risk	- 3,201,659	2,947,086	344,835	122,010	- 212,272	<b>0</b>
Cumulative liquid risk	- 3,201,659	- 254,573	90,262	212,272	0	<b>0</b>

31. 12. 2009

(thousands CZK)

	Within 3 months	Between 3 months to 1 year	Od 1 roku do 5 let	Nad 5 let	Nespecifi- kováno	Celkem
Cash, deposits in central banks	0	0	0	0	9	<b>9</b>
Bank and savings bank receivables	1 348 252	0	0	0	0	<b>1 348 252</b>
Non-bank entities receivables	657	0	0	0	0	<b>657</b>
Shares, share fund certificates and other shares	0	0	0	0	100	<b>100</b>
Shares with decisive influence	0	0	0	0	88 386	<b>88 386</b>
Tangible and intangible fixed assets	0	0	0	0	5 695	<b>5 695</b>
Other assets	0	0	0	0	301 379	<b>301 379</b>
Registered capital receivables	0	0	0	0	259 038	<b>259 038</b>
Accrued costs and income	0	0	0	0	1 776	<b>1 776</b>
<b>TOTAL ASSETS</b>	<b>1 348 909</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>656 383</b>	<b>2 005 292</b>
Bank and savings bank receivables	872	0	0	0	0	<b>872</b>
Obligations to non-bank entities	56 857	0	0	0	0	<b>56 857</b>
Other liabilities	0	0	0	0	1 345 780	<b>1 345 780</b>
Reserves	0	0	0	0	409	<b>409</b>
Equity	0	0	0	0	601 374	<b>601 374</b>
<b>TOTAL LIABILITIES</b>	<b>57 729</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 947 563</b>	<b>2 005 292</b>
Net interest risk	1 291 180	0	0	0	- 1 291 180	<b>0</b>
Cumulative liquid risk	1 291 180	1 291 180	1 291 180	1 291 180	0	<b>0</b>

**10. MATERIAL EVENTS AFTER THE DATE OF FINANCIAL STATEMENT**

The company became a proper member of the Czech Banking Association

## **IV. Report on relations between affiliated entities**

**The report on the relations between the controlling person and the controlled person and on relations between the latter and other persons controlled by the same controlling person, elaborated according to s. 66a(9) Commercial Code for 2010**

For the whole 2010, the company Fio banka, a.s. (Fio, burzovní společnost, a.s.) has had a sole shareholder, the commercial company Fio holding, a.s., Company Registration Number: 60192763, registered office Prague 1, V Celnici 1028/10, Postcode 117 21.

Based on a Czech Securities Commission resolution, RNDr. Petr Marsa and Mgr. Romuald Kopún were granted consent with increased qualified participation on 6<sup>th</sup> June 2005 whereby they jointly, by acting in concord, become persons indirectly controlling Fio, burzovní společnost, a.s., ref. 43/N/36/2005/15. This decision came into effect from 16<sup>th</sup> June 2005.

Due to the above stated, Fio banka, a.s. belonged to a group with the following companies as at 31<sup>st</sup> December 2010:

- RM-SYSTÉM, česká burza cenných papírů a.s., Company Registration Number: 47116404, Prague 1, V Celnici 1028/10, Postcode 117021
- Fio Slovakia, a.s., Company Registration Number: 35828137, Kollárovo nám. 15, Bratislava 811 06
- Fio holding, a.s., Company Registration Number: 60192763, Prague 1, V Celnici 1028/10, Postcode 117 21
- Fio o.c.p., a.s., Company Registration Number: 35960990, Kollárovo nám. 15, Bratislava 811 06, Slovakia
- RM-S FINANCE, s.r.o., Company Registration Number: 62915240, Prague 1, V Celnici 1028/10, Postcode 117 21
- Middleton a.s., company registration number: 35942177, Kollárovo nám. 15, Bratislava 811 06, Slovakia
- Fio družstevní záložna (winding up), Company Registration Number: 64946843, Prague 1, V Celnici 1028/10, Postcode 117 21
- Družstevní záložna PSD, Company Registration Number: 64946835, Prague 1, V Celnici 1028/10, Postcode 117 21
- FPSROG, spol. s r.o., Company Registration Number: 25718843, Prague 1, V Celnici 1028/10, Postcode 117 21
- Fio Polska spółka z o.o, Company Registration Number: 140192608, Szpitalna 1/17, 00-020 Warsaw, Poland
- Družstevní záložna Kredit, Company Registration Number: 64946649, V Celnici 1028/10, Postcode 117 21
- NOBLIGE a.s., Company Registration Number: 26145090, Prague 1, V Celnici 1028/10, Postcode 117 21
- CFT, a.s., company registration number: 61859079, Prague 1, V Celnici 1028/10, Postcode 117 21
- KOFIMA, s. r.o., Company Registration Number: 25269241, Prague 9, Kolmá 5/597, Postcode 190 00
- FPSROH, spol. s r.o., Company Registration Number: 25738755, Prague 1, V Celnici 1028/10, Postcode 117 21
- VVISS Lipence, s.r.o. (winding up), Company Registration Number: 645 81 314, Prague 9, Kolmá 5/597, Postcode 190 00
- VVISS Plzeň, s.r.o., Company Registration Number: 645 81 331, Prague 9, Kolmá 5/597, Postcode 190 00
- VVISS Terezín, s.r.o. (winding up), Company Registration Number: 251 25 931, Prague 9, Kolmá 5/597, Postcode 190 00
- VVISS a.s., Company Registration Number: 485 85 131, Prague 9, Kolmá 5/597, Postcode 190 00
- KOPTRANS, spol. s r. o., Company Registration Number: 465 77 335, Prague 9, Kolmá 5/597, Postcode 190 00

- VVISS delta, s.r.o., Company Registration Number: 36 015 105, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- VVISS, spol. s r.o., Company Registration Number: 30 229 529, Kostolanská 2/540, Madunice, Postcode 922 42, Slovakia
- Fio záruční, a.s., Company Registration Number: 27650928, Prague 1, V Celnici 1028/10, Postcode 117 21
- Finanční skupina Fio, a.s., Company Registration Number: 26761858, Prague 1, V Celnici 1028/10, Postcode 117 21
- Místní jednotka, spol. s r.o., Company Registration Number: 27589587, Prague 1, V Celnici 1028/10, Postcode 117 21
- GENT CZ spol. s r.o., Company Registration Number: 48593753, V Celnici 1028/10 Postcode 117 21
- Čtyřka, spol. s r.o., Company Registration Number: 44268866, Krynická 504, Prague 9
- AASRK, a.s., Company Registration Number: 282 05 367, Prague 1, V Celnici 1028/10, Postcode 117 21
- BASRK, a.s., Company Registration Number: 282 04 107, Prague 1, V Celnici 1028/10, Postcode 117 21
- CASRK, a.s., Company Registration Number: 282 07 483, Prague 1, V Celnici 1028/10, Postcode 117 21
- DASRK, a.s., Company Registration Number: 282 12 711, Prague 1, V Celnici 1028/10, Postcode 117 21
- EASRK, a.s., Company Registration Number: 282 06 576, Prague 1, V Celnici 1028/10, Postcode 117 21
- APMAS, a.s., Company Registration Number: 282 06 436, Prague 1, V Celnici 1028/10, Postcode 117 21
- BPMAS, a.s., Company Registration Number: 282 12 703, Prague 1, V Celnici 1028/10, Postcode 117 21
- CPMAS, a.s., Company Registration Number: 282 11 138, Prague 1, V Celnici 1028/10, Postcode 117 21
- EPMAS, a.s., Company Registration Number: 282 06 517, Prague 1, V Celnici 1028/10, Postcode 117 21
- FPMAS, a.s., Company Registration Number: 282 11 502, Prague 1, V Celnici 1028/10, Postcode 117 21
- BZUS spol. s r.o., Company Registration Number: 283 92 132, Prague 1, V Celnici 1028/10, Postcode 117 21
- CZUS spol. s r.o., Company Registration Number: 283 93 091, Prague 1, V Celnici 1028/10, Postcode 117 21
- ATLANTA SAFE, spol. s r.o. (winding up), Company Registration Number: 148 90 658, Prague 2, Vocelova 3, Postcode 120 00
- DZ KREDIT a.s., Company Registration Number: 256 23 184, Prague 1, V Celnici 1028/10, Postcode 117 21
- ELLIAD a.s., Company Registration Number: 256 23 192, Prague 1, V Celnici 1028/10, Postcode 117 21
- VARIEL, a.s., Company Registration Number: 451 48 287, Zruč nad Sázavou, Průmyslová 1034, Postcode 285 22
- AGRO-VARIEL, spol. s r.o., Company Registration Number: 489 48 829, Prague 9, Nad rybníkem 134
- Odbytové družstvo ovoce Český ráj, Company Registration Number: 276 51 347, Prague 9, Vysočany, Kolmá 5/597, Postcode 190 00
- VVISS HUNGARY KFT, 1239 Budapest, Nagykörösi út 353
- BIOOVO s.r.o., Company Registration Number: 360 15 113, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- BIOAGRO s.r.o., Company Registration Number: 362 93 318, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia

- OVOFARM s.r.o., Company Registration Number: 360 15 067, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- OVOAGRI s.r.o., Company Registration Number: 364 63 388, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- AKAM, s.r.o., Company Registration Number: 360 37 419, Zvolen, Lieskovská cesta 2737, Postcode 961 01, Slovakia
- AYA, s.r.o., Company Registration Number: 357 64 716, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- VVISS POLAND spółka z o.o, Cisownica 72, Goina, Goleszów
- AFUS, spol. s r.o., Company Registration Number: 27407748, Senovážné náměstí 977/24, Postcode: 116 47, Czech Republic
- RECOMED, spol. s r.o., Company Registration Number: 255 29 137, Znojmo, Velká Michalská 185/3, Postcode 669 02, Czech Republic
- Sady Sobotka s.r.o., Company Registration Number: 275 96 567, Prague 9, Vysočany, Kolmá 597/5, Postcode 190 00, Czech Republic
- VVISS Ostrava, s.r.o., Company Registration Number: 645 81 322, Prague 9, Kolmá 5/597, Postcode 190 00, Czech Republic

**Overview of contracts entered into between Fio, burzovní společnost, a. s. and other companies affiliated with it in 2010 or entered into in previous years and which were still in effect in 2010:**

- **RM-SYSTÉM, česká burza cenných papírů a.s.:**
  - a) Contract of a special client
  - b) Contract regulating conditions for operations of a market maker
  - c) Contract for representation of RM-SYSTÉM, česká burza cenných papírů a.s. upon registration of clients
  - d) Contract for special validation method
  - e) Reinsurance contract
  - f) Contract on mutual cooperation upon verification of technical and software solution of services
  - g) Contract for use of current account for securities trading in RM-SYSTEM, česká burza cenných papírů a.s.
  - h) Sublease agreement
  - i) Contract on defining rights and obligations resulting from the membership in VAT group registration
  
- **Fio, cooperative savings bank (until 31<sup>st</sup> August 2010; following that all the mentioned :**
  - a) Credit Agreement
  - b) Account Administration Agreement
  - c) Securities Lending Agreement
  - d) Brokerage Agreement
  - e) Framework Agreement on Certain Trades on the Financial Markets
  - f) Company Sale Agreement
  - g) Contract on defining rights and obligations resulting from the membership in VAT group registration
  
- **Družstevní záložna PSD:**



- a) Account Administration Agreement
  - b) Cooperation Agreement
  - c) Contract on defining rights and obligations resulting from the membership in VAT group registration
- **RMS-FINANCE s.r.o.**
- a) Agency Agreement
  - b) Contract on defining rights and obligations resulting from the membership in VAT group registration – effective since 1<sup>st</sup> January 2011
- **Fio o.c.p., a.s.**
- a) Remuneration Agreement
- **Fio holding, a.s.**
- a) Share Subscription Agreement
- **VVISS, a.s.**
- a) Contract on defining rights and obligations resulting from the membership in VAT group registration.

None of the abovementioned agreements and other relations amongst the affiliated entities was detrimental to the Bank or other affiliated entity.

During the accounting period, no other legal actions and measures were taken and performances and considerations carried out on behalf of or at the suggestion of the controlling person and the persons controlled by the controlling person.

Prague, 30<sup>th</sup> April 2011

**Mgr. Jan Sochor, m.p.**  
Chairman of the Board of Directors

**Mgr. Josef Valter, m.p.**  
Member of the Board of Directors

**Ing. David Hybeš m.p.**  
Member of the Board of Directors

## **V. Annex to the Annual Report**

## Information regarding capital, credit requirements and ratio indicators

(Data made public in accordance with Regulation No. 123/2007 Coll., s. 213(2))

### Information about capital on an individual basis as of 31<sup>st</sup> December 2010

(in thousands CZK)

The capital of Fio banka, a.s. is determined on an individual basis. The capital of Fio, banka, a.s. is mainly comprised of paid registered capital registered in the Commercial Register, reserve funds and retained earnings.

Capital (Σ)	1	640,750
Original capital (Tier 1) (Σ)	2	600,750
Paid registered capital registered in the Commercial Register	3	560,000
Own shares	4	
Issue premium	5	
Reserve funds and retained earnings (Σ)	6	43,951
Mandatory reserve funds	7	4,501
Other funds from distributed earnings	8	
Retained earnings from previous periods	9	39,450
After-tax profit for the accounting period	10	
Uncompensated loss from previous periods	11	
Final exchange rate differences from consolidation	12	
Profit for the regular accounting period	13	
Loss for the regular accounting period	14	
Net profit from capitalisation of future income from securitization	15	
Profit/loss from revaluating obligations in real value in respect to credit risk	16	
Other exemptions from the original capital (Σ)	17	-3,201
Goodwill	18	235
Intangible assets other than goodwill	19	-3,436
Negative revaluation reserve from changes in the real value of implemented capital instruments	20	
Participatory notes issued by an entity with qualified share in the bank	21	
Additional capital (Tier 2) (Σ)	22	40,000
Main additional capital - surplus in covering expected loan losses at IRB	23	
Auxiliary additional capital (Σ)	24	40,000
Subordinated debt A	25	40,000
Positive revaluation reserve from changes in the real value of shares and share fund certificates	26	
Exemptions from the original and additional capital (Tier1+Tier2) (Σ)	27	
Capital investments over 10% into banks and other financial institutions	28	
Capital investments over 10% into insurance companies	29	
Capital investments up to 10% into institutions and financial institutions	30	
Major prudential regulation during market revaluation or revaluation by a model	31	
Securitization exposure with a risk weight of 1250%	32	
Shortage in coverage of expected credit losses at IRB	33	
Elevation of non-major prudential regulations over subordinated debt B	34	
Deduction for free delivery	35	
Capital to cover market risk (Tier 3)	36	
Subordinated debt B	37	
Non-major prudential regulation in market revaluation or revaluation by a model	38	

**Information about capital requirements on an individual basis as of 31<sup>st</sup> December 2010  
(in thousands CZK)**

Capital requirements, total ( $\Sigma$ )	1	334,001
Capital requirements for credit risk, total ( $\Sigma$ )	2	298,461
Capital requirements for credit risk during STA, total ( $\Sigma$ )	3	298,461
Capital requirements for credit risk to exposures during STA, total ( $\Sigma$ )	4	298,461
Capital requirement to exposures against central governments and banks during STA	5	12
Capital requirement to exposures against regional governments and local authorities during STA	6	
Capital requirement to exposures against public sector authorities and others during STA	7	
Capital requirement to exposures against international development banks during STA	8	
Capital requirement to exposures against international organizations during STA	9	
Capital requirement to exposures against institutions during STA	10	50,289
Capital requirement to business exposures during STA	11	234,219
Capital requirement to retail exposures during STA	12	1,101
Capital requirement to exposures secured by real estate during STA	13	
Capital requirement to exposures in arrears during STA	14	
Capital requirement to regulatory high risk exposures during STA	15	
Capital requirement to exposures in covered bonds during STA	16	
Capital requirement to exposures against institutions and business exposures during STA	17	
Capital requirement to exposures against collective investment funds during STA	18	
Capital requirement to other exposures during STA	19	12,840
Capital requirements for credit risk at IRB to exposures during STA, total ( $\Sigma$ )	20	
Capital requirement at IRB to exposures against central governments and banks during STA	21	
Capital requirement at IRB to exposures against institutions during STA	22	
Capital requirement at IRB to business exposures during STA	23	
Capital requirement at IRB to retail exposures during STA	24	
Capital requirement at IRB to share exposures during STA	25	
Capital requirement at IRB to other exposures during STA	26	
Capital requirement during STA to credit risk to securitized exposures	27	
Capital requirements for credit risk during IRB, total ( $\Sigma$ )	28	
Capital requirements for credit risk during IRB to selected exposures, total ( $\Sigma$ )	29	
Capital requirement during IRB to exposures against central governments and banks	30	
Capital requirement during IRB to exposures against institutions	31	
Capital requirement during IRB to business exposures	32	
Capital requirement during IRB to retail exposures	33	
Capital requirement to credit risk during IRB to stock exposures	34	
Capital requirement to credit risk during IRB to securitized exposures	35	
Capital requirement to credit risk during IRB to other exposures	36	
Capital requirement to settlement risk	37	
Capital requirement to rank, currency and commodity risk, total ( $\Sigma$ )	38	12,327
Capital requirements for market risk during standardized approach (STA), total ( $\Sigma$ )	39	12,327
Capital requirement to interest rate risk during STA	40	4,482
Capital requirement to share risk during STA	41	
Capital requirements to currency risk during STA	42	7,845
Capital requirement to commodity risk during STA	43	
Capital requirement to market risk using own model-based approach	44	
Capital requirement to operational risk, total ( $\Sigma$ )	45	23,213
Capital requirement to operational risk during BIA	46	23,213
Capital requirement to operational risk during TSA	47	
Capital requirement to operational risk during ASA	48	
Capital requirement to operational risk during AMA	49	
Capital requirement to risk of business portfolio involvement	50	
Capital requirement to other business portfolio instruments	51	
Temporary capital requirement - evening up to Basel I	52	

**Ratio indicators**

	31 <sup>st</sup> December 2010
Capital adequacy	15.35%
Return on average assets (ROAA)	0.84%
Return on average equity (ROAE)	6.52%
Assets per employee in CZK	223,794,039
Administrative costs per employee in CZK	3,543,417
After-tax profit or loss per employee in CZK	1,056,695