

PPF
banka
2021



**Where others see obstacles,
we see opportunity**

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Chairman's Statement

Dear Shareholders,
Clients and Business Partners,
Dear Colleagues

I am compelled to start this review of the past year by commenting on events that have not only affected the current year, but are also certain to be felt in the years to come. The military conflict in Ukraine, the loss of human life, and the destruction of the homes of millions of civilians as a result of an unprovoked Russian invasion have no place in 21st-century Europe.

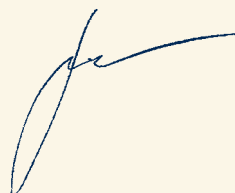
PPF banka, together with other PPF Group companies, has responded by becoming actively involved in helping Ukrainian refugee families. It is important to remember, however, that the humanitarian crisis precipitated by the war in Ukraine follows a year made particularly difficult by the ongoing COVID-19 pandemic. Although the domestic economy recovered after the sharp downturn in 2020, the negative impacts of the pandemic continued to linger and affect our lives and the Bank's operations.

Even in the face of such adversity, we made a net profit of CZK 1.747 billion in 2021, CZK 600 million more than in the previous year. We made headway with many projects of key importance to the Bank, where the focus was on the further development of services for existing customers and support for their business activities. In line with our strategy, we invested in digitalisation, cybersecurity, and the streamlining of service provision. We also invested in the development of a new mobile app. The Ministry of Finance of the Czech Republic again ranked us second among primary dealers of government bonds. Our overall securities trading of CZK 419.5 billion in 2021 made us one of the most important traders on the financial markets in the Czech Republic.

In 2021, we again supported numerous projects geared towards improving education and training, enriching the cultural landscape, and distributing resources to those in need. It is in our DNA to help where it makes sense to do so. That is why we are keen to continue our active involvement in CSR activities.

We help our customers to make the progressive preparations needed so that they have ample time to adapt to new business sustainability requirements under the law. We also actively support and finance the transformation of their business in this way.

I would like to thank our shareholders, customers, business partners, and employees for their support and trust, which we as a company greatly appreciate in the knowledge that this is not to be taken for granted. I am confident that, in 2022, we will retain the energy and optimism we need to drive us forward and prove once again that, together, we can meet all the challenges that lie ahead, not only because of the war in Ukraine.



Petr Jirásko
Chairman of the Board of Directors
and Chief Executive Officer

Introducing PPF banka

We are a Bank for Unique Clients

We are a modern bank for corporate, public and private sector clients who appreciate our professional and personalised approach. We build our services on professional expertise, unique solutions and sophisticated financial operations. We regularly earn plaudits for our activity in the financial markets.

We offer wide-ranging banking and financial services with an emphasis on high value added and premium quality.

We specialise in trading on the financial and capital markets. We also provide project, export, and acquisition financing services.

A member of the Prague Stock Exchange, we are one of the most influential securities traders in the provision of investment services in the Czech Republic and on foreign markets.

We support our clients' operations and development by delivering tailor-made solutions. We arrange money market operations, provide investment loans, and analyse and hedge interest-rate and currency risks. We also offer services to the public sector, which includes the engineering of smart solutions for cities and public institutions. Lastly, we also focus on private banking that takes an exceptional approach to the way clients' individual financial needs are handled.

We are integral to PPF Group as the hub of its financial activity. For other PPF Group companies, we carry out international payments and manage financial assets and trading on the capital markets.

Besides engaging with clients, we are a socially responsible company that supports the work of The Kellner Family Foundation, the PPF Foundation, and Pipan, a bilingual nursery school for the hearing impaired. We stand alongside other PPF Group companies as a long-term partner of the Summer Shakespeare Festival and the Jára Cimrman Theatre. In 2021, PPF banka became a general partner of Cirk La Putyka and the Jatka78 theatre, thus helping to advance Czech culture in the face of strict anti-pandemic measures.

Our Mission

- To create value for the Bank's shareholders, clients, and employees.
- To continue building on our core pillars of integrity, diligence and cooperation.
- To promote and maintain, through our activities, the building of intangible values, especially reliability, transparency, respect, and trust.
- To engage in corporate social responsibility that extends beyond these values.

Our Vision

- To be active in the provision of services to corporate, private, and institutional clients and government entities.
- To stand out from other banks thanks to our high value added, flexibility, and the superior quality of the services we provide.
- To harness synergies within PPF Group.
- To be a trusted partner with a long-term sustainable position on the Czech market.

Corporate Profile

General Information

Company name:	PPF banka a.s.
Legal form:	public limited company (akciová společnost)
Registered office:	Evropská 2690/17, Praha 6, 160 41, Czech Republic
Registration number:	47116129
Court of registration:	Municipal Court in Prague, Section B, File 1834
Date of incorporation:	31 December 1992

Date and Method of Establishment

PPF banka was established by a deed of incorporation of 3 December 1992, without a share subscription, under the company name of ROYAL BANKA CS, a.s. On 14 December 1994, the general meeting decided to change the Company's name to První městská banka, a.s., which was accompanied by a change in the Company's registered office, and approved a one-off increase in registered capital, including a merger with Společnost pro založení První městské banky, a.s. with effect as of 31 January 1995. On 23 June 2004, the annual general meeting of První městská banka, a.s. decided to change the Company's name to PPF banka a.s. with effect as of 1 September 2004.

Registered capital:	CZK 769 million
Equity:	CZK 16,542 million
Total assets:	CZK 236,622 million
Shares:	registered, dematerialised shares maintained in the Central Securities Depository Prague

Note: figures valid as at 31 December 2021

History

1992 – Company established as ROYAL BANKA CS, a.s.
1995 – renamed První městská banka, a.s., with the City of Prague becoming the majority shareholder
2002 – Česká pojišťovna a.s., a PPF Financial Group company, becomes the majority shareholder and a strategic partner
2003 – full integration into PPF Group
2004 – renamed PPF banka a.s.

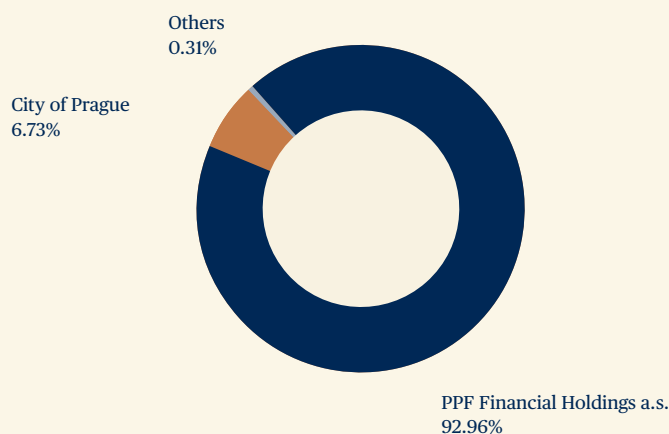
Objects of Business

PPF banka's business objects comprise all types of banking transactions and the provision of banking and financial services together with related services, on both domestic and international markets. The Bank's services are primarily tailored to Czech clients in the municipal and corporate segments. The Bank specialises in trading on financial and capital markets in accordance with applicable legislation and on the basis of licences granted by the Czech National Bank.

PPF banka membership:

- Czech Banking Association;
- Czech Institute of Internal Auditors;
- Chamber of Commerce of the City of Prague;
- Prague Stock Exchange;
- Chamber for Economic Relations with the CIS;
- Bank Card Association;
- International Swaps and Derivatives Association (ISDA).

Shareholder Structure



Precise web address containing the Bank's mandatory disclosures: <https://www.ppfbanka.cz/en/important-documents#document-category-1807>

Important Developments in 2021

A Year of Opportunities and Challenges

In 2021, we focused on further developing our services for existing clients and supporting their business activities. We also invested in digitalisation and cybersecurity. And we backed projects that make sense to us.

We are one of the best traders in Czech government bonds

In 2021, we placed CZK 108 billion of new government bonds and treasury bills, and we also arranged liquidity for subsequent secondary trading worth CZK 267 billion. For the seventh year in a row, the Ministry of Finance of the Czech Republic named us a top-three primary dealer for this activity.

We have improved our banking services

Banking services related to electronic payment channels were continuously developed and further improved. They were expanded by integrating internet banking with the CRM system. At the end of 2021, a new mobile app - PPF banka Smart Banking - was prepared for customers and elevated the Bank to the ranks of modern mobile banking institutions.

We are a bridge between investors and PPF Group

We created numerous opportunities for our customers to participate in PPF Group's business. We brokered investment opportunities worth CZK 4.1 billion via various debt securities. We always take a tailored approach to customers and offer what, for them, is the ideal solution in terms of maturity, currency, yield, and collateral.

We moved our main data centre

There was a significant shift in the quality of IT system operation at the level of the basic infrastructure when the Bank's main data centre was relocated to a technologically more modern and operationally more secure site. The relocation itself was carried out while the Bank remained in normal operation, with no disruption of service availability, thus reinforcing just how professional and all-rounded our IT staff are.

We continued to invest in IT and cybersecurity

In line with the comprehensive conceptual advancement of internal development, apps in other areas of banking - including business process support - were delivered. For example, apps were deployed to support the lending process. In payment services and the expansion of electronic channels, new client-side API functionalities were delivered and expanded to include investments. In our cybersecurity, we were certified compliant with SWIFT security requirements and deployed an anti-fraud solution (AFS) that uses heuristic analysis, biometrics monitoring, and artificial intelligence to detect attacks on applications, the devices and accounts of the Bank's customers, and the Bank's payment systems.

We supported Czech culture

In 2021, we became the general partner of the Cirk La Putyka company and the Jatka78 theatre because we believe in the importance of supporting projects, activities, and people who are constantly looking for ways and opportunities to develop themselves, and who refuse to be stopped even by the COVID-19 pandemic. With our support, they can continue to offer culture vultures unique performances and outstanding cultural experiences. Their projects - thanks in part to their international dimension - have long been among the best rated on the Czech cultural scene.

We helped to improve the general public's financial literacy

In 2021, in partnership with the Czech Banking Association, we involved our colleagues in "Bankers Go To School", an educational project promoting greater financial literacy and knowledge of cybersecurity basics for Year 8 and 9 students of primary schools and Year 1 and 2 year students of secondary and grammar schools.

Following on from the Investment Outlook web conference in January, which was organised by EMUN PARTNERS family office, we continued our role as the main partner behind the staging of Quarterly Breakfasts for investors and all those interested in what was happening in the economy and capital markets and wanted to know what the prospects were going forwards. These were held as hybrid offline/online events. Events dedicated to the real estate market and investments in art in the first half of 2021 proved very popular.

We became involved in aid for Moravia

In the aftermath of the devastating tornado that hit south Moravia in June 2021, PPF banka became involved in a solidarity event by PPF Group staff to help people in the disaster zone. As support for education is an important PPF principle, the funds raised by PPF Group employees and shareholders were used to reconstruct a primary school in the town of Moravská Nová Ves.

Key Non-Consolidated Financial Indicators

Key Non-Consolidated Financial Indicators

Until 2014: under Czech Accounting Standards
As of 2015: under International Financial Reporting
Standards (IFRS)

Profit before tax

(CZK millions)

2010	804
2011	758
2012	1,144
2013	784
2014	893
2015	1,583
2016	1,473
2017	1,908
2018	2,689
2019	2,629
2020	1,311
2021	2,127

Total assets

(CZK millions)

2010	52,361
2011	65,718
2012	76,843
2013	104,818
2014	108,237
2015	103,084
2016	136,625
2017	232,941
2018	235,162
2019	226,958
2020	169,723
2021	236,622

Key Non-Consolidated Financial Indicators

under International Financial Reporting Standards (IFRS)

(CZK millions)	2021	2020
ASSETS		
Cash and balances with central banks	127,050	90,096
Financial assets at fair value through profit or loss	36,813	19,291
Financial assets at fair value through other comprehensive income	22,894	19,314
Receivables from banks	5,227	4,130
Receivables from customers	43,351	35,745
Ownership interests	237	237
Other assets	1,050	910
TOTAL ASSETS	236,622	169,723
EQUITY AND LIABILITIES		
Deposits from banks	41,333	1,933
Deposits from customers	145,548	131,462
Debt securities issued	4,411	3,122
Financial liabilities at fair value through profit or loss	27,632	16,710
Other liabilities	1,156	1,082
Registered capital	769	769
Other components of equity	15,773	14,645
TOTAL EQUITY AND LIABILITIES	236,622	169,723
INCOME STATEMENT		
Net interest income	2,827	3,292
Net fee and commission income	224	209
Net gain on trading and dividend income	252	759
General administrative expenses	(954)	(817)
Impairment losses	187	(1,750)
Other operating profit or loss	(409)	(382)
Income tax expense	(380)	(178)
PROFIT OR LOSS FOR THE YEAR	1,747	1,133
KEY RATIOS		
Non-performing client loans/total client loans	4.14%	8.26%
Total capital ratio	20.33%	24.47%
ROAA	0.86%	0.51%
ROAE	10.87%	7.51%
Assets per employee (CZK millions)	994	707
Administrative expenses per employee (CZK millions)	4	3
Net profit per employee (CZK millions)	7	5

Board of Directors Report on the Company's Business Activities and Assets

Macroeconomic Developments in the Czech Republic

The year 2021 was a time of recovery from the anti-epidemic measures of 2020. Historically speaking, the revival was very fast, but the Czech economy still lagged behind other EU countries.

Blanket lockdowns continued to be imposed in the first quarter of last year, though by this stage industrial production was exempted. Consequently, the fall recorded in GDP in the first quarter of 2021 was not as pronounced as in previous quarters. GDP contracted by 2.4% year on year. This decline was mainly driven by private consumption, which stalled because the retail sector was shut down. With spending inhibited, savings continued to increase in the first three months of last year. Investment also shrank (-3.8% y/y), countered by government support schemes acting in the opposite direction. Overall government consumption rose by 3.8% y/y. In the quarters that followed, the low comparison base was reflected in the year-on-year growth that was being reported. The economy's 8.2% y/y growth in Q2 may look impressive, but this translated into underperformance internationally. Economic results in Q3 2021 also disappointed expectations. The economy grew by only a scant 3.3% y/y. GDP growth in Q4 did exceed expectations, rising by 3.6% y/y, but not even this was enough to bring the Czech economy back to pre-pandemic levels. Overall, GDP remained 2% below pre-pandemic levels at the end of 2021.

Faster recovery of the Czech economy was hampered by problems in supply and demand chains. In particular, chips were in short supply, a factor felt especially acutely in the country's crucial automotive sector. Industrial production thus tumbled to 5% below pre-pandemic levels at the end of the third quarter.

There was a modest upturn in the industrial situation in the last quarter, though not enough for a return to levels reported before Covid struck. The shortage of components in industry was also a drag on export growth. This, combined with the strong household demand that was pushing up imports, resulted in a negative net trade balance and slowed down overall GDP growth.

The labour market situation remained rosy. There was only moderate unemployment growth during the pandemic, rising from 2.0% at the end of 2019 to 3.4% in the first quarter of 2021. As the real economy recovered, there was a renewed decline in unemployment. Although the unemployment rate has not yet reached the all-time lows from before the pandemic, it still remains at the lowest level in the EU (2.2% in Q4 2021 according to the Czech Statistical Office).

The cocktail of a sound labour market situation combined with disruptions in supply and demand chains and the resumption of consumer spending triggered a hike in prices. Inflationary pressures had already been detected before the pandemic, but expectations that they would be cooled by the pandemic and the associated downturn in the real economy were confounded. The resumption of economic activity in 2021 prompted another leap in inflation. External supply-side factors were partly to blame for the inflationary pressures, but increased domestic demand also played a part. (The Czech National Bank calculated that the inflation pressures fuelled by domestic demand accounted for almost half of inflation.) The average inflation rate in 2021 was 3.8%, 0.6 percentage points higher than in 2020. This was the highest average annual inflation rate since 2008. The unexpectedly rapid rise in inflationary pressures elicited an unusually forceful response from the CNB, which raised the base repo rate by a cumulative 3.5% to 3.75% in 2021. Such quick-fire rate hikes were unprecedented and contrasted with the inaction of the ECB and the Fed.

Fiscal expansion continued in 2021. Once again, the state budget deficit of CZK 419.7 billion was an all-time record, though this was less than the planned CZK 500 billion. The total government debt continued to rise in tandem with the budget deficit and currently stands at 41% of GDP.

Although this is still a relatively innocuous figure compared to other European countries, the pace at which sovereign debt is increasing is very high. In pre-pandemic times, the debt-to-GDP ratio was 28.5%. Higher deficits have thus prompted the Ministry of Finance to engage in broader-scale bond issuance. There continues to be plenty of appetite for these Czech government bonds, especially among domestic investors, though the proportion of bonds held by non-residents has been steadily declining.

Private investment activity had found itself buffeted, but began gathering momentum to come back particularly strongly in the second half of 2021. This was reflected in credit growth. Lending to non-financial corporations rose by 6% in 2021.

Parallel to this, overall firms continued to have more cash deposited in their accounts than they were drawing in credit, a phenomenon that had first emerged in July 2020. This is a clear indicator that they are uneasy about embarking on new investment and dampens potential future growth. Households stayed true to their tradition of saving more than they were borrowing. Despite solid credit growth of almost 10% (driven primarily by mortgages), the balance between savings and loans continued to rise because the increase in deposits was greater.

Financial Performance

Building on its run of successful years, PPF banka's financial performance in 2021 was much better than in 2020.

Profit after tax came to CZK 1,747 million in 2021, an increase by more than CZK 600 million on the previous year's result. Total comprehensive income for 2021, reported at CZK 1,128 million, also exceeded the 2020 result. The value of other comprehensive income can mainly be attributed to the fair value reserve (debt instruments measured at fair value through equity).

Shareholders' equity rose by 7.3% to CZK 16,542 million, mainly on the back of the total profit. Despite the effects of the pandemic in 2021, the return on equity is very robust at almost 11%. The capital ratio of more than 20% is well above the regulatory requirement. The Bank's liquidity, as expressed by its LCR of more than 120%, is at a very good and stable level.

Total assets at the end of 2021 came to CZK 237 billion, up CZK 67 billion on the end of 2020, and thus returned to the closing level of 2019. This change is mainly concentrated in reverse repo operations with the central bank, which reached CZK 123 billion at the end of 2021.

There was also significant growth in financial assets measured at fair value and advances to customers. Financial assets measured at fair value through profit or loss rose by CZK 18 billion to almost CZK 37 billion, driven by reverse repo operations for trading.

Financial assets measured at fair value through other comprehensive income also grew slightly to CZK 23 billion, of which CZK 3 billion was in government bonds. Advances to customers increased by CZK 8 billion to CZK 43 billion.

Deposits from customers, the main source of funding within total liabilities, is stable, spread between demand deposits, time deposits, and repo operations. Deposits from customers increased by CZK 14 billion year on year to almost CZK 146 billion, mainly in the area of repo operations with financial institutions. The overall change in the volume of liabilities therefore mainly reflects shifting business opportunities after interest rates were hiked at the end of the year.

Compared to the previous year, the level of operating income was affected by the low interest rates in 2021, but was still above average at CZK 3,307 million.

Lower interest rates in the first half of 2021 pushed net interest income down by 14% year on year from CZK 3,292 million to CZK 2,827 million, even though there were increases in the balance-sheet totals of advances to customers and the investment portfolio. Net fee and commission income in 2021 increased slightly by CZK 15 million on 2020, mainly due to the higher volume of administration services for clients. As in the previous year, the securities trading result was excellent at CZK 712 million. The total net profit on financial operations in 2021 came to an admirable CZK 252 million. The slight decrease compared to 2020 can be explained by lower gains realised on assets measured at fair value through other profit or loss.

In 2021, a change stemming from the impairment of assets had a positive impact on financial performance. PPF banka took a cautious approach in 2021 and, after massive provisioning during the pandemic year of 2020, only CZK 187 million was dissolved in 2021. Total operating expenses amounted to CZK 1,367 million. General administrative expenses came to CZK 445 million, rising by a modest CZK 10 million on 2020.

Other operating expenses and their main component, the payment to the resolution fund, remained on a par with 2020. The small increase in other administrative expenses was mainly due to an increase in donations. In 2021, PPF banka continued its charity work and considers corporate social responsibility to be one of its fundamental values.

PPF banka's Business Activities

We improved our banking services, supported our clients' business activities, contributed to educational and cultural projects, and maintained our position as one of the best Czech government bond traders.

Activity on Financial Markets

PPF banka operates as PPF Group's hub for access to financial markets. The same investment services are also provided to a wide range of our other customers.

Securities

In 2021, as in previous years, PPF banka was very busy as a market maker for Czech government bonds. In the ranking of primary dealers compiled by the Ministry of Finance of the Czech Republic, in 2021 as a whole the Bank was the second best primary dealer in terms of the overall evaluation and in the criterion of quoting activity on the secondary market (the MTS Czech Republic electronic trading platform).

Overview of PPF banka's securities trading volumes:

CZK billions	2021	2020	2019
Domestic bonds	364.9	389.4	112.6
Foreign bonds	29.2	23.9	18.3
TOTAL BONDS	394.1	413.3	130.8
Domestic equities	11.7	0.2	0.0
Foreign equities	13.7	17.1	8.6
TOTAL EQUITIES	25.4	17.3	8.6
TOTAL	419.5	430.6	139.5

Last year was one of our busiest securities trading years, mainly because of the way we actively provided clients with access to the Czech government bond market, including auctions, and liquidity on the secondary market. We were heavily involved in transactions related to Czech equities traded on the Prague Stock Exchange.

PPF banka participated in many issue-related products, including:

- CZECHOSLOVAK GROUP bonds with a total volume of CZK 2,000 million (role: co-lead manager);
- investment certificates (public offerings without the need for a prospectus) with underlying assets in the form of PPF Group members' debt totalling the equivalent of CZK 1,816 million;
- bonds and investment certificates (private placement) totalling the equivalent of CZK 2,749 million.

Depending on the type of transaction, we acted as lead manager/arranger, distributor, administrator, collateral agent, or calculation agent for the securities issued.

Foreign Exchange and Derivative Markets

We traded above-average volumes of instruments on the foreign exchange markets, particularly on the spot market. We achieved an all-time high in interest rate derivatives, thanks to stronger activity in the interest rate swap market, which benefited from unprecedentedly high movement in CZK interest rates.

The distribution and timing of PPF banka's transactions are shown in the table below.

CZK billions	2021	2020	2019
FX spot	339.5	284.5	283.3
FX derivatives	378.4	490.0	533.9
TOTAL	717.9	774.5	817.1

CZK billions	2021	2020	2019
IR derivatives	264.1	238.3	234.8

As in the past, in 2021 we again focused on our role as PPF Group's central treasury bank and, in various tasks, engaged in the hedging of risks for Group companies.

In these transactions, we act as a counterparty and as hedge provider or auction organiser.

Corporate Banking and the Public Sector

In corporate banking, beyond our routine work, we continued to help our clients to cope with the COVID-19 pandemic by drawing on available support schemes in 2021.

We are pleased to report that, with our assistance, numerous clients launched new investment projects, expanded production capacity, found ways to cover their rising running costs, and landed new customers. Some of our clients used financing from PPF banka to acquire other companies. With other clients, we worked on revising their operational financing structure.

We help many clients who are industry leaders, supporting them in their acquisitions, the expansion and upgrading of their production capacity, and the further development of their business activities, both in the Czech Republic and other parts of the world. Our largest transactions take the form of club financing in cooperation with other major Czech and international banks.

We always try to seek out the optimal financing structure for the customer and, where appropriate, we complement bank financing, for example, with the possibility of issuing bonds. We assist our customers in the financing of construction or investment in residential, commercial, and industrial real estate.

In the public sector, in 2021 the Bank successfully built on the active cooperation it had established in previous years with the Czech Republic's regions and statutory cities. In the pursuit of our strategy of being an active partner for the public sector, we offer our services to companies in which regions and municipalities have participating interests.

In 2021, we again focused on fostering our product range and developing the Bank's key client systems. We are confident that they will improve our clients' communication with the Bank and simplify the payment agenda so that they are able to manage their finances as efficiently as possible.

Private Banking for Individuals

PPF banka's private banking department specialises in serving our most demanding private clients and in providing investment services. We pride ourselves on the quality of our team of experienced private bankers, expert knowledge and ability to listen to our customers.

Like everyone, we found 2021 very challenging, but this was also a year that yielded a lot of new perspectives on the established order and made us think about a wide range of opportunities and stimuli. We believe that we met our clients' expectations and, even in this difficult period, we never stopped being a strong and stable partner for them. Last year was also the eleventh anniversary of PPF banka's private banking operations. We are looking forward to the new stages and milestones that await us in our work with our clients.

Our long-term strategy will be to maintain our personalised and professional approach, to foster mutual trust, and to place an emphasis on customer satisfaction. We will continue to nurture these values in the coming years in order to provide our clients with a completely different view of banking services.

Information Technology and Information System Security

In 2021, our focus in IT and IT/IS security was on stabilising and improving areas that we had developed previously. The project changes mainly encompassed the realisation of business needs and the introduction of regulatory requirements.

The active integration of Enterprise Architecture (EA) into development and project activities, as well as in the creation of a comprehensive conceptual framework for the IT environment, was vital for the overall improvement in the quality of IT delivery. The EA quickly demonstrated how important and warranted it was, and we expect to see competencies strengthened further in this area.

There was a significant shift in the quality of IT systems operation at the level of the basic infrastructure when the Bank's main data centre was relocated to a technologically more modern and operationally more secure site. The relocation itself was carried out while the Bank remained in normal operation, with no disruption of service availability, thus reinforcing just how professional and all-rounded our IT staff are.

We also made use of tools for secure content sharing and mobile device management. In order to ensure that employees were highly mobile, once we had transitioned to modern Microsoft Exchange and Microsoft Teams technologies we used MDM so that emails, online communication, and other selected apps would be available via mobile phones. These changes lend extra support to the quality and capabilities of remote working during the covid period.

In line with the comprehensive conceptual advancement of internal development, apps in other areas of banking - including business process support - were delivered. For example, apps were deployed to support the management of groups of connected clients and the lending process. In payment services and the expansion of electronic channels, new client-side API functionalities were delivered and expanded to include investments.

That is not to say that the microservices model devised and operated for applications developed in-house is limited to internal delivery. The first apps from external suppliers and their integration into the internal environment are now being successfully tested. Here too, as with the basic infrastructure, the established architectural standard has been shown to be competent and efficient in the design of the internal app environment.

Banking services related to electronic payment channels were continuously developed and further improved. They were expanded by integrating Multichannel internet banking with the CRM system. At the end of 2021, a new mobile app - PPF banka Smart Banking - was prepared for customers and elevated the Bank to the ranks of modern mobile banking institutions.

Regulatory projects included the roll-out and further development of Target2, the CSDR, SRD II, and portfolio reporting for financial markets. Other areas related to the general standard at financial institutions and banking were also expanded, for example, by using an EFI platform for the benchmarking and scoring of financial institutions in various factors linked to the fight against financial crime and money laundering.

In 2021, as in the year before, the Bank needed to work remotely. We built on the experience we had gained in this area to run our systems adequately and securely and to safeguard user availability without compromising the quality of our business service provision.

In IT regulation and IT/IS security, the Bank continued to prepare and make additional changes demanded by the requirements of the National Cyber and Information Security Agency (NCIS) and the European Banking Authority's Guidelines on ICT and Security Risk Management (EBA GL). In this respect, the Bank is continuing to work towards the objectives emerging from previous cybersecurity gap analyses.

Our review and update of internal IT security standards included the incorporation of requirements stemming from SWIFT IT security rules. The experience and cooperation of the Bank's staff teams paved the way for mandatory SWIFT requirements to be met and the necessary SWIFT IT security certification to be awarded.

Building on the updated internal standards, preventive measures and security policies in the field of IT security were fortified. Work to introduce and stabilise the new security information and event management (SIEM) system was completed, and the deployment of the web application firewall (WAF) was expanded. The roll-out of a data loss prevention (DLP) product was completed. For purposes of IT security, an anti-fraud solution (AFS) utilising heuristic analysis, biometrics monitoring, and artificial intelligence was also deployed to detect attacks on the Bank's applications, customers' devices, their accounts, and the Bank's payment systems.

IT/IS Security consistently contributed to other Bank projects, especially where these involved the advancement of internet and mobile banking. Equally important projects that required cooperation with IT Security included an extension to the availability of apps in connection with mobile devices and MDM, the development of TARGET2 requirements, and the safeguarding of security requirements for other regulatory projects. A TARGET2-related self-assessment of IT security requirements was conducted in 2021. This revealed that improvements had been made on the previous year.

In 2021, we recorded only negligible outages in the operation of IT systems. These were resolved with no serious disruption to the Bank's operations.

During 2021, we engaged in the all-round strengthening and rapid development of the internet and online communications and services environment. This improvement was recorded across the spectrum of business services, in the municipal and governance fields, and in private and entertainment communications offered via the internet.

The rapid evolution of needs also necessitated the accelerated development of apps and technologies, which increased the exposure of these systems and, ultimately, the entire environment to vulnerabilities. This situation contributed to a huge increase in cybercrime and the success rate of individual attacks.

The Bank also had to deal with certain measures to mitigate general and zero-day vulnerabilities and countered several acrimonious online campaigns. The Bank handled these situations successfully. As a result, we did not experience any cybersecurity incidents in 2021.

Our People

Our employees are as important to us as our customers. In the past year, this was reflected in the focus we placed on further training and development, career growth, and corporate culture.

We believe that further training and employee development is as important for the Bank's growth as it is for career development. Accordingly, we allocated more than CZK 4 million to this area in 2021. Besides running individual professional courses and training, in the second half of the year we created and then - in the fourth quarter in particular - launched several team development programmes that placed an emphasis on opportunity thinking and on communication and presentation skills, including how to cope with difficult communication situations. Actual expenditure for the year as a whole was close to 60% of the allocated funds, despite the ongoing constraints caused by the pandemic situation.

To further their personal development, our colleagues also actively participated in the "Bankers Go To School" lecture series, organised by the Czech Banking Association to promote greater financial literacy and knowledge of cybersecurity basics for Year 8 and 9 students of primary schools and Year 1 and 2 year students of secondary and grammar schools.

It is pleasing to see our people grow with our Bank. One of our long-term goals is to focus on internal mobility and career growth. During the year, several new management roles were created within our teams, all of which were filled internally. As at 31 December 2021, the overall proportion of women in management positions at the Bank was 30%. This is testament to our efforts to create an inclusive environment and promote diversity. The Bank is a stable partner not only for customers, but also for employees, with an average working relationship of 7.7 years.

Our new general partnership with Cirk La Putyka and the Jatka78 theatre has unlocked an opportunity for us to provide an outstanding artistic experience for customers and staff alike. Our popular in-house competitions also give employees the chance to attend performances staged by the Summer Shakespeare Festival and the Jára Cimrman Theatre. The offer of these valuable cultural experiences, together with the opportunity to make use of partner programmes/discounts within the Group, is a fitting way of complementing the employee benefits portfolio.

We are a bank for unique employees.

Remuneration of Senior Management and Supervisory Board Members

Senior management comprises members of the Board of Directors and the managing directors of divisions. These managing directors work for the Bank under employment contracts drawn up in accordance with the relevant provisions of Act No 262/2006, the Labour Code, as amended. The Bank's contractual relationship and the conditions of its employment relationship with managing directors are subject to approval by the Board of Directors. By law, a board of directors is a governing body responsible for a company's business management. The Bank's Board of Directors performs its duties with loyalty, the necessary expertise and due diligence. It acts in good faith and in the best interests of the Bank. The members of the Board of Directors adhere to ethical standards and are liable for any damage they may cause if they breach their legal obligations. Members of the Board of Directors are remunerated on the basis of an "Agreement on the Service of a Member of the Board of Directors" concluded in accordance with the relevant provisions of Act No 90/2012 on companies and cooperatives, as amended (the "Business Corporations Act"), and Act No 89/2012, the Civil Code, as amended.

Individual agreements on the service of members of the Board of Directors and the amount of remuneration due to them are subject - along with the Remuneration Policy of PPF banka a.s. - to approval by the Supervisory Board. Members of the Board of Directors receive payment that has both a fixed and a variable part. According to Implementing Decree No 163/2014 on the performance of the activities of banks, savings and loan associations, and securities dealers, as amended, some of the variable component is deferred and retained. The Chairman of the Board of Directors and the Board member responsible for risk management also benefit from non-cash instruments. Reflecting the application of this risk-based Remuneration Policy, there is a contractual obligation under the Agreements on the Service of a Member of the Board of Directors that members of the Board will not use insurance or apply other hedging strategies to their remuneration or liability that might compromise or curtail the effects of the risk-based elements of the Remuneration Policy. In addition, they are subject to the possibility of a "malus" and "clawback", especially in cases where:

- capital and liquidity ratios fall below the value set by the Bank for a given period;
- the Bank's financial performance deteriorates significantly;
- a person has engaged in or was responsible for conduct that led to significant Bank losses, and in cases where a person has not complied with the standards of trustworthiness, professional competence, and experience that have been set for them, or where they have perpetrated serious misconduct or violated work discipline;
- a person, as a result of their work activities (or misconduct), has significantly tarnished the Bank's reputation or caused a sanction to be imposed that has a significant impact on the Bank's finances or capital.

Members of the Supervisory Board are paid on the basis of an “Agreement on the Service of a Member of the Supervisory Board” concluded in accordance with the relevant provisions of the Business Corporations Act. Individual agreements on the service of members of the Supervisory Board and on the amount of their remuneration are subject to approval by the General Meeting.

In keeping with the aforementioned Implementing Decree, the Internal Audit Department reviews compliance with the Remuneration Policy, including related legislative and regulatory requirements and the internal regulatory basis, once a year and reports its findings to the Supervisory Board and the Board of Directors. For 2021, approved monetary remuneration was paid out. No in-kind income was provided.

Audit and Non-Audit Services

Fees paid to the external auditor for audit services rendered to PPF banka in 2021 amounted to CZK 6 million (2020: CZK 5 million).

All external auditor services in 2021 and 2020 are related to the auditing of the financial statements, the annual report, the underlying documentation for consolidation, the condensed interim financial statements, and the MiFID report.

The audit and non-audit services provided to PPF banka and its subsidiaries by an external auditor, or by member firms of the external auditor, are listed in the table below:

PPF banka a.s.

CZK millions	2021	2020
Audit services	6.0	5.2
Other assurance services	2.0	1.9
Advisory services	-	-
TOTAL	8.0	7.1

Subsidiaries of PPF banka a.s.

CZK millions	2021	2020
Audit services	1.1	0.8
Other assurance services	-	0.3
Advisory services	-	-
TOTAL	1.1	1.1

Good Causes

Every year, PPF banka contributes to numerous projects primarily geared towards the development of Czech education and culture.

It supports the activities of The Kellner Family Foundation and the PPF Foundation. It helps to fund Pipan, a bilingual nursery school for the hearing impaired that is part of the Tamtam Children's Hearing Centre.

Together with other PPF Group companies, the Bank is a long-standing partner of major cultural projects in the Czech Republic. For many years, it has sponsored the Summer Shakespeare Festival, Europe's largest open-air theatre festival to specialise in the staging of William Shakespeare's works. The festival ran from the end of June to the beginning of September and took place on outdoor stages in Prague, Brno, Ostrava, and Bratislava. Likewise, the Bank sponsors the Jára Cimrman Theatre, which is woven into the very fabric of the Czech theatre scene and has been entertaining audiences and inspiring other professional and amateur theatre ensembles for more than 50 years.

In 2021, PPF banka became the general partner of the Cirk La Putyka company and the Jatka78 theatre because it believes in the importance of supporting projects, activities, and people who are constantly looking for ways and opportunities to develop themselves, and who refuse to be stopped even by the COVID-19 pandemic. With our support, they can continue to pursue their activities and offer culture vultures unique performances and outstanding cultural experiences. Their projects - thanks in part to their international dimension - have long been among the best rated on the Czech cultural scene.

In the aftermath of the devastating tornado that hit south Moravia in June 2021, PPF banka became involved in a solidarity event by PPF Group staff to help people in the disaster zone. As support for education is an important PPF principle, the funds raised by PPF Group employees and shareholders were used to reconstruct a primary school in the town of Moravská Nová Ves.

Other Information

In 2021 and 2020, the Bank incurred no expenditure on research and development or environmental protection.

The Bank has no branches abroad.

The Bank did not obtain any of its own shares.

The Bank does not foresee any significant changes in the development of its activities.

Risk Management Objectives and Methods

The risk management objectives and methods are described in detail in the Financial Section of the Annual Report on both an individual and consolidated basis.

Subsequent Events

The Bank realises that the geopolitical situation emerging from the Russian-Ukrainian conflict in February 2022 will have significant repercussions for the economy in the Czech Republic and other countries. However, in the light of the heightened global uncertainty and turmoil, it is impossible to fully assess and quantify these impacts at this time. The Bank's direct exposure to Russia and Ukraine is insignificant (as at 31 March 2022, 0.18% of total assets, 0.31% of total liabilities). The Bank's direct exposure consists, on the assets side, mainly of Financial assets at fair value through other comprehensive income and Loans and advances to banks, and, on the liabilities side, mainly of Deposits from customers.

Responding to the geopolitical situation over 2022, the Bank has significantly reduced its exposures to counterparties with Russian risk as at 31 December 2021 by cutting limits on those Russian counterparties and on RUB transactions.

In March 2022, the Bank further significantly reduced the direct exposure of its financial assets at fair value through other comprehensive income. Despite engaging in the above actions, the Bank confirms its business and capital position remained strong in the first quarter of 2022. The economic result absorbed the above-mentioned impacts to report earnings well in excess of CZK 600 million.

Besides the direct effects, the Bank is also evaluating secondary and indirect impacts. The Bank's analysis did not identify any significant indirect effects because the Bank has limited business activities in Russia and Ukraine and its clients have limited dependence on these regions.

These events constitute subsequent events occurring after the end of the accounting period that do not have a significant effect on the separate financial statements for the year ended 31 December 2021.

The Bank's exposure to the Russian and Ukrainian markets as at 31 March 2022 is as follows:

MCZK	31 March 2022
ASSETS	502
Financial assets at fair value through profit or loss	16
Financial assets at fair value through other comprehensive income	328
Loans and advances to banks	149
Loans and advances to customers	9
LIABILITIES	791
Deposits from banks	363
Deposits from customers	421
Negative fair value of derivatives	7
OFF-BALANCE SHEET	
Nominal value of derivatives	464

The Bank is ready to make the appropriate respond if the situation arises. The Bank is continuously monitoring the situation and, based on its current knowledge and after considering all available information, it does not expect these events to have an impact on its ability to continue as a going concern in the future.

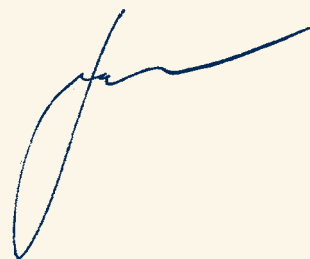
Proposal for the Distribution of Profit for 2021

PPF banka made a profit after tax of CZK 1,746,567,837 in 2021.

PPF banka's Board of Directors proposes the following profit distribution:

Payment of dividends	CZK 1,491,868,395.35
Appropriation to retained earnings	CZK 254,699,441.65

Prague, 25 March 2022



Petr Jirásko
Chairman of the Board of Directors of PPF banka a.s.



Miroslav Hudec
Member of the Board of Directors of PPF banka a.s.

Corporate Governance

Board of Directors

Petr Jirásko

**Chairman of the Board of Directors
since 14 October 2013
Chief Executive Officer**

Born in 1973, Petr Jirásko graduated from the Prague University of Economics and Business. During his university studies, he was employed part-time by Budějovický Budvar, Investa Příbram a.s., Credit Lyonnais Bank Praha a.s., and Tabák Kutná Hora. In 1998, he started working full-time for Credit Lyonnais Bank Praha a.s. as an FX dealer. Between 2000 and 2002, he worked at Komerční banka, a.s. as an FX option dealer and later as the head of the Derivatives Desk. He joined PPF Group in 2002. He worked for PPF burzovní společnost (as a bond dealer and chief dealer) until 2004, when he started working for PPF banka a.s. as Managing Director of Financial Markets. In October 2013, he became the Chairman of the Board of Directors and Chief Executive Officer of PPF banka a.s.

Jaroslava Studenovská

**Vice-Chairwoman of the Board
of Directors since 9 December 2016
(member of the Board of Directors
since 16 April 2012)
Managing Director of Operations**

Born in 1968, Jaroslava Studenovská graduated in General Economic Theory from the Prague University of Economics and Business. Between 1992 and 1998, she worked for Česká spořitelna a.s. in various investment banking positions, her last position being back office director. Between 1999 and 2001, she worked as back office director at IPB/ČSOB. From 2001 to 2005, she was the director of Back-office Treasury at Raiffeisenbank a.s. She joined PPF banka a.s. in 2006 as a specialist in the Group's Treasury Division. She has been the Managing Director of Operations since 2007. She was named a member of the Board of Directors in 2012, and has been Vice-Chairwoman of the Board of Directors since December 2016.

Miroslav Hudec

**Member of the Board of Directors
since 1 May 2016
Managing Director of Financial
Management**

Born in 1966, Miroslav Hudec graduated from the University of Chemistry and Technology in Pardubice, majoring in Industry Economics and Management. He headed the financial departments at Monokrystaly Turnov a.s. and Šroubárna Turnov a.s. Later, he worked for Česká spořitelna, a.s. as the head of the internal bank and held various positions in the company's Finance Division. Prior to joining PPF banka a.s., he worked as the head of controlling and deputy chief financial officer at Credit Lyonnais Bank Praha and held the same position at Credit Agricole Bank Praha. He has worked for PPF banka since 1 September 2012, starting out as an adviser to the Chief Executive Officer. He became Managing Director of Financial Management in January 2014 and a member of the Board of Directors in May 2016.

Luboš Prchal

Member of the Board of Directors since 3 November 2021
Managing Director of Risk Management since 3 November 2021

Born in 1980, Luboš Prchal graduated in Mathematical Statistics from the Faculty of Mathematics and Physics of Charles University, where he also completed his PhD studies combined with studies at Paul Sabatier University in Toulouse, France. He gained extensive experience in the financial sector at Ernst & Young, s.r.o., where he worked from 2007 to 2019, from 2016 as a partner and from 2018 as CESA Financial Services Risk Management Leader. He joined PPF banka a.s. in November 2020 as adviser to the CEO, then adviser to the Managing Director of Risk Management, and in November 2021 he became a member of the Board of Directors and Managing Director of Risk Management.

Karel Tregler

Member of the Board of Directors since 3 November 2021
Managing Director of Commercial and Investment Banking since 3 November 2021

Born in 1978, Karel Tregler graduated from the Prague University of Economics and Business with a master's degree and PhD in Finance. In 2009, he successfully completed his postgraduate studies at CFA Institute. He joined PPF Group in 2000. He initially worked for PPF

burzovní a.s. as an equity analyst, before joining PPF Asset Management as a portfolio manager in 2004. Starting in 2008, he worked for Generali PPF Asset Management as a senior portfolio manager. In 2014, he joined PPF banka a.s. as Managing Director of Financial Markets, and in November 2021 he was appointed to the Board of Directors and made Managing Director of Commercial and Investment Banking.

Gabriela Mošovská

Member of the Board of Directors from 2 November 2016 to 2 November 2021
Managing Director of Risk Management until 2 November 2021

Born in 1972, Gabriela Mošovská was partly educated in Moscow and then graduated from the University of Economics and Business in Economic Policy. While still a student, she worked as an analyst for Lifax a.s., an investment company, subsequently for the Česká pojišťovna a.s. Group as a senior analyst, and then as a member of the board of directors of Tesla Votice a.s. Between 1998 and 2004, she worked in the Risk Management Division of Raiffeisen Bank Praha a.s., before eventually being appointed head of Corporate Analysis. She obtained her MBA degree from Sheffield Hallam University in the UK in 2005. From 2004, she worked for Raiffeisen International Bank-Holding AG in Vienna, where she held various positions, ultimately being appointed

the Deputy Head of Network Credit Management and Team Coordinator CIS until her maternity leave in 2007. From 2008, she worked for Raiffeisen Bank International AG as Director Credit Risk - Construction and Real Estate. She was the Managing Director of Risk Management at PPF banka a.s. from January 2016.

In November 2016, she became a member of the Board of Directors.

Igor Kottman

Member of the Board of Directors from 2 November 2016 to 2 November 2021
Managing Director of Sales until 2 November 2021

Born in 1965, Igor Kottman graduated from the Faculty of Economics of the University of Economics in Bratislava. He worked for ZOS Zvolen and then at the Ministry of Foreign Affairs of the Slovak Republic. From 1994, he held various positions in Citibank's corporate banking business in the Czech Republic, Slovakia, Uganda, and the Russian Federation. From 2009, he worked as Citi Country Officer at the Slovak branch of Citibank Europe plc. He was the Managing Director of Sales at PPF banka a.s. from January 2016. In November 2016, he became a member of the Board of Directors.

Supervisory Board

Ladislav Chvátal

Chairman of the Supervisory Board since 20 August 2015

(member of the Supervisory Board since 29 April 2015)

Born in 1963, Ladislav Chvátal graduated from the Prague University of Economics and Business, majoring in Automated Control Systems in Economics.

He joined PPF Group in 1994. Within PPF Group, he has held a number of key managerial positions. Between 1998 and 2007, he managed Home Credit Group's development and international expansion as its CEO while serving as PPF Group's Executive Director for Retail Banking and Consumer Finance with responsibility for the strategic management of eBanka and ČP Leasing. Between 2009 and 2014, he was part of PPF Partners' management team. Since 2011, he has been responsible for building and developing the RAV agricultural group in the Russian Federation. He is also chairman of the supervisory board of CETIN.

Jiří Janoušek

Vice-Chairman of the Supervisory Board since 10 December 2019

(member of the Supervisory Board since 26 September 2019)

Born in 1978, Jiří Janoušek graduated from the Faculty of Law of Charles University, Prague. In 2012, he passed the bar examination and he is now a lawyer registered with the Czech Bar Association. His wide-ranging experience began as a corporate lawyer at financial institutions such as Československá obchodní banka, a.s. and Českomoravská stavební spořitelna, a.s., before he went on to practise at several law firms. In his legal practice, he specialises in insolvency law, commercial and civil law, civil procedural law, and arbitration, including related insolvency and enforcement legislation.

Nadežda Priečinská

Member of the Supervisory Board since 1 May 2021

Born in Nitra in 1974, Nadežda Priečinská graduated from the Faculty of Law of Charles University in Prague. On completing her studies in 1997, she joined a law firm as an articulated clerk. She passed the bar exam in 2000 and is registered with the Czech Bar Association. Since 2001, she has practised law independently. In her law practice, she specialises in real estate law, commercial law, civil law, and corporate law. Since 2007, she has been a member of the supervisory board of Accredio, a.s.

Bohuslav Samec

Member of the Supervisory Board since 16 January 2009

Born in 1959, Bohuslav Samec graduated from a two-semester Monetary Economics and Banking course at the University of Economics, Prague. Between 1985 and 1993, he held managerial positions in services. He has worked for PPF Group since 1994, in which time he has held various managerial positions. He has served as a member of the board of directors of PPF burzovní společnost and a member of the supervisory board of Slezan Frýdek-Místek a.s. and Gramofonové závody, a.s. He currently works for Česká pošta in Corporate Governance. He also served as a member of the Supervisory Board of PPF banka a.s. between 2006 and 2008. Since 2009, he has been a member of the Audit Committee of PPF banka a.s.

Lenka Baramová

Member of the Supervisory Board since 7 January 2009

Born in 1965, Lenka Baramová graduated from the University of Economics and Business and joined Komerční banka, a.s. in 1987 (when it

was still an SBČS branch). Between 1993 and 1994, she worked in the Credit Risk Department of ABN AMRO Bank N.V. in Prague. Between 1994 and 2000, she worked for Calyon (then known as Credit Lyonnais Bank Praha a.s.), initially in the Corporate Banking Department and then in Corporate Finance. Between 2000 and 2002, she worked for the consultancy firm Celestis Finance s.r.o. Since 2002 she has worked for PPF banka a.s. and is currently a Senior Sales Consultant.

Martin Hýbl

Member of the Supervisory Board since 2 June 2011

Born in 1974, Martin Hýbl graduated from the Faculty of Business and Management of the Silesian University, Karviná, majoring in Business Economics. In 1998, he joined ČP Leasing a.s. and progressively held the positions of financial analyst, head of financial management, chief financial officer and member of the board of directors. Between 2003 and 2005, he worked for PPF Group in various financial management positions. Since 2005, he has been with PPF banka a.s., initially heading the HC Treasury Department and now in charge of Institutional and Corporate Client Banking Services.

Tomáš Kaplan

Member of the Supervisory Board from 29 April 2015 to 30 April 2021

Born in 1972, Tomáš Kaplan graduated from Charles University's Faculty of Law, majoring in Law and Jurisprudence. In 1997, he interned at a law firm in Germany. Since graduating in 1997, he has practised law. In 2001, he passed his bar examinations and is a lawyer registered with the Czech Bar Association. In his legal practice, he specialises in real estate, financial law, public procurement law, law in commercial relationships, and insolvency law.

Audit Committee

Valdemar Linek

Chairman of the Audit Committee since 1 October 2021

(member of the Audit Committee since 10 December 2009;

Vice-Chairman of the Audit Committee from 13 April 2010 to 30 September 2021)

Born in 1971, Valdemar Linek graduated from the Prague University of Economics and Business, majoring in Corporate Economics and Accounting and Corporate Financial Management. He also completed a postgraduate two-semester course in Internationally Accepted Accounting Standards and is a certified balance sheet accountant and registered assistant auditor. In 1997-2003, he worked for HZ Praha, spol. s r.o. as auditing division director, where he was responsible for audit engagements, economic consulting, due diligence and forensic investigation. Since 1999, he has been a managing director of PRAGUE ACCOUNTING SERVICES s.r.o. (an expert institute in the field of economics), where he is responsible for the preparation of expert opinions on business combinations, accounting, taxes and valuations of assets and companies. Since 2005, he

has been a director at PRAGUE TAX SERVICES a.s., where he is responsible for economic, accounting and tax consulting. Since 2003, he has been the board chairman, a director and a partner at NEXIA AP a.s., where he is responsible for forensic engagements and project consultancy contracts. In 2011-2018, he was a member of the audit committee of Air Bank a.s.

Jitka Mašátová

Vice-Chairwoman of the Audit Committee since 1 October 2021

(Chairwoman of the Audit Committee from 29 April 2013 to 30 September 2021)

Born in 1978, Jitka Mašátová graduated from the Prague University of Economics and Business, where she studied Monetary and Economic Politics at the Faculty of Finance and Accounting. While still studying, she joined the Banking Supervision Section of the Czech National Bank, where she held various positions over the course of four years. Since 2005, she has worked for PPF a.s.'s Group Internal Audit Department. Since 2007, she has been the Head of Group Internal

Audit. In 2011, she was a member of the supervisory board of SAZKA sázková kancelář, a.s. Since 2018, she has been a member of the Supervisory Board of PPF banka a.s.

Bohuslav Samec

Member of the Audit Committee since 10 December 2009

Born in 1959, Bohuslav Samec graduated from a two-semester Monetary Economics and Banking course at the Prague University of Economics and Business. Between 1985 and 1993, he held managerial positions in services. He has worked for PPF Group since 1994, in which time he has held various managerial positions. He has served as a member of the board of directors of PPF burzovní společnost and a member of the supervisory board of Slezan Frýdek-Místek a.s. and Gramofonové závody, a.s. He currently works for Česká pošta in Corporate Governance. Since 2009, he has been a member of the Supervisory Board of PPF banka a.s. He also served as a member of the Supervisory Board of PPF banka a.s. between 2006 and 2008.

Senior Management

Petr Jirásko

Chief Executive Officer since
14 October 2013

Jaroslava Studenová

Managing Director of Operations
since 1 May 2007

Miroslav Hudec

Managing Director of Financial
Management since 1 January 2014

Luboš Prchal, Ph.D.

Managing Director of Risk
Management since 3 November 2021

Karel Tregler

Managing Director of Commercial
and Investment Banking since
3 November 2021
(Managing Director of Financial
Markets from 1 January 2014
to 2 November 2021)

David Marek

Managing Director of IT since
1 December 2018

Gabriela Mošová

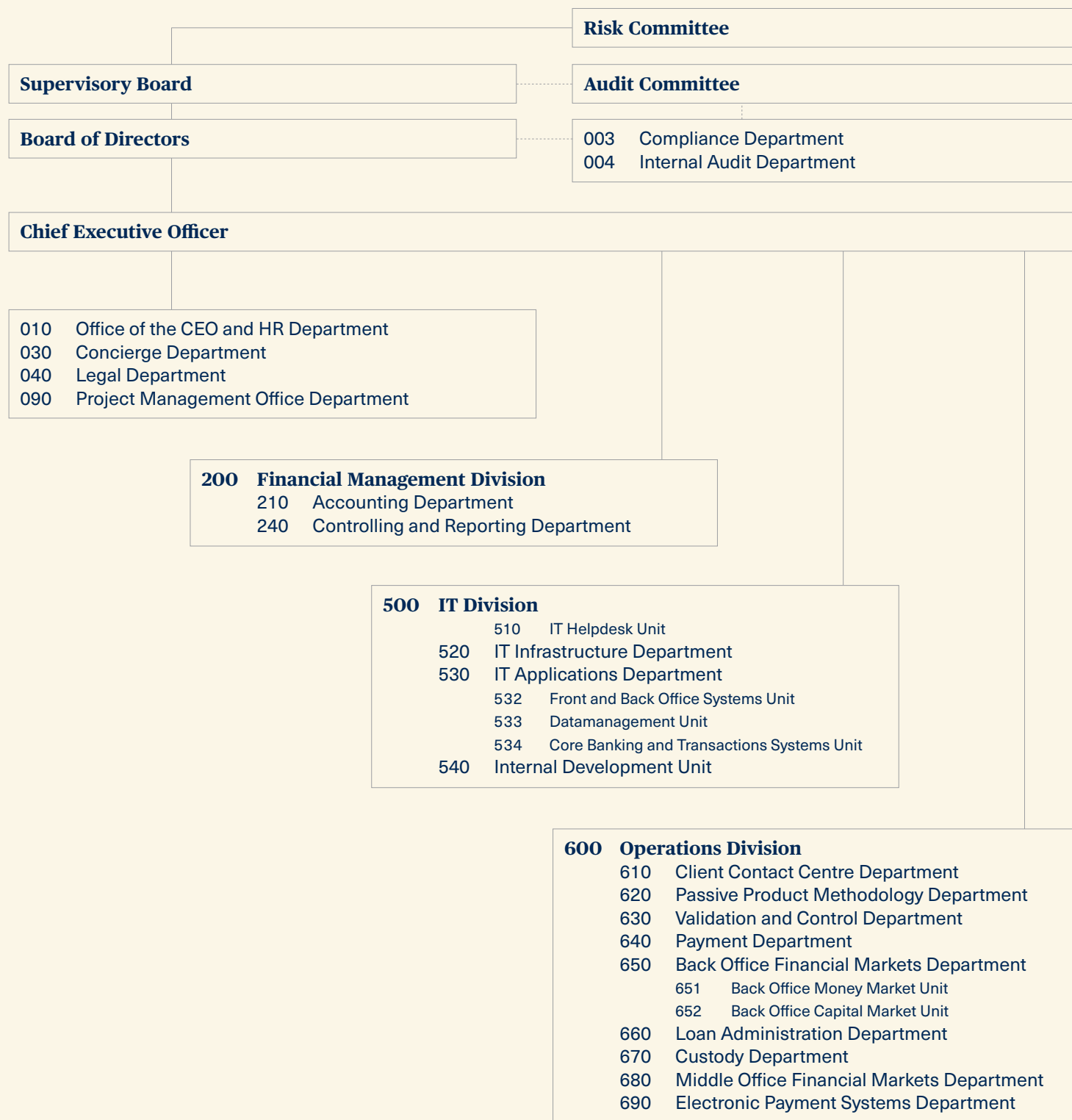
Managing Director of Risk
Management from 1 January 2016
to 2 November 2021

Igor Kottman

Managing Director of Sales from
11 January 2016 to 2 November 2021

Organisational Structure

Organisational Structure as at 31 December 2021



700 Risk Management Division

- 710 Market Risk Management Department
- 720 Credit Risk Management Department
 - 721 Financial Institutions Analysis Unit
 - 722 Risk Underwriting Unit
 - 723 Corporate Client Analysis Unit
 - 724 Risk Operations Unit
- 730 Restructuring and Workout Department
- 760 Security and Operational Risk Management Department

800 Commercial and Investment Banking Division

300 Investment Banking Section

- 310 Investment Products and Analysis Department
- 320 Trading Department
- 330 Corporate and Municipal Client Sales Department
- 340 Treasury Department
- 350 Institutional and Corporate Client Banking Services
- 370 Institutional Client Sales Department
- 380 Private Banking Department

400 Commercial Banking Section

- 410 Export and Structured Financing Department
- 420 Transaction Service Department
- 430 Real Estate Financing Department
- 460 Corporate Banking Department
- 470 Public Sector Department

Financial Section

Independent Auditor's Report



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This document is an unsigned English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Shareholders of PPF banka a.s.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying separate financial statements of PPF banka a.s. ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the separate statement of financial position as at 31 December 2021, and the separate statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the separate financial statements.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2021, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

KPMG Česká republika Audit, s.r.o., a Czech limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Recorded in the Commercial Register kept by the Municipal Court in Prague, Section C, Insert No. 24185

Identification No. 49619187
VAT CZ699001996
ID data box: 8h3gtra



Key Audit Matters

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

Loss allowances for loans to and receivables from customers

Loss allowances for loans and advances to customers amounted to CZK 1,138 million as at 31 December 2021 (31 December 2020: CZK 2,204 million). Gross amount of loans and advances to customers amounted to CZK 44,489 million as at 31 December 2021 (31 December 2020: CZK 37,949 million).

Refer to Note 3 (Significant accounting policies), Note 20 (Loans and receivables) and Note 43 (Risk management) in the notes to the separate financial statements.

Key audit matter	How the audit matter was addressed
<p>The Company's management makes significant judgments and complex assumptions when estimating expected credit losses ("the Expected Credit Losses", "ECLs") in respect of loans and advances to customers (together "loans"). We consider the area to be associated with a significant risk of material misstatement, which, coupled with the significantly higher estimation uncertainty stemming from the impact of the COVID-19 global pandemic on multiple sectors of the economy, required our increased attention in the audit. As such, we determined it to be a key audit matter.</p> <p>The loans are assigned to one of three stages in line with the requirements of IFRS 9 <i>Financial instruments</i> for the purposes of estimating the loss allowances. Stage 1 and Stage 2 loans are performing exposures, with Stage 2 being exposures with a significant increase in credit risk since origination. Stage 3 loans are non-performing, i.e. credit-impaired loans.</p> <p>Impairment allowances for the performing exposures are determined by modelling techniques taking into account historical experience, forward-looking information and management judgment. Key assumptions and</p>	<p>Assisted, where applicable, by our own credit risk, valuation and information technology (IT) specialists, we performed, among others, the procedures outlined below:</p> <p>We critically assessed the Company's credit and loan accounting policies, and the processes related to estimating ECLs. As part of the procedure, we assessed the process of identifying indicators of default, SICR, and allocating of loans to respective stages. We also inspected the Company's ECL methods and models and assessed their compliance with the relevant requirements of the financial reporting standards.</p> <p>We tested the IT control environment for data security and access, and also tested the design, implementation and operating effectiveness of IT-based and manual controls over the identification and timely consideration of SICR and credit-impairment. The controls tested included those over the calculation of the loans' days past due, matching loan repayments to instalments and calculation of ECLs.</p> <p>We evaluated whether in its loan staging and ECL measurement the Company appropriately considered the effects of the market disruption resulting from the COVID-19 pandemic.</p>



Key audit matter	How the audit matter was addressed
<p>judgments relevant to the assessment of performing exposures comprise:</p> <ul style="list-style-type: none"> — definition of default and of significant increase in credit risk (SICR); — probability of default (PD) - estimated by statistical models, based on historical data and forward looking information (FLI) based on macroeconomic scenarios. — exposure at default (EAD) - decreased by the net realisable value of collateral estimated based on appraisals adjusted for historical data; — loss given default (LGD) – based on historical data from the collection process. <p>Loss allowances for all Stage 3 loans are determined on an individual basis by discounting the probability-weighted scenarios of estimated future cash flows from the borrower. The key judgments and assumptions therein are those in respect of the estimated amount and timing of future cash repayments, including the net realisable value of underlying collateral.</p>	<p>We obtained the relevant forward-looking information and macroeconomic projections used in the Company's ECL assessment. We independently assessed the information by means of corroborating inquiries of the Management Board and inspecting publicly available information.</p> <p>We challenged the LGD, net realisable value of collateral and PD parameters, by assessing back-testing of historical defaults and by reference to historical realized losses on those defaults, and also considering any required adjustments to reflect expected changes in circumstances;</p> <p>For use in the following procedures, we challenged the valuation methods and models applied in estimating the net realizable values of the loan collaterals by the valuation experts engaged by the Company, whose experience, competence and objectivity we also independently assessed</p> <p>For a sample of Stage 1 and Stage 2 loans, by reference to respective loan files and inquiries of the credit risk personnel, we:</p> <ul style="list-style-type: none"> — determined whether a significant increase in credit risk occurred or whether the loan was credit-impaired; — traced the net realisable value of related collateral to the appraisals by the valuation experts engaged by the Company; — assessed whether appropriate PD and LGD parameters were assigned to the loans in the sample; — checked other characteristics of selected loans relevant for the ECL calculation. <p>For a sample of Stage 3 loans, we challenged the estimated cash flow scenarios and their probabilities. In performing the procedure, we focused on the key assumptions, such as the realisable value of the underlying</p>



Key audit matter	How the audit matter was addressed
	<p>collateral, which we traced to the appraisals by the valuation experts engaged by the Company, or other supporting evidence where collateral less relevant in the process of recovery.</p> <p>We critically assessed the overall reasonableness of the estimated ECLs by comparing the ratios of loss allowances to gross loans per stage and in total against market and peer averages.</p> <p>We examined whether the Company's loan impairment and credit risk-related disclosures in the separate financial statements appropriately include the relevant quantitative and qualitative information required by the applicable financial reporting framework.</p>

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.

As described in Note 1 to the financial statements, PPF banka a.s. has not prepared an annual report as at 31 December 2021, as it includes the respective information in a consolidated annual report. Consequently, this auditor's report does not include our statement on the other information.

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



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

Report on Other Legal and Regulatory Requirements

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

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 29 April 2021 and our uninterrupted engagement has lasted for 23 years.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 21 April 2022 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

We declare that no prohibited services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided.

Except for the statutory audit, we did not provide the Company and its controlled undertakings with any other services that have not been disclosed in notes to the financial statements or annual report.



Statutory Auditor Responsible for the Engagement

Jindřich Vašina is the statutory auditor responsible for the audit of the financial statements of PPF banka a.s. as at 31 December 2021 based on which this independent auditor's report has been prepared.

Prague
22 April 2022

KPMG Česká republika Audit

KPMG Česká republika Audit, s.r.o.
Registration number 71

A handwritten signature in blue ink, appearing to read 'J. Vašina', written over a horizontal line.

Jindřich Vašina
Partner
Registration number 2059

Separate Financial Statements

for the year ended 31 December 2021 in accordance with International Financial Reporting Standards (IFRS)

Separate Statement of Comprehensive Income

for the year ended 31 December 2021

In millions of CZK	Note	2021	2020
Interest and similar income*	7	3,788	4,482
Interest expense and similar charges	7	(961)	(1,190)
Net interest and similar income		2,827	3,292
Dividend income	8	-	415
Fee and commission income	9	555	493
Fee and commission expense	9	(331)	(284)
Net fee and commission income		224	209
Net income from financial operations	10	252	344
Other operating income		4	11
Operating income		3,307	4,271
Personnel expenses	11	(445)	(435)
Other general administrative expenses	11	(509)	(382)
General administrative expenses		(954)	(817)
Depreciation and amortisation	12	(98)	(81)
Other operating expenses	13	(315)	(312)
Operating expenses		(1,367)	(1,210)
Impairment gains/(losses)	14	187	(1,750)
Profit before income tax		2,127	1,311
Income tax expense	15	(380)	(178)
NET PROFIT FOR THE YEAR		1,747	1,133
OTHER COMPREHENSIVE INCOME			
Items that are or may be reclassified to profit or loss			
Fair value reserve (debt instruments measured at fair value through other comprehensive income, tax included):		(622)	(26)
Net change in fair value		(554)	259
Net amount transferred to profit or loss		(68)	(285)
Items that will not be reclassified to profit or loss			
Fair value reserve (equity instruments designated at fair value through other comprehensive income, tax included):			
Net change in fair value		3	14
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		(619)	(12)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,128	1,121

* The breakdown of interest and similar income into one calculated using the effective interest rate and others is set out in note 7.

The notes on pages 53 to 122 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 22 April 2022.

Signed on behalf of the Board of Directors by:

Ing. Petr Jirásko
Chairman of the Board of Directors



Ing. Miroslav Hudec
Member of the Board of Directors



Separate Statement of Financial Position for the year ended 31 December 2021

In millions of CZK	Note	31.12.2021	31.12.2020
ASSETS			
Cash and cash equivalents	16	127,050	90,096
Financial assets at fair value through profit or loss	17	36,813	19,291
Financial assets at fair value through other comprehensive income	18	22,894	19,314
Loans and advances to banks	19	5,227	4,130
Loans and advances to customers	20	43,351	35,745
Investments in subsidiaries	21	237	237
Property, plant and equipment	22	147	152
Intangible assets	23	210	217
Income tax assets	24	236	46
Deferred tax assets	25	138	146
Other assets	26	319	349
TOTAL ASSETS		236,622	169,723
LIABILITIES			
Deposits from banks	27	41,333	1,933
Deposits from customers	28	145,548	131,462
Debt securities issued	29	4,411	3,122
Financial liabilities at fair value through profit or loss	31	27,632	16,710
Provisions	32	173	162
Other liabilities	33	983	920
TOTAL LIABILITIES		220,080	154,309
SHAREHOLDERS' EQUITY			
Issued capital	37	769	769
Share premium	37	412	412
Retained earnings		15,497	13,750
Fair value reserve	38	(136)	483
TOTAL SHAREHOLDERS' EQUITY		16,542	15,414
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		236,622	169,723

Separate Statement of Cash Flows

for the year ended 31 December 2021

In millions of CZK	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		2,127	1,311
Adjustments for:			
Depreciation and amortisation	12	98	81
Net impairment loss on investment securities		(75)	105
Net impairment loss on loans and advances		(112)	1,666
Net interest income	7	(2,827)	(3,292)
Revaluation of financial assets and liabilities at fair value through profit or loss		624	(635)
Net gain/loss on the sale of financial assets at fair value through other comprehensive income		(68)	(285)
Dividends received		-	(415)
Other non-cash adjustments		21	120
Operating profit before the change in operating assets and liabilities		(212)	(1,344)
Changes in:			
Financial assets at fair value through profit or loss		(18,112)	(11,451)
Loans and advances to banks		(1,097)	(490)
Loans and advances to customers		(7,522)	3,986
Other assets		25	(58)
Financial liabilities at fair value through profit or loss		10,922	7,656
Deposits from banks		39,323	(23,810)
Deposits from customers		14,039	(41,252)
Other liabilities		83	(191)
		37,449	(66,954)
Interest received		3,759	4,157
Interest paid		(807)	(1,280)
Income taxes paid		(418)	(551)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		40,047	(64,628)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(7,349)	(8,236)
Proceeds from sale of financial assets at fair value through other comprehensive income		3,072	6,472
Acquisition of property and equipment		(37)	(34)
Acquisition of intangible assets		(49)	(56)
Acquisition of subsidiaries and capital funds increase		-	(105)
Dividends received		-	415
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		(4,363)	(1,544)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of debt securities		2,471	2,233
Repayment of debt securities issued		(1,181)	(2,647)
Leasing payments		(20)	(35)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		1,270	(449)
Net increase/(decrease) in cash and cash equivalents		36,890	(66,621)
Cash and cash equivalents at 1 January	16	90,096	156,713
Effect of exchange rate fluctuations on cash and cash equivalents held		64	4
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		127,050	90,096

Separate Statement of Changes in Equity

for the year ended 31 December 2021

In millions of CZK	Issued capital	Share premium	Fair value reserve	Retained earnings	Total equity
BALANCE AT 1 JANUARY 2021	769	412	483	13,750	15,414
Total comprehensive income for the period					
Net profit for 2021	-	-	-	1,747	1,747
Other comprehensive income					
Changes in fair value of financial assets at fair value through other comprehensive income (tax included)	-	-	(619)	-	(619)
Total	769	412	(136)	15,497	16,542
Transactions with owners, contribution and distribution to owners					
Dividends paid	-	-	-	-	-
BALANCE AT 31 DECEMBER 2021	769	412	(136)	15,497	16,542
BALANCE AT 1 JANUARY 2020	769	412	606	12,508	14,295
Total comprehensive income for the period					
Net profit for 2020	-	-	-	1,133	1,133
Other liabilities - "Social Fund"	-	-	-	(2)	(2)
Other comprehensive income					
Changes in fair value of financial assets at fair value through other comprehensive income (tax included)	-	-	(12)	-	(12)
Transfer of gain from disposal of equity instruments at fair value through other comprehensive income within equity	-	-	(111)	111	-
Total	769	412	483	13,750	15,414
Transactions with owners, contribution and distribution to owners					
Dividends paid	-	-	-	-	-
BALANCE AT 31 DECEMBER 2020	769	412	483	13,750	15,414

Notes to the Separate Financial Statements

for the year ended 31 December 2021

1 Introduction

PPF banka a.s. (“the Bank”) was established on 31 January 1995 as the successor to the former ROYAL BANKA CS,a.s. (operating on the market from 31 December 1992) by a resolution of Prague City Council in order to create a strong financial partner for cities and municipalities.

The Bank is registered in the Commercial Register as a joint-stock company, with the following scope of business:

- execution of banking transactions and provision of banking services in the Czech Republic and abroad, to the extent permitted by relevant legislation and the licence granted by the Czech National Bank (CNB). The Bank may acquire an interest in other companies both in the Czech Republic and abroad, including non-financial service companies.

On 23 June 2004, the shareholders of the Bank decided to change the name of První městská banka,a.s. to PPF banka a.s. The change of name to PPF banka a.s. was recorded in the Commercial Register on 1 September 2004.

As at 31 December 2021, the parent company of the Bank is PPF Financial Holdings a.s., with its registered office in the Czech Republic, Prague, Evropská 2690/17, postal code: 16000, registration number: 10907718, the parent company of PPF Financial Holdings a.s. is PPF Group N.V., with its registered office in the Netherlands, Amsterdam, Strawinskylaan 933, postal code: 1077XX, registration number: 33264887.

Registered office of the Bank:

PPF banka a.s.
Evropská 2690/17
160 41 Praha 6
Czech Republic

The Bank has not prepared a separate annual report, because the Bank includes the relevant information in the consolidated annual report.

2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

3 Significant accounting policies

3.1 Basis of preparation

The financial statements are presented in Czech Crowns, which is the Bank's functional currency, rounded to the nearest million. The financial statements are prepared on the historical cost basis, except for financial assets and liabilities at fair value through profit or loss, and assets at fair value through other comprehensive income.

Use of judgements and estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgements concerning the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that may have a significant effect on the financial statements in the year ended 31 December 2021 is included in the following notes:

- impairment of financial instruments, determining inputs into the expected credit loss measurement model, including the incorporation of forward-looking information in note 5;
- sensitivity analysis of loss allowance by relevant categories in note 43.1;
- determination of the fair value of financial instruments with significant unobservable inputs in note 3.3.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

Estimates which may have a significant effect on the financial statements in the next year regarding standards that are not yet effective and are relevant to the financial statements are discussed in note 4.

Information about judgements made in the application of accounting policies that may have a significant effect on the financial statements is included in the following notes.

- classification of financial instruments, especially an assessment of the business model and an assessment of whether contractual cash flows are solely payments of principal and interest on unpaid principal (“SPPI”) in note 3.3;
- assessment of whether there has been a significant increase in the credit risk of financial instruments since initial recognition, considering all available and relevant information, including quantitative and qualitative information, an analysis based on historical experience of the Bank and forward-looking information in note 5.

COVID-19 and its impact on the financial statements and the going-concern assessment

The World Health Organization declared a global health emergency in January 2020 and later, in March, declared the coronavirus outbreak a pandemic. The Bank is aware of the potential impact on the Bank and the banking industry. Since early 2020, the Bank has further strengthened its governance and increased its prudence in assessing the risks. Risk management is presented in note 4. In 2020, the Bank recorded a significant increase in expected credit losses, mostly caused by a significant deterioration in expected macroeconomic conditions. In 2021, the situation stabilised and the macroeconomic outlook improved slightly, which led to a slight release in loss allowances on performing loans and advances to customers. In 2021, no significant pre-pandemic risks materialised, and the Bank did not observe any significant defaults. The Bank has not observed any significant deterioration in its liquidity position and has not had any difficulty in meeting the minimum capital requirements set by the regulator.

The Bank is continuously monitoring the situation and, based on our current knowledge and stress testing performed on the basis of all available information, we do not expect COVID-19 to have an impact on our ability to continue as a going concern in the future.

The separate financial statements have been prepared on the basis of the going-concern principle.

IBOR reform and its impact on the financial statements

A fundamental reform of major interest rate benchmarks is being undertaken globally to reform IBOR or replace it with alternative nearly risk-free rates (referred to as the “IBOR reform”). The Bank is aware of the potential impact of the IBOR reform on Bank operations, risk management and accounting. The Bank is continuously monitoring the situation and below presents an overview of Bank exposures and IBOR rates affected by the IBOR reform.

The table below sets out the IBOR rates that the Group had exposure to, the new benchmark rates to which these exposures have been or are being transitioned, and the status of the transition.

Currency	Benchmark rate before reform	Benchmark rate after reform	As at 31 December 2021 Status	As at 31 December 2020 Status
GBP	GBP LIBOR	SONIA	In progress	In progress
USD	USD LIBOR	SOFR/Term SOFR	In progress	In progress
EUR	EONIA	€STR	Completed	In progress
EUR	EURIBOR	EURIBOR reformed	Completed	In progress

As at 31 December 2021, the IBOR reform had been largely completed. If the Bank considers that the status is still in progress, it represents the exposures with interest that are still indexed to the original benchmark rate as at 31 December 2021 due to the contractually fixed rate for the set interest period, but will be transitioned to new benchmark rates on the date of the next refixation.

The exposures identified by the Bank as affected by the IBOR reform are as follows:

- non-derivative financial assets, presented as Cash and cash equivalents, Loans and advances to banks, and Loans and advances to customers in the statement of financial position;
- non-derivative financial liabilities, presented as Deposits from banks and Deposits from customers in the statement of financial position;
- derivatives presented as Financial assets/liabilities at fair value through profit or loss in the statement of financial position.

However, the impact of the reform on these exposures was insignificant, both individually and on aggregate.

Consolidated entities

In addition to the separate financial statements, the Bank prepares consolidated financial statements, which include the companies stated in note 21.

3.2 Foreign currency

3.2.1 Functional currency

The separate financial statements are presented in Czech Crowns (CZK), which is the Bank's functional currency.

3.2.2 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Bank at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the presentation currency at the foreign exchange rate ruling at the dates that the values were determined.

3.3 Financial instruments

3.3.1 Classification and measurement of financial assets

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is classified under one of these categories on initial recognition.

POCI assets

IFRS 9 also includes so-called POCI assets. POCI assets are purchased or originated financial assets that are credit-impaired on initial recognition.

Business model assessment

The Bank made an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated, e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, and the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Bank's business models are as follows:

- “held and collect”;
- “held, collect and sell”;
- “other”.

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest (“SPPI”)

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets, e.g. non-recourse asset arrangements; and
- features that modify consideration for the time value of money, e.g. the periodic reset of interest rates.

3.3.2 Initial recognition of financial assets

On initial recognition, financial assets/liabilities at AC are recognised on the settlement date at fair value adjusted for transaction costs directly attributable to the acquisition/issue or disposal of a financial asset/liability.

Financial assets at FVTPL are recognised on the date the Bank commits to purchase the assets. From this date, any gains or losses arising from changes in the fair value of the assets are recognised in the statement of comprehensive income.

Financial assets classified at FVOCI are recognised on the date the Bank commits to purchase the assets. From this date, any gains or losses arising from changes in the fair value of the assets are recognised in equity as differences from the revaluation of assets.

3.3.3 Fair value measurement principles

Fair value is the price the Bank would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date.

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using discounted cash flow techniques or other pricing models.

Valuation models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation framework

The Bank has an established control framework with respect to the measurement of fair values. This framework includes Risk Management, which is independent of front office management and which has overall responsibility for independently verifying the results of all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- a review and approval process for new models and changes to models;
- calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- a review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous period.

When third-party information, such as broker quotes or pricing services, is used to measure fair value, Risk Management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Bank for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, how fair value has been determined using those quotes.

3.3.4 Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial assets and liabilities at fair value through profit or loss are recognised directly in profit or loss as “Net income from financial operations”.

Gains and losses arising from a change in the fair value of financial assets measured at fair value through other comprehensive income are recognised directly in other comprehensive income and become the equity item “Fair value reserve”.

3.3.5 Specific financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash deposited with banks and central banks, short-term reverse repo operations and short-term highly liquid investments, including treasury bills and other bills eligible for refinancing with the central bank (except for those held for trading). The financial assets are measured at amortised cost in line with IFRS 9.

Loans and advances

Loans and advances to banks and customers are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (except for those held for trading). If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding, the financial assets are measured at amortised cost in line with IFRS 9. The financial assets are measured at fair value through profit or loss if the contractual terms do not meet the criteria specified above.

Debt securities issued

Own issued debt securities are recognised at amortised cost under “Debt securities issued”. Upon initial recognition, own debt securities are measured at cost, which includes direct transaction costs.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss include financial derivatives and non-derivative financial assets and financial liabilities held for trading.

Financial derivatives

Financial derivatives with positive fair value are presented as “Financial assets measured at fair value through profit or loss”. Financial derivatives with negative fair value are presented as “Financial liabilities measured at fair value through profit or loss”.

For presentation purposes, derivatives are split into

- derivatives held for trading; and
- hedging derivatives.

Derivatives held for trading are those which are not designated as hedging instruments. All kinds of non-hedging derivatives without regard to their internal classification, i.e. both derivatives held in the trading book and banking book, or purpose, i.e. both trading derivatives and derivatives held for risk management, are presented in this line item.

Hedging derivatives are those which are designated as hedging instruments in hedges fulfilling the conditions of IFRS 9. The Bank did not apply hedging fulfilling the conditions of IFRS 9 in 2021 or 2020.

Changes in fair value (the clean price) of derivatives are recognised in the income statement in the line item “Net income from financial operations”.

3.4 Derecognition and contractual modification

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Bank transfers the financial asset, provided that the Bank also transfers substantially all the risks and rewards of ownership of the financial asset.

A financial liability is derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. Substantial modification of the terms of an existing financial liability is accounted for as extinguishment of the original financial liability and recognition of a new financial liability.

Financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income that are sold are derecognised and the corresponding receivables from the buyer are recognised on the day they are delivered (settlement date accounting).

In the event of the derecognition of investments in equity instruments designated at fair value through other comprehensive income, the Bank does not reclassify the cumulative gain or loss from equity to profit or loss. The cumulative gain or loss is transferred within equity.

Debt instruments measured at amortised cost, loans and advances to banks, and loans and advances to customers are derecognised on the day of maturity or on the day they are transferred by the Bank.

Modification

Substantial modification of the contractual cash flows of a financial asset is considered by the Bank to be the expiry of contractual rights to the financial asset. The Bank uses internally defined quantitative and qualitative criteria to assess the significance of a change. As for the quantitative criteria, the Bank considers contractual terms to be significantly changed if the discounted present value of the cash flows under the new terms is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset as of the date of modification. As for the qualitative criteria, the Bank considers contractual terms to be significantly changed if the new contractual cash flow would not meet SPPI criteria or there would be a change of legal form, tax regime, the currency of the financial assets, or the addition of a convertible option to the financial asset terms. If the Bank considers contractual terms to be significantly changed based on at least one of the qualitative or quantitative criteria, the Bank derecognises the modified financial asset. Where the modification of a financial asset results in the derecognition of an existing financial asset and the subsequent recognition of a modified financial asset, the modified asset is treated as a new financial asset for the Bank's purposes.

In the event of the modification of a financial instrument not measured at fair value through profit or loss that does not result in derecognition, the Bank recalculates the gross carrying amount of the financial asset (the amortised cost of the financial liability) as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's (financial liability's) original effective interest rate and recognises the modification gain or loss in profit or loss.

In the case of modified financial assets, the Bank determines whether there was a significant increase in credit risk and estimates impairment losses on these financial assets in accordance with the accounting methods described in note 5.1.

3.5 Repurchase transaction

The Bank enters into purchases (sales) of financial assets under agreements to resell (repurchase) identical financial assets at a certain date in the future at a fixed price. Financial assets purchased subject to commitments to resell them at future dates are not recognised in the statement of financial position. The amounts paid are recognised in loans to either banks or customers or cash and cash equivalents. The receivables are shown as collateralised by the underlying security. Financial assets sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policies as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in "Interest and similar income" or "Interest expense and similar charges".

3.6 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Bank has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

3.7 Impairment

The Bank assesses impairment loss on financial assets based on a forward-looking “expected credit loss” model in line with IFRS 9. The model assumptions and estimates are described in detail in note 5.

When the expected credit loss increases in the period, the amount of the corresponding impairment loss on the financial asset is recognised in the statement of comprehensive income line item “Impairment gains/losses”.

If the expected credit loss decreases in the subsequent period, the amount of corresponding impairment loss reversal is recognised in the statement of comprehensive income line item “Impairment gains/losses”.

If the Bank has no reasonable expectations of recovering the financial asset (in either its entirety or a portion of it), the financial assets are written off. This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may still apply enforcement activities to financial assets being written off. Recoveries resulting from the Bank’s enforcement activities are recognised in the statement of comprehensive income in the line item “Impairment gains/losses”.

Loss allowances based on the “expected credit loss” model are recognised as follows:

- for financial assets measured at amortised cost: as a decrease of the assets’ gross carrying amount;
- for loan commitments and financial guarantee contracts: generally as a provision;
- for financial instruments that include both the drawn and undrawn portion, the Bank recognises a combined loss allowance for both parts - one is recognised as a decrease in the gross carrying amount of the drawn portion, and the other one exceeding the gross carrying amount of the drawn portion is recognised as a provision; and
- for debt instruments measured at FVOCI: an adjustment relating to the expected credit losses is recognised in profit or loss against the equity line “Fair value reserve”.

3.8 Net interest and similar income

Interest income or expense from all interest-bearing financial instruments except financial instruments measured at fair value through profit or loss is recognised using the effective interest rate (“EIR”) and reported in profit or loss in the line items “Interest and similar income” or “Interest expense and similar charges” as part of revenue/expenses from continuing operations.

The effective interest method calculates the gross carrying amount or amortised cost of a financial asset or a financial liability that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument to its net carrying amount. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument (but not future credit losses). In respect of POCI financial assets, the Bank uses the effective interest rate that is calculated as an estimate of future cash flows including expected credit losses. The calculation of an effective interest rate also includes transaction costs and paid and received fees that are an integral part of the effective interest rate.

Amortised cost and gross carrying amount of a financial asset

The amortised cost of a financial asset or a financial liability is the amount at which the financial asset or liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses. The gross carrying amount of financial assets is the amortised cost of a financial asset, before adjustment for any credit loss.

Calculation of interest income and expense

In the calculation of interest income or interest expense, the effective interest rate is applied to the gross carrying amount of assets that are not credit-impaired or to the amortised cost of a liability.

Interest income in respect of financial assets that become credit-impaired after initial recognition is calculated using the effective interest rate method from the amortised cost of an asset. Interest income in respect of POCI financial assets is calculated using the credit-adjusted effective interest rate method from the amortised cost of an asset.

3.9 Dividend income

Dividend income is recognised in the statement of comprehensive income on the date that the dividend is declared.

3.10 Net fee and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate, and therefore included in “Interest and similar income” or “Interest expense and similar charges”.

Fee and commission income from contracts with customers, under IFRS 15, is measured based on the consideration specified in the contract with a customer. The Bank recognises revenue when it transfers control over a service to a customer.

The fee and commission income arises from financial services provided by the Bank, including cash management services, the central clearing of toll payments, brokerage services, investment advice and financial planning, investment banking services, and project and structured finance transactions. Fee and commission income is recognised when the corresponding service is provided. Penalty fees that have not been claimed or that have been waived are excluded from profit or loss.

A contract with a customer that results in a recognised financial instrument in the Bank’s financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, account maintenance and brokerage fees which are expensed as the services are received.

3.11 Net income from financial operations

Net income from financial operations comprises gains less losses related to financial assets and liabilities at fair value through profit and loss and includes all fair value changes. Net income from financial operations also includes realised gains or losses on financial assets at fair value through other comprehensive income (equity instruments excluded) and all foreign exchange differences.

3.12 Investments in subsidiaries

Investments in subsidiaries are measured at historical costs decreased by potential accumulated impairment losses.

3.13 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives as follows:

Budovy	50 let
Ostatní	1-10 let

Low value tangible assets with a purchase price of less than TCZK 40 and an estimated useful life shorter than 1 year are recognised as expenses in the period in which they are purchased.

3.14 Intangible assets

Software and other intangible assets that are acquired by the Bank are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets.

3.15 Leases

From a lessee perspective:

The Bank treats a contract as a lease if it conveys the right to control the use of a given asset for a period of time in exchange for consideration.

A right-of-use asset and a lease liability are recognised at the lease commencement date.

A right-of-use asset is initially measured at cost. The cost of a right-of-use asset comprises: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs; and an estimate of costs to be incurred in restoring the underlying asset. The asset is subsequently depreciated on a straight-line basis over the estimated useful life of the right-of-use asset, or until the end of the lease term, if earlier.

A right-of-use tangible asset is recognised as a tangible asset in the statement of financial position.

A lease liability recognised in other liabilities is measured at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, variable lease payments that depend on an index, amounts expected to be payable by the lessee under residual value guarantees, and the exercise price of a purchase option or an option to extend or terminate a lease if the Bank is reasonably certain to exercise that option. Lease payments are discounted using the Bank's incremental borrowing rate.

After the commencement date, the Bank revises the remeasurement of lease liabilities to reflect changes to the lease payments. The Bank also makes the corresponding adjustment to the value of the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Bank recognises it in profit or loss.

Interest on the lease liability is recognised in interest expense.

From a lessor perspective:

The Bank does not provide leasing services in the capacity of a lessor.

3.16 Provisions

Provision means a probable outflow of an uncertain amount and in an uncertain period of time. Provisions are recognised when:

- there is a legal or constructive obligation as a result of past events;
- it is probable, and the probability exceeds 50%, that an outflow of resources will be required to settle the obligation;
- a reliable estimate of the amount of the obligation can be made.

In the statement of financial position, provisions are reported under the line item “Provisions”. They include credit risk loss provisions for contingent liabilities (particularly financial guarantees and loan commitments) as well as legal provisions and other provisions. Expenses or income related to provisions for loan commitments and financial guarantees are reported in the statement of income under the line item “Impairment gains/losses”. Expenses or income related to other provisions are reported in the statement of income under “Operating expenses”.

3.17 Income taxes

The income tax base is calculated from the current year profit. Expenses considered non-taxable expenses are added and income considered non-taxable income is deducted. The income tax base is modified by tax allowances and tax benefits.

Deferred income tax arises from temporary differences between the accounting values of assets and liabilities and their carrying amounts in the financial statements. The deferred tax is calculated using the tax rates applicable in the periods in which the timing difference is expected to reverse. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

3.18 Financial guarantees

Financial guarantees are contracts that require the Bank to make a specified payment to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of the debt instrument.

Liabilities under financial guarantee contracts are recorded initially at their fair value, which is generally the fee received or the present value of the fee receivable. Financial guarantee liabilities are subsequently measured at the higher of the initial fair value, less cumulative amortisation, and an amount equalling the expected credit loss determined in accordance with IFRS 9.

The fee received is recognised in the income statement under “Fee and commission income” and is amortised on a straight-line basis over the life of the guarantee.

4 Standards, interpretations and amendments to published standards that are not yet effective and relevant for the Bank's financial statements

A number of new Standards, amendments to Standards, and Interpretations are not yet effective as at 31 December 2021, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Banks's operations.

Amendments to IFRS 16 Leases

COVID-19-Related Rent Concessions beyond 30 June 2021. Effective for annual periods beginning on or after 1 April 2021. The amendments extend by one year the application period of the optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19.

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Amendment to IAS 16 Property, Plant and Equipment

Property, Plant and Equipment - Proceeds before Intended Use.

Effective for annual periods beginning on or after 1 January 2022.

The amendments to IAS 16 require that the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended must be recognised, together with the cost of those items, in profit or loss and that the entity must measure the cost of those items applying the measurement requirements of IAS 2.

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts - Cost of Fulfilling a Contract.

Effective for annual periods beginning on or after 1 January 2022.

In determining costs of fulfilling a contract, the amendments require an entity to include all costs that relate directly to a contract. Paragraph 68A clarifies that the cost of fulfilling a contract comprises both: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 12 Income Taxes

Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments narrow the scope of the initial recognition exemption (IRE) to exclude transactions that give rise to equal and offsetting temporary differences, e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture

Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission decided to defer the endorsement indefinitely. It is unlikely that it will be endorsed by the EU in the foreseeable future.

The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not); while
- a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments clarify that the classification of liabilities as current or non-current shall be based solely on the Bank's right to defer settlement at the end of the reporting period. The Bank's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the Bank will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than significant accounting policies.

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments introduced a definition of “accounting estimates” and included other amendments to IAS 8 clarifying how to distinguish changes in accounting policies from changes in estimates. The distinction is important as changes in accounting policies are generally applied retrospectively while changes in estimates are accounted for in the period in which the change occurs.

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Annual Improvements to IFRS Standards 2018-2020

Effective for annual periods beginning on or after 1 January 2022.

Amendment to IFRS 9 Financial Instruments

The improvements clarify that, when assessing whether an exchange of debt instruments between an existing borrower and lender are on terms that are substantially different, the fees to include together with the discounted present value of the cash flows under the new terms include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Amendment to Illustrative Examples accompanying IFRS 16 Leases

The improvements remove from illustrative Example 13 accompanying IFRS 16 reference to a reimbursement by the lessor to the lessee for leasehold improvements as well as an explanation of a lessee's accounting for such reimbursement.

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Other new International Financial Reporting Standards and Interpretations, which are not yet in force.

The Bank has not early applied any IFRS standards unless adoption is mandatory as at the date of the statement of financial position. Where the transitional provisions in an adopted IFRS allow an entity to decide whether to apply the new standards in the future or retrospectively, the Bank chooses to apply the standard prospectively from the date of transition.

The Bank does not expect these new standards to have a material impact on the financial statements.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Bank makes estimates and assumptions concerning future economic developments. The resulting accounting estimates will, by definition, seldom be equal to the actual results. The estimates and assumptions that carry the most significant risk of a material adjustment being required to the carrying amounts of assets and liabilities in the next financial year are discussed below.

5.1 Impairment of financial assets

The Bank assesses impairment loss on financial assets based on a forward-looking “expected credit loss” (“ECL”) model in line with IFRS 9.

IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

Financial assets for which the provision is reported at 12-month expected credit losses are referred to as stage 1 financial assets. Financial assets are classified under stage 1 if they are assigned a low credit risk or if their credit risk has not significantly increased since the initial recognition.

Financial assets for which the provision is reported at the level of lifelong expected credit losses are referred to as stage 2 financial assets. Financial assets are reclassified under stage 2 if their credit risk has significantly increased since initial recognition and they are not currently assigned a low credit risk.

Financial assets in default are classified as stage 3 financial assets.

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls, i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn and the cash flows that the Bank expects to receive from this commitment; and
- financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Definition of default

Under IFRS 9, the Bank considers a financial asset to be in default when there is information available that:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without realising collateral; or
- the borrower is more than 90 days past due. Overdrafts are considered past due once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Bank mainly considers the following indicators:

- approval of the forced restructuring of the receivable, with the effect of a reduction in the borrower's financial liabilities;
- active insolvency proceedings against the borrower in the insolvency register;
- the removal of the borrower's licence for activity for which licensing is required;
- the declaration of a moratorium on payments to international creditors (valid only for central and local government exposures);
- the initiation of steps by the Bank to activate guarantees provided by guarantors for the borrower's commitments;
- a performing exposure with relief in the probationary period is more than 30 days past due during the probationary period;
- the borrower is unlikely (according to an assessment by the Bank) to fully repay liabilities to the Bank, the parent company or subsidiaries without the realisation of collateral;
- loss of the borrower's regular income intended for the repayment of liabilities to the Bank;
- there are reasonable concerns about the borrower's future ability to generate stable and sufficient cash flows;
- a significant increase in the borrower's level of debt, or a reasonable expectation of such an increase;
- breach of covenants laid down in the contract with the borrower;
- a significant delay in the borrower's payments to other creditors is recorded in the Central Credit Register (or in another credit register);
- a crisis in the borrower's sector, accompanied by the borrower's weak position in that sector;
- the disappearance of an active market for a financial asset because of the borrower's financial difficulties;
- the default of another member in an economically linked group;
- a borrower facing financial difficulties receives material financial assistance (for more than 12 months) from the parent company, shareholders or another member of an economically linked group in order to meet liabilities, unless this is financial assistance pre-planned or expected during the lending approval procedure.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Determining whether credit risk has increased significantly

Under IFRS 9, when determining whether the credit risk (i.e. risk of default) of a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis consisting - based on availability and complexity - of the Bank's historical experience, expert credit assessment and forward-looking information.

In line with IFRS 9, the Bank applies the rebuttable presumption that the credit risk increases significantly when an asset is more than 30 days past due. The Bank determines days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

The Bank primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- the credit risk as at the reporting date; with
- the credit risk that was estimated on initial recognition of the exposure.

As for the loan portfolio, the Bank considers there to have been a significant increase in credit risk since initial recognition if:

- the credit internal rating has deteriorated by two or more notches since initial recognition and the current credit rating is outside the range A1 to A4 (for credit ratings see note 43.1);
- the receivable or part thereof is more than 30 days past due;
- the current credit rating has deteriorated by at least one notch since initial recognition and the client has been assigned a credit rating of C1;
- the exposure has been designated as a exposure with forbearance;
- the exposure in the regime of increased monitoring (the so-called “pre-workout”)
- an individual assessment has been performed by the Head of the Credit Risk Management Department, who, on the basis of available information, has determined that the receivable exhibits signs of an increased credit risk.

As for the debt securities and other assets, the Bank considers there to have been a significant increase in credit risk since initial recognition if:

- the credit internal rating has deteriorated by two or more notches since initial recognition and the current credit rating is outside the range A1 to A4 (for credit ratings see note 43.1);
- the receivable or part thereof is more than 30 days past due;
- the current credit rating has deteriorated by at least one notch since initial recognition and the client has been assigned a credit rating of C1;
- an individual assessment has been performed by the Head of the Credit Risk Management Department, who, on the basis of available information, has determined that the receivable exhibits signs of an increased credit risk.

The Bank monitors the suitability of the criteria used to identify significant increases in credit risk by regular reviews to confirm that the results of assessment are compliant with IFRS 9 and internal guidelines and settings.

Inputs in the measurement of ECLs

The key inputs in the measurement of ECLs are - in general - the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters are - separately or collectively - derived from statistical models created on the basis of available market data. Models created on the basis of available market data are periodically back-tested on internal historical data. Failure probability estimates are estimates at a certain date that are calculated on the basis of statistical rating models and assessed using the rating tools established for different categories of counterparties and exposures.

The migration of a counterparty or exposure between credit ratings results in a change in the estimate of the associated PD.

EAD represents the exposure in the event of default. The Bank derives the EAD from the current exposure to the counterparty taking into account the repayment schedules. As for stage 1 and 2 exposures, the EAD of a financial asset is the gross carrying amount at default reduced by the net realisable value of collateral received.

Loss given default (LGD) is the amount of probable loss in the event of a default. For stage 1 and 2 exposures, the Bank uses external comparative information to assess LGDs as it has insufficient observations and data to derive its own statistically significant LGDs based on an analysis of the Bank’s portfolio. For this reason, the Bank bases its determination of LGD on the regulatory loss given default, which is back-tested on the number of observations available.

For stage 3 exposures, the Bank uses the difference between the gross carrying amount of an asset and the present value of estimated future cash flows applying scenario probability weights to measure expected credit losses.

Forward-looking information

Under IFRS 9, the Bank incorporates forward-looking information into its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and - where possible - as part of the measurement of ECLs. The external information used may include economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organisations such as the Organisation for Economic Cooperation and Development and the International Monetary Fund, and selected private sector and academic forecasters.

The Bank defines three economic scenarios: (i) the baseline economic scenario, which is the Bank's main scenario and is assigned the highest weight. This scenario is defined internally according to publicly available estimates of trends in key macroeconomic variables by relevant institutions, such as Oxford Economics, the Czech National Bank, the International Monetary Fund, the Organisation for Economic Cooperation and Development, and consensus analyst estimates published by Bloomberg and Reuters; and (ii) two less likely scenarios - optimistic and pessimistic. The Bank monitors the up-to-dateness of macroeconomic scenarios at least on a quarterly basis. The scenarios and their weights applicable as at 31 December 2021 are shown in the table below:

Czech Republic - GDP growth	Weight as at 31 December				
	2020	2021	2022	2023	2024
Baseline scenario	80%	50%	4.2%	3.5%	2.5%
Optimistic scenario	12%	10%	4.4%	4.6%	2.5%
Pessimistic scenario	8%	40%	0.1%	-1.1%	-2.1%

World - GDP growth	Weight as at 31 December				
	2020	2021	2022	2023	2024
Baseline scenario	80%	50%	4.4%	3.5%	2.8%
Optimistic scenario	12%	10%	4.4%	3.5%	2.8%
Pessimistic scenario	8%	40%	1.0%	0.0%	2.0%

The resulting estimated credit losses then reflect the expected development of gross domestic product in the three scenarios above.

On the strength of data availability and resource credibility, the Bank uses historical data analysis to estimate the relationships between macroeconomic variables and probabilities of default that are used to measure expected credit losses.

The Bank considers the change in the GDP of the Czech Republic and the change in world GDP as key variables explaining the changes in the historical probability of default. For exposures of clients who account in accordance with Czech accounting standards and whose business risk lies in the Czech Republic, the Bank uses the change in the GDP of the Czech Republic for PD estimates. For other clients' exposures, the Bank uses the change in the world GDP as an explanatory variable.

In 2021, the level of expected credit losses was still affected by the COVID-19 pandemic. The amount of expected credit losses resulting from the effect of forward-looking information (i.e. from the expected development of GDP) as at 31 December 2021 totalled CZK 112 million for the loan and bond portfolio (31.12.2020: 471 MCZK).

An analysis of sensitivity to the development of GDP is presented in note 43.1., Sensitivity Analysis of loss allowance by relevant categories.

6 Changes in accounting policies

There were no changes in accounting policies during the period from 1 January 2021 to 31 December 2021, except for below:

Until 2020, the Bank presented all reverse repo operations as Cash and cash equivalents, Loans and advances to banks or Loans and advances to customers and all repo operations as Deposits from banks or Deposits from customers in the statement of financial position.

Since 2021, the Bank has newly recognised reverse repo operations and repo operations held for trading (as at 31 December 2021, the Bank did not hold any reverse repo operations nor repo operations for trading). If reverse repurchase agreements or repurchase agreements are held for trading, they are reported as Financial assets or liabilities at fair value through profit or loss in the statement of financial position. Those not held for trading are still presented as Cash and cash equivalents, Loans and advances to banks, Loans and advances to customers or Deposits from banks, Deposits from customers in the statement of financial position.

7 Net interest income and similar income

MCZK	2021	2020
Interest and similar income		
Cash and cash equivalents	928	1,212
Loans and advances to banks	27	31
Loans and advances to customers	2,098	2,393
Of which:		
Unpaid interest income from impaired loans	3	2
Unpaid interest income from loans with forbearance	-	1
Financial assets at fair value through profit or loss	514	605
Financial assets at fair value through other comprehensive income	221	241
Of which:		
Interest and similar income - EIR	3,567	4,241
Interest and similar income - other	221	241
	3,788	4,482
Interest expense and similar charges		
Deposits from banks	(144)	(30)
Deposits from customers	(534)	(944)
Debt securities issued and short sales	(281)	(213)
Lease liabilities	(2)	(3)
	(961)	(1 190)
NET INTEREST INCOME AND SIMILAR INCOME	2,827	3,292

The Bank did not waive any interest past due during the years 2021 and 2020.

8 Dividend income

MCZK	2021	2020
Dividends - received from subsidiaries	-	415
TOTAL	-	415

9 Net fee and commission income

MCZK	2021	2020
Fee and commission income		
Toll administration fee income*	332	279
Transaction fee with clients	149	113
Custody fees	30	25
Fees from guarantees provided	14	13
Fees from administration of shares/bonds issue	9	42
Transaction fee with banks	4	3
Other	17	18
Of which:		
Fee income - contracts with customers - under IFRS 15	541	480
Fee income - other - under IFRS9	14	13
	555	493
Fee and commission expense		
Toll administration fee expense*	(244)	(205)
Transaction fee with other counterparties	(48)	(39)
Transaction fee with banks	(36)	(37)
Other	(3)	(3)
	(331)	(284)
NET FEE AND COMMISSION INCOME	224	209

* Based on contracts concluded between the Bank and CzechToll a.s. and between the Bank and the issuer of fuel cards or the intermediary for card payments, respectively, the Bank has been providing services as a clearing centre for toll payments in the Czech Republic since 1 December 2019. The service also includes the operation of the authorisation centre, which is provided to the Bank by an external company. The Bank collects and pays fees for the services provided and received.

10 Net income from financial operations

MCZK	2021	2020
Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss	(271)	1,273
Of which:		
Net gains/(losses) from trading derivatives	(983)	828
Trading securities	712	445
Net realised gains/(losses) on financial assets at fair value through other comprehensive income	68	285
Of which:		
Debt instruments	68	285
Net realised gains/(losses) on loans and advances to customers	36	-
Foreign exchange gains/(losses)	419	(1,214)
TOTAL	252	344

All derivatives without regard to their internal classification, i.e. both derivatives held in the trading book and banking book, or purpose, i.e. both trading derivatives and derivatives held for risk management, are presented as Trading derivatives, as hedge accounting is not applied.

However, the Bank uses derivatives for economic hedging, therefore, the net gain (loss) on derivatives is partially offset by foreign exchange gains (losses) or interest income (expenses).

11 General administrative expenses

MCZK	2021	2020
Personnel expenses		
Wages and salaries	(278)	(282)
Social expenses	(100)	(95)
Liability insurance, pension insurance	(6)	(4)
Remuneration paid to key management personnel*		
Short-term benefits	(49)	(40)
Long-term benefits	(12)	(14)
	(445)	(435)
Other general operating expenses		
Gifts	(202)	(105)
Consultancy services	(117)	(121)
IT	(113)	(83)
Other	(77)	(73)
	(509)	(382)
TOTAL	(954)	(817)

The average number of employees, members of the Board of Directors, Supervisory Board and executives of the Bank in the years 2021 and 2020 was as follows:

	2021	2020
Board of Directors	5	5
Supervisory Board**	6	6
Executives	2	2
Employees**	238	240

* Remuneration paid to key management personnel includes wages and salaries paid to the Board of Directors, Supervisory Board and other executives for the service rendered.

** Two employees are also members of the Supervisory Board and are therefore included in the number both of employees and of members of the Supervisory Board.

12 Depreciation and amortisation

MCZK	2021	2020
Depreciation on property, plant and equipment	(22)	(17)
Depreciation on property, plant and equipment - ROU	(20)	(32)
Amortisation of intangible assets	(56)	(32)
TOTAL	(98)	(81)

13 Other operating expenses

MCZK	2021	2020
Payment to Resolution Fund	(311)	(310)
Payment to Deposit Insurance Fund	(2)	(1)
Payment to Guarantee Fund	(2)	(1)
TOTAL	(315)	(312)

The basis for the calculation of the payment to the Guarantee Fund for 2021 amounted to MCZK 97 (2020: MCZK 100).

14 Impairment gains/losses

MCZK	2021	2020
Gains/(Losses) from change in loss allowances:		
Loans and advances to banks	-	-
Financial assets at fair value through other comprehensive income	75	(105)
Loans and advances to customers	224	(1,208)
Other assets	(5)	1
Write-offs - loans and advances to customers*	(96)	(479)
Revenues from previously written-off loans and advances to customers	-	21
Gains/(Losses) from change in provisions - off-balance sheet assets	(11)	20
TOTAL	187	(1,750)

* The loans and advances to customers that were written-off were fully covered by loss allowances as at the date of write-off.

The sharp increase of the impairment losses in 2020 was caused by an increase in expected credit losses due to a significant deterioration in expected macroeconomic conditions (especially the GDP growth expected in 2020 and 2021), the recognition of some loans and advances to customers as non-performing and the prudent assessment of the net collateral value if influenced by the COVID pandemic.

In 2021, the situation stabilised and the macroeconomic outlook improved slightly, which led to a slight release of loss allowances on performing loans and advances to customers. In 2021, no significant pre-pandemic risks materialised and the Bank did not observe any significant defaults. The Bank therefore believes that the effects may be delayed; this corresponds with significantly higher coverage of performing loans and advances to customers at the end of 2021 compared to the pre-pandemic period.

15 Income tax expense

Taxes on income consist of current tax on income calculated based on the results reported for tax purposes and the change in deferred taxes.

MCZK	2021	2020
Income tax - current		(455)
Income tax - related to prior years		11
Income tax - deferred		266
INCOME TAX EXPENSE	(380)	(178)

MCZK	2021	2020
Tax rate	19.0%	19.0%
Profit from operations (before taxation)	2 127	1 311
Computed taxation using applicable tax rate	404	249
Tax non-deductible expenses	68	147
Non-taxable income - dividends received	-	(79)
Non-taxable income - other	(39)	(163)
Tax related to prior years	(18)	(11)
Other items	(35)	35
INCOME TAX (EXPENSE)/INCOME - CURRENT	(380)	(178)
Effective tax rate	17.9%	13.6%

A significant difference in the effective tax rate in the year-over-year comparison relates to the dividend received in 2020, which represents non-taxable income.

Decrease of tax non-deductible expenses and non-taxable income in 2021 is connected to higher creation and release of non-taxable reserves and written-off receivables in 2020.

16 Cash and cash equivalents

MCZK	31.12.2021	31.12.2020
Cash on hand	30	50
Nostro account balances	2,418	2,502
Balances with the central bank	1,435	2,761
Reverse repo operations with the central bank	123,167	84,783
Loss allowance	-	-
NET CASH AND CASH EQUIVALENTS	127,050	90,096

The technical parameters of a reverse repo operation with the central bank are as follows: maturity of two weeks, interest rate set by the CNB for two-week repo operations (the “2W repo rate”).

17 Financial assets at fair value through profit or loss

All financial assets at fair value through profit or loss are classified as measured at fair value through profit or loss in accordance with IFRS 9. All financial assets listed below are held within the held-for-trading business model.

MCZK	31.12.2021	31.12.2020
Bonds and notes issued by		
Government	9,551	11,624
Corporate	145	145
Reverse repo operations	10,810	-
Positive fair value of derivatives		
Interest rate contracts	14,384	5,314
Currency contracts	1,923	2,208
Of which:		
Listed instruments	9,662	11,708
Unlisted instruments	27,151	7,583
TOTAL	36,813	19,291

Interest income from trading assets and financial assets at fair value through profit or loss is recognised in interest and similar income. The fair value of unlisted instruments was estimated using discounted cash-flow techniques.

18 Financial assets at fair value through other comprehensive income

MCZK	31.12.2021	31.12.2020
Debt instruments at fair value through other comprehensive income		
Bonds issued by:		
Government	14,063	10,930
Corporate bonds	8,621	8,383
Equity instruments at fair value through other comprehensive income		
Shares and other equity instruments issued by:		
Other issuers	210	1
Of which:		
Listed instruments	20,487	17,583
Unlisted instruments	2,407	1,731
TOTAL	22,894	19,314

Debt instruments at fair value through other comprehensive income

Debt instruments at fair value through other comprehensive income were classified under this category on the basis of the Bank's business model for managing financial assets.

Interest income from debt instruments at fair value through other comprehensive income is recognised in interest and similar income.

The fair value of unlisted bonds was estimated using discounted cash-flow techniques.

The loss allowance for the expected credit loss on debt instruments at fair value through other comprehensive income was MCZK 84 as at 31 December 2021 (2020: MCZK 160). The loss allowance for expected credit loss is recognised in the statement of comprehensive income in the line "Impairment gains/losses" against the equity line "Fair value reserve".

A credit risk analysis and a detailed overview of the impairment loss on debt instruments at fair value through other comprehensive income are disclosed in note 43.1.

Equity instruments at fair value through other comprehensive income

The Bank designated certain investments shown in the following table as equity securities at FVOCI. The FVOCI designation was made because the investments are not considered trading instruments and are expected to be held in the long term.

MCZK	31.12.2021	31.12.2020
Swift S.C. (ISIN: BE0016790090)	1	1
CREDITAS ASSETS SICAV a.s. (ISIN: CZ0008047214)	209	-
TOTAL	210	1

The Bank recognised a gain (loss) due to changes in the fair value of these investments in other comprehensive income. In 2021, the Bank did not dispose of any equity instruments from the portfolio. In 2020, the Bank disposed of some equity instruments and thus transferred a cumulative gain of MCZK 111 within equity to “Retained earnings”. The Bank did not receive any dividends from the instruments in 2021 or 2020.

19 Loans and advances to banks

MCZK	31.12.2021	31.12.2020
Balances with the central bank	459	2,469
Cash collateral for derivative instruments	4,768	1,625
Loans to banks	-	27
Deposits	-	9
Loss allowance	-	-
NET LOANS AND ADVANCES TO BANKS	5,227	4,130

At 31 December 2021, loans and advances to banks included balances with the central bank amounting to MCZK 459 (31.12.2020: MCZK 2,469) representing the obligatory minimum reserves. Compliance with the requirement to hold a certain level of obligatory minimum reserves is measured using the monthly average of daily closing balances. These funds are not available for the Bank’s daily business.

A credit risk analysis and a detailed overview of loss allowances on loans and advances are disclosed in note 43.1.

20 Loans and advances to customers

MCZK	31.12.2021	31.12.2020
Total loans and advances to customers	44,489	37,949
Loss allowance	(1,138)	(2,204)
NET LOANS AND ADVANCES TO CUSTOMERS	43,351	35,745

A credit risk analysis and a detailed overview of loss allowances on loans and advances are disclosed in note 43.1.

21 Investments in subsidiaries

The Bank controls the following subsidiaries:

	Principal place of business	Registered office	31.12.2021 Share (%)	31.12.2020 Share (%)	31.12.2021 MCZK	31.12.2020 MCZK
PPF Co3 B.V.	ID, IN, PH, KZ, RS, EU	NL	100%	100%	237	237
INVESTMENT IN SUBSIDIARIES					237	237

* Indonesia, India, Philippines, Kazakhstan, Serbia, European Union
 ** Netherlands

In 2016, the Bank purchased 100% of shares in PPF Co3 B.V. with the aim of entering the consumer credit segment in Asia. It is currently used for the purchase and financing of retail loans from companies under Home Credit, the purchase of retail loans from Telenor Bulgaria and Hungary, the depositing of collateral for Telenor Serbia at Mobi Bank, and the financing of the factoring of receivables from telecommunication services.

In 2020, two subsidiaries of the Bank - PPF CO3 B.V. and Ruconfin B.V. - merged. The acquiring company is PPF Co3 B.V.

The Bank held no interest participation with significant influence as at 31 December 2021 and 31 December 2020.

22 Property, plant and equipment

MCZK	Low value fixed assets	Building	Furniture and fittings	Equipment	Fixed assets not in use yet	Total
Cost						
At 1 January 2020	4	169	15	101	1	290
Additions	1	4	1	26	30	62
Disposals/Transfer	-	(2)	(1)	(4)	(28)	(35)
At 31 December 2020	5	171	15	123	3	317
At 1 January 2021	5	171	15	123	3	317
Additions	-	17	-	19	21	57
Disposals/Transfer	(1)	-	-	(13)	(20)	(34)
At 31 December 2021	4	188	15	129	4	340
Depreciation						
At 1 January 2020	4	33	10	76	-	123
Additions	1	33	1	14	-	49
Disposals	-	(2)	(1)	(4)	-	(7)
At 31 December 2020	5	64	10	86	-	165
At 1 January 2021	5	64	10	86	-	165
Additions	-	21	1	20	-	42
Disposals	(1)	-	-	(13)	-	(14)
At 31 December 2021	4	85	11	93	-	193
Net book value						
AT 31 DECEMBER 2020	-	107	5	37	3	152
AT 31 DECEMBER 2021	-	103	4	36	4	147

At 31 December 2021, the Bank recorded right-of-use assets in the amount of MCZK 98 (2020: MCZK 102).

23 Intangible assets

MCZK	Software	Software not in use yet	Total
Cost			
At 1 January 2020	456	95	551
Additions	79	56	135
Disposals/Transfer	-	(79)	(79)
At 31 December 2020	535	72	607
At 1 January 2021	535	72	607
Additions	94	49	143
Disposals/Transfer	-	(94)	(94)
At 31 December 2021	629	27	656
Amortisation			
At 1 January 2020	358	-	358
Additions	32	-	32
Disposals	-	-	-
At 31 December 2020	390	-	390
At 1 January 2021	390	-	390
Additions	56	-	56
Disposals	-	-	-
At 31 December 2021	446	-	446
Net book value			
AT 31 DECEMBER 2020	145	72	217
AT 31 DECEMBER 2021	183	27	210

24 Income tax assets/liabilities

As at 31 December 2021, the Bank recognised total Income tax assets of MCZK 236 (31.12.2020: Income tax assets of MCZK 46) in the statement of financial position.

As at 31 December 2021, the tax liabilities of the Bank totalled MCZK 246 (31.12.2020: MCZK 455), the Bank paid income tax advances totalling MCZK 479 (31.12.2020: MCZK 498) and tax paid abroad amounts to MCZK 3 (31.12.2020: MCZK 3).

25 Deferred tax liability/asset and income tax

Deferred taxes are calculated from all temporary differences between the tax and accounting value of assets and liabilities. To determine the recognised deferred taxes the Bank uses the income tax rate applicable in the periods in which deferred taxes are expected to be utilised, i.e. 19% for the following years (in 2021 and 2020 the tax rate in the Czech Republic was 19%).

The recognised deferred tax assets and liabilities consist of the following items:

MCZK	31.12.2021	31.12.2020
Deferred tax assets		
Deferred tax asset from wages and unpaid social and health insurance	23	20
Deferred tax asset from financial assets at fair value through other comprehensive income	48	-
Deferred tax asset from loans and advances to customers	79	221
DEFERRED TAX ASSETS	150	241
Deferred tax liabilities		
Deferred tax liability from financial assets at fair value through other comprehensive income	-	(83)
Deferred tax liability from penalty interest to loans and advances to customers	(10)	(11)
Deferred tax liability from intangible assets	(2)	(1)
DEFERRED TAX LIABILITIES	(12)	(95)
NET DEFERRED TAX ASSETS (LIABILITIES)	138	146

No changes in the tax rate applicable to the deferred tax calculation occurred in 2021. There was no unrecognised item related to deferred tax.

The analysis of the movements of Deferred tax is as follows:

MCZK	Total
At 31 January 2021	146
Deferred tax income/(expense) recognised in Profit or Loss	(152)
Deferred tax income/(expense) recognised in Other comprehensive income	144
AT 31 DECEMBER 2021	138
At 31 January 2020	(138)
Deferred tax income/(expense) recognised in Profit or Loss	266
Deferred tax income/(expense) recognised in Other comprehensive income	18
AT 31 DECEMBER 2020	146

The difference between the deferred tax income/expense recognized in other comprehensive income and the year-over-year change in the balance of deferred tax assets/liabilities from financial assets at fair value through other comprehensive income relates to the recognition of the expected credit losses to debt instruments measured at FVOCI in Profit or loss against Fair values reserve in equity, see note 3.7.

26 Other assets

MCZK	31.12.2021	31.12.2020
Cash collateral to payment cards	161	157
Trade receivables	64	44
Clearing with securities market	25	87
Prepaid expenses and accrued revenues	64	49
Other	14	16
Loss allowance	(9)	(4)
TOTAL	319	349

27 Deposits from banks

MCZK	31.12.2021	31.12.2020
Payable on demand (loro accounts)	385	803
Cash collateral to derivatives	2,667	1,130
Repo operations	38,281	-
TOTAL	41,333	1,933

28 Deposits from customers

MCZK	Payable on demand		Term deposits		Repo operations		Cash collateral to derivatives		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Financial institutions*	5,104	3,485	18,031	602	51,112	28,907	107	95	74,354	33,089
Public sector	18,261	19,809	10,032	13,220	-	-	-	-	28,293	33,029
Non-financial institutions	17,781	17,605	6,109	4,367	222	250	88	416	24,200	22,638
Households/ Individuals	3,375	6,738	1,739	67	-	-	-	-	5,114	6,805
	13,327	35,391	88	88	-	-	172	422	13,587	35,901
HOLDING COMPANIES TOTAL	57,848	83,028	35,999	18,344	51,334	29,157	367	933	145,548	131,462

* Holding companies excluded

29 Debt securities issued

	Interest	Maturity	31.12.2021 MCZK	31.12.2020 MCZK
Investment certificates	fixed	2022-2025	4,321	3,122
Investment certificates	variable	2023	90	-
TOTAL			4,411	3,122

The Bank has not had any defaults of principal or interest or other breaches with respect to its debt securities issued during the years ended 31 December 2021 and 2020.

30 Reconciliation of movements of liabilities to cash flows arising from financing activities

MCZK	Debt securities issued	Lease liabilities	Total
At 1 January 2021	3,122	103	3,225
Net increase/(decrease) in cash and cash equivalents			
Lease payments	-	(20)	(20)
Changes in lease liabilities	-	17	17
Proceeds from issue of debt securities	2,471	-	2,471
Repayment of debt securities issued	(1,181)	-	(1,181)
Other	(32)	-	(32)
Net cash from financing activities	1,258	(3)	1,255
Interest expense	159	2	161
Interest paid	(128)	(2)	(130)
AT 31 DECEMBER 2021	4,411	100	4,511
At 1 January 2020	3,536	131	3,667
Net increase/(decrease) in cash and cash equivalents			
Lease payments	-	(35)	(35)
Changes in lease liabilities	-	7	7
Proceeds from issue of debt securities	2,233	-	2,233
Repayment of debt securities issued	(2,647)	-	(2,647)
Net cash from financing activities	(414)	(28)	(442)
Interest expense	145	3	148
Interest paid	(145)	(3)	(148)
AT 31 DECEMBER 2020	3,122	103	3,225

31 Financial liabilities at fair value through profit or loss

All financial liabilities at fair value through profit or loss are classified as held for trading.

MCZK	31.12.2021	31.12.2020
Negative fair value of derivatives:		
Interest rate contracts	15,132	5,509
Currency contracts	2,278	1,863
Liabilities from short sales of securities	10,222	9,338
CELKEM	27 632	16 710

32 Provisions

The development of provisions is disclosed in the following table:

MCZK	Provisions for guarantees provided	Legal provisions	Other provisions	Total
Provisions at 1 January 2021	15	130	17	162
Creation	82	1	1	84
Use	-	(2)	-	(2)
Release	(71)	-	-	(71)
PROVISIONS AT 31 DECEMBER 2021	26	129	18	173
Provisions at 1 January 2020	35	130	18	183
Creation	6	-	-	6
Use	-	-	-	-
Release	(26)	-	(1)	(27)
PROVISIONS AT 31 DECEMBER 2020	15	130	17	162

In 2021, legal provisions are mainly for an incidental application filed by an insolvency practitioner in the case of an alleged ineffective legal act of the debtor vis-à-vis the Bank in the amount of MCZK 118 (31.12.2020: MCZK 118). Out-of-court negotiations are ongoing.

33 Other liabilities

MCZK	31.12.2021	31.12.2020
Liabilities from clearing	390	65
Payables to suppliers	220	194
Lease liabilities	100	103
Accrued expenses and deferred income	98	56
Blocked and escrow accounts	68	384
Liabilities from securities transactions	1	4
Other liabilities to employees	24	22
Social and health insurance	6	8
Other payables	76	84
TOTAL	983	920

34 Lease liabilities

MCZK	31.12.2021	31.12.2020
Lease liabilities	100	103
Current	20	31
Non-current	80	72
Interest on lease liabilities	2	3

The Bank leases branch and office premises under operating leases.

Variable lease payments depend on the consumer price index set by the Czech Statistical Office, payments are updated annually as at 1 January.

The lease liabilities are recognised under the item “Other liabilities” in the statement of financial position, for details see note 33. Interest on lease liabilities are recognised in the income statement in the line item “Interest and similar income”, for details see note 7.

Maturity analysis - contractual undiscounted cash flows:

MCZK	31.12.2021	31.12.2020
Less than one year	21	33
Between one and five years	82	72
More than five years	-	2
TOTAL	103	107

35 Repurchase and reverse repurchase agreements

The Bank purchases financial instruments under reverse repurchase agreements. The seller commits to repurchase the same or similar instruments at an agreed future date. Reverse repurchases are entered into as a facility to provide funds to customers.

Assets purchased under reverse repurchase agreements were as follows:

MCZK	Carrying amounts of receivables	Fair value of assets held as collateral
Assets at 31 December 2021:		
Cash and cash equivalents	123,167	121,001
Financial assets at fair value through profit or loss	10,810	10,604
Assets at 31 December 2020:		
Cash and cash equivalents	84,783	83,280

The Bank raises funds by selling financial instruments under agreements to repay the funds by repurchasing the instruments at future dates at the same price plus interest at a predetermined rate. Repurchase agreements are commonly used as a tool for short-term financing.

Assets sold under repurchase agreements were as follows:

MCZK	Carrying amounts of liabilities	Fair value of assets given as collateral
Liabilities at 31 December 2021:		
Deposits from banks	51,334	50,749
Deposits from customers	38,281	39,580
Liabilities at 31 December 2020:		
Deposits from customers	29,157	28,592

36 Offsetting financial instruments

Financial assets subject to offsetting and potential offsetting agreements as at 31 December 2021

MCZK	Gross amounts in Assets, in statement of financial position	Net amounts in statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
			Financial instruments	Cash collateral received	Non-cash financial collateral provided	
Derivatives held for trading	14,856	14,856	14,856	(2,980)	-	11,876
Reverse repurchase agreements	133,977	133,977	-	-	(131,605)	2,372
TOTAL	148,833	148,833	14,856	(2,980)	(131,605)	14,248

Financial liabilities subject to offsetting and potential offsetting agreements as at 31 December 2021

MCZK	Gross amounts in Liabilities in statement of financial position	Net amounts in statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
			Financial instruments	Cash collateral received	Non-cash financial collateral provided	
Derivatives held for trading	(13,025)	(13,025)	(13,025)	4,841	-	(8,184)
Repurchase agreements	(89,615)	(89,615)	-	-	90,329	-
TOTAL	(102,640)	(102,640)	(13,025)	4,841	90,329	(8,184)

Financial assets subject to offsetting and potential offsetting agreements as at 31 December 2020

MCZK	Gross amounts in Assets, in statement of financial position	Net amounts in statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
			Financial instruments	Cash collateral received	Non-cash financial collateral provided	
Derivatives held for trading	7,522	7,522	5,387	(2,010)	-	3,377
Reverse repurchase agreements	84,783	84,783	84,783	-	(83,280)	1,503
TOTAL	92,305	92,305	90,170	(2,010)	(83,280)	4,880

Financial liabilities subject to offsetting and potential offsetting agreements as at 31 December 2020

MCZK	Gross amounts in Liabilities in statement of financial position	Net amounts in statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
			Financial instruments	Cash collateral received	Non-cash financial collateral provided	
Derivatives held for trading	(7,372)	(7,372)	(5,796)	1,766	-	(4,030)
Repurchase agreements	(29,157)	(29,157)	(29,157)	-	28,592	(565)
TOTAL	(36,529)	(36,529)	(34,953)	1,766	28,592	(4,595)

The Bank uses repurchase agreements and master netting agreements as a means of reducing the credit risk of derivative and financing transactions. They qualify as potential offsetting agreements.

The Bank accepts and provides collateral in the form of cash and marketable securities for the following transactions:

- derivatives;
- repurchase agreements, reverse repurchase agreements.

This collateral is subject to standard market conditions, including the ISDA credit support annex. This means that securities accepted/provided as collateral may be pledged or sold during the transaction period, but must be returned upon maturity of the transaction.

Derivative transactions under the ISDA and similar framework agreements do not meet the criteria for compensation in the statement of financial position as, for both counterparties, they create a right to set off recognised amounts that is enforceable only in the event of default, insolvency or bankruptcy of the Bank or counterparties or further to other predetermined events. In addition, the Bank and its counterparties do not intend to settle on a net basis or settle assets and liabilities simultaneously.

Repurchase agreements are primarily financing transactions. They are structured as a sale and subsequent repurchase of securities at a pre-agreed price and time. This ensures that the securities stay in the hands of the lender as collateral in case the borrower defaults in any obligations. Offsetting effects from repurchase agreements are disclosed in the column Non-cash financial collateral received/pledged. Collateral is presented at the fair value of the transferred securities. However, if the fair value of collateral exceeds the carrying amount of the receivable/liability from the repo transaction, the value is capped at the level of the carrying amount. The remaining position may be secured by cash collateral.

37 Issued capital

	Number of shares	Nominal value CZK	Registered capital MCZK
As at 31 December 2021:			
	192,131	2,602.5	500
	384,262	700.0	269
	576,393		769
As at 31 December 2020:			
	192,131	2,602.5	500
	384,262	700.0	269
	576,393		769

Holders of ordinary shares are entitled to declared dividends and have the right to vote at the General Meeting of the Bank in the amount of 26,025 votes, or 7,000 votes per share, respectively. All ordinary shares have the same rights to the Bank's residual assets.

The shareholder structure as at 31 December 2021 and as at 31 December 2020 was as follows:

Name	Residence	Number of shares	Share MCZK	Share %
PPF Financial Holdings a.s. / PPF Financial Holdings B.V.*	Czech Republic/ Netherlands*	554,711	715	92.96%
Hlavní město Praha	Czech Republic	19,882	52	6.73%
Other (less than 1%)		1,800	2	0.31%
TOTAL		576,393	769	100.00%

* In 2021, PPF Financial Holdings B.V., a company incorporated under the law of the Netherlands and with its registered office at Strawinskylaan 933, Amsterdam, the Netherlands, registration number: 61880353, legal form: limited liability company, transferred its registered office to the Czech Republic, changed its legal form to a joint-stock company under Czech law, and was renamed PPF Financial Holdings a.s., with its registered office at Evropská 2690/17, 160 00 Prague, Czech Republic, registration number: 10907718.

No members of the management, the Board of Directors or the Supervisory Board held any shares of the Bank as at 31 December 2021 or 31 December 2020.

The Bank has not introduced any scheme for the purchase of its own shares or provided any remuneration in the form of options to purchase its shares. All shares of the Bank were fully paid. The share premium amounts to MCZK 412 (31.12.2020: MCZK 412).

38 Fair value reserve

MCZK	31.12.2021	31.12.2020
Fair value reserve	(136)	483
TOTAL	(136)	483

The fair value reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income and a loss allowance for expected credit losses on debt instruments at fair value through other comprehensive income, until the assets are derecognised.

39 Dividends paid

No dividends were paid by the Bank in 2021 and 2020.

40 Proposed allocation of net profit for the year

The Bank proposes to allocate its profit as follows

MCZK	Net profit for the year
Net profit for the year 2021	1,747
Proposed allocation of profit for 2021:	
Dividend payout	(1,492)
Transfer to retained earnings	(255)
	-

41 Off-balance sheet items

Commitments and contingent liabilities

Guarantees and credit commitments are subject to the same procedures within the standard lending process, in terms of credit risk monitoring and regulation of the Bank's credit activity.

MCZK	31.12.2021	31.12.2020
Guarantees issued	1,135	1,011
Undrawn credit commitments	13,485	9,515
Irrevocable credit commitments	2,572	2,052
Revocable credit commitments	10,913	7,463
TOTAL	14,620	10,526

The total outstanding contractual commitments to extend the credits indicated above do not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

A credit risk analysis and a detailed overview of provisions are disclosed in note 43.1.

Values under custody or administration

MCZK	31.12.2021	31.12.2020
Values under custody or administration	167,188	138,220
TOTAL	167,188	138,220

The values represent debt and equity securities accepted by the Bank to provide custody or administration services.

Derivatives

MCZK	Notional value		Positive fair value		Negative fair value	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Derivatives						
Interest rate swaps	363,935	285,578	14,363	5,308	(14,937)	(5,489)
Interest rate forwards	89,793	29,700	9	6	(192)	(19)
Interest rate futures	2,101	390	12	-	(3)	-
FX/Cross-currency swap	94,476	137,542	1,295	1,848	(1,277)	(1,539)
FX forwards	23,314	19,684	437	220	(810)	(185)
FX options purchase	6,927	10,350	191	140	-	-
FX options sale	7,035	10,350	-	-	(191)	(140)
			16,307	7,522	(17,410)	(7,372)

Residual maturity of derivatives

The following table represents expected cash outflows and inflows related to derivatives:

MCZK	At 31 December 2021				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Outflow					
Interest derivatives	(11,032)	(104,339)	(144,115)	(196,481)	(455,967)
Currency derivatives	(62,334)	(45,206)	(24,560)	-	(132,100)
Inflow					
Interest derivatives	11,016	104,341	144,102	196,370	455,829
Currency derivatives	62,331	44,935	24,486	-	131,752
NET POSITION	(19)	(269)	(87)	(111)	(486)

MCZK	At 31 December 2020				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Outflow					
Interest derivatives	(10,574)	(45,888)	(93,302)	(166,098)	(315,862)
Currency derivatives	(67,359)	(57,332)	(42,541)	-	(167,232)
Inflow					
Interest derivatives	10,572	45,915	93,202	165,979	315,668
Currency derivatives	67,516	57,455	42,605	-	167,576
NET POSITION	155	150	(36)	(119)	150

42 Fair value disclosures

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy in which each fair value measurement is categorised.

MCZK	At 31 December 2021				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	-	127,050	-	127,050	127,050
Loans and advances to banks	-	5,227	-	5,227	5,227
Loans and advances to customers	-	137	42,944	43,081	43,351
Financial liabilities					
Deposits from banks	-	41,333	-	41,333	41,333
Deposits from customers	-	145,265	-	145,265	145,548
DEBT SECURITIES ISSUED	-	4,288	-	4,288	4,411

MCZK	At 31 December 2020				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	-	90,096	-	90,096	90,096
Loans and advances to banks	-	4,130	-	4,130	4,130
Loans and advances to customers	-	229	35,558	35,787	35,745
Financial liabilities					
Deposits from banks	-	1,933	-	1,933	1,933
Deposits from customers	-	131,503	-	131,503	131,462
DEBT SECURITIES ISSUED	-	3,112	-	3,112	3,122

The major methods and assumptions used in estimating the fair values of financial instruments shown in the table are summarised below.

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. To improve the accuracy of the valuation estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics such as vintage, LTV ratios, product and borrower type, prepayment and delinquency rates, and default probability.

Cash and cash equivalents

For cash and cash equivalents the carrying value is deemed to be equal to the fair value.

Loans and advances to banks

Loans and advances with banks will mature in less than twelve months and their fair value has therefore been deemed to be equal to their carrying value.

Loans and advances to customers

Loans and advances are net of loss allowances. The estimated fair value of loans and advances represents the discounted amount of the estimated future cash flows expected to be received. The expected cash flows are discounted at current market rates to determine the fair value. For loans and advances that will mature or be renewed within twelve months, the fair value was deemed to be equal to the carrying value.

Deposits from banks

Deposits from banks will mature in less than twelve months and their fair value has therefore been deemed to be equal to their carrying value.

Deposits from customers

The estimated fair value of deposits is the discounted amount of estimated future cash flows. Expected cash flows are discounted at current market rates to determine their fair value.

Debt securities issued

For issued debt securities, the fair value is calculated based on market inputs.

The following table analyses financial assets and liabilities recognised at fair value based on the quality of entry data used for valuation. The fair value levels are defined in note 3.3:

MCZK	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Securities held for trading	9,650	46	-	9,696
Reverse repo operations	-	10,810	-	10,810
Derivatives held for trading	12	16,295	-	16,307
Financial assets at fair value through other comprehensive income	20,487	2,407	-	22,894
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Securities held for trading	10,222	-	-	10,222
Derivatives held for trading	3	17,407	-	17,410
As at 31 December 2020				
MCZK	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Securities held for trading	11,708	61	-	11,769
Derivatives held for trading	-	7,522	-	7,522
Financial assets at fair value through other comprehensive income	17,583	1,731	-	19,314
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Securities held for trading	9,338	-	-	9,338
Derivatives held for trading	-	7,372	-	7,372

In 2021 and 2020, there were no transfers of financial assets recognised at fair value to or from Level 3.

43 Risk management disclosure

This section provides details of the Bank's exposure to risk and describes the methods used by the management to control risk. The most important types of financial risk to which the Bank is exposed are:

- credit risk;
- liquidity risk;
- market risk;
- operational risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

43.1 Credit risk

Credit risk management

The Bank is exposed to credit risks in relation to its business activities. Credit risks are managed at the individual business case, client and entire portfolio level. The Credit Risk Management department, part of the Risk Management division, is primarily responsible for the management of credit risks. The Credit Risk Management department is independent of the Sales division in terms of organisation and reports directly to the member of the Board of Directors in charge of the Risk Management division.

The Bank's risk management strategy, risk appetite and other internal standards define the general principles, objectives and methods of its credit risk management. In its internal norms, the Bank also defines competences for the approval of credit exposures and for the Credit Committee.

Managing credit risk at individual business case or client level

At the individual business case or client level, credit risk is managed by assessing and evaluating such risk through credit analysis and the determination of a client's creditworthiness. To assess a client's risk and credit status, the Bank applies a comprehensive set of tools, models and methods, which make up the Bank's rating scheme. When determining the rating of individual clients, the Bank assesses financial and non-financial aspects as well as its economic position. An entity's rating is defined as its ability and will to meet its short-term and long-term liabilities.

The aim of the analysis is to prevent any losses the Bank may incur as a result of the client's failure. In practice, this means estimating the risk arising from the ability to meet short-term and long-term liabilities and assessing the long-term financial stability of the client.

When determining a rating, the Bank also specifies the likelihood of a client's default and what the expected loss relating to the Bank's potential engagement in respect to the client may be.

An internal rating is assigned to each client constituting a credit risk to the Bank, i.e. representing an exposure in both the investment and the trading portfolios. The exposures evaluated include both balance sheet and off-balance sheet exposures. The internal rating system comprises 14 ratings (A1-A4, B1-B6, C1-C4). Clients with default receivables must always be assigned one of the C2-C4 grades. The Bank has plotted this internal scale to reflect the rating scales of prominent external rating agencies. Below is a table showing the indicative pairing of the risk level with external ratings.

	Internal rating	External rating
Very low risk	A1	AAA - AA
Low to fair risk	A1-A4	A - BBB
Medium risk	B1-B6	BB - B
High risk	C1	CCC
Default	C2-C4	CC and lower

Credit risk management at the entire portfolio level

This credit risk management level primarily comprises credit portfolio reporting, including analyses and monitoring of trends in individual credit portfolios. The Bank closely monitors its overall credit risk exposure and thus considers all its balance sheet and off-balance sheet exposures. The Bank regularly monitors its credit exposure in individual industries, segments, countries and economically connected groups of debtors. The Bank regularly measures the credit portfolio concentration risk and, where necessary, sets concentration limits for individual segments, countries and economically connected groups of debtors.

Classification of receivables, assessment of impairment losses

The Bank classifies receivables into the following categories:

- performing receivables (without the default of the debtor);
- non-performing receivables (debtor in default).

The Bank assesses the impairment loss on performing receivables at an amount equal to the 12-month expected credit losses (stage 1 under IFRS9) or to the lifetime expected credit losses (stage 2 under IFRS9).

The Bank assesses the impairment loss on non-performing receivables at an amount equal to the lifetime expected credit losses (stage 3 under IFRS). To determine the impairment loss, the Bank applies the method of discounting estimated future cash flows. The loss is determined as the difference between the asset's gross carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate of the financial asset. The original effective interest rate is the effective interest rate ascertained upon the establishment of the receivable or on the last date the modification of the contractual cash flow or interest income was made. The Bank writes off a receivable when it does not expect any income from the receivable or from received collateral related to such a receivable.

Set out below is an analysis of the gross and net (of loss allowances for impairment) carrying amounts (or fair value where applicable) of financial assets as at year end. The amounts represent the Bank's maximum exposure to credit risk.

The tables analysing changes in loss allowance/provision in the respective categories present the development of loss allowance/provision during the year. These were affected by various factors during the year, such as:

- a change in the stage of a financial asset (see below - an increase or decrease in a loss allowance/provision within the scope of a transfer, as reported in the values of a loss allowance/provision corresponding to the appropriate stage);
- the emergence of new assets (i.e. the recognition of a new loss allowance/provision reported at the stage under which a financial asset was classified at the end of the accounting period);
- the derecognition or write-off of financial assets (i.e. the derecognition of the corresponding loss allowance/provision);
- a change in the PD/EAD/LGD of individual financial assets (i.e. an increase or decrease in the loss allowance/provision);
- a change in the calculation methodology, a modification of the cash flows of financial assets, or a change in the exchange rates of financial assets (and loss allowance/provision) in foreign currencies during the year.

The Bank did not recognise any financial asset in 2021 or 2020 that has been modified since initial recognition and transferred from stage 2 or 3 (the loss allowance measured at an amount equal to lifetime expected credit losses) to stage 1 (the loss allowance measured at an amount equal to 12-month expected credit losses).

In 2021 and 2020, the Bank accounted for modifications (in 2021 also with regard to COVID); the profit (loss) from the modification was insignificant, both individually and on aggregate.

Financial assets at fair value through other comprehensive income (excluding equity instruments designated at fair value through other comprehensive income)

MCZK	31.12.2021 Fair value	31.12.2020 Fair value
Debt instruments	22,684	19,313
TOTAL	22,684	19,313

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	13,362	-	-	-	13,362
Low to fair risk	2,779	-	-	-	2,779
Medium risk	5,722	821	-	-	6,543
High risk	-	-	-	-	-
Default	-	-	-	-	-
FAIR VALUE	21,863	821	-	-	22,684
Loss allowance	(53)	(31)	-	-	(84)

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	10,729	-	-	-	10,729
Low to fair risk	1,667	-	-	-	1,667
Medium risk	5,226	1,691	-	-	6,917
High risk	-	-	-	-	-
Default	-	-	-	-	-
FAIR VALUE	17,622	1,691	-	-	19,313
Loss allowance	(93)	(67)	-	-	(160)

The loss allowance for the expected credit loss on debt instruments at fair value through other comprehensive income is presented in the equity line item “Fair value reserve”.

Set out below is an analysis of changes in loss allowances by relevant categories:

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2021	93	67	-	-	160
Transfers between stages:	-	-	-	-	-
Transfer to stage 1	4	(26)	-	-	(22)
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
New financial assets originated or purchased	19	-	-	-	19
Changes in PD/LGD/EADs, unwind of discount	(54)	(2)	-	-	(56)
Derecognition of financial asset	(7)	(6)	-	-	(13)
Write-offs	-	-	-	-	-
Changes to methodologies	-	(3)	-	-	(3)
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	(2)	1	-	-	(1)
NET CHANGE IN 2021	(40)	(36)	-	-	(76)
Loss allowance as at 31.12.2021	53	31	-	-	84

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2020	39	28	-	-	67
Transfers between stages:	-	-	-	-	-
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(2)	45	-	-	43
Transfer to stage 3	-	-	-	-	-
New financial assets originated or purchased	11	-	-	-	11
Changes in PD/LGD/EADs, unwind of discount	65	1	-	-	66
Derecognition of financial asset	(15)	-	-	-	(15)
Write-offs	-	-	-	-	-
Changes to methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	(5)	(7)	-	-	(12)
NET CHANGE IN 2020	54	39	-	-	93
Loss allowance as at 31.12.2020	93	67	-	-	160

Cash and cash equivalents (excl. cash on hand) and loans and advances to banks

MCZK	31.12.2021			31.12.2020		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Nostro account balances	2,418	-	2,418	2,502	-	2,502
Balances with the central bank	1,435	-	1,435	2,761	-	2,761
Reverse repo with the central bank	123,167	-	123,167	84,783	-	84,783
Loans and advances to banks	5,227	-	5,227	4,130	-	4,130
TOTAL	132,247	-	132,247	94,176	-	94,176

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	124,576	-	-	-	124,576
Low to fair risk	5,877	-	-	-	5,877
Medium risk	1,509	285	-	-	1,794
High risk	-	-	-	-	-
Default	-	-	-	-	-
GROSS CARRYING AMOUNT	131,962	285	-	-	132,247
Loss allowance	-	-	-	-	-
NET CARRYING AMOUNT	131,962	285	-	-	132,247

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	87,412	-	-	-	87,412
Low to fair risk	6,280	-	-	-	6,280
Medium risk	173	311	-	-	484
High risk	-	-	-	-	-
Default	-	-	-	-	-
GROSS CARRYING AMOUNT	93,865	311	-	-	94,176
Loss allowance	-	-	-	-	-
NET CARRYING AMOUNT	93,865	311	-	-	94,176

The Bank did not report any accrued interest to individually impaired loans and advances to banks as at 31 December 2021 and 2020.

Loans and advances to customers

MCZK	31.12.2021			31.12.2020		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Loans and advances to customers	44,489	(1,138)	43,351	37,949	(2,204)	35,745
TOTAL	44,489	(1,138)	43,351	37,949	(2,204)	35,745

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	-	-	-	-	-
Low to fair risk	274	-	-	-	274
Medium risk	38,597	2,048	-	-	40,645
High risk	273	1,453	-	-	1,726
Default	-	-	1,844	-	1,844
GROSS CARRYING AMOUNT	39,144	3,501	1,844	-	44,489
Loss allowance	(358)	(157)	(623)	-	(1,138)
NET CARRYING AMOUNT	38,786	3,344	1,221	-	43,351

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	-	-	-	-	-
Low to fair risk	375	-	-	-	375
Medium risk	32,172	517	-	-	32,689
High risk	10	1,739	-	-	1,749
Default	-	-	3,136	-	3,136
GROSS CARRYING AMOUNT	32,557	2,256	3,136	-	37,949
Loss allowance	(572)	(48)	(1,584)	-	(2,204)
NET CARRYING AMOUNT	31,985	2,208	1,552	-	35,745

Analýza změny opravných položek v příslušných kategoriích je následující:

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2021	572	48	1 584	-	2 204
Transfers between stages:					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(53)	88	-	-	35
Transfer to stage 3	(2)	-	2	-	-
New financial assets originated or purchased	316	2	9	-	327
Changes in PD/LGD/EADs, unwind of discount	(344)	31	(1)	-	(314)
Derecognition of financial asset	(127)	-	(45)	-	(172)
Sale of financial assets	-	-	(791)	-	(791)
Write-offs	-	-	(96)	-	(96)
Changes to methodologies	1	(5)	-	-	(4)
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	(5)	(7)	(39)	-	(51)
NET CHANGE IN 2021	(214)	109	(961)	-	(1,066)
Loss allowance as at 31.12.2021	358	157	623	-	1,138

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2020	164	22	824	-	1,010
Transfers between stages:					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(4)	42	(3)	-	35
Transfer to stage 3	(16)	-	818	-	802
New financial assets originated or purchased	195	1	-	-	196
Changes in PD/LGD/EADs, unwind of discount	302	2	442	-	746
Derecognition of financial asset	(57)	(17)	(18)	-	(92)
Sale of financial assets	-	-	-	-	-
Write-offs	-	-	(479)	-	(479)
Changes to methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	(12)	(2)	-	-	(14)
NET CHANGE IN 2020	408	26	760	-	1,194
Loss allowance as at 31.12.2020	572	48	1,584	-	2,204

Accrued interest to credit-impaired loans and advances to customers was reported in the amount of MCZK 58 as at 31 December 2021 (31.12.2020: MCZK 84).

Financial assets that are written off but still subject to enforcement activities amounted to MCZK 501 as at December 2021 (31.12.2020: MCZK 416).

Analysis of Loans and advances to customers by days past due:

MCZK	2021	2020
Gross	44,489	37,949
Performing	42,645	34,813
Due	42,645	34,602
Past due 1-30 days	-	211
Past due 31-90 days	-	-
Past due 91-360 days	-	-
Past due more than 360 days	-	-
Non-performing	1,844	3,136
Loss allowance	(1,138)	(2,204)
TOTAL	43,351	35,745

Loan commitments

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	-	-	-	-	-
Low to fair risk	-	-	-	-	-
Medium risk	10,830	2,454	-	-	13,284
High risk	34	162	-	-	196
Default	-	-	5	-	5
Gross amount	10,864	2,616	5	-	13,485
Loss allowance	(18)	-	-	-	(18)

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	-	-	-	-	-
Low to fair risk	-	-	-	-	-
Medium risk	9,001	216	-	-	9,217
High risk	5	144	-	-	149
Default	-	-	149	-	149
Gross amount	9,006	360	149	-	9,515
Loss allowance	(6)	-	(1)	-	(7)

Financial guarantees, letters of credit

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	-	-	-	-	-
Low to fair risk	-	-	-	-	-
Medium risk	807	266	-	-	1,073
High risk	-	60	-	-	60
Default	-	-	2	-	2
Gross amount	807	326	2	-	1,135
Loss allowance	(5)	(1)	(2)	-	(8)

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	-	-	-	-	-
Low to fair risk	-	-	-	-	-
Medium risk	702	291	-	-	993
High risk	-	15	-	-	15
Default	-	-	3	-	3
Gross amount	702	306	3	-	1,011
Loss allowance	(4)	(1)	(3)	-	(8)

Set out below is an analysis of changes in provisions to loan commitments, financial guarantees and letters of credit by relevant categories:

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2021	10	1	4	-	15
Transfers between stages:	-	-	-	-	-
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
New financial assets originated or purchased	55	-	-	-	55
Changes in PD/LGD/EADs, unwind of discount	(37)	-	-	-	(37)
Derecognition of financial asset	(5)	-	(2)	-	(7)
Write-offs	-	-	-	-	-
Changes to methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	-	-	-	-	-
NET CHANGE IN 2021	13	-	(2)	-	11
Loss allowance as at 31.12.2021	23	1	2	-	26

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2020	21	1	13	-	35
Transfers between stages:	-	-	-	-	-
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
New financial assets originated or purchased	19	-	-	-	19
Changes in PD/LGD/EADs, unwind of discount	(18)	-	-	-	(18)
Derecognition of financial asset	(12)	-	(9)	-	(21)
Write-offs	-	-	-	-	-
Changes to methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	-	-	-	-	-
NET CHANGE IN 2020	(11)	-	(9)	-	(20)
Loss allowance as at 31.12.2020	10	1	4	-	15

Other assets - Past due, but not impaired

As at 31 December 2021 the Bank reported MCZK 0 of other assets as “Past due, but not impaired” (31.12.2020: MCZK: 0).

Sensitivity analysis of loss allowance by relevant categories

The sensitivity analyses of loss allowance/provision in the relevant categories in the following scenarios are presented below:

- Change (increase/decrease) in the probability of default by 10%;
- Change (improvement/deterioration) in credit rating by one notch according to the Bank’s internal scale;
- Change (increase/decrease) in the expected development of GDP by 3 percentage points.

Set out below is the analysis of changes in loss allowance/provision which would occur in the event of an increase in PD by 10%:

2021 MCZK	Loss allowance/provision in the baseline scenario	Increase in PD by 10%		
		Loss allowance/provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	84	93	9	10%
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	-	-	-	10%
Loans and advances to customers	1,138	1,190	52	5%
Loan commitments, financial guarantees and letters of credit	26	29	3	9%

2020 MCZK	Loss allowance/provision in the baseline scenario	Increase in PD by 10%		
		Loss allowance/provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	160	176	16	10%
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	-	-	-	10%
Loans and advances to customers	2,204	2,266	62	3%
Loan commitments, financial guarantees and letters of credit	15	16	1	7%

Set out below is the analysis of changes in loss allowance/provision which would occur in the event of a decrease in PD by 10%:

2021 MCZK	Loss allowance/provision in the baseline scenario	Decrease in PD by 10%		
		Loss allowance/provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	84	76	(8)	(10%)
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	-	-	-	(10%)
Loans and advances to customers	1,138	1,087	(51)	(5%)
Loan commitments, financial guarantees and letters of credit	26	24	(2)	(9%)

2020 MCZK	Loss allowance/provision in the baseline scenario	Decrease in PD by 10%		
		Loss allowance/provision	Absolute difference	Relative difference
Finanční aktiva oceněná reálnou hodnotou do ostatního úplného výsledku (kromě kapitálových nástrojů)	160	144	(16)	(10%)
Peníze a peněžní ekvivalenty (kromě pokladní hotovosti) a pohledávky za bankami	-	-	-	(10%)
Pohledávky za klienty	2 204	2 142	(62)	(3%)
Úvěrové přísliby, finanční záruky a akreditivy	15	14	(1)	(7%)

For loans and advances to customers, loan commitments, financial guarantees and letters of credit, the Bank also discloses an analysis of the sensitivity of a loss allowance/provision to changes in credit rating.

2021 MCZK	Loss allowance/provision in the baseline scenario	Improvement of rating by 1 notch on internal rating scale		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	1,138	864	(274)	(24%)
Loan commitments, financial guarantees and letters of credit	26	18	(8)	(32%)

2021 MCZK	Loss allowance/provision in the baseline scenario	Deterioration of rating by 1 notch on internal rating scale		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	1,138	1,415	277	24%
Loan commitments, financial guarantees and letters of credit	26	48	22	82%

2020 MCZK	Loss allowance/provision in the baseline scenario	Improvement of rating by 1 notch on internal rating scale		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	2,204	1,825	(379)	(17%)
Loan commitments, financial guarantees and letters of credit	15	12	(3)	(21%)

2020 MCZK	Loss allowance/provision in the baseline scenario	Deterioration of rating by 1 notch on internal rating scale		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	2,204	2,761	557	25%
Loan commitments, financial guarantees and letters of credit	15	22	7	47%

For loans and advances to customers, loan commitments, financial guarantees and letters of credit, the Bank also discloses an analysis of the sensitivity of a loss allowance/provision to changes in forward-looking information, specifically to the change in the expected development of GDP.

2021 MCZK	Loss allowance/provision in the baseline scenario	Increase in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	1,138	942	(196)	(17%)
Loan commitments, financial guarantees and letters of credit	26	21	(5)	(20%)

2021 MCZK	Loss allowance/provision in the baseline scenario	Decrease in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	1,138	1,366	228	20%
Loan commitments, financial guarantees and letters of credit	26	32	6	21%

2020 MCZK	Loss allowance/provision in the baseline scenario	Increase in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	2,204	2,033	(171)	(8%)
Loan commitments, financial guarantees and letters of credit	15	12	(3)	(20%)

2020 MCZK	Loss allowance/provision in the baseline scenario	Decrease in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	2,204	2,383	179	8%
Loan commitments, financial guarantees and letters of credit	15	18	3	20%

Evaluation of collateral

The Bank generally requires collateral before providing loans to certain debtors. To reduce gross credit exposure, the Bank considers the following to be acceptable types of collateral:

- guarantee;
- pledge on the pledgor's bank account;
- mortgage on an immovable;
- pledge on receivables arising from supplier-customer relations;
- pledge on securities and ownership interest in a corporation;
- pledge on trademarks and other industrial property concepts;
- pledge on an establishment;
- pledge on movables.

The net realisable value of the collateral assessed by the Bank is usually based on an opinion prepared by an expert acceptable to the Bank. The net realisable value of the collateral is determined using this value and a coefficient reflecting the Bank's ability to realise the collateral when necessary including the time factor of the realisation.

The following table shows gross carrying amounts of loans and advances to customers, loan commitments, financial guarantees and letters of credit split according to type of collateral:

MCZK	31.12.2021	31.12.2020
Guarantees	1,652	1,868
Property	9,038	8,186
Cash	381	377
Other	6,415	3,903
Unsecured	41,623	34,141
TOTAL	59,109	48,475

The following table shows gross carrying amounts of loans and advances to customers, loan commitments, financial guarantees and letters of credit classified as non-performing according to type of collateral

MCZK	31.12.2021	31.12.2020
Guarantees	169	436
Property	906	1,029
Cash	-	4
Other	-	-
Unsecured	776	1,819
TOTAL	1,851	3,288

The "Unsecured" category also includes loans and advances to customers, loan commitments, financial guarantees and letters of credit that are secured by collateral, but the Bank assigns zero accounting value to the collateral.

COVID III and COVID Plus (economic stimulus measures in the Czech Republic) related to COVID-19

COVID III guarantees

The Ministry of Finance (in the Czech Republic) has prepared a support scheme in the form of a portfolio guarantee provided by NRB (Národní rozvojová banka, a state-owned bank). Credit and risk assessment under the scheme is carried out directly by the individual commercial banks providing the loans. Enterprises (with up to 500 employees) may qualify for a guaranteed loan. The maximum loan amount supported by the guarantee is MCZK 50.

COVID Plus guarantees

EGAP (Export Guarantee and Insurance Company) provides guarantees to large companies with more than 250 employees. Again, the programme is carried out by individual commercial banks. Companies are able to apply for loans ranging from MCZK 5 to MCZK 2,000. Companies must have at least 20% of their yearly revenue coming from exports to qualify and are able to use loans up to a maximum of 25 per cent of total annual revenue.

The Bank is involved in both the COVID III and COVID Plus schemes. As at 31 December 2021, the Bank provided loans under the COVID III programme in the total amount of MCZK 104 (31 December 2021: MCZK 73) and under the COVID Plus scheme in the total amount of MCZK 1,659 (31 December 2021: MCZK 1,659). Loans provided under both schemes are reported as Loans and advances to customers secured by the Guarantees.

Loans with renegotiated terms and the Bank's forbearance policy

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to the current or potential credit deterioration of the customer. An existing loan whose terms have been significantly modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

Exposures with forbearance are exposures where the debtor is considered unable to comply with the contract due to financial difficulties and the Bank has decided to grant a concession to a debtor. A forbearance measure can be either a modification of terms and conditions or the refinancing of the contract. The modification of terms includes payment schedule changes (deferrals or reductions of regular payments, extended maturities, etc.), interest rate reductions or penalty interest waivers.

The Bank renegotiates loans to customers in financial difficulties (referred to as “forbearance activities”) to maximise collection opportunities and minimise the risk of default. Loan forbearance is granted on a selective basis if the debtor is currently in default on debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The following table shows loans and advances to customers with forbearance:

MCZK	31.12.2021	31.12.2020
Performing	42,130	34,193
Of which:		
Loans and advances to customers with forbearance:	26	293
Non-performing	1,221	1,552
Of which:		
Loans and advances to customers with forbearance:	866	897
TOTAL	43,351	35,745

The following table shows loans and advances to customers with forbearance and without forbearance split by sectors

MCZK	31.12.2021	31.12.2020
Loans and advances to customers without forbearance	42,459	34,555
Residents:		
Financial institutions*	2,087	1,856
Non-financial institutions	17,190	15,477
Households/individuals	105	109
Public sector	-	-
Holding companies	374	397
Non-residents	22,703	16,716
Loans and advances to customers with forbearance	892	1,190
Residents:		
Financial institutions*	-	-
Non-financial institutions	194	290
Households/individuals	-	3
Public sector	-	-
Holding companies	-	-
Non-residents	698	897
TOTAL	43,351	35,745

* Holding companies excluded

Concentration of credit risks

The concentration of credit risks arises as a result of the existence of loans with similar economic characteristics affecting the debtor's ability to meet its obligations.

The Bank manages the exposure limits in line with the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR) so that the Bank does not incur an exposure, after taking into account the effect of the credit risk to a client or group of connected clients the value of which exceeds 25% of its eligible capital. Where that client is an institution or where a group of connected clients includes one or more institutions, that value must not exceed 25% of the institution's eligible capital or EUR 150 million, whichever is higher, provided that the sum of exposure values, after taking into account the effect of the credit risk mitigation in relation to all connected clients that are not institutions, does not exceed 25% of the institution's eligible capital.

The Bank calculates the capital requirement for the credit risk of the investment portfolio using a standardised approach in accordance with the Basel III standard under the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR).

Concentration of credit risks according to economic sector/industry

MCZK	Loans and advances to banks		Loans and advances to customers		Debt securities	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Financial institutions*	5,227	4,130	11,967	11,092	3,564	2,823
Public sector	-	-	-	-	23,614	22,554
Non-financial institutions	-	-	21,765	18,987	4,677	5,147
Real estate	-	-	7,569	6,515	416	286
Production and distribution of electricity, gas and heat	-	-	3,134	3,111	594	589
Wholesale and retail	-	-	822	735	613	1,590
Accommodation	-	-	1,040	1,083	-	-
Other	-	-	9,200	7,543	3,054	2,682
Households/Individuals	-	-	117	128	-	-
Holding entities	-	-	9,502	5,538	525	558
TOTAL	5,227	4,130	43,351	35,745	32,380	31,082

* Holding entities excluded.

Concentration of credit risk according to geographical areas by country of risk

MCZK	Loans and advances to banks		Loans and advances to customers		Debt securities	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Czech Republic	2,110	3,336	26,134	18,056	24,724	24,169
Slovak Republic	-	-	635	995	649	285
Netherlands	-	12	794	796	131	3
Other EU countries	2,254	336	2,651	2,752	1,140	1,091
Russian Federation	-	9	-	162	1,005	410
Asia	16	84	12,671	12,146	1,327	928
North America	-	-	-	-	1,975	3,026
Other	847	353	466	838	1,429	1,170
TOTAL	5,227	4,130	43,351	35,745	32,380	31,082

43.2 Liquidity risk

The liquidity risk represents the Bank's risk of incurring losses due to momentary insolvency. The Bank may also suffer a loss as a result of low liquidity in the market for the financial instruments included in the Bank's portfolios. The liquidity risk threatens the Bank's funding and investment needs. Market liquidity risk represents the risk of not being able to liquidate financial instruments quickly enough, or in sufficient volume and for reasonable prices. If the conditions are not favourable, this risk may substantially worsen the Bank's position.

The Bank has access to diverse sources of funds, which comprise deposits and other savings, loans accepted and equity. This diversification makes the Bank flexible and limits its dependency on any one financing source. The Bank regularly evaluates the liquidity risk, in particular by monitoring changes in the structure of financing and comparing these changes with the Bank's liquidity risk management strategy, which is approved by the Board of Directors. The Bank also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid funds, such as state treasury bills and similar bonds.

Residual maturity of the Bank's assets and liabilities

The following table shows the carrying amounts of the Bank's assets and liabilities on the basis of their earliest possible contractual maturity.

The amounts on the basis of their expected recovery or settlement are essentially the same as the carrying amounts of assets and liabilities on the basis of their earliest possible contractual maturity.

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
At 31 December 2021						
Cash and cash equivalents	127,050	-	-	-	-	127,050
Financial assets at fair value through profit or loss	11,645	1,968	4,011	19,189	-	36,813
Financial assets at fair value through other comprehensive income	140	414	11,007	11,123	210	22,894
Loans and advances to banks	5,227	-	-	-	-	5,227
Loans and advances to customers	5,778	13,784	18,348	5,441	-	43,351
Investments and other assets	250	236	-	-	801	1,287
TOTAL	150,090	16,402	33,366	35,753	1,011	236,622
Deposits from banks	24,083	17,250	-	-	-	41,333
Deposits from customers	138,497	1,854	5,197	-	-	145,548
Debt securities issued	933	863	2,615	-	-	4,411
Financial liabilities at fair value through profit or loss	873	1,497	7,830	17,432	-	27,632
Other liabilities and provisions	943	15	198	-	-	1,156
Shareholders' equity	-	-	-	-	16,542	16,542
TOTAL	165,329	21,479	15,840	17,432	16,542	236,622
At 31 December 2020						
Cash and cash equivalents	90,096	-	-	-	-	90,096
Financial assets at fair value through profit or loss	658	1,126	4,097	13,410	-	19,291
Financial assets at fair value through other comprehensive income	295	336	12,108	6,574	1	19,314
Loans and advances to banks	4,130	-	-	-	-	4,130
Loans and advances to customers	7,996	8,906	17,568	1,275	-	35,745
Investments and other assets	290	-	-	-	857	1,147
TOTAL	103,464	10,368	33,774	21,259	858	169,723
Deposits from banks	1,933	-	-	-	-	1,933
Deposits from customers	124,255	2,028	5,179	-	-	131,462
Debt securities issued	55	772	2,295	-	-	3,122
Financial liabilities at fair value through profit or loss	462	1,064	3,966	11,218	-	16,710
Other liabilities and provisions	986	24	70	2	-	1,082
Shareholders' equity	-	-	-	-	15,414	15,414
TOTAL	127,691	3,888	11,510	11,220	15,414	169,723

Residual maturity of the Banks' off-balance-sheet items

The following table shows the maturity of the Bank's off-balance sheet assets based on the date on which the commitments provided can be drawn or the guarantees provided can be claimed.

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
At 31 December 2021						
Commitments provided	13,485	-	-	-	-	13,485
Guarantees provided	323	-	-	-	-	323
TOTAL	13,809	-	-	-	-	13,809

At 31 December 2020						
Commitments provided	9,515	-	-	-	-	9,515
Guarantees provided	489	-	-	-	-	489
TOTAL	10,004	-	-	-	-	10,004

The following table shows undiscounted cash flows on the Bank's financial liabilities on the basis of their earliest possible contractual maturity.

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
At 31 December 2021						
Deposits from banks	24,129	17,429	-	-	-	41,558
Deposits from customers	138,549	1,917	5,264	-	-	145,730
Debt securities issued	937	897	2,843	-	-	4,677
Financial liabilities at fair value through profit or loss	22	59	3,357	8,322	-	11,760
Derivatives	851	1,438	4,658	10,462	-	17,409
TOTAL	164,488	21,740	16,122	18,784	-	221,134

At 31 December 2020						
Deposits from banks	1,933	-	-	-	-	1,933
Deposits from customers	124,237	2,038	5,291	-	-	131,566
Debt securities issued	55	772	2,520	-	-	3,347
Financial liabilities at fair value through profit or loss	-	56	2,440	8,302	-	10,798
Derivatives	462	1,008	1,669	4,233	-	7,372
TOTAL	126,225	2,866	10,251	8,302	-	147,644

43.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Bank buys and sells derivatives, and also incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Department.

Trading

The Bank holds trading positions in certain financial instruments. The majority of the Bank's business activities are based on the requirements of its customers. These positions are also held for the purpose of speculation on the future development of financial markets. The Bank's business strategy is thus affected by speculative expectation and market creation and its goal is to maximise net income from trading.

The Bank manages the risks associated with its trading activities at the level of individual risks and individual types of financial instruments. The basic instruments used for risk management are volume limits for individual transactions and risk position limits.

Stress testing

The Bank carries out daily stress testing of interest rates, currency risks and changes in prices of equity instruments by applying internally defined improbable scenarios and simulating their impact on the net present value of the Bank's portfolio.

43.3.1 Currency risk

Currency risk is the risk of a change in the value of a financial instrument due to a change in the exchange rates.

Assets and liabilities denominated in foreign currencies including off-balance sheet instruments represent the Bank's exposure to exchange rate risk. Realised and non-realised exchange rate gains and losses are stated directly in the profit and loss statement.

The Bank has set currency risk limits based on its net currency exposure in individual currencies according to their significance. The Bank also sets a limit with respect to the total net currency exposure.

Currency risk exposure

MCZK	CZK	EUR	USD	INR	RUB	Other	Total
At 31 December 2021							
Financial assets	193,215	25,147	11,439	3,857	14	1,889	235,561
Financial liabilities	179,335	32,726	6,360	124	58	941	219,544
FX derivatives	1,225	7,525	(5,087)	(3,889)	11	(135)	(350)
NET EXPOSURE	15,105	(54)	(8)	(156)	(33)	813	
At 31 December 2020							
Financial assets	133,054	18,569	10,349	4,207	13	2,585	168,777
Financial liabilities	107,950	39,637	4,405	123	97	1,794	154,006
FX derivatives	(8,259)	20,420	(5,968)	(4,614)	(180)	(866)	533
NET EXPOSURE	16,845	(648)	(24)	(530)	(264)	(750)	

The table below shows the sensitivity of the (pre-tax) income statement to currency risk for foreign currencies significantly represented in the Bank's balance sheet as at 31 December 2021 and 2020:

MCZK	2021			2020		
	Net position in foreign currency	5% exchange rate increase	5% exchange rate decrease	Net position in foreign currency	5% exchange rate increase	5% exchange rate decrease
EUR	(54)	(3)	3	(648)	(32)	32
USD	(8)	-	-	(24)	(1)	1
INR	(156)	(8)	8	(530)	(27)	27
RUB	(33)	(2)	2	(264)	(13)	13
GBP	692	35	(35)	11	1	(1)
HUF	102	5	(5)	(4)	0	0

The change in the exchange rate of the CZK to foreign currencies had no effect on the Bank's equity components other than the annual profit.

43.3.2 Interest rate risk

The interest rate risk is the risk of a change in the value of a financial instrument due to a change in market interest rates.

The Bank is exposed to interest rate risks resulting from the different maturity or renewal period of interest rates and the different amounts of interest bearing assets and liabilities in these periods. Interest rate management activities are intended to optimise the net interest income of the Bank in accordance with the strategy approved by its Board of Directors.

Part of the Bank's income is generated by the difference between interest rate sensitive assets and liabilities, which is summarised in the table below.

Interest sensitivity of the Bank's assets and liabilities

The following table shows the carrying amounts of the Bank's financial assets and liabilities on the basis of their earliest possible repricing.

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
At 31 December 2021						
Cash and cash equivalents	127,050	-	-	-	-	127,050
Financial assets at fair value through profit or loss	11,645	4,068	3,731	17,369	-	36,813
Financial assets at fair value through other comprehensive income	532	7,587	8,884	5,681	210	22,894
Loans and advances to banks	5,227	-	-	-	-	5,227
Loans and advances to customers	20,740	15,039	4,540	3,032	-	43,351
Investments and other assets	250	236	-	-	801	1,287
TOTAL	165,444	26,930	17,155	26,082	1,011	236,622
Deposits from banks	24,083	17,250	-	-	-	41,333
Deposits from customers	138,497	1,854	5,197	-	-	145,548
Debt securities issued	933	863	2,615	-	-	4,411
Financial liabilities at fair value through profit or loss	873	1,497	7,830	17,432	-	27,632
Other liabilities and provisions	943	15	198	-	-	1,156
Shareholders' equity	-	-	-	-	16,542	16,542
TOTAL	165,329	21,479	15,840	17,432	16,542	236,622
Gap	115	5,451	1,315	8,650	(15,531)	-
Cumulative gap	115	5,566	6,881	15,531	-	-
At 31 December 2020						
Cash and cash equivalents	90,096	-	-	-	-	90,096
Financial assets at fair value through profit or loss	660	6,196	3,238	9,197	-	19,291
Financial assets at fair value through other comprehensive income	862	5,419	9,397	3,635	1	19,314
Loans and advances to banks	4,130	-	-	-	-	4,130
Loans and advances to customers	19,673	8,077	7,987	8	-	35,745
Investments and other assets	290	-	-	-	857	1,147
TOTAL	115,711	19,692	20,622	12,840	858	169,723
Deposits from banks	1,933	-	-	-	-	1,933
Deposits from customers	124,255	2,028	5,179	-	-	131,462
Debt securities issued	55	772	2,295	-	-	3,122
Financial liabilities at fair value through profit or loss	462	1,064	3,966	11,218	-	16,710
Other liabilities and provisions	986	24	70	2	-	1,082
Shareholders' equity	-	-	-	-	15,414	15,414
TOTAL	127,691	3,888	11,510	11,220	15,414	169,723
Gap	(11,828)	15,828	9,182	1,622	(14,804)	-
Cumulative gap	(11,828)	4,000	13,182	14,804	-	-

The carrying amounts of assets and liabilities are recorded either in the period in which they are due or in the period in which the interest rate changes, whichever occurs earlier.

Expected maturities differ from contracted ones as historical evidence shows that most short-term loans and deposits are prolonged

Effective yield information

The effective yields on significant categories of financial assets and liabilities of the Bank as at 31 December 2021 and 2020 were as follows:

V % p.a.	2021	2020
Financial assets		
Cash and cash equivalents	3.38	0.24
Financial assets at fair value through profit or loss	2.97	1.11
Financial assets at fair value through other comprehensive income*	2.95	2.04
Loans and advances to banks	1.45	0.02
Loans and advances to customers	4.63	4.49
Financial liabilities		
Deposits from banks	2.04	0.00
Deposits from customers	0.57	(0.36)
Debt securities issued	4.29	3.04
Financial liabilities at fair value through profit or loss*	1.75	0.92
Finanční závazky oceněné reálnou hodnotou do zisku nebo ztráty*	1,75	0,92

* The yield interest rate is calculated from debt securities, repo and reverse repo operations only.

Apart from the gap analysis as indicated above, the Bank monitors its exposure to interest rate risk by Basis Point Value (BPV) and stress testing. Both of these methods measure the potential impact on the Bank's overall position or shift of interest rate yield curves.

Basis point value

Basis point value measures how much monetary positions of the Bank will gain or lose for a 100 basis point (bp) movement in the yield curve in terms of fair value changes. Therefore, it quantifies the Bank's interest rate risk for changes in interest rates.

"Trading book" means the portfolio of all positions in financial instruments held by the Bank with trading intent, in accordance with the definition of a trading book under Article 4(1)(86) of Regulation (EU) No 575/2013. A banking book contains all positions that are not included in the trading book.

As at 31 December 2021, BPVs for individual currencies were as follows:

MCZK Currency	Banking book BPV	Trading book BPV
CZK	(9)	(97)
EUR	57	28
USD	(202)	31
GBP	(5)	(1)
RUB	-	-
HUF	1	-
KZT	-	-
INR	-	-
IDR	-	-
TOTAL BPV (ABSOLUTE)	274	157

As at 31 December 2020, BPVs for individual currencies were as follows:

MCZK Currency	Banking book BPV	Trading book BPV
CZK	(151)	85
EUR	(56)	12
USD	(226)	(1)
GBP	(6)	(1)
RUB	-	-
HUF	-	-
KZT	-	-
INR	-	-
IDR	-	-
TOTAL BPV (ABSOLUTE)	439	99

Stress testing

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in significant currencies with respect to the Bank in related yield curves. The analysis of the Bank's trading book sensitivity to an increase or decrease in market interest rates in terms of fair value changes (assuming no asymmetrical movement in yield curves and a constant balance sheet position) is as follows:

MCZK	2021		2020	
	100 bp parallel increase	100 bp parallel decrease	100 bp parallel increase	100 bp parallel decrease
Impact on profit or loss as at 31 December	(38)	38	96	(96)
Average for the period	50	(50)	48	(48)
Maximum for the period	226	121	186	174
Minimum for the period	(121)	(226)	(174)	(186)

The Bank uses yield curve shifts to monitor and measure interest rate risk in the banking book in order to track the potential impact of changes in market interest rates. The baseline analysis addresses the sensitivity of net interest income and the economic value of equity and is based on stress scenarios for investment portfolio interest rate risk management in accordance with European Banking Authority Guidelines EBA/GL/2018/02, which anticipate shifts and changes in the shape of the yield curve. The Bank also performs stress testing based on a parallel 200 basis point shift in the yield curve.

The table below shows the sensitivity of the banking book to changes in interest rates:

MCZK	31.12.2021	31.12.2020
Change in annual net interest income		
Impact of +200 bp interest rate movement	(152)	(490)
Impact of -200 bp interest rate movement	(153)	64
Change in the economic value of equity		
Impact of +200 bp interest rate movement	(697)	(1,095)
Impact of -200 bp interest rate movement	387	394

The change in the annual net interest income shows the impact of interest rate movements on net interest income over a 12-month horizon. The change in the economic value of equity shows the impact of interest rate movements on the difference between the present value of assets and liabilities. The results presented are in line with the methodology described in the EBA/GL/2018/02 Guidelines.

43.3.3 Equity risk

The equity risk is the risk of a change in the value of a financial instrument due to a change in market prices of equities or equity-related instruments.

The Bank is exposed to equity risk resulting from open positions in equities or equity-related instruments in accordance with the strategy approved by its Board of Directors.

43.3.4 Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

The Bank is not exposed to settlement risk as all transactions are settled in a delivery-versus-payment manner.

43.4 Operational risk

43.4.1 Operational risks

The Security and Operational Risk Management department is responsible for managing operational risks, i.e. the risks of losses caused by deficiencies in or failures of internal processes, the human factor or systems, or from losses caused by external factors, including legal risk. Operational risk excludes strategic and reputational risk.

Operational risks are usually the cause of an increase in the Bank's expenses, a decrease in the Bank's income, fines, penalties, damage, loss of the Bank's tangible and intangible assets and the failure of information systems.

The Security and Operational Risk Management department prepares the operational risk management methodology, identifies, monitors, measures and assesses the operational risks, and proposes measures to mitigate the operational risks. As part of operational risk management, it is further responsible for physical security and the information system security management system, and it monitors, measures and assesses physical and information security, and prepares the methodology for the management and mitigation of the risks.

The Security and Operational Risk Management department manages the access of employees, clients and other authorised persons to tangible and intangible assets, and manages the risk in terms of arranging supplies of banking services, the launch of new products, and the utilisation of outsourcing by the Bank. It also manages insurance and legal risk. The Security and Operational Risk Management department also regularly informs the management and relevant employees about operational risks and significant events that have arisen. Furthermore, it secures training for employees on the identification, reporting and handling of operational risks.

The management and employees in charge of managing operational risks within a division or department are also involved in the management of operational risks. After an operational risk is identified, they propose and arrange the implementation of operational, controlling or organisational measures to mitigate or eliminate the operational risk. In proposing the measures to mitigate operational risk, they also assess the impact on expenses and income.

43.4.2 Other risks

Legal risk management consists of minimising the uncertainties relating to the enforceability of contracts, insufficient documentation, and changes in the regulatory environment, including accepted case-law and uncertainties in counterparties' acts. The aim is to reduce the risk of loss, the risk of possible or questionable claims against the Bank, or penalties, including damage to the Bank's reputation.

The Compliance department performs activities aimed at harmonising the Bank's internal policies and processes with external regulations. The main compliance activities are to ensure the compliance of internal guidelines with external standards, the mutual compliance of internal guidelines, the compliance of the Bank's activities with internal guidelines and external standards, and the ongoing monitoring of compliance with legal obligations and responsibilities arising from the internal regulations of the Bank, to establish preconditions for achieving this harmonisation, to establish preconditions for the fair provision of services to customers and to refrain from giving preferential treatment to the Bank and its employees compared to customers, to prevent conflicts of interest, and to mitigate acts which would result in market abuse. It also engages in anti-money laundering activities and activities combating the financing of terrorism (AML-CFT), and runs checks on these activities and handles claims and complaints.

If compliance activities are not performed directly by the Compliance department, they are delegated to another department of the Bank, the Bank's managers or the Bank's employees, with the Compliance department acting as coordinator.

The Bank's managers are responsible for creating conditions for the internal and external regulations to be adhered to. They are also responsible for issuing internal policies governing the activities they are in charge of and they are also obliged to check whether the external regulations and internal policies are observed by subordinates.

43.5 Capital management

Regulatory capital

The Bank's lead regulator, sets and monitors the capital requirements of the Bank. The Bank and individual banking operations are directly supervised by local regulators. As the capital regulatory requirements are set only for banks, the structure of Tier 1 capital and Tier 2 capital is set only for the Bank.

In the implementation of current capital requirements, the CNB requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, statutory reserve funds and retained earnings after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also considered and the Bank recognises the need to maintain a balance between the higher returns and the advantages and security afforded by a sound capital position.

The Bank and its individually regulated operations complied with all externally imposed capital requirements throughout the period.

There were no material changes in the Bank's management of capital during the period.

The Bank's reconciliation between regulatory capital and equity calculated was as follows:

MCZK	Regulatory capital	Equity
At 31 December 2021		
Issued capital	769	769
Share premium	412	412
Retained earnings	13,750	15,497
Profit/(Loss)	-	-
Accumulated other comprehensive income	(177)	(136)
Less value adjustment due to requirements of prudent valuation	(87)	-
Less intangible assets	(108)	-
Mitigation of impact of IFRS 9 implementation	429	-
Tier 1 capital	14,988	-
TOTAL	14,988	16,542
At 31 December 2020		
Issued capital	769	769
Share premium	412	412
Retained earnings	12,617	13,750
Profit/(Loss)	1,133	-
Accumulated other comprehensive income	483	483
Less value adjustment due to requirements of prudent valuation	(55)	-
Less intangible assets	(129)	-
Mitigation of impact of IFRS 9 implementation	503	-
Tier 1 capital	15,733	-
TOTAL	15,733	15,414

Capital adequacy ratios are as follows:

%	2021	2020
Tier 1 common capital ratio	20.33	24.47
Tier 1 capital ratio	20.33	24.47
Total capital ratio	20.33	24.47

If the mitigation of the impact of IFRS 9 implementation were not applied, tier 1 common capital ratio, tier 1 capital ratio and total capital ratio would be 19.86% as at 31 December 2021 (2020: 23.83%).

Exposures and capital requirements for credit risk related to the following institutions:

MCZK	Exposure	Capital requirement
At 31 December 2021		
Central government or central banks	312	25
Regional governments or local authorities	6	-
Institutions	2,199	176
Corporates	43,001	3,440
Retail	-	-
Secured by mortgages on immovable property	253	20
Exposures in default	1,315	105
Items associated with particular high risk	6,360	509
Collective investment undertakings	209	17
Equity	239	19
Other items	968	78
TOTAL	54,862	4,389
At 31 December 2020		
Central government or central banks	82	7
Regional governments or local authorities	5	-
Institutions	1,869	149
Corporates	36,186	2,895
Retail	-	-
Secured by mortgages on immovable property	212	17
Exposures in default	1,498	120
Items associated with particular high risk	5,551	444
Collective investment undertakings	-	-
Equity	239	19
Other items	917	73
TOTAL	46,559	3,724
MCZK	2021	2020
Capital requirements for credit risk	4,389	3,724
Capital requirements for market risks	858	589
- for interest rate risk of trading portfolio	801	475
- for equity risk of trading portfolio	-	-
- for foreign exchange risk	57	114
Capital requirements for settlement risk	-	-
Capital requirements for operational risk	589	552
Capital requirements for credit valuation adjustment risk	60	289
Total capital requirements	5,897	5,154

Minimum requirements for capital ratios are as follows:

	Minimum requirement	Capital conservation buffer	Counter-cyclical buffer
31.12.2021			
Common Equity Tier 1 capital (CET1)	4.5%	2.5%	0.29%
Tier 1 capital	6%	2.5%	0.29%
Total regulatory capital	8%	2.5%	0.29%
31.12.2020			
Common Equity Tier 1 capital (CET1)	4.5%	2.5%	0.27%
Tier 1 capital	6%	2.5%	0.27%
Total regulatory capital	8%	2.5%	0.27%

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by the optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily on the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect other risks of the transaction. The process of allocating capital is undertaken by those responsible for the operation and is subject to review by the Bank's Credit Committee or ALCO, as appropriate.

44 Related-party transactions

As at 31 December 2021, the parent company of the Bank is PPF Financial Holdings a.s., with its registered office in the Czech Republic, Prague, Evropská 2690/17, postal code: 16000, registration number: 10907718, the parent company of PPF Financial Holdings a.s. is PPF Group N.V., with its registered office in the Netherlands, Amsterdam, Strawinskylaan 933, postal code: 1077XX, registration number: 33264887.

The Bank considered the transactions with its parent company, PPF Financial Holdings a.s. and its parent company PPF Group N.V., and with all their subsidiaries and associates to be related-party transactions.

The related-party transactions also include transactions with its key management personnel, and enterprises with which it has key management personnel in common.

44.1 Transactions with the parent company

The balances stated below are included in the statement of financial position and represented transactions with the parent company:

MCZK	31.12.2021	31.12.2020
Financial assets at fair value through profit or loss	24	24
Other assets	1	-
Deposits from customers	(633)	(350)
Other liabilities	(1)	-
TOTAL	(609)	(326)

The Bank neither accepted nor provided guarantees related to the above-mentioned transactions.

The figures stated below are included in the statement of comprehensive income and represented transactions with the parent company:

MCZK	2021	2020
Interest and similar income	1	1
Fee and commission income	2	1
TOTAL	3	2

44.2 Transactions with subsidiaries

The balances stated below are included in the statement of financial position and represented transactions with subsidiaries:

MCZK	31.12.2021	31.12.2020
Loans and advances to customers	9,616	9,225
Deposits from customers	(456)	(347)
Other liabilities	(2)	-
TOTAL	9,158	8,878

The figures stated below are included in the statement of comprehensive income and represented transactions with subsidiaries:

MCZK	2021	2020
Interest and similar income	774	1,098
Interest expense and similar charges	-	(1)
Dividend income	-	415
Net impairment losses on financial assets	138	(293)
Other operating income	1	2
TOTAL	913	1,221

44.3 Transactions with other related parties

The balances stated below are included in the statement of financial position and represented transactions with other related parties:

MCZK	31.12.2021	31.12.2020
Cash and cash equivalents	31	11
Financial assets at fair value through profit or loss	922	1,265
Financial assets at fair value through other comprehensive income	-	-
Loans and advances to banks	1,353	93
Loans and advances to customers	6,014	4,753
Other assets	52	43
Deposits from customers	(30,139)	(37,727)
Deposits from banks	(409)	(753)
Financial liabilities at fair value through profit or loss	(2,352)	(759)
Provisions	(3)	-
Other liabilities	(131)	(137)
TOTAL	(24,662)	(33,211)

The figures stated below are included in the statement of comprehensive income and represented transactions with other related parties:

MCZK	2021	2020
Interest and similar income	280	275
Interest expense and similar charges	(25)	(36)
Fee and commission income	402	330
Fee and commission expense	(1)	-
Net income from financial operations	(773)	714
Net impairment losses on financial assets	(10)	4
Other operating income	4	6
General administrative expenses	(140)	(134)
TOTAL	(263)	1,159

44.4 Key management personnel

The balances stated below are included in the statement of financial position and represented transactions with key management personnel:

MCZK	31.12.2021	31.12.2020
Financial liabilities at fair value through profit or loss	(1)	(1)
Deposits from customers	(83)	(57)
TOTAL	(84)	(58)

The above payables consist mainly of term deposits and balances of current accounts with the Bank.

The balances stated below are included in the statement of other comprehensive income and represented transactions with key management personnel:

MCZK	2021	2020
General administrative expenses	(61)	(54)
Net income from financial operations	(1)	(2)
TOTAL	(62)	(56)

General administrative expenses consist of salaries and remuneration of the Group 's key management personnel, described in detail in note 11.

44.5 Credit commitments and guarantees provided

As a related-party transaction, as at 31 December 2021 the Bank provided a credit commitment to related parties of MCZK 9,402 (31.12.2020: MCZK 5,610), a guarantee commitment and a guarantee in the amount of MCZK 0 (31.12.2020: MCZK 0).

45 Subsequent events

There have been no events subsequent to the balance sheet date that require adjustment or disclosure in the financial statements or notes, except for the following:

The Bank realises that the geopolitical situation emerging from the Russian-Ukrainian conflict in February 2022 will have significant repercussions for the economy in the Czech Republic and other countries. However, in the light of the heightened global uncertainty and turmoil, it is impossible to fully assess and quantify these impacts at this time. The Bank's direct exposure to Russia and Ukraine is insignificant (as at 31 March 2022, 0.18% of total assets, 0.31% of total liabilities). The Bank's direct exposure consists, on the assets side, mainly of Financial assets at fair value through other comprehensive income and Loans and advances to banks, and, on the liabilities side, mainly of Deposits from customers.

Responding to the geopolitical situation over 2022, the Bank has significantly reduced its exposures to counterparties with Russian risk as at 31 December 2021 by cutting limits on those Russian counterparties and on RUB transactions.

In March 2022, the Bank further significantly reduced the direct exposure of its financial assets at fair value through other comprehensive income. Despite engaging in the above actions, the Bank confirms its business and capital position remained strong in the first quarter of 2022. The economic result absorbed the above-mentioned impacts to report earnings well in excess of CZK 600 million.

Besides the direct effects, the Bank is also evaluating secondary and indirect impacts. The Bank's analysis did not identify any significant indirect effects because the Bank has limited business activities in Russia and Ukraine and its clients have limited dependence on these regions.

These events constitute subsequent events occurring after the end of the accounting period that do not have a significant effect on the separate financial statements for the year ended 31 December 2021.

The Bank's exposure to the Russian and Ukrainian markets as at 31 March 2022 is as follows:

MCZK	31 March 2022
Assets	502
Financial assets at fair value through profit or loss	16
Financial assets at fair value through other comprehensive income	328
Loans and advances to banks	149
Loans and advances to customers	9
Liabilities	791
Deposits from banks	363
Deposits from customers	421
Negative fair value of derivatives	7
Off-balance sheet	
Nominal value of derivatives	464

The Bank is ready to make the appropriate respond if the situation arises. The Bank is continuously monitoring the situation and, based on its current knowledge and after considering all available information, it does not expect these events to have an impact on its ability to continue as a going concern in the future.

Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity for 2021

In accordance with Section 82 et seq. of Act No 90/2012 on companies and cooperatives, as amended, (“the AoC”), PPF banka a.s., with its registered office at Evropská 2690/17, 160 41 Praha 6, registration number 47116129, incorporated by entry in the Commercial Register maintained by the Municipal Court in Prague, section B, file number 1834 (“the Company”), has the obligation to prepare the following report on relations between the controlling entity and the Company and between the Company and entities controlled by the same controlling entity (“Report on Relations”) for the accounting period from 1 January 2021 to 31 December 2021 (“the Accounting Period”).

1. Structure of relations between the controlling entity and the Company and between the Company and entities controlled by the same controlling entity

By reference to information in the possession of the Board of Directors, in which the Company’s governing body, to the best of its knowledge, found no incompleteness, the structure is set out in Appendix 1 to this Report on Relations.

2. Role of the Company

During the Accounting Period, the Company did not adopt or implement any measures or other legal arrangements providing it with special advantages or imposing special obligations on it in the interest or at the initiative of the controlling entity or entities controlled by the same controlling entity. In relation to control, the Company benefits from no special advantages and has no special obligations vis-à-vis the controlling entity and/or entities controlled by the same controlling entity beyond those negotiated in the agreements listed in Section 5 of this Report on Relations.

3. Method and means of control

The controlling entity exercises control through its ownership rights via decisions at the Company’s general meetings (or decisions of the Company’s sole shareholder). Methods and means of controlling the Company include the Company’s articles of association and decisions of the Company’s supreme body. No special agreements exist between the Company and the controlling entity with respect to methods and means of controlling the Company.

4. Overview of actions pursuant to Section 82(2)(d) of AoC

In the Accounting Period, the Company did not perform any actions at the initiative or in the interest of the controlling entity or entities controlled by it that related to assets exceeding 10% of the Company’s equity as determined from the latest financial statements.

5. Overview of mutual agreements

The Company has concluded the following agreements with the controlling entity or with entities controlled by the same controlling entity:

The following agreements have been concluded with AB 4 B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34186049:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with AB STRUCTURED FUNDING 1 DESIGNATED ACTIVITY COMPANY, with its registered office at DO2A339, Dublin, Block 3, Harcourt Centre, Harcourt Road, DO2A339, Ireland, registration number: 619700:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with AB-X Projekt GmbH in liquidation, with its registered office at Landsberger 155, Munich, 806 87, Germany, registration number: HRB 247124:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Accord Research, s.r.o. v likvidaci, with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 290 48 974:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with AF Airfueling s.r.o., with its registered office at Hůlkova 1075/35, Kbely, 197 00 Praha 9, registration number: 02223953:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Air Bank a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 29045371:

- Confidentiality contract - scope of performance: other services
- Reporting Delegation Agreement - Agreement on EMIR reporting - scope of performance: other services
- Contract with an administrator + special arrangements for the contract with an administrator - scope of performance: financial services
- Contract for opening and maintaining correspondent accounts - scope of performance: financial services
- Framework agreement on trading on financial markets (EMA) - scope of performance: financial services
- Creditor Accession Undertaking - scope of performance: financial services
- ISDA Master Agreement - scope of performance: financial services
- Agency agreement on the provision and settlement of transactions with investment instruments and on investment instrument administration - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services
- Agreement on the provision of services for the blocking of access to electronic banking tools - scope of performance: financial services
- Strongbox rental agreement - scope of performance: financial services
- Service agreement (COVID 3 loans) - scope of performance: financial services
- Customer business agreement - switch - scope of performance: financial services
- Agreement on the procurement of a bond issue - scope of performance: financial services
- Participant agreement - scope of performance: financial services
- Transfer agreement - scope of performance: financial services

The following agreements have been concluded with ANTHEMONA LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE316792:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with ASTAVEDO LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE316792:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Bavella B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 52522911:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Benxy s.r.o., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 035 70 967:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Bestsport holding a.s., with its registered office at Českomoravská 2345/17, Libeň, 190 00 Praha 9, registration number: 06613161:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Bestsport, a.s., with its registered office at Českomoravská 2345/17, Libeň, 190 00 Praha 9, registration number: 24214795:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Bolt Start Up Development a.s., with its registered office at Za Brumlovkou 266/2, Michle, 140 00, Praha 4, registration number: 04071336:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with BONAK a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 05098815:

- General agreement on payment and banking services - scope of performance: financial services
- Share pledge agreements - scope of performance: financial services
- Guarantee and shareholder undertaking agreement - scope of performance: financial services
- Winding-up and termination agreement - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services

The following agreements have been concluded with Capellalaan (Hoofddorp) B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 58391312:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Central European Media Enterprises Ltd., with its registered office at Bermuda Islands, Park Place, 55 Par-la-Ville Road, HM11, registration number: 19574:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with CETIN a.s., with its registered office at Českomoravská 2510/19, 190 00 Praha 9, registration number: 04084063:

- General agreement on payment and banking services - scope of performance: financial services
- Framework contract on trading on the financial market (EMA) - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services
- Confidentiality agreement - scope of performance: other services

The following agreements have been concluded with CETIN Finance B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 66805589:

- General agreement on payment and banking services - scope of performance: financial services
- Dealer agreement - scope of performance: financial services

The following agreements have been concluded with Cetin Group N.V. (previously Cetin Group B.V.), with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 65167899:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services
- ISDA master agreement - scope of performance: financial services

The following agreements have been concluded with CETIN Hungary Zártkörűen Működő Részvénytársaság, with its registered office at 2045, Törökbálint, Pannon út 1, Hungary, registration number: 13-10-042052:

- General agreement on payment and banking services - scope of performance: financial services
- ISDA master agreement - scope of performance: financial services

The following agreements have been concluded with CETIN služby s.r.o., with its registered office at Českomoravská 2510/19, Libeň, 190 00 Praha 9, registration number: 06095577:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with CIAS HOLDING a.s., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 27399052:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with CITY TOWER Holding a.s. v likvidaci, with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 02650665:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with CME Bulgaria B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34385990:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with CME Investments B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 33289326:

- General agreement on payment and banking services - scope of performance: financial services
- ISDA master agreement - scope of performance: financial services

The following agreements have been concluded with CME Media Enterprises B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 33246826:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with CME Services s.r.o., with its registered office at Křiženeckého náměstí 1078/5a, 152 00 Praha 5 registration number: 29018412:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with CME Slovak Holdings B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34274606:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Comcity Office Holding B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 64411761:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with SOTIO Biotech AG (previously Cytune Pharma AG), with its registered office at Hochbergstrasse 60C, 4057 Basel, Switzerland, registration number: CHE-354.429.802:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with SOTIO Biotech B.V. (previously Cytune Pharma B.V.), with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 80316557:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Cytune Pharma SAS, with its registered office at 3 Chemin du Pressoir Chenaie, 44100 Nantes, France, registration number: 500998703:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Czech Equestrian Team a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 01952684:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with CzechToll s.r.o., with its registered office at Argentinská 1610/4, Holešovice, 170 00 Praha 7, registration number: 06315160:

- General agreement on payment and banking services - scope of performance: financial services
- Cooperation agreements - acceptance of credit cards for the payment of goods and services via a payment gateway and payment terminals - scope of performance: financial services
- Cooperation agreements on the introduction of a full range of services provided in connection with the acceptance of fuel cards - scope of performance: financial services
- Cooperation agreements on the introduction of a full range of services provided in connection with the acceptance of fuel cards - scope of performance: financial services

The following agreements have been concluded with Duoland s.r.o., with its registered office at Hůlkova 896/31, Kbely, 197 00 Praha 9, registration number: 06179410:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Eastern Properties B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 58756566:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Asake HW s.r.o. v likvidaci (previously eKasa s.r.o.), with its registered office at Za Brumlovkou 266/2, Michle, 140 00 Praha 4, registration number: 05089131:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with ELTHYSIA LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE290356:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with ENADOCO LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE316486:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Erable B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 67330495:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services

The following agreements have been concluded with ESK Developments Limited, with its registered office at British Virgin Islands, Tortola, Belmont Chambers, P.O. Box 3443, registration number: 1611159:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with FACIPERO INVESTMENTS LIMITED, with its registered office at Strovolos, Esperidon 5, 2001, 1075 Nicosia, Cyprus, registration number: HE232483:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Favour Ocean Limited, with its registered office at Nexxus Building, 41 Connaught Road, Central, Hong Kong, China, registration number: 1065678:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with FELISTON ENTERPRISES LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE152674:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with FO Management s.r.o., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 06754295:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with FO servis s.r.o., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 08446407:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Fodina B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 59400676:

- Agency agreement - scope of performance: financial services
- Special arrangements on remuneration - scope of performance: financial services
- General agreement on payment and banking services - scope of performance: financial services
- Global master repurchase agreement - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services

The following agreements have been concluded with GABELLI CONSULTANCY LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE 160 589:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with German Properties B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 61008664:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with GRACESPRING LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE 208 337:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with HC Asia B.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34253829:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with HC Consumer Finance Philippines, Inc, with its registered office at UnionBank Plaza, 35th Floor, Meralco Avenue Corner Onyx, Pasig, Philippines, registration number: CS201301354:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with HC ITS s.r.o. v likvidaci, with its registered office at Evropská 2690/17, 160 00, Praha 6, registration number: 08803251:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with HC Philippines Holding B.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 35024270:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Home Credit a.s., with its registered office at Nové sady 996/25, Staré Brno, 602 00 Brno, registration number: 26978636:

- Contract on cooperation in the performance of work and provision of processing and other services (HC) - scope of performance: other services
- Confidentiality contract - scope of performance: other services
- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Home Credit Asia Limited, with its registered office at Nexxus Building, 41 Connaught Road, Central, Hong Kong, China, registration number: 890063:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Home Credit Group B.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 69638284:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on Group corporate governance - scope of performance: financial services
- Agreement with the administrator - CZ0000000831, as amended - scope of performance: financial services
- Deed of pledge of registered shares in the share capital of Home Credit Group B.V. - scope of performance: financial services
- Agreement on the assignment of derivative transactions - scope of performance: financial services
- Agreement on the assignment of an agreement on a promissory note programme arrangement and assumption of debt - scope of performance: financial services
- ISDA 2002 master agreement + CSA (VM) - scope of performance: financial services
- Agreement on the assignment of a contract on Group corporate governance - scope of performance other services
- Engagement letter - secured credit facility of up to INR 4,000,000,000 - scope of performance: financial services
- Novation and amendment agreement - scope of performance: financial services
- Special arrangement for the agreement with the administrator - scope of performance: financial services
- Agreement on a promissory note programme arrangement - scope of performance: financial services
- Agreement on the assignment of loan agreement 41389616 - scope of performance: financial services
- Agreement on the assignment and amendment of the agreement with the administrator, - scope of performance: financial services
- Agreement on the assignment of a special arrangement for the agreement with the administrator - scope of performance: financial services
- Agreement on a promissory note programme arrangement - scope of performance: financial services
- Creditor accession undertaking - scope of performance: other services
- Secured credit facility of up to INR 4,000,000,000 (may be increased up to INR 9,760,000,000) - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services

The following agreements have been concluded with Home Credit India B.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 52695255:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Home Credit Indonesia B.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 52695557:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Home Credit International a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 60192666:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services
- Agency agreement on the provision and settlement of transactions with investment instruments and on investment instrument administration - scope of performance: financial services
- Framework agreement on the reallocation of software costs - scope of performance: purchase of software solutions, distribution of software and re invoicing of expenses
- Agreement on the distribution of licences 1/2019 - scope of performance: distribution of licences and support
- ULA Oracle software licence agreement
- Confidentiality agreement - scope of performance: other services
- Framework agreement on financial market trading - scope of performance: financial services
- Agreement on the provision of services - scope of performance: financial services

The following agreements have been concluded with Home Credit N.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34126597:

- ISDA master agreement, as amended - scope of performance: financial services
- Special arrangement for the agreement with the administrator - scope of performance: financial services
- Agreement on the assignment of a special arrangement for the agreement with the administrator - scope of performance: financial services
- Agreement on a promissory note programme arrangement - scope of performance: financial services
- Agreement on the assignment of a promissory note programme arrangement and assumption of debt - scope of performance: financial services
- Agreement on the provision of the issue of the notes - scope of performance: financial services
- Agreement on the assignment of derivative transactions - scope of performance: financial services
- Agreement related to a bond offer - scope of performance: financial services
- Loan agreement 41389616 - scope of performance: financial services
- Term facilities agreement - scope of performance: financial services
- Novation and amendment agreement - scope of performance: financial services
- General agreement on payment and banking services - scope of performance: financial services
- Agency agreement on the provision and settlement of transactions with investment instruments and on investment instrument administration - scope of performance: financial services
- Subordination agreement - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services
- Contract on Group corporate governance - scope of performance: financial services
- Agreement on the assignment of a contract on Group corporate governance - scope of performance: financial services
- Agreement on the termination of the agreement on the provision of the issue of notes - scope of performance: financial services
- Creditor accession undertaking - scope of performance: financial services
- Agreement related to a bond offer - scope of performance: financial services

The following agreements have been concluded with Home Credit Slovakia, a.s., with its registered office at Teplická 7434/147, Piešťany 921 22, Slovakia, registration number: 36234176:

- Contract on cooperation in the performance of work and provision of processing and other services (HCS) - scope of performance: other services
- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Home Credit US Holding, LLC, with its registered office at 3500 S Dupont Hwy, Dover, DE 19901, USA, registration number: 5467913:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Home Credit US, LLC, with its registered office at, 3500 S Dupont Hwy, Dover, DE 19901, USA, registration number: 5482663:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with HOPAR LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE188 923 :

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Horse Arena s.r.o., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 04479823:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with ITIS Holding a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 07961774:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with JARVAN HOLDINGS LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE310140:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with JONSA LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE 275110:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Letiště Praha Letňany, s.r.o., with its registered office at Hůlkova 1075/35, Kbely, 197 00 Praha 9, registration number: 24678350:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Letňany Air Land s.r.o., with its registered office at Hůlkova 896/31, Kbely, 197 00 Praha 9, registration number: 06138462:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Letňany Air Logistics s.r.o., with its registered office at Hůlkova 896/31, Kbely, 197 00 Praha 9, registration number: 06138411:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Letňany eGate s.r.o., with its registered office at Hůlkova 896/31, Kbely, 197 00 Praha 9, registration number: 06137628:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Letňany Park Gate s.r.o., with its registered office at Hůlkova 896/31, Kbely, 197 00 Praha 9, registration number: 06138446:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with LINDUS SERVICES LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE281891

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services

The following agreements have been concluded with LLC Home Credit & Finance Bank, with its registered office at Ul. Pravdy 8, d.8, 125 040 Moscow, Russia, registration number: 1027700280937:

- Special bank account agreement - RUB - 30230810700001500001 (Shares) - scope of performance: financial services
- Depositary contract - account PO 140103KSB - scope of performance: financial services
- Agreement on Russian rouble loro account opening and maintenance procedures for non-resident bank - rates of commission charge - scope of performance: financial services
- Master agreement + schedule to the 1992 master agreement - scope of performance: financial services

- Framework treasury agreement - scope of performance: financial services
- Agency contract 37-18/005 - scope of performance: financial services
- Agency agreement on the provision of transactions in investment instruments - HCFB Moscow - scope of performance: financial services
- Special bank account agreement - RUB - 30230810600001600001 (Bond) - scope of performance: financial services
- Agreement on the administration of securities - scope of performance: financial services
- Contract on the opening and maintenance of a CZK correspondent account and terms and conditions of account maintenance - 2005840171/6000 - terms and conditions for a correspondent account in CZK - scope of performance: financial services
- Contract on the opening and maintenance of a EUR correspondent account and terms and conditions of account maintenance - 2005840200/6000 - terms and conditions for a correspondent account in EUR - scope of performance: financial services
- Contract on the opening and maintenance of a USD correspondent account and terms and conditions of account maintenance - 2005840198/6000 - terms and conditions for correspondent account in USD - scope of performance: financial services
- Uncommitted loan facility agreement - scope of performance: financial services
- Agreement No 20-4-12/001 on brokerage service provision to legal entities non-resident in the RF - scope of performance: financial services
- Transfer certificate - scope of performance: financial services
- Agreement on terms and conditions for the provision of repository services - scope of performance: financial services
- Cash delivery request and indemnity for acting thereupon in respect of our account(s) 2005840200/6000 - scope of performance: financial services
- Agreement on the maintenance of a foreign-currency correspondent account of a non-resident bank - nostro account USD 21 - scope of performance: financial services

The following agreements have been concluded with LOSITANTO Ltd., with its registered office at Themistokli Dervi, 48, office 603, 6 floor, 1066 Nicosia, Cyprus, registration number: HE157131:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Maraflex s.r.o., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 02415852:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with MICROLIGHT TRADING LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE224515:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with MIDDLECAP SEAL HOUSE LIMITED, with its registered office at C/O Middlecap Real Estate Ltd, 15 Stratford Place, London W1C 1BE, United Kingdom, registration number: 11669616:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with mluvi.com s.r.o., with its registered office at Za Brumlovkou 266/2, Michle, 140 00 Praha 4, registration number: 27405354:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with MOBI BANKA AD BEOGRAD (NOVI BEOGRAD), with its registered office at Omladinskih brigada 90v, Belgrade, Serbia, registration number: 17138669:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Montería, spol. s r.o., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 27901998:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement Reg. No 41562120 on the provision of banking products - scope of performance: financial services
- Agreement Reg. No ZBU/41562120/1 on the establishment of a lien on accounts receivable - scope of performance: financial services

The following agreements have been concluded with Moranda, a.s., with its registered office at Evropská 2690/17, Dejvice, 160 41 Praha 6, registration number: 28171934, registration number: 28171934:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: other services

The following agreements have been concluded with My Air a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 05479070:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF Gastro s.r.o. (previously Mystery Services s.r.o.), with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 24768103:

- Contract for employee meals, as amended - scope of performance: other services
- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the coverage of the costs of catering services and refreshments - scope of performance: other services
- Personal data processing agreement - protection of mutually disclosed confidential information and rights and obligations of the parties in the field of personal data processing - scope of performance: other services

The following agreements have been concluded with Naneva B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 67400639:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services
- Global master repurchase agreement (GMRA) - scope of performance: financial services

The following agreements have been concluded with Net Gate s.r.o. v likvidaci, with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 24765651:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with O2 Czech Republic a.s., with its registered office at Za Brumlovkou 266/2, 140 22 Praha 4, registration number: 60193336:

- Framework agreement on payment and banking services - scope of performance: setting of a credit limit for the company and the opening of bank accounts in CZK, EUR, USD
- Framework agreement on financial market trading - scope of performance: hedging against financial risk
- Agreement on the provision of publicly available electronic communications services - scope of performance: provision of publicly available electronic communications services, financial services
- Agreement on the provision of cloud, housing and related services - scope of performance: provision of cloud, housing and related services to the second contracting party, financial services
- Agreement on the provision of the Aculla SIPREC SRS recording system - scope of performance: establishment of conditions for the provision of a recording system to the second contracting party and use thereof for the fulfilment of MiFID regulation requirements, financial services
- Mobile SIPREC service agreement - provision of services in the monitoring and recording of calls to meet the requirements of MiFID (Markets in Financial Instruments Directive) 639131- scope of performance: other services
- Bulk SMS connector service agreement - scope of performance: bulk sending of text messages from applications and provision of development capacities for application development in accordance with the requirements of PPF banka a.s.

The following agreements have been concluded with O2 Financial Services s.r.o., with its registered office at Za Brumlovkou 266/2, Michle, 140 00 Praha 4, registration number: 05423716:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with O2 IT Services s.r.o., with its registered office at Za Brumlovkou 266/2, Michle, 140 00 Praha 4, registration number: 02819678:

- Bank guarantee contract BZ/30367615 - scope of performance: financial services
- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with O2 TV s.r.o., with its registered office at Za Brumlovkou 266/2, Michle, 140 00 Praha 4, registration number: 03998380:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Office Star Eight a.s., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 27639177:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Office Star Nine, spol. s r. o., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 27904385:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Paleos Industries B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 66846919:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with ŠKODA PARS a.s. (previously Pars nova a.s.), with its registered office at Žerotínova 1833/56, 787 01 Šumperk, registration number: 25860038:

- Financial guarantee agreement 300000206/001/2020 + letter of guarantee - scope of performance: financial services
- Loan contract 41571120 Covid Plus Programme - scope of performance: financial services
- Agreement on fees - scope of performance: commercial services

The following agreements have been concluded with PPF a.s., with its registered office at Evropská 2690/17, Dejvice, 160 41 Praha 6, registration number: 25099345:

- LAN service agreement - scope of performance: other services
- Cost reimbursement agreement - scope of performance: financial services
- Contract on the sublease of non-residential premises - E-GATE, as amended - scope of performance: financial services
- Contract on the sublease of parking lots - scope of performance: financial services
- Contract on the provision of services dated 31 March 2006 - scope of performance: other services
- Contract on the sublease of mobile equipment - scope of performance: other services
- Contract on the use of a visual style and the provision of rights to the use of trademarks - scope of performance: other services
- General agreement on payment and banking services - scope of performance: financial services
- Personal data processing agreement - protection of mutually disclosed confidential information and rights and obligations of the parties in the field of personal data processing - scope of performance: other services

The following agreements have been concluded with PPF A3 B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 61684201:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF A4 B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 63365391:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF Advisory (CR) a.s., with its registered office at Evropská 2690/17, Dejvice, 160 41 Praha 6, registration number: 25792385:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF ADVISORY (RUSSIA) LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE276979:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF Advisory (UK) Limited, with its registered office at Witan Gate House, 500-600 Witan Gate West, Milton Keynes, Buckinghamshire, MK9 1SH, United Kingdom, registration number: 5539859:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF Art a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 63080672:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Millennium Hotel Rotterdam B.V. (previously PPF Beer IM Holdco B.V.), with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 67331378:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF Biotech B.V. (previously PPF Capital Partners Fund B.V.), with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 55003982:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services

The following agreements have been concluded with PPF CO 3 B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34360935:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement INR 1,875,000,000 credit facility + signature specimen, as amended - scope of performance: financial services
- Agreement of 29 September 2016 on an INR 2,250,000,000 credit facility - scope of performance: financial services
- Agreement on an INR 2,500,000,000 credit facility, as amended - scope of performance: financial services
- Agreement on an IDR 30,000,000,000 credit facility, as amended - scope of performance: financial services
- Agreement on an INR 3,750,000,000 credit facility - scope of performance: financial services
- Agreement on an INR 4,000,000,000 credit facility - scope of performance: financial services
- Framework agreement on consultancy and cooperation - scope of performance: financial services
- Agreement of 2 May 2018 on a USD 25,000,000 credit facility - scope of performance: financial services
- Agreement of 31 July 2018 on a USD 40,000,000 credit facility - scope of performance: financial services
- Agreement of 27 November 2018, INR 4,000,000,000 - scope of performance: financial services
- Agreement of 22 November 2018, USD 32,000,000 - scope of performance: financial services
- Consent and waiver in respect of certain conditions precedent - scope of performance: financial services
- Letter of comfort - scope of performance: financial services
- Agreement of 15 August 2019, USD 40,000,000 credit facility - scope of performance: financial services
- Agreement of 15 August 2019, INR 4,500,000,000 credit facility - scope of performance: financial services
- Agreement on the provision of investment services, - scope of performance: financial services
- Secured credit facility of up to INR 4,400,000,000 - scope of performance: financial services
- Agreement of 21 November 2019, HUF 6,000,000,000 credit facility - scope of performance: financial services

- Agreement of 21 November 2019, EUR 47,000,000 credit facility - scope of performance: financial services
- Agreement of 16 December 2020, EUR 33,000,000 credit facility - scope of performance: financial services
- Consent letter - USD 25,000,000 credit facility (as amended) - scope of performance: financial services
- Agreement of 22 May 2020, RSD 3,000,000,000 credit facility - scope of performance: financial services
- Agreement of 5 January 2021, INR 5,000,000,000 credit facility - scope of performance: financial services
- Agreement on a CZK 1,500,000,000 credit facility - scope of performance: financial services
- Agreement on a pledge of receivables under a loan agreement, notification of pledge - scope of performance: financial services
- Agreement of 3 May 2021 - USD 40,000,000 - scope of performance: financial services
- Cash automated transfer agreement - scope of performance: financial services
- Agreement of 8 November 2021, EUR 40,000,000 credit facility - scope of performance: financial services

The following agreements have been concluded with PPF CYPRUS MANAGEMENT LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE224463:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services
- ISDA agreement, as amended - scope of performance: financial services
- Contract on the subscription and purchase of investment certificates - scope of performance: financial services
- Contract on the subscription and purchase of investment certificates - scope of performance: financial services
- Contract on the subscription and purchase of investment certificates - scope of performance: financial services
- Contract on the subscription and purchase of subordinated debt - scope of performance: financial services
- Confidentiality agreement - scope of performance: other services

The following agreements have been concluded with PPF CYPRUS RE MANAGEMENT LTD., with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE251908:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF RE Consulting s.r.o. (previously PPF Financial Consulting s.r.o.), with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 24225657:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF Financial Holdings a.s. (change of headquarters, previously PPF Financial Holdings B.V.), with its registered office at Evropská 2690/17, 16000, Praha 6, registration number:10907718:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services
- Agreement on administration - scope of performance: financial services
- Agreement on administration - scope of performance: financial services
- Agreement on administration - scope of performance: financial services
- Agreement on administration - scope of performance: financial services
- Agreement on administration - scope of performance: financial services
- Agreement on administration - scope of performance: financial services
- Contract on Group corporate governance - scope of performance: financial services
- Agreement on the assignment of a contract on Group corporate governance - scope of performance: financial services
- Sublicensing agreement - scope of performance: other services
- Contract of mandate - scope of performance: other services
- Agreement on the provision of credit risk management services - scope of performance: financial services

The following agreements have been concluded with PPF Finco B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 77800117:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF GATE a.s., with its registered office at Evropská 2690/17, 160 41 Praha 6, registration number: 27654524:

- Agreement on the letting of non-residential premises - branch - PPF Gate mandate - scope of performance: other services
- Pledge notice - agreement on the letting of non-residential premises - Branch - PPF Gate mandate - scope of performance: other services
- Construction contract mandate - scope of performance: other services

The following agreements have been concluded with PPF Group N.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 33264887:

- General agreement - deposits - scope of performance: financial services
- ISDA master agreement, as amended - scope of performance: financial services
- Contract on the administration of securities, as amended - scope of performance: financial services
- Agreement on a guarantee - scope of performance: financial services
- General agreement on payment and banking services - scope of performance: financial services
- Dealer manager agreement - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services
- Facility agreement Reg. No 41585221 - scope of performance: financial services
- Confirmation of continuing security - scope of performance: financial services
- Guarantee and sponsor undertaking - scope of performance: other services

The following agreements have been concluded with PPF Healthcare N.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34308251:

- Contract for assignment of a receivable - scope of performance: financial services
- General agreement on payment and banking services - scope of performance: financial services
- ISDA master agreement - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services

The following agreements have been concluded with PPF Industrial Holding B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 71500219:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Skoda B.V. (previously PPF IndustryCo B.V.), with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 67420427:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services
- Intercreditor agreement - scope of performance: financial services
- Funded participation agreement - scope of performance: financial services

The following agreements have been concluded with PPF Real Estate Holding B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34276162:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on a promissory note programme arrangement + PoA - scope of performance: financial services

The following agreements have been concluded with PPF Real Estate I, Inc., with its registered office at Wilmington, Delaware, 1209, Orange street, United States of America, registration number: 7705173:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF REAL ESTATE LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE188089:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF Real Estate s.r.o., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 27638987:

- Agreement on the provision of services - scope of performance: financial services
- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF reality a.s., with its registered office at Evropská 2690/17, Dejvice, 160 41 Praha 6, registration number: 29030072:

- General agreement on payment and banking services - scope of performance: financial services
- Licensing contract assignment agreement - scope of performance: other services

The following agreements have been concluded with PPF Telco B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 65167902:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services

The following agreements have been concluded with PPF Telecom Group B.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 59009187:

- General agreement on payment and banking services - scope of performance: financial services
- Mandate agreement on the arrangement of trades in derivate investment instruments - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial service
- ISDA 2002 master agreement - scope of performance: financial services

The following agreements have been concluded with PPF TMT Bidco 1 B.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 70498288:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF TMT Bidco 1 Infra B.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 81312776:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF TMT Bidco 2 B.V. (previously PPF Beer Bidco B.V.), with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 67332722:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF TMT Holdco 1 B.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 70498261:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with PPF TMT Holdco 2 B.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 70526214:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Prague Entertainment Group B.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 63600757:

- General agreement on payment and banking services - scope of performance: financial services
- Escrow agreement 2322470004 - scope of performance: financial services
- Escrow agreement 2322480018 - scope of performance: financial services
- Escrow agreement 2322460009 - scope of performance: financial services
- Escrow agreement 2322490005 - scope of performance: financial services

The following agreements have been concluded with PT Home Credit Indonesia, with its registered office at Plaza Oleos, 8-9th Floor, Jl. TB Simatupang 53A, 125 20 Jakarta, Indonesia, registration number: 03.193.870.7-021.000:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Public Picture & Marketing a.s., with its registered office at at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 25667254:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of banking products 41516419 - scope of performance: financial services
- Agreement on the right to complete a promissory note SD/41516419 - scope of performance: financial services
- Purchase order for travel desk services - scope of performance: financial services
- Purchase order for event agency services - scope of performance: financial services

The following agreements have been concluded with Real Estate Russia B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 63458373:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with REDLIONE LTD, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE178059:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with REPIENO LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE282866:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with RHASKOS FINANCE LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE316591:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with SALEMONTA LIMITED, with its registered office at 1066 Nicosia, Cyprus, registration number: HE161006:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with SATACOTO Ltd., with its registered office at ATHIENTIS CENTENNIAL BUILDING, Themistokli Dervi, 48, office 603, 6 floor, 1066 Nicosia, Cyprus, registration number: HE 155018:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with SCT Cell Manufacturing s.r.o., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 14088266:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Seal House JV a.s., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 09170782:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with SEPTUS HOLDING LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE316585:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Smart home security s.r.o., with its registered office at Vyskočilova 1326/5, Michle, 140 00 Praha 4, registration number: 06321399:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with SCTbio a.s. (previously SOTIO a.s.), with its registered office at Jankovcova 1518/2, 170 00 Praha 7, registration number: 24662623:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with SOTIO Biotech a.s., with its registered office at Jankovcova 1518/2, 170 00, Holešovice, Praha 7, registration number: 10900004:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Sotio N.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34302290:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with SR-R Limited, with its registered office at Tortola, Belmont Chambers, P.O. Box 3443 British Virgin Islands, registration number: 708998:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Stellar Holding s.r.o., with its registered office at Evropská 2690/17, 16000, Dejvice, Praha 6, registration number: 14005816:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with STEPHOLD LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE221908:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with STINCTUM HOLDINGS LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE177110:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Sun Belt Office I Interholdco, LLC, with its registered office at Corporation Trust Center, 1209 Orange Street, 19801, Wilmington, USA, registration number: 20210215807:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Sun Belt Office I, LLC, with its registered office at Corporation Trust Center, 1209 Orange Street, 19801, Wilmington, USA, registration number: 20210116384:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Sun Belt Office II Interholdco, LLC, with its registered office at Corporation Trust Center, 1209 Orange Street, 19801, Wilmington, USA, registration number: 20213597548:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Sun Belt Office II, LLC, with its registered office at Corporation Trust Center, 1209 Orange Street, 19801, Wilmington, USA, registration number: 20213597547:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with SUNDOWN FARMS LIMITED, with its registered office at Esperidon 5, 2001 Strovolos, Nicosia, Cyprus, registration number: HE310 721:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with SYLANDER CAPITAL LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE316597:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with ŠKODA a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00, Praha 6, registration number: 14070421:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with ŠKODA EKOVA a.s., with its registered office at Martinovská 3244/42, 72300 Ostrava, registration number: 28642457:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with ŠKODA ELECTRIC a.s., with its registered office at Průmyslová 610/2a, 301 00 Plzeň - Doudlevice, registration number: 47718579:

- Financial guarantee agreement 300000195/001/2020 + letter of guarantee - scope of performance: financial services
- Loan contract 41571120 Covid Plus Programme - scope of performance: financial services
- Agreement on fees - scope of performance: commercial services
- Intercreditor agreement - scope of performance: financial services

The following agreements have been concluded with ŠKODA ICT s.r.o., with its registered office at Tylova 1/57, 301 28 Plzeň registration number: 279 94 902:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement 41538220 on the provision of banking products - scope of performance: financial services

The following agreements have been concluded with ŠKODA INVESTMENT a.s., with its registered office at Emila Škody 2922/1,301 00 Plzeň - jižní předměstí, registration number: 265 02 399:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with ŠKODA TRANSPORTATION a.s., with its registered office at Emila Škody 2922/1,301 00 Plzeň - jižní předměstí, registration number: 626 23 753:

- General agreement on payment and banking services - scope of performance: financial services
- Framework agreement on trading on financial markets (EMA) - scope of performance: financial services
- Agreement of 26 August 2019 on a CZK 3,500,000,000 credit facility - scope of performance: financial services
- Financial guarantee agreement 300000184/001/2020 + letter of guarantee - scope of performance: financial services
- Loan contract 41571120 Covid Plus Programme - scope of performance: financial services
- Agreement on fees - scope of performance: commercial services
- Approval of an extension to the non-testing period - credit agreement 41571120 - scope of performance: financial services

The following agreements have been concluded with ŠKODA VAGONKA a.s., with its registered office at 1. máje 3176/102, 703 00, Ostrava, registration number: 258 70 637:

- General agreement on payment and banking services - scope of performance: financial services
- Framework agreement on trading on financial markets (EMA) - scope of performance: financial services
- Intercreditor agreement - scope of performance: financial services
- Loan contract 41571120 Covid Plus Programme - scope of performance: financial services

The following agreements have been concluded with TALPA ESTERO LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE316502:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with TANAINA HOLDINGS LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE318483:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Tanemo a.s., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 09834273:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services
- Agreement on administration related to the voluntary tender offer to purchase part of the shares issued by MONETA Money Bank, a.s. (contract on the administration of a voluntary tender offer) - scope of performance: financial services
- Data processing agreement - scope of performance: other services
- GDPR/outsourcing supplier assessment - scope of performance: other services

The following agreements have been concluded with EMPTYCO a.s. (previously Telematika a.s.), with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 05418046:

- General agreement on payment and banking services - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services

The following agreements have been concluded with Telenor Bulgaria EAD, with its registered office at Business Park Sofia, zh.k. Mladost 6, 1766 Sofia, Bulgaria, registration number: 130460283:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Telenor Magyarország Zrt., with its registered office at Pannon út 1, 2045 Torokbálint, Hungary, registration number: 13-10-040409:

- General agreement on payment and banking services - scope of performance: financial services
- ISDA master agreement - scope of performance: financial services

The following agreements have been concluded with Telenor Real Estate Hungary Zrt., with its registered office at Pannon út 1, 2045 Torokbálint, Hungary, registration number: 13-10-041060:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with TELISTAN LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE341864:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with TIMEWORTH HOLDINGS LTD., with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE187475:

- General agreement on payment and banking services - scope of performance: financial services
- ISDA master agreement, as amended - scope of performance: financial services
- Agreement on the provision of investment services - scope of performance: financial services

The following agreements have been concluded with TMT Hungary B.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 75752824:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with TMT Hungary Infra B.V., with its registered office at Strawinskyiaan 933, 1077 XX Amsterdam, Netherlands, registration number: 81357397:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with TOLESTO LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE322834:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Trigon II B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 56068948:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Trilogy Park Holding B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 60006609:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Trilogy Park Nizhny Novgorod Holding B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 67330355:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with TV Bidco B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: : 75994437:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with TV Holdco B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 75983613:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with TV Nova s.r.o., with its registered office at Kříženeckého náměstí 1078/5a, 15200 Praha 5, registration number: 45800456:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Usconfin 1 DAC, with its registered office at Dublin 2, Block 3 Harcourt Centre, Harcourt Road, Ireland, registration number: 619282:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with VELTHEMIA LIMITED, with its registered office at Themistokli Dervi, 48, Office 608, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE282891:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Velvon GmbH, with its registered office at Landsberger Str. 155, 80687 Munich, Germany, registration number: HRB 239796:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with VGMC Limited, with its registered office at Tortola, Belmont Chambers, P.O. Box 3443, British Virgin Islands, registration number: 709492:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Vox Ventures B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 65879554:

- General agreement on payment and banking services - scope of performance: financial services

The following agreements have been concluded with Vsegda Da N.V. (previously Home Credit Lab N.V.), with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 52695689:

- General agreement on payment and banking services - scope of performance: financial services

6. Assessment of whether the Company incurred damage and assessment of the settlement thereof pursuant to Sections 71 and 72 of the AoC

No actions described in Section 4 of this Report on Relations were performed. All agreements described in Section 5 of this Report on Relations were concluded, at arm's length. Similarly, all supplies provided and received under these agreements were provided at arm's length. The Company incurred no damage as a result of these actions and agreements.

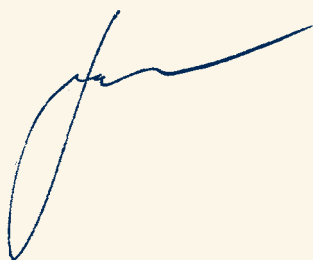
The Company declares that in the Accounting Period there were no instances of an influential entity or the controlling entity influencing the Company's actions that would result in the Company's actions being decisively and significantly influenced to its detriment. The Company incurred no damage and no assessment of damage settlement within the meaning of Sections 71 and 72 of the AoC is thus necessary.

Upon a thorough assessment of the Company's role vis-a-vis the controlling entity and entities controlled by the same controlling entity, the Company's Board of Directors declares that relations between the Company and the controlling entity and/or entities controlled by the same controlling entity result in no special advantages or disadvantages to the Company.

The Company's role vis-a-vis the controlling entity and entities controlled by the same controlling entity has posed no risk to the Company. Stating whether, how and when damage was or will be settled (within the meaning of Sections 71 and 72 of the AoC) is thus not necessary.

The Report on Relations has been prepared to the best of the author's knowledge, gained from available supporting materials and documents, and with due managerial care. The information contained in this Report on Relations is accurate and complete.

Prague, 25 March 2022



Petr Jirásko
Chairman of the Board



Miroslav Hudec
Member of the Board

Appendix 1 – List of companies directly or indirectly controlled by the same controlling entity

Controlling entity (person): Petr Kellner / Renáta Kellnerová, administrator of the estate

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
AB 4 B.V.	34186049	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Air Bank a.s.
AB STRUCTURED FUNDING 1 DESIGNATED ACTIVITY COMPANY	619700	Ireland	Entity controlled by the same controlling entity by means of an ownership interest		PPF Financial Holdings B.V.
AB-X Projekt GmbH	HRB 247124	Germany	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Group B.V.
Accord Research, s.r.o. v likvidaci	29048974	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	until 23/3/2021	PPF Capital Partners Fund B.V.
AF Airfueling s.r.o.	02223953	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.
Air Bank a.s.	29045371	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
Alcat S.r.l	1982487	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Italia S.r.l
Anse Marcel Marina SAS	484763594	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Saint Martin
ANTHEMONA LIMITED	HE 289 677	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Comcity Office Holding B.V.
Aqualodge	823597950	Martinique	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Argos Yachtcharter & Touristik GmbH	9313	Germany	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Lacani
Archipels croisieres	92125B	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Tahiti
Art Office Gallery a.s.	24209627	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Office Star Eight a.s.
Asake HW s.r.o. v likvidaci (previously eKasa s.r.o.)	05089131	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.
ASTAVEDO LIMITED	HE 316 792	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Group B.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
B2S Servisní, a.s. v likvidaci	19013825	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	until 29/1/2021	PPF CYPRUS MANAGEMENT LIMITED
Bammer trade a.s.	28522761	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Skoda B.V.
Bavella B.V.	52522911	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
Beficery LTD	417922	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest	from 10/11/2021	PPF Industrial Holding B.V.
Benxy s.r.o.	035 70 967	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	until 1/12/2021	Air Bank a.s.
Best Charter	820563815	Guadeloupe	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Bestsport holding a.s.	06613161	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.
Bestsport Services, a.s. v likvidaci	24215171	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF CYPRUS MANAGEMENT LIMITED
Bestsport, a.s.	24214795	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		LINDUS SERVICES LIMITED
BLUE SEA HOLDING Sarl	0771845232	Belgium	Entity controlled by the same controlling entity by means of an ownership interest	from 29/7/2021	Vox Ventures B.V.
Bolt Start Up Development a.s.	04071336	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.
BONAK a.s.	05098815	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
Boryspil Project Management Ltd.	34999054	Ukraine	Entity controlled by the same controlling entity by means of an ownership interest		Pharma Consulting Group Ltd.
Bravewave Limited	HE 416 017	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest	from 10/11/2021	PPF Industrial Holding B.V.
BTV Media Group EAD	130081393	Bulgaria	Entity controlled by the same controlling entity by means of an ownership interest		CME Bulgaria B.V.
Capellalaan (Hoofddorp) B.V.	58391312	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
Carolia Westminster Hotel Limited	9331282	United Kingdom	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest		CW Investor S.á.r.l.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
CEIL (Central Europe Industries) LTD	275785	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest	from 10/11/2021	Bravewave limited, Beficery LTD
Central European Media Enterprises Ltd.	19574	Bermuda Islands	Entity controlled by the same controlling entity by means of an ownership interest	until 24/6/2021	TV Bidco B.V.
CETIN a.s.	040 84 063	Czech republic	Entity controlled by the same controlling entity by means of an ownership interest		CETIN Group N.V.
CETIN Bulgaria EAD	206149191	Bulgaria	Entity controlled by the same controlling entity by means of an ownership interest		CETIN Group N.V.
CETIN d.o.o. Beograd - Novi Beograd	21594105	Serbia	Entity controlled by the same controlling entity by means of an ownership interest		CETIN Group N.V.
CETIN Finance B.V.	66805589	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		CETIN a.s.
CETIN Group N.V. (previously CETIN Group B.V.)	65167899	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Telecom Group B.V.
CETIN Hungary Zártkörűen Működő Részvénytársaság	13-10-042052	Hungary	Entity controlled by the same controlling entity by means of an ownership interest		TMT Hungary Infra B.V.
CETIN služby s.r.o.	06095577	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		CETIN a.s.
CIAS HOLDING a.s.	273 99 052	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Skoda B.V.
CITY TOWER Holding a.s.	02650665	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	until 6/11/2021	PPF Real Estate Holding B.V.
CME Bulgaria B.V.	34385990	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
CME Investments B.V.	33289326	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
CME Media Enterprises B.V.	33246826	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		TV Bidco B.V.
CME Media Enterprises Limited	49774	Bermuda Islands	Entity controlled by the same controlling entity by means of an ownership interest	until 29/1/2021	Central European Media Enterprises Ltd.
CME Media Services Limited	6847543	United Kingdom	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
CME Programming B.V.	33020125	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest	until 11/3/2021	CME Media Enterprises B.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
CME Services s.r.o.	29018412	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
CME Slovak Holdings B.V.	34274606	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		TV Nova s.r.o.
Comcity Office Holding B.V.	64411761	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Croatia Yacht Club d.o.o.	100001999	Croatia	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Croisiere Cabine Antilles	791273881	Martinique	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Culture Trip (Israel) Ltd.	515308609	Israel	Entity controlled by the same controlling entity by means of an ownership interest		The Culture Trip Ltd
CW Investor S.á.r.l.	B211446	Luxembourg	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest		Westminster JV a.s
Cytune Pharma SAS	500998703	France	Entity controlled by the same controlling entity by means of an ownership interest		Sotio Biotech B.V.
Czech Equestrian Team a.s.	019 52 684	Czech Republic	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest		SUNDOWN FARMS LIMITED
CZECH TELECOM Germany GmbH i.L.	HRB 51503	Germany	Entity controlled by the same controlling entity by means of an ownership interest		CETIN a.s.
CzechToll s.r.o.	06315160	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
De Reling (Dronten) B.V.	58164235	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
DEVEDIACO ENTERPRISES LIMITED	HE 372136	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		TELISTAN LIMITED
DRAK INVESTMENT HOLDING LTD	324472	Antigua and Barbuda	Entity controlled by the same controlling entity by means of an ownership interest		GONDRA HOLDINGS LTD
Dream Yacht Americas, Inc.	D13776851	United States	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Dream Yacht Australia Pty Ltd	138577634	Australia	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Dream Yacht Bahamas Limited	105631118	Bahamas	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Americas, Inc.
Dream Yacht Belize Ltd	239396	Belize	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Dream Yacht Caribbean	478532559	Martinique	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Dream Yacht Club DOO	080648734	Croatia	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Nordic AB
Dream Yacht Finance France	844801514	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Méditerranée
Dream Yacht Fleet	844858043	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Finance France
Dream Yacht Grenadines Ltd	No.70 of 2015	Mexico	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Dream Yacht Group SA	BE0681876643	Belgium	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	BLUE SEA HOLDING Sàrl
Dream Yacht Charter	CI0039041	Mauritius	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	DREAM YACHT GROUP SA
Dream Yacht Charter (Antigua) Limited	CI38/13	Antigua and Barbuda	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Dream Yacht Charter Balearic, Sociedad Limitada	B57918252	Spain	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Méditerranée
Dream Yacht Charter Grenada Limited	I120F2013-7013	Mexico	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Dream Yacht Charter, SA DE CV (Dream Yacht Mexico)	DYC1408125Z0	Mexico	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Americas, Inc.
Dream Yacht Italia S.r.l	2113336	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Méditerranée
Dream Yacht Malaysia	793437U	Malaysia	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Dream Yacht Méditerranée	494440712	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Dream Yacht Nordic AB	5564283728	Sweden	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Méditerranée

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Dream Yacht Nouvelle-Calédonie	000963892	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Dream Yacht Saint Martin	812809143	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Dream Yacht Seychelles Ltd	8427841	Seychelles	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Dream Yacht Tahiti	08179B	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Dream Yacht Tortola INC.	1463569	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Dream Yacht Travel	477550313	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Lacani
Dream Yacht USVI LLC	DC0111468	United States	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Duoland s.r.o.	06179410	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.
DYC HELLAS M.C.P.Y.	EL99759440	Greece	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Méditerranée
Eastern Properties B.V.	58756566	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Easy Sailing j.d.o.o za usluge, turistička agencija	080883331	Croatia	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Croatia Yacht Club d.o.o.
Easy Sailing Single-Member Shipping Limited Liability Company	004313901000	Greece	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Méditerranée
Ecos Yachting	080422270	Croatia	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
ELTHYSIA LIMITED	HE 290 356	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Emeldi Technologies, s.r.o.	25663232	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.
EMPTYCO a.s. (previously Telematika a.s.)	05418046	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
ENADOCO LIMITED	HE 316 486	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Group B.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Erable B.V.	67330495	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
ESK Developments Limited	1611159	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Chelton Properties Limited
EusebiusBS (Arnhem) B.V.	58163778	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
FACIPERO INVESTMENTS LIMITED	HE 232 483	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
Favour Ocean Limited	1065678	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
FELISTON ENTERPRISES LIMITED	HE 152674	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest	until 14/8/2021	SALEMONTA LIMITED
Filcommerce Holdings, Inc	CS 201 310 129	Republic of the Philippines	Entity controlled by the same controlling entity by means of an ownership interest		HC Philippines Holding B.V.
FLOGESCO LIMITED	HE 172588	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Gilbey Holdings Limited
FO Management s.r.o.	06754295	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF FO Management B.V.
FO servis s.r.o.	08446407	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF FO Management B.V.
Fodina B.V.	59400676	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
Fórum Karlín a.s.	08259551	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 9/7/2021	Prague Entertainment Group B.V.
Forward leasing LLP	190740032911	Kazakhstan	Entity controlled by the same controlling entity by means of an ownership interest		Vsegda Da N.V., LLC Forward leasing
FOSOL ENTERPRISES LIMITED	HE 372077	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		DEVEDIACO ENTERPRISES LIMITED
GABELLI CONSULTANCY LIMITED	HE 160 589	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		VELTHEMIA LIMITED
Ganz-Skoda Electric Zrt.	110045500	Hungary	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
Gen Office Gallery a.s.	24209881	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Office Star Eight a.s.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
German Properties B.V.	61008664	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
GILBEY HOLDINGS LIMITED	HE182860	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
GONDRA HOLDINGS LTD	324452	Cayman Islands	Entity controlled by the same controlling entity by means of an ownership interest		Salonica Holding Limited
GRACESPRING LIMITED	HE 208 337	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Grandview Resources Corp.	1664098	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Bavella B.V.
Guangdong Home Credit Number Two Information Consulting Co., Ltd	76732894-1	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Asia Limited
HC Asia B.V.	34253829	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
HC Consumer Finance Philippines, Inc	CS201301354	Republic of the Philippines	Entity controlled by the same controlling entity by means of an ownership interest		HC Philippines Holding B.V.
HC Finance USA LLC	7241255	United States	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit US Holding, LLC
HC ITS s.r.o. v likvidaci	08803251	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	until 20/9/2021	Home Credit Group B.V.
HC Philippines Holding B.V.	35024270	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		HC Asia B.V.
HCPH Financing I. Inc	CS201727565	Republic of the Philippines	Entity controlled by the same controlling entity by means of an ownership interest		HC Philippines Holding B.V.
HCPH INSURANCE BROKERAGE, INC.	CS201812176	Republic of the Philippines	Entity controlled by the same controlling entity by means of an ownership interest		HC Philippines Holding B.V.
Hofplein Offices (Rotterdam) B.V.	64398064	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
Home Credit a.s.	26978636	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit International a.s.
Home Credit Asia Limited	890063	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		HC Asia B.V.
Home Credit Consumer Finance Co., Ltd	91120116636067462H	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Home Credit Group B.V.	69638284	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Financial Holdings B.V.
Home Credit India B.V.	52695255	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		HC Asia B.V.
HOME CREDIT INDIA FINANCE PRIVATE LIMITED	U65910HR1997PTCO47448	Republic of India	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit India B.V., Home Credit International a.s.
HOME CREDIT INDIA STRATEGIC ADVISORY SERVICES PRIVATE LIMITED	U74999HR2017FTCO70364	Republic of India	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit India B.V., Home Credit International a.s.
Home Credit Indonesia B.V.	52695557	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		HC Asia B.V.
Home Credit International a.s.	60192666	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
Home Credit N.V.	34126597	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Group B.V.
Home Credit Slovakia, a.s.	36234176	Slovak Republic	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
Home Credit US Holding, LLC	5467913	United States	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Group B.V.
Home Credit US, LLC	5482663	United States	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit US Holding, LLC
Home Credit Vietnam Finance Company Limited	307672788	Vietnam	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
HOPAR LIMITED	HE 188 923	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Horse Arena s.r.o.	044 79 823	Czech Republic	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest		SUNDOWN FARMS LIMITED
Chelton Properties Limited	1441835	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová
INTENS Corporation s.r.o.	28435575	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Bolt Start Up Development a.s.
ITIS Holding a.s.	07961774	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
Izotrem Investments Limited	HE 192753	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Gilbey Holdings Limited

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
JARVAN HOLDINGS LIMITED	HE 310 140	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Johan H (Amsterdam) B.V.	58163239	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
Joint-Stock Company "Investments trust"	1037739865052	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Trilogy Park Holding B.V.
Joint-Stock Company "Intrust NN"	1065259035896	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Stinctum Holdings Limited
Jokiaura Kakkonen Oy	2401050-2	Republic of Finland	Entity controlled by the same controlling entity by means of an ownership interest		Skoda B.V.
JONSA LIMITED	HE 275 110	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Kanal A d.o.o.	5402662000	Slovenia	Entity controlled by the same controlling entity by means of an ownership interest		PRO PLUS d.o.o.
Kateřinská Office Building s.r.o.	03495663	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
Komodor LLC	32069917	Ukraine	Entity controlled by the same controlling entity by means of an ownership interest		West Logistics Park LLC
Lacani	799758412	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Group SA
Langen Property B.V.	61012777	Netherland	Entity controlled by the same controlling entity by means of an ownership interest		German Properties B.V.
Latesail Limited	3783328	United Kingdom	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Lacani
Letiště Praha Letňany, s.r.o.	24678350	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.
Letňany Air Land s.r.o.	06138462	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.
Letňany Air Logistics s.r.o.	06138411	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.
Letňany eGate s.r.o.	06137628	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.
Letňany Park Gate s.r.o.	06138446	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Limited Liability Company "Dream Yacht Montenegro" Llc KOTOR	50961329	Montenegro	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
LINDUS SERVICES LIMITED	HE 281 891	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Bestsport holding a.s.
LLC "Gorod Molodogo Pokolenija"	1187746792914	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		JARVAN HOLDINGSLIMITED
LLC "KARTONTARA"	1197746247247	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	until 31/8/2021	JARVAN HOLDINGS LIMITED
LLC Alians R	1086627000635	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		JONSA LIMITED
LLC Almondsey	1127747228190	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., LLC Charlie Com.
LLC BRAMA	1107746950431	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		JARVAN HOLDINGS LIMITED
LLC Comcity Kotelnaya	5157746112959	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Comcity Office Holding B.V.
LLC EASTERN PROPERTIES RUSSIA	1137746929836	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Bavella B.V., GRANDVIEW RESOURCES CORP.
LLC ERKO	1044702180863	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	until 28/12/2021	LLC "Gorod Molodogo Pokolenija"
LLC Fantom	1053001163302	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC Financial Innovations	1047796566223	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		LLC Home Credit & Finance Bank
LLC Forward leasing	1157746587943	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Vsegda Da N.V.
LLC Home Credit & Finance Bank	1027700280937	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V., Home Credit International a.s.
LLC Home Credit Insurance	1027739236018	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
LLC Charlie Com	1137746330336	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., LLC Almondsey
LLC In Vino	1052309138628	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Gracespring Limited

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
LLC ISK Klokovo	1127746186501	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		STEPHOLD LIMITED
LLC K-Development	1077760004629	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	until 16/9/2021	JARVAN HOLDINGS LIMITED
LLC KEPS	1127746190604	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	until 5/7/2021	PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC Kvartal Togliatti	1056320172567	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC LB Voronezh	1133668033872	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		LLC EASTERN PROPERTIES RUSSIA
LLC Logistics - A	1115048002156	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		ELTHYSIA LIMITED, PPF CYPRUS RE MANAGEMENT LIMITED
LLC Logistika - Ufa	1150280069477	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
LLC MCC Kupi ne kopi	1027700280640	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
LLC My Gym	5157746112915	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Comcity Office Holding B.V.
LLC Oil Investments	1167746861677	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC PPF Life Insurance	1027739031099	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
LLC PPF Real Estate Russia	1057749557568	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
LLC RAV Agro	1073667022879	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Bavella B.V., Grandview Resources Corp.
LLC RAV Agro Pro	1033600135557	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		LLC RAV Agro, LLC RAV Molokoproduct
LLC RAV Molokoproduct	1083627001567	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		LLC RAV Agro, Grandview Resources Corp., Bavella B.V.
LLC RAV Myasoproduct - Orel	1135749001684	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		LLC RAV Agro
LLC RAV Niva Orel	1113668051090	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		LLC RAV Agro

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
LLC Razvitie	1155009002609	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		VELTHEMIA LIMITED
LLC Regional Real Estate	1137746217950	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Limited
LLC ROKO	5107746049329	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		JONSA LIMITED
LLC Sibelectroprivod	1045400530922	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		LOSITANTO LIMITED
LLC Skladi 104	5009049271	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		GABELLI CONSULTANCY LIMITED
LLC Skolkovo Gate	1137746214979	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
LLC Sotio	1117746901502	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Biotech B.V.
LLC Spectrum	1097746356806	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	until 9/2/2021	PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC Spetsializirovanniy zastroyshchik "Delta Com"	1137746330358	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		LLC Skolkovo Gate
LLC Stockmann StP Centre	1057811023830	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		LLC Oil Investments
LLC Strata	7702765300	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		VELTHEMIA LIMITED
LLC Street Retail	1207700449880	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o., PPF Cyprus RE Management Limited
LLC Torgovij complex Lipetskiy	1074823001593	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		JARVAN HOLDINGS LIMITED
LLC Trilogy	1155027001030	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Trilogy Park Holding B.V.
LLC Trilogy Services	1155027007398	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Trilogy Park Holding B.V.
LLC Urozhay	1063627011910	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		LLC Yug
LLC Vagonmash	1117847029695	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
LLC Vsegda Da	5177746179705	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Vsegda Da N.V., LLC Forward leasing
LLC Yug	1083627001567	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		LLC LB Voronezh
LOSITANTO Ltd.	HE157131	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		SATACOTO Ltd.
LvZH (Rijswijk) B.V.	58163999	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
Maraflex s.r.o.	02415852	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
Marina Zaton d.o.o. za nauticki turizam i usluge	080861249	Croatia	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
MARKÍZA - SLOVAKIA, spol s r.o.	31444873	Slovak Republic	Entity controlled by the same controlling entity by means of an ownership interest		CME Slovak Holdings B.V.
MICROLIGHT TRADING LIMITED	HE 224 515	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
MIDDLECAP SEAL HOUSE LIMITED	11669616	United Kingdom	Entity controlled by the same controlling entity by means of an ownership interest		Seal House JV a.s.
Millennium Hotel Rotterdam B.V. (previously PPF Beer IM Holdco B.V.)	67331378	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Millennium Tower (Rotterdam) B.V.	HE 224 515	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Miridical Holding Limited	425998	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest	from 13/12/2021	PPF a.s.
mluvii.com s.r.o.	27405354	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Bolt Start Up Development a.s.
MOBI BANKA AD BEOGRAD (NOVI BEOGRAD)	17138669	Republic of Serbia	Entity controlled by the same controlling entity by means of an ownership interest		PPF Financial Holdings B.V.
Monheim Property B.V.	61012521	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		German Properties B.V.
Monchyplein (Den Haag) B.V.	58163603	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
Montería, spol. s r.o.	27901998	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF FO Management B.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Moranda, a.s.	28171934	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
MP Holding 2 B.V.	69457018	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		DEVEDIACO ENTERPRISES LIMITED
Murcja sp. z o.o.	0000905867	Poland	Entity controlled by the same controlling entity by means of an ownership interest	from 29/9/2021	PPF Real Estate s.r.o.
My Air a.s.	05479070	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Air Bank a.s.
Mystery Services s.r.o.	24768103	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
Naneva B.V.	67400639	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
Navigare Yachting AB	5566862354	Sweeden	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	Navigare Yachting Holding AB
Navigare Yachting AS	990383960	Sweeden	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	Navigare Yachting Holding AB
Navigare Yachting Bahamas, Ltd	78803C	Bahamas	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	Navigare Yachting Holding AB
NAVIGARE YACHTING D.O.O.	43630049107	Croatia	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	Navigare Yachting Holding AB
Navigare Yachting Global Holding AB	5569860496	Sweeden	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	BLUE SEA HOLDING Sarl
Navigare Yachting Greece Single Member P.C.	132130909000	Greece	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	Navigare Yachting Holding AB
Navigare Yachting Holding AB	5565747861	Sweeden	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	Navigare Yachting Global Holding AB
Navigare Yachting Ltd	1779855	British Virgin Islands	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	Navigare Yachting Holding AB
Navigare Yachting Ltd under liquidation	EL999903510	Greece	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	Navigare Yachting Holding AB

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Navigare Yachting Operations Company Limited	0835554001869	Thailand	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	Navigare Yachting Holding AB
Navigare Yachting Services Single Member P.C.	131919703000	Greece	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	Navigare Yachting Greece Single Member P.C.
Navigare Yachting Seychelles	8429665-1	Seychelles	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	Navigare Yachting Holding AB
Navigare Yachting Spain S.L.	B16562860	Spain	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	Navigare Yachting Holding AB
Navigare Yachting USA, Inc.	371800516	United States	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest	from 5/7/2021	Navigare Yachting Holding AB
Navtours INC	1148230619	Canada	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Charter
Navtours USA INC	F20000004093	United States	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Navtours INC
NBWC Limited	1024143	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		ESK Developments Limited
Net Gate s.r.o.	247 65 651	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	until 26/10/2021	PPF a.s.
O2 Business Services, a.s.	50087487	Slovak Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Slovakia, s.r.o.
O2 Czech Republic a.s.	60193336	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Telco B.V.
O2 Family, s.r.o.	24215554	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.
O2 Financial Services s.r.o.	05423716	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.
O2 IT Services s.r.o.	02819678	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.
O2 Slovakia, s.r.o.	35848863	Slovak Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.
O2 TV s.r.o.	03998380	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Oceane Yacht Charter LTD	8419691	Seychelles	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Seychelles Ltd
Office Star Eight a.s.	27639177	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
Office Star Nine, spol. s r. o.	27904385	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
One Westferry Circus S.a.r.l.	B175495	Luxembourg	Entity controlled by the same controlling entity by means of an ownership interest		PPR Real Estate s.r.o.
Paleos Industries B.V.	66846919	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Pharma Consulting Group Ltd.	34529634	Ukraine	Entity controlled by the same controlling entity by means of an ownership interest		HOPAR LIMITED, PPF CYPRUS RE MANAGEMENT LIMITED
Plaza Development SRL	22718444	Romania	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o., PPF CYPRUS MANAGEMENT LIMITED
POLL,s.r.o.	62967754	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
Pompenburg (Rotterdam) B.V.	58163506	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
POP TV d.o.o.	1381431000	Slovenia	Entity controlled by the same controlling entity by means of an ownership interest		PRO PLUS d.o.o.
POTLAK LIMITED	HE362788	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová
PPF a.s.	25099345	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF A3 B.V.	61684201	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest	until 1/9/2021	PPF Group N.V.
PPF A4 B.V.	63365391	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF Advisory (CR) a.s.	25792385	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF ADVISORY (RUSSIA) LIMITED	HE 276 979	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF Advisory (UK) Limited	5539859	United Kingdom	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
PPF Art a.s.	63080672	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
PPF banka a.s.	47116129	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Financial Holdings B.V.
PPF Biotech B.V. (previously PPF Capital Partners Fund B.V.)	55003982	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF CO 3 B.V.	34360935	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF banka a.s.
PPF CYPRUS MANAGEMENT LIMITED	HE 224463	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF CYPRUS RE MANAGEMENT LIMITED	HE 251 908	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
PPF Financial Holdings a.s. (change of headquarters, previously PPF Financial Holding B.V.)	10907718	Czech republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF Finco B.V.	77800117	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF FO Management B.V.	34186296	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová
PPF FrenchCo SAS	888264744	France	Entity controlled by the same controlling entity by means of an ownership interest		Skoda B.V.
PPF GATE a.s.	27654524	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
PPF Group N.V.	33264887	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová, PPF Holdings B.V.
PPF Healthcare N.V.	34308251	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF Holdings B.V.	34186294	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová
PPF Industrial Holding B.V.	71500219	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF RE Consulting s.r.o. (previously PPF Financial Consulting s.r.o.)	24225657	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
PPF Real Estate Holding B.V.	34276162	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
PPF Real Estate I, Inc.	7705173	United States	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
PPF REAL ESTATE LIMITED	HE 188 089	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
PPF Real Estate s.r.o.	27638987	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., PPF RE Consulting s.r.o.
PPF reality a.s.	29030072	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
PPF SECRETARIAL LTD	HE 340708	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF CYPRUS MANAGEMENT LIMITED
PPF SERVICES LIMITED	HE 92432	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest	until 26/7/2021	PPF Group N.V.
PPF Telco B.V.	65167902	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Telecom Group B.V.
PPF Telecom Group B.V.	59009187	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF TMT Holdco 2 B.V.
PPF TMT Bidco 1 B.V.	70498288	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Telecom Group B.V.
PPF TMT Bidco 1 Infra B.V.	81312776	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest	until 12/2/2021	PPF Telecom Group B.V.
PPF TMT Bidco 2 B.V (previously PPF Beer Bidco B.V.)	67332722	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF TMT Holdco 1 B.V.	70498261	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF TMT Holdco 2 B.V.	70526214	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF TMT Holdco 1 B.V.
Prague Entertainment Group B.V.	63600757	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
Pro Digital S.R.L.	1003600048028	Moldova	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
PRO PLUS d.o.o.	5895081000	Slovenia	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
Pro TV S.R.L.	J40/24578/1992	Romania	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
PT Home Credit Indonesia	03.193.870.7-021.000	Republic of Indonesia	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Indonesia B.V.
Public Picture & Marketing a.s.	25667254	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
Qazbiz partners LLP	190740017254	Kazakhstan	Entity controlled by the same controlling entity by means of an ownership interest		Vsegda Da N.V., Forward leasing LLP (KZ)
Raccom EAD	200625769	Bulgaria	Entity controlled by the same controlling entity by means of an ownership interest	from 9/7/2021 to 1/12/2021	Sofia Communications EAD
Radiocompany C.J. OOD	131117650	Bulgaria	Entity controlled by the same controlling entity by means of an ownership interest		BTV Media Group AD
RC PROPERTIES S.R.L.	12663031	Romania	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
Real Estate Russia B.V.	63458373	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
REDLIONE LTD	HE 178 059	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Group B.V.
REPIENO LIMITED	HE 282 866	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
RHASKOS FINANCE LIMITED	HE 316 591	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Group B.V.
Roses Yachts S.L	B17778598	Spain	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Drem Yacht Charter Balearic, Sociedad Limitada
Saint World Limited	1065677	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Group B.V.
SALEMONTA LIMITED	HE 161 006	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Salonica Holding Limited	1949492	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová
SATACOTO Ltd.	HE 155018	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Skoda B.V
SB JSC Bank Home Credit	513-1900-AO (UI)	Kazakhstan	Entity controlled by the same controlling entity by means of an ownership interest		LLC Home Credit & Finance Bank
SCI LA FORET	309844371	France	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
SCT Cell Manufacturing s.r.o.	14088266	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 22/12/2021	PPF Biotech B.V.
SCTbio a.s. (previously SOTIO a.s.)	24662623	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Biotech B.V.
Seal House JV a.s.	09170782	Czech republic	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest		PPF Real Estate s.r.o.
Selman Resources Limited	1005589	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		SR Development Limited
SEPTUS HOLDING LIMITED	HE 316 585	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Group B.V.
Seven Assets Holding B.V.	58163050	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Shenzhen Home Credit Number One Consulting Co., Ltd.	91440300664174257K	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Asia Limited
Shenzhen Home Credit Xinchu Consulting Co., Ltd.	91440300796638527A	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		Favour Ocean Limited
SIGURNO LIMITED	HE172539	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Gilbey Holdings Limited
Skoda B.V. (previously PPF IndustryCo B.V., PPF Beer Topholdco B.V.)	67420427	Netherland	Entity controlled by the same controlling entity by means of an ownership interest		PPF Industrial Holding B.V.
SKODA Transportation Deutschland GmbH	HRD 208 725	Germany	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
Skoda Transportation GmbH (previously D - Toll Holding GmbH)	HRB 191929 B	Germany	Entity controlled by the same controlling entity by means of an ownership interest		Skoda B.V.
Smart home security s.r.o.	063 21 399	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Bolt Start Up Development a.s.
SNC T 2008	513120949	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Dream Yacht Tahiti
Sofia Communications EAD	130806190	Bulgaria	Entity controlled by the same controlling entity by means of an ownership interest	from 9/7/2021	CETIN Bulgaria EAD
SOTIO Biotech a.s.	10900004	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 28/5/2021	Sotio Biotech B.V.
SOTIO Biotech AG (previously Cytune Pharma AG)	CHE-354.429.802	Switzerland	Entity controlled by the same controlling entity by means of an ownership interest		Sotio Biotech B.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
SOTIO Biotech B.V. (previously Cytune Pharma B.V.)	80316557	Netherland	Entity controlled by the same controlling entity by means of an ownership interest		PPF Biotech B.V.
SOTIO Biotech Inc. (previously Sotio Biotech LLC)	EIN 35-2424961	United States	Entity controlled by the same controlling entity by means of an ownership interest		SOTIO Biotech a.s.
Sotio Medical Research (Beijing) Co. Ltd	110000410283022	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		SCTbio a.s.
SOTIO N.V.	34302290	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest	until 22/7/2021	PPF Group N.V.
SOTIO Therapeutics AG	CHE-385.585.958	Switzerland	Entity controlled by the same controlling entity by means of an ownership interest		SCTbio a.s.
SR Boats Limited	2016073	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		SR Development Limited
SR Development Limited	1968975	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Chelton Properties Limited
SR-R Limited	708998	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		SR Development Limited
STEL-INVEST s.r.o.	262 38 365	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	until 1/2/2021	CETIN a.s.
Stellar Holding s.r.o.	14005816	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 24/11/2021	PPF Group N.V.
STEPHOLD LIMITED	HE 221 908	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
STINCTUM HOLDINGS LIMITED	HE 177 110	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		SALEMONTA LIMITED
Sun Belt Multi I, LLC	20213849720	United States	Entity controlled by the same controlling entity by means of an ownership interes	from 29/11/2021	PPF Real Estate I, Inc.
Sun Belt Office I Interholdco, LLC	20210215807	United States	Entity controlled by the same controlling entity by means of an ownership interes	from 25/1/2021	PPF Real Estate I, Inc.
Sun Belt Office I, LLC	20210116384	United States	Entity controlled by the same controlling entity by means of an ownership interes	from 14/1/2021	Sun Belt Office I Interholdco, LLC
Sun Belt Office II Interholdco, LLC	20213597548	United States	Entity controlled by the same controlling entity by means of an ownership interes	from 25/1/2021	PPF Real Estate I, Inc.
Sun Belt Office II, LLC	20213597547	United States	Entity controlled by the same controlling entity by means of an ownership interes	from 25/1/2021	Sun Belt Office II Interholdco, LLC

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
SUNDOWN FARMS LIMITED	HE 310 721	Cyprus	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest		Vixon Resources Limited, Chelton Properties Limited
SYLANDER CAPITAL LIMITED	HE 316 597	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Group B.V.
Škoda a.s.	14070421	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 16/12/2021	Skoda B.V.
ŠKODA CITY SERVICE s.r.o.	29119057	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA DIGITAL s.r.o.	01731530	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA EKOVA a.s.	28642457	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 2/8/2021	ŠKODA TRANSPORTATION a.s.
ŠKODA ELECTRIC a.s.	477 18 579	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA ICT s.r.o.	279 94 902	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA INVESTMENT a.s.
ŠKODA INVESTMENT a.s.	265 02 399	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Skoda B.V.
ŠKODA PARS a.s. (previously Pars nova a.s.)	25860038	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA POLSKA Sp.z o.o.	NIP 7010213385	Poland	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA RAIL s.r.o.	058 22 149	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	until 1/1/2021	ŠKODA TRANSPORTATION a.s.
ŠKODA SERVIS s.r.o.	263 51 277	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA INVESTMENT a.s.
ŠKODA TRANSPORTATION a.s.	626 23 753	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Skoda B.V.
Škoda Transportation Balkan d.o.o.	21736473	Republic of Serbia	Entity controlled by the same controlling entity by means of an ownership interest	from 19/11/2021	ŠKODA TRANSPORTATION a.s.
ŠKODA TRANSPORTATION UKRAINE, LLC	42614252	Ukraine	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
Škoda Transportation USA, LLC	81-257769	United States	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
ŠKODA TRANSTECH OY	1098257-0	Republic of Finland	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA TVC s.r.o.	25247964	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA VAGONKA a.s.	258 70 637	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
TALPA ESTERO LIMITED	HE 316 502	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Group B.V.
TANAINA HOLDINGS LIMITED	HE318483	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		TOLESTO LIMITED
Tanemo a.s.	9834273	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 18/1/2021	PPF Group N.V.
Te Arearea	07295C	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Archipels Croisières
Telenor Bulgaria EAD	130460283	Bulgaria	Entity controlled by the same controlling entity by means of an ownership interest		PPF TMT Bidco 1 B.V.
Telenor Common Operation Ztr.	13-10-041370	Hungary	Entity controlled by the same controlling entity by means of an ownership interest	until 26/7/2021	CETIN Group N.V.
Telenor d.o.o. Beograd	20147229	Republic of Serbia	Entity controlled by the same controlling entity by means of an ownership interest		PPF TMT Bidco 1 B.V.
Telenor d.o.o. Podgorica	50017124	Montenegro	Entity controlled by the same controlling entity by means of an ownership interest	until 21/12/2021	PPF TMT Bidco 1 B.V.
Telenor Magyarország Zrt.	13-10-040409	Hungary	Entity controlled by the same controlling entity by means of an ownership interest		TMT Hungary B.V.
Telenor Real Estate Hungary Ztr.	13-10-041060	Hungary	Entity controlled by the same controlling entity by means of an ownership interest		TMT Hungary B.V.
TELISTAN LIMITED	HE 341 864	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
Temsa Deutschland GmbH	DE256871263	Germany	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest		Temsa Ulaşım Araçları San.ve Tic. A.Ş.
TEMSA EGYPT for Bus Manufacturing & Engineering SAE	3028	Egypt	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest		Temsa Ulaşım Araçları San.ve Tic. A.Ş.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Temsa North America, INC.	83-1118821	United states	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest		Temsa Ulaşım Araçları San.ve Tic. A.Ş.
Temsa Ulaşım Araçları San.ve Tic. A.Ş. (previously Temsa Ulaşım Araçları San.ve Tic. A.Ş.)	8380046749	Turkey	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest		Skoda B.V.
Tesco Mobile ČR s.r.o.	29147506	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.
Tesco Mobile Slovakia, s.r.o.	36863521	Slovak Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Slovakia, s. r. o.
TFR SAS	FR 27 878443936	France	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest		Temsa Skoda Sabancı Ulaşım Araçları A.Ş.
The Culture Trip (USA) Ltd.	5908200	United states	Entity controlled by the same controlling entity by means of an ownership interest		The Culture Trip Ltd
The Culture Trip Ltd	7539023	United Kingdom	Entity controlled by the same controlling entity by means of an ownership interest		The Culture Trip Sarl.
The Culture Trip Sarl.	B220626	Luxembourg	Entity controlled by the same controlling entity by means of an ownership interest		Vox Ventures B.V.
Tianjin Home Credit E-commerce Co., Ltd.	91120116MA075WF70G	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		Shenzhen Home Credit Xinchu Consulting Co., Ltd.
TIMEWORTH HOLDINGS LTD.	HE 187 475	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
TMT Hungary B.V.	75752824	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF TMT Bidco 1 B.V.
TMT Hungary Infra B.V.	81357397	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		CETIN Group N.V.
TOLESTO LIMITED	HE 322 834	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Trigon II B.V.	56068948	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Trilogy Park Holding B.V.	60006609	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Trilogy Park Nizhny Novgorod Holding B.V.	67330355	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
TV Bidco B.V.	75994437	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		TV Holdco B.V.
TV Holdco B.V.	75983613	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF TMT Bidco 2 B.V.
TV Nova s.r.o.	45800456	Czech republic	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
Usconfin 1 DAC	619282	Ireland	Entity controlled by the same controlling entity by means of an ownership interest		PPF Financial Holdings a.s.
VELTHEMIA LIMITED	HE 282 891	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		REPIENO LIMITED
Velvon GmbH	HRB 239796	Germany	Entity controlled by the same controlling entity by means of an ownership interest		AB-X Projekt GmbH
Vents de Mer	432981934	France	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Lacani
VGBC Limited	700080	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Chelton Properties Limited
VGMC Limited	709492	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		ESK Developments Limited
Vixon Resources Limited	144 18 84	British Virgin Islands	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest		Renáta Kellnerová
Vox Ventures B.V.	65879554	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
Vsegda Da N.V.	52695689	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V., Forward leasing LLP (KZ)
VÚKV a.s.	452 74 100	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Skoda B.V.
Wagnerford Holdings Limited	HE 210154	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		MP Holding 2 B.V.
Wagnerford LLC	5087746372819	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Wagnerford Holdings Limited
West Hillside Limited	1582181	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Chelton Properties Limited
West Logistics Park LLC (WLP)	35093235	Ukraine	Entity controlled by the same controlling entity by means of an ownership interest		Izotrem Investments Limited

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Westminster JV a.s.	05714354	Czech Republic	Entity controlled by the same controlling entity by acting in concert and by means of an ownership interest		PPF Real Estate s.r.o.,
Wilhelminaplein (Rotterdam) B.V.	59494034	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Ziza d.o.o za trgovinu, ugostiteljstvo, turizam i promet	060159616	Croatia	Entity controlled by the same controlling entity by means of an ownership interest	from 30/9/2021	Marina Zaton d.o.o. za nauticki turizam i usluge

Consolidated Entities

As PPF banka holds shares in one subsidiary, it draws up prepares consolidated financial statements. The Bank consolidates the following subsidiary:

Share in %	2021	2020
PPF Co3 B.V.	100%	100%

In 2016 Bank purchased 100% shares of PPF Co3 B.V. with the aim of entering the consumer credit segment in Asia. This subsidiary is currently used for the purchase and financing of retail loans from Home Credit companies, the purchase of retail loans from Telenor Bulgaria and Hungary, the depositing of collateral for Telenor Serbia at Mobi Bank, and financing for the factoring of telecommunication service debts.

In 2020, two subsidiaries of the Bank - PPF CO3 B.V. and Ruconfin B.V. - merged: The acquiring company is PPF Co3 B.V.

Key Consolidated Financial Indicators

until 2014 under Czech Financial Standards, from 2015 under

Profit before tax

MCZK	
2011	761
2012	1,146
2013	757
2014	1,022
2015	1,442
2016	1,630
2017	2,118
2018	2,933
2019	2,917
2020	1,125
2021	2,388

Total assets

MCZK	
2011	67,064
2012	77,064
2013	105,047
2014	108,884
2015	103,517
2016	136,810
2017	233,055
2018	235,067
2019	226,774
2020	169,490
2021	236,425

Key Consolidated Financial Information

MCZK	2021	2020
ASSETS		
Cash and cash equivalents	127,050	90,100
Financial assets at fair value through profit or loss	36,813	19,291
Financial assets at fair value through other comprehensive income	22,894	19,314
Loans and advances to banks	5,522	5,096
Loans and advances to customers	43,061	34,779
Other assets	1,085	910
TOTAL ASSETS	236,425	169,490
EQUITY AND LIABILITIES		
Deposits from banks	41,333	1,933
Deposits from customers	145,092	131,145
Debt securities issued	4,411	3,122
Financial liabilities at fair value through profit or loss	27,632	16,710
Other liabilities	1,175	1,100
Issued capital	769	769
Other components of equity	16,013	14,711
TOTAL EQUITY AND LIABILITIES	236,425	169,490
INCOME STATEMENT		
Net interest and similar income	2,999	3,457
Net fee and commission income	251	233
Net income from financial operations and dividend income	262	284
General administrative expenses	(960)	(822)
Impairment gains/(losses)	246	(1,643)
Other operating profit or loss	(410)	(384)
Income tax expense	(456)	(377)
PROFIT OR LOSS FOR THE YEAR	1,932	748
Key ratios		
Non-performing client loans/total client loans	4.35%	8.82%
ROAA	0.95%	0.38%
ROAE	11.98%	4.95%
Assets per employee (in MCZK)	985	703
Administrative expenses per employee (in MCZK)	4	3
Net profit per employee (in MCZK)	8	3

Independent Auditor's Report



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This document is an unsigned English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Shareholders of PPF banka a.s.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of PPF banka a.s. ("the Company") and its subsidiaries (together "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Group is set out in Note 1 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

KPMG Česká republika Audit, s.r.o., a Czech limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Recorded in the Commercial Register kept by the Municipal Court in Prague, Section C, Insert No. 24185

Identification No. 49619187
VAT No. CZ699001996
ID data box: 8h3gtra



Key Audit Matters

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

Loss allowances for loans to and receivables from customers

Loss allowances for loans and advances to customers amounted to CZK 1,180 million as at 31 December 2021 (31 December 2020: CZK 2,309 million). Gross amount of loans and advances to customers amounted to CZK 44,241 million as at 31 December 2021 (31 December 2020: CZK 37,088 million).

Refer to Note 3 (Significant accounting policies), Note 19 (Loans and receivables) and Note 43 (Risk management) in the notes to the consolidated financial statements.

Key audit matter	How the audit matter was addressed
<p>The Group's management makes significant judgments and complex assumptions when estimating expected credit losses ("the Expected Credit Losses", "ECLs") in respect of loans and advances to customers (together "loans"). We consider the area to be associated with a significant risk of material misstatement, which, coupled with the significantly higher estimation uncertainty stemming from the impact of the COVID-19 global pandemic on multiple sectors of the economy, required our increased attention in the audit. As such, we determined it to be a key audit matter.</p> <p>The loans are assigned to one of three stages in line with the requirements of IFRS 9 <i>Financial instruments</i> for the purposes of estimating the loss allowances. Stage 1 and Stage 2 loans are performing exposures, with Stage 2 being exposures with a significant increase in credit risk since origination. Stage 3 loans are non-performing, i.e. credit-impaired loans.</p> <p>Impairment allowances for the performing exposures are determined by modelling techniques taking into account historical experience, forward-looking information and management</p>	<p>Assisted, where applicable, by our own credit risk, valuation and information technology (IT) specialists, we performed, among others, the procedures outlined below:</p> <p>We critically assessed the Group's credit and loan accounting policies, and the processes related to estimating ECLs. As part of the procedure, we assessed the process of identifying indicators of default, SICR, and allocating of loans to respective stages. We also inspected the Group's ECL methods and models and assessed their compliance with the relevant requirements of the financial reporting standards.</p> <p>We tested the IT control environment for data security and access, and also tested the design, implementation and operating effectiveness of IT-based and manual controls over the identification and timely consideration of SICR and credit-impairment. The controls tested included those over the calculation of the loans' days past due, matching loan repayments to instalments and calculation of ECLs.</p> <p>We evaluated whether in its loan staging and ECL measurement the Group appropriately considered the effects of the market disruption resulting from the</p>



Key audit matter	How the audit matter was addressed
<p>judgment. Key assumptions and judgments relevant to the assessment of performing exposures comprise:</p> <ul style="list-style-type: none"> — definition of default and of significant increase in credit risk (SICR); — probability of default (PD) - estimated by statistical models, based on historical data and forward looking information (FLI) based on macroeconomic scenarios. — exposure at default (EAD) - decreased by the net realisable value of collateral estimated based on appraisals adjusted for historical data; — loss given default (LGD) – based on historical data from the collection process. <p>Loss allowances for all Stage 3 loans are determined on an individual basis by discounting the probability-weighted scenarios of estimated future cash flows from the borrower. The key judgments and assumptions therein are those in respect of the estimated amount and timing of future cash repayments, including the net realisable value of underlying collateral.</p>	<p>COVID-19 pandemic.</p> <p>We obtained the relevant forward-looking information and macroeconomic projections used in the Group's ECL assessment. We independently assessed the information by means of corroborating inquiries of the Management Board and inspecting publicly available information.</p> <p>We challenged the LGD, net realisable value of collateral and PD parameters, by assessing back-testing of historical defaults and by reference to historical realized losses on those defaults, and also considering any required adjustments to reflect expected changes in circumstances;</p> <p>For use in the following procedures, we challenged the valuation methods and models applied in estimating the net realizable values of the loan collaterals by the valuation experts engaged by the Group, whose experience, competence and objectivity we also independently assessed</p> <p>For a sample of Stage 1 and Stage 2 loans, by reference to respective loan files and inquiries of the credit risk personnel, we:</p> <ul style="list-style-type: none"> — determined whether a significant increase in credit risk occurred or whether the loan was credit-impaired; — traced the net realisable value of related collateral to the appraisals by the valuation experts engaged by the Group; — assessed whether appropriate PD and LGD parameters were assigned to the loans in the sample; — checked other characteristics of selected loans relevant for the ECL calculation. <p>For a sample of Stage 3 loans, we challenged the estimated cash flow scenarios and their probabilities. In performing the procedure, we focused on the key assumptions, such as the</p>



Key audit matter	How the audit matter was addressed
	<p>realisable value of the underlying collateral, which we traced to the appraisals by the valuation experts engaged by the Group, or other supporting evidence where collateral less relevant in the process of recovery.</p> <p>We critically assessed the overall reasonableness of the estimated ECLs by comparing the ratios of loss allowances to gross loans per stage and in total against market and peer averages.</p> <p>We examined whether the Group's loan impairment and credit risk-related disclosures in the consolidated financial statements appropriately include the relevant quantitative and qualitative information required by the applicable financial reporting framework.</p>

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the consolidated annual report other than the consolidated financial statements and our auditor's report. The statutory body is responsible for the other information.

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

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

- the other information describing matters that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.



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

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Consolidated Financial Statements

The statutory body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process. The Audit Committee is responsible for monitoring the Group's financial reporting process.

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

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

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.



- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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



Report on Other Legal and Regulatory Requirements

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

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Group by the General Meeting of Shareholders on 29 April 2021 and our uninterrupted engagement has lasted for 23 years.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 21 April 2022 in accordance with Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

We declare that no prohibited services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided.

Except for the statutory audit we did not provide the Company and its controlled undertakings with any other services that have not been disclosed in notes to the consolidated financial statements or consolidated annual report.




Statutory Auditor Responsible for the Engagement

Jindřich Vašina is the statutory auditor responsible for the audit of the consolidated financial statements of PPF banka a.s. as at 31 December 2021, based on which this independent auditor's report has been prepared.

Prague
22 April 2022

KPMG Česká republika Audit
KPMG Česká republika Audit, s.r.o.
Registration number 71


Jindřich Vašina
Partner
Registration number 2059

Consolidated Financial Statements

for the year ended 31 December 2021 in accordance with International Financial Reporting Standards (IFRS)

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

MCZK	Note	2021	2020
Interest and similar income*	7	3,960	4,650
Interest expense and similar charges	7	(961)	(1 193)
Net interest and similar income		2,999	3,457
Fee and commission income	8	582	517
Fee and commission expense	8	(331)	(284)
Net fee and commission income		251	233
Net income from financial operations	9	262	284
Other operating income		3	9
Operating income		3,515	3,983
Personnel expenses	10	(448)	(437)
Other general administrative expenses	10	(512)	(385)
General administrative expenses		(960)	(822)
Depreciation and amortisation	11	(98)	(81)
Other operating expenses	12	(315)	(312)
Operating expenses		(1,373)	(1,215)
Impairment gains/(losses)	13	246	(1,643)
Profit before income tax		2,388	1,125
Income tax expense	14	(456)	(377)
NET PROFIT FOR THE YEAR		1,932	748
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign operations - currency translation differences	(11)	31	31
Fair value reserve (debt instruments measured at fair value through other comprehensive income, tax included):	(622)	(26)	(26)
Net change in fair value		(554)	259
Net amount transferred to profit or loss	(68)	(285)	(285)
Items that will not be reclassified to profit or loss			
Fair value reserve (equity instruments designated at fair value through other comprehensive income, tax included):			
Net change in fair value		3	14
OTHER COMPREHENSIVE INCOME FOR THE PERIOD OSTATNÍ ÚPLNÝ VÝSLEDEK		(630)	19
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,302	767

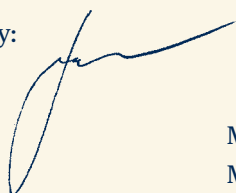
* The breakdown of interest and similar income into one calculated using the effective interest rate and others is set out in note 7.

The notes on pages 8 to 99 are an integral part of these financial statements.


The financial statements were approved by the Board of Directors on 22 April 2022.

Signed on behalf of the Board of Directors by:

Petr Jirásko
Chairman of the Board of Directors



Miroslav Hudec
Member of the Board of Directors



Consolidated Statement of Financial Position

for the year ended 31 December 2021

MCZK	Note	31.12.2021	31.12.2020
ASSETS			
Cash and cash equivalents	15	127,050	90,100
Financial assets at fair value through profit or loss	16	36,813	19,291
Financial assets at fair value through other comprehensive income	17	22,894	19,314
Loans and advances to banks	18	5,522	5,096
Loans and advances to customers	19	43,061	34,779
Property, plant and equipment	21	147	152
Intangible assets	22	210	217
Income tax assets	23	253	46
Deferred tax assets	24	99	80
Other assets	25	376	415
TOTAL ASSETS		236,425	169,490
LIABILITIES			
Deposits from banks	26	41,333	1,933
Deposits from customers	27	145,092	131,145
Debt securities issued	28	4,411	3,122
Financial liabilities at fair value through profit or loss	30	27,632	16,710
Income tax liabilities	23	-	8
Deferred tax liabilities	24	12	-
Provisions	31	173	162
Other liabilities	32	990	930
Total liabilities		219,643	154,010
SHAREHOLDERS' EQUITY			
Issued capital	36	769	769
Share premium	36	412	412
Retained earnings		15,742	13,810
Translation reserve	37	(5)	6
Fair value reserve	38	(136)	483
TOTAL SHAREHOLDERS' EQUITY		16,782	15,480
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		236,425	169,490

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

MCZK	Note	2021	2020
Cash flows from operating activities			
Profit before income tax		2,388	1,125
Adjustments for:			
Depreciation and amortisation	11	98	81
Net impairment loss on investment securities		(75)	105
Net impairment loss on loans and advances		(171)	1,864
Net interest income	7	(2,999)	(3,457)
Revaluation of financial assets and liabilities at fair value through profit or loss		624	(635)
Net gain/loss on the sale of financial assets at fair value through other comprehensive income		(68)	(285)
Dividends received		-	-
Other non-cash adjustments		10	(51)
Operating profit before the change in operating assets and liabilities		(193)	(1,253)
Changes in:			
Financial assets at fair value through profit or loss		(18,112)	(11,451)
Loans and advances to banks		(407)	(1,361)
Loans and advances to customers		(7,925)	4,794
Other assets		34	(114)
Financial liabilities at fair value through profit or loss		10,922	7,656
Deposits from banks		39,323	(23,810)
Deposits from customers		13,900	(40,943)
Other liabilities		80	(182)
		37,622	(66,664)
Interest received		3,698	4,017
Interest paid		(807)	(1,279)
Income taxes paid		(534)	(491)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		39,979	(64,417)
Cash flow from investing activities			
Acquisition of financial assets at fair value through other comprehensive income		(7,349)	(8,236)
Proceeds from sale of financial assets at fair value through other comprehensive income		3,072	6,472
Acquisition of property and equipment		(37)	(34)
Acquisition of intangible assets		(49)	(56)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		(4,363)	(1,854)
Cash flow from financing activities			
Proceeds from issue of debt securities		2,471	2,233
Repayment of debt securities issued		(1,181)	(2,647)
Leasing payments		(20)	(35)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		1,270	(449)
Net increase/(decrease) in cash and cash equivalents		36,950	(66,720)
Cash and cash equivalents at 1 January	15	90,100	156,815
Effect of exchange rate fluctuations on cash and cash equivalents held		-	5
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		127,050	90,100

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

MCZK	Issued capital	Share premium	Translation reserve	Fair value reserve	Retained earnings	Total equity
BALANCE AT 1 JANUARY 2021	769	412	6	483	13,810	15,480
Total comprehensive income for the period						
Net profit for 2021	-	-	-	-	1,932	1,932
Other comprehensive income						
Foreign operations - currency translation differences			(11)		-	(11)
Changes in fair value of financial assets at fair value through other comprehensive income (tax included)	-	-	-	(619)	-	(619)
Total	769	412	(5)	(136)	15,742	16,782
Transactions with owners, contribution and distribution to owners						
Dividends paid	-	-	-	-	-	-
BALANCE AT 31 DECEMBER 2021	769	412	(5)	(136)	15,742	16,782
BALANCE AT 1 JANUARY 2020	769	412	(25)	606	12,953	14,715
Total comprehensive income for the period						
Net profit for 2020	-	-	-	-	748	748
Other liabilities - "Social Fund"	-	-	-	-	(2)	(2)
Other comprehensive income						
Foreign operations - currency translation differences			31		-	31
Changes in fair value of financial assets at fair value through other comprehensive income (tax included)	-	-	-	(12)	-	(12)
Transfer of gain from disposal of equity instruments at fair value through other comprehensive income within equity	-	-	-	(111)	111	-
Total	769	412	6	483	13,810	15,480
Transactions with owners, contribution and distribution to owners						
Dividends paid	-	-	-	-	-	-
BALANCE AT 31 DECEMBER 2020	769	412	6	483	13,810	15,480

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

1 Introduction

PPF banka a.s. (“the Bank”) was established on 31 January 1995 as the successor to the former ROYAL BANKA CS,a.s. (operating on the market from 31 December 1992) by a resolution of Prague City Council in order to create a strong financial partner for cities and municipalities. This consolidated financial statements comprised the Bank and its subsidiaries listed in note 20 (further as “Group”).

The Bank is registered in the Commercial Register as a joint-stock company, with the following scope of business:

- execution of banking transactions and provision of banking services in the Czech Republic and abroad, to the extent permitted by relevant legislation and the licence granted by the Czech National Bank (CNB). The Bank may acquire an interest in other companies both in the Czech Republic and abroad, including non-financial service companies.

On 23 June 2004, the shareholders of the Bank decided to change the name of První městská banka,a.s. to PPF banka a.s. The change of name to PPF banka a.s. was recorded in the Commercial Register on 1 September 2004.

As at 31 December 2021, the parent company of the Bank is PPF Financial Holdings a.s., with its registered office in the Czech Republic, Prague, Evropská 2690/17, postal code: 16000, registration number: 10907718, the parent company of PPF Financial Holdings a.s. is PPF Group N.V., with its registered office in the Netherlands, Amsterdam, Strawinskylaan 933, postal code: 1077XX, registration number: 33264887.

Registered office of the Bank:

PPF banka a.s.
Evropská 2690/17
160 41 Praha 6
Czech Republic

2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

3 Significant accounting policies

3.1 Basis of preparation

The financial statements are presented in Czech Crowns, which is the Bank's functional currency and the Group's presentation currency, rounded to the nearest million. The financial statements are prepared on the historical cost basis, except for financial assets and liabilities at fair value through profit or loss, and assets at fair value through other comprehensive income.

Use of judgements and estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgements concerning the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that may have a significant effect on the financial statements in the year ended 31 December 2021 is included in the following notes:

- impairment of financial instruments, determining inputs into the expected credit loss measurement model, including the incorporation of forward-looking information in note 5;
- sensitivity analysis of loss allowance by relevant categories in note 43.1;
- determination of the fair value of financial instruments with significant unobservable inputs in note 3.4.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

Estimates which may have a significant effect on the financial statements in the next year regarding standards that are not yet effective and are relevant to the financial statements are discussed in note 4.

Information about judgements made in the application of accounting policies that may have a significant effect on the consolidated financial statements is included in the following notes.

- classification of financial instruments, especially an assessment of the business model and an assessment of whether contractual cash flows are solely payments of principal and interest on unpaid principal ("SPPI") in note 3.4;
- assessment of whether there has been a significant increase in the credit risk of financial instruments since initial recognition, considering all available and relevant information, including quantitative and qualitative information, an analysis based on historical experience of the Group and forward-looking information in note 5.

COVID-19 and its impact on the financial statements and the going-concern assessment

The World Health Organization declared a global health emergency in January 2020 and later, in March, declared the coronavirus outbreak a pandemic. The Group is aware of the potential impact on the Group and the financial sector. Since early 2020, the Group has further strengthened its governance and increased its prudence in assessing the risks. Risk management is presented in note 4. In 2020, the Group recorded a significant increase in expected credit losses, mostly caused by a significant deterioration in expected macroeconomic conditions. In 2021, the situation stabilised and the macroeconomic outlook improved slightly, which led to a slight release of loss allowances on performing loans and advances to customers. In 2021, no significant pre-pandemic risks materialised, and the Group did not observe any significant defaults. The Group has not observed any significant deterioration in its liquidity position and has not had any difficulty in meeting the minimum capital requirements set by the regulator.

The Group is continuously monitoring the situation and, based on our current knowledge and stress testing performed on the basis of all available information, we do not expect COVID-19 to have an impact on our ability to continue as a going concern in the future.

The consolidated financial statements have been prepared on the basis of the going-concern principle.

IBOR reform and its impact on the financial statements

A fundamental reform of major interest rate benchmarks is being undertaken globally to reform IBOR or replace it with alternative nearly risk-free rates (referred to as the “IBOR reform”). The Group is aware of the potential impact of the IBOR reform on Group operations, risk management and accounting. The Group is continuously monitoring the situation and below presents an overview of Group exposures and IBOR rates affected by the IBOR reform.

The table below sets out the IBOR rates that the Group had exposure to, the new benchmark rates to which these exposures have been or are being transitioned, and the status of the transition.

Currency	Benchmark rate before reform	Benchmark rate after reform	As at 31 December 2021 Status	As at 31 December 2020 Status
GBP	GBP LIBOR	SONIA	In progress	In progress
USD	USD LIBOR	SOFR/Term SOFR	In progress	In progress
EUR	EONIA	€STR	Completed	In progress
EUR	EURIBOR	EURIBOR reformed	Completed	In progress

As at 31 December 2021, the IBOR reform had been largely completed. If the Group considers that the status is still in progress, it represents the exposures with interest that are still indexed to an original benchmark rate as at 31 December 2021 due to the contractually fixed rate for the set interest period, but will be transitioned to new benchmark rates on the date of the next refixation.

The exposures identified by the Group affected by the IBOR reform are as follows:

- non-derivative financial assets, presented as Cash and cash equivalents, Loans and advances to banks, Loans and advances to customers in the statement of financial position;
- non-derivative financial liabilities, presented as Deposits from banks and Deposits from customers in the statement of financial position;
- derivatives presented as Financial assets/liabilities at fair value through profit or loss in the statement of financial position.

However, the impact of the reform on these exposures was insignificant, both individually and on aggregate.

3.2 Basis of consolidation

3.2.1 Subsidiaries

Subsidiaries are investees controlled by the Bank. The Bank controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Bank reassesses whether it has control if there are changes to one or more of the elements of the control.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

3.2.2 Loss of control

When the Bank loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss.

3.2.3 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in the preparation of the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent to which there is no evidence of impairment.

3.2.4 Business combinations

All business combinations of the Group were business combinations of entities under the control of the Bank, both before and after the business combination itself. It was not a control of a temporary nature. IFRS 3 does not apply to these business combinations. Assets and liabilities are reported at the carrying amounts in which they were reported before the business combination, and no goodwill or negative goodwill was reported.

3.3 Foreign currency

3.3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the presentation currency at the foreign exchange rate ruling at the dates that the values were determined.

3.3.2 Financial statements of consolidated entities with functional currency other than CZK

The assets and liabilities of consolidated entities with functional currency other than CZK are translated to CZK at spot exchange rates at the reporting date. The income and expenses of these consolidated entities are translated to CZK at exchange rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences at translation are recognised directly in “Translation reserve” within equity.

The Translation reserve comprises all foreign currency differences arising from the translation of the financial consolidated statements of consolidated entities with functional currency other than CZK.

3.4 Financial instruments

3.4.1 Classification and measurement of financial assets

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost (“AC”), fair value through other comprehensive income (“FVOCI”), and fair value through profit or loss (“FVTPL”).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is classified under one of these categories on initial recognition.

POCI assets

IFRS 9 also includes so-called POCI assets. POCI assets are purchased or originated financial assets that are credit-impaired on initial recognition.

Business model assessment

The Group made an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated, e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, and the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group’s stated objective for managing the financial assets is achieved and how cash flows are realised.

The Group's business models are as follows:

- “held and collect”;
- “held, collect and sell”;
- “other”.

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest (“SPPI”)

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets, e.g. non-recourse asset arrangements; and
- features that modify consideration for the time value of money, e.g. the periodic reset of interest rates.

3.4.2 Initial recognition of financial assets

On initial recognition, financial assets/liabilities at AC are recognised on the settlement date at fair value adjusted for transaction costs directly attributable to the acquisition/issue or disposal of a financial asset/liability.

Financial assets at FVTPL are recognised on the date the Group commits to purchase the assets. From this date, any gains or losses arising from changes in the fair value of the assets are recognised in the statement of comprehensive income.

Financial assets classified at FVOCI are recognised on the date the Group commits to purchase the assets. From this date, any gains or losses arising from changes in the fair value of the assets are recognised in equity as differences from the revaluation of assets.

3.4.3 Fair value measurement principles

Fair value is the price the Group would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date.

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using discounted cash flow techniques or other pricing models.

Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation framework

The Group has an established control framework with respect to the measurement of fair values. This framework includes Risk Management, which is independent of front office management and which has overall responsibility for independently verifying the results of all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- a review and approval process for new models and changes to models;
- calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- a review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous period.

When third-party information, such as broker quotes or pricing services, is used to measure fair value, Risk Management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, how fair value has been determined using those quotes.

3.4.4 Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial assets and liabilities at fair value through profit or loss are recognised directly in profit or loss as “Net income from financial operations”.

Gains and losses arising from a change in the fair value of financial assets measured at fair value through other comprehensive income are recognised directly in other comprehensive income and become the equity item “Fair value reserve”.

3.4.5 Specific financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash deposited with banks and central banks, short-term reverse repo operations and short-term highly liquid investments, including treasury bills and other bills eligible for refinancing with the central bank (except for those held for trading). The financial assets are measured at amortised cost in line with IFRS 9.

Loans and advances

Loans and advances to banks and customers are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (except for those held for trading). If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding, the financial assets are measured at amortised cost in line with IFRS 9. The financial assets are measured at fair value through profit or loss if the contractual terms do not meet the criteria specified above.

Debt securities issued

Own issued debt securities are recognised at amortised cost under “Debt securities issued”. Upon initial recognition, own debt securities are measured at cost, which includes direct transaction costs.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss include financial derivatives and non-derivative financial assets and financial liabilities held for trading.

Financial derivatives

Financial derivatives with positive fair value are presented as “Financial assets measured at fair value through profit or loss”. Financial derivatives with negative fair value are presented as “Financial liabilities measured at fair value through profit or loss”.

For presentation purposes, derivatives are split into

- derivatives held for trading; and
- hedging derivatives.

Derivatives held for trading are those which are not designated as hedging instruments. All kinds of non-hedging derivatives without regard to their internal classification, i.e. both derivatives held in the trading book and banking book, or purpose, i.e. both trading derivatives and derivatives held for risk management, are presented in this line item.

Hedging derivatives are those which are designated as hedging instruments in hedges fulfilling the conditions of IFRS 9. The Group did not apply hedging fulfilling the conditions of IFRS 9 in 2021 or 2020.

Changes in fair value (the clean price) of derivatives are recognised in the income statement in the line item “Net income from financial operations”.

3.5 Derecognition and contractual modification

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Group transfers the financial asset, provided that the Group also transfers substantially all the risks and rewards of ownership of the financial asset.

A financial liability is derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. Substantial modification of the terms of an existing financial liability is accounted for as extinguishment of the original financial liability and recognition of a new financial liability.

Financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income that are sold are derecognised and the corresponding receivables from the buyer are recognised on the day they are delivered (settlement date accounting).

In the event of the derecognition of investments in equity instruments designated at fair value through other comprehensive income, the Group does not reclassify the cumulative gain or loss from equity to profit or loss. The cumulative gain or loss is transferred within equity.

Debt instruments measured at amortised cost, loans and advances to banks, and loans and advances to customers are derecognised on the day of maturity or on the day they are transferred by the Group.

Modification

Substantial modification of the contractual cash flows of a financial asset is considered by the Group to be the expiry of contractual rights to the financial asset. The Group uses internally defined quantitative and qualitative criteria to assess the significance of a change. As for the quantitative criteria, the Group considers contractual terms to be significantly changed if the discounted present value of the cash flows under the new terms is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset as of the date of modification. As for the qualitative criteria, the Group considers contractual terms to be significantly changed if the new contractual cash flow would not meet SPPI criteria or there would be a change of legal form, tax regime, the currency of the financial assets, or the addition of a convertible option to the financial asset terms. If the Group considers contractual terms to be significantly changed based on at least one of the qualitative or quantitative criteria, the Group derecognises the modified financial asset. Where the modification of a financial asset results in the derecognition of an existing financial asset and the subsequent recognition of a modified financial asset, the modified asset is treated as a new financial asset for the Group's purposes.

In the event of the modification of a financial instrument not measured at fair value through profit or loss that does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset (the amortised cost of the financial liability) as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's (financial liability's) original effective interest rate and recognises the modification gain or loss in profit or loss.

In the case of modified financial assets, the Group determines whether there was a significant increase in credit risk and estimates impairment losses on these financial assets in accordance with the accounting methods described in note 5.1.

3.6 Repurchase transaction

The Group enters into purchases (sales) of financial assets under agreements to resell (repurchase) identical financial assets at a certain date in the future at a fixed price. Financial assets purchased subject to commitments to resell them at future dates are not recognised in the statement of financial position. The amounts paid are recognised in loans to either banks or customers or cash and cash equivalents. The receivables are shown as collateralised by the underlying security. Financial assets sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policies as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in “Interest and similar income” or “Interest expense and similar charges”.

3.7 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

3.8 Impairment

The Group assesses impairment loss on financial assets based on a forward-looking “expected credit loss” model in line with IFRS 9. The model assumptions and estimates are described in detail in note 5.

When the expected credit loss increases in the period, the amount of the corresponding impairment loss on the financial asset is recognised in the statement of comprehensive income line item “Impairment gains/losses”.

If the expected credit loss decreases in the subsequent period, the amount of corresponding impairment loss reversal is recognised in the statement of comprehensive income line item “Impairment gains/losses”.

If the Group has no reasonable expectations of recovering the financial asset (in either its entirety or a portion of it), the financial assets are written off. This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may still apply enforcement activities to financial assets being written off. Recoveries resulting from the Group’s enforcement activities are recognised in the statement of comprehensive income in the line item “Impairment gains/losses”.

Loss allowances based on the “expected credit loss” model are recognised as follows:

- for financial assets measured at amortised cost: as a decrease of the assets’ gross carrying amount;
- for loan commitments and financial guarantee contracts: generally as a provision;
- for financial instruments that include both the drawn and undrawn portion, the Group recognises a combined loss allowance for both parts - one is recognised as a decrease in the gross carrying amount of the drawn portion, and the other one exceeding the gross carrying amount of the drawn portion is recognised as a provision; and
- for debt instruments measured at FVOCI: an adjustment relating to the expected credit losses is recognised in profit or loss against the equity line “Fair value reserve”.

3.9 Net interest and similar income

Interest income or expense from all interest-bearing financial instruments except financial instruments measured at fair value through profit or loss is recognised using the effective interest rate (“EIR”) and reported in profit or loss in the line items “Interest and similar income” or “Interest expense and similar charges” as part of revenue/expenses from continuing operations.

The effective interest method calculates the gross carrying amount or amortised cost of a financial asset or a financial liability that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument to its net carrying amount. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument (but not future credit losses). In respect of POCI financial assets, the Group uses the effective interest rate that is calculated as an estimate of future cash flows including expected credit losses. The calculation of an effective interest rate also includes transaction costs and paid and received fees that are an integral part of the effective interest rate.

Amortised cost and gross carrying amount of a financial asset

The amortised cost of a financial asset or a financial liability is the amount at which the financial asset or liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses. The gross carrying amount of financial assets is the amortised cost of a financial asset, before adjustment for any credit loss.

Calculation of interest income and expense

In the calculation of interest income or interest expense, the effective interest rate is applied to the gross carrying amount of assets that are not credit-impaired or to the amortised cost of a liability.

Interest income in respect of financial assets that become credit-impaired after initial recognition is calculated using the effective interest rate method from the amortised cost of an asset. Interest income in respect of POCI financial assets is calculated using the credit-adjusted effective interest rate method from the amortised cost of an asset.

3.10 Dividend income

Dividend income is recognised in the statement of comprehensive income on the date that the dividend is declared.

3.11 Net fee and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate, and therefore included in “Interest and similar income” or “Interest expense and similar charges”.

Fee and commission income from contracts with customers, under IFRS 15, is measured based on the consideration specified in the contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

The fee and commission income arises from financial services provided by the Group, including cash management services, the central clearing of toll payments, brokerage services, investment advice and financial planning, investment banking services, and project and structured finance transactions. Fee and commission income is recognised when the corresponding service is provided. Penalty fees that have not been claimed or that have been waived are excluded from profit or loss.

A contract with a customer that results in a recognised financial instrument in the Group’s financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, account maintenance and brokerage fees which are expensed as the services are received.

3.12 Net income from financial operations

Net income from financial operations comprises gains less losses related to financial assets and liabilities at fair value through profit and loss and includes all fair value changes. Net income from financial operations also includes realised gains or losses on financial assets at fair value through other comprehensive income (equity instruments excluded) and all foreign exchange differences.

3.13 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives as follows:

Buildings	50 years
Other	1-10 years

Low value tangible assets with a purchase price of less than TCZK 40 and an estimated useful life shorter than 1 year are recognised as expenses in the period in which they are purchased.

3.14 Intangible assets

Software and other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets.

3.15 Leases

From a lessee perspective:

The Group treats a contract as a lease if it conveys the right to control the use of a given asset for a period of time in exchange for consideration.

A right-of-use asset and a lease liability are recognised at the lease commencement date.

A right-of-use asset is initially measured at cost. The cost of a right-of-use asset comprises: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs; and an estimate of costs to be incurred in restoring the underlying asset. The asset is subsequently depreciated on a straight-line basis over the estimated useful life of the right-of-use asset, or until the end of the lease term, if earlier.

A right-of-use tangible asset is recognised as a tangible asset in the statement of financial position.

A lease liability recognised in other liabilities is measured at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, variable lease payments that depend on an index, amounts expected to be payable by the lessee under residual value guarantees, and the exercise price of a purchase option or an option to extend or terminate a lease if the Group is reasonably certain to exercise that option. Lease payments are discounted using the Group's incremental borrowing rate.

After the commencement date, the Group revises the remeasurement of lease liabilities to reflect changes to the lease payments. The Group also makes the corresponding adjustment to the value of the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises it in profit or loss.

Interest on the lease liability is recognised in interest expense.

From a lessor perspective:

The Group does not provide leasing services in the capacity of a lessor.

3.16 Provisions

Provision means a probable outflow of an uncertain amount and in an uncertain period of time. Provisions are recognised when:

- there is a legal or constructive obligation as a result of past events;
- it is probable, and the probability exceeds 50%, that an outflow of resources will be required to settle the obligation;
- a reliable estimate of the amount of the obligation can be made.

In the statement of financial position, provisions are reported under the line item “Provisions”. They include credit risk loss provisions for contingent liabilities (particularly financial guarantees and loan commitments) as well as legal provisions and other provisions. Expenses or income related to provisions for loan commitments and financial guarantees are reported in the statement of income under the line item “Impairment gains/losses”. Expenses or income related to other provisions are reported in the statement of income under “Operating expenses”.

3.17 Income taxes

The income tax base is calculated from the current year profit. Expenses considered non-taxable expenses are added and income considered non-taxable income is deducted. The income tax base is modified by tax allowances and tax benefits.

Deferred income tax arises from temporary differences between the accounting values of assets and liabilities and their carrying amounts in the financial statements. The deferred tax is calculated using the tax rates applicable in the periods in which the timing difference is expected to reverse. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

3.18 Financial guarantees

Financial guarantees are contracts that require the Group to make a specified payment to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of the debt instrument.

Liabilities under financial guarantee contracts are recorded initially at their fair value, which is generally the fee received or the present value of the fee receivable. Financial guarantee liabilities are subsequently measured at the higher of the initial fair value, less cumulative amortisation, and an amount equalling the expected credit loss determined in accordance with IFRS 9.

The fee received is recognised in the income statement under “Fee and commission income” and is amortised on a straight-line basis over the life of the guarantee.

4 Standards, interpretations and amendments to published standards that are not yet effective and relevant for the financial statements

A number of new Standards, amendments to Standards, and Interpretations are not yet effective as at 31 December 2021, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Group's operations.

Amendments to IFRS 16 Leases

COVID-19-Related Rent Concessions beyond 30 June 2021.

Effective for annual periods beginning on or after 1 April 2021.

The amendments extend by one year the application period of the optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19.

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Amendment to IAS 16 Property, Plant and Equipment

Property, Plant and Equipment - Proceeds before Intended Use.

Effective for annual periods beginning on or after 1 January 2022.

The amendments to IAS 16 require that the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended must be recognised, together with the cost of those items, in profit or loss and that the entity must measure the cost of those items applying the measurement requirements of IAS 2.

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts - Cost of Fulfilling a Contract.

Effective for annual periods beginning on or after 1 January 2022.

In determining costs of fulfilling a contract, the amendments require an entity to include all costs that relate directly to a contract. Paragraph 68A clarifies that the cost of fulfilling a contract comprises both: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 12 Income Taxes

Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments narrow the scope of the initial recognition exemption (IRE) to exclude transactions that give rise to equal and offsetting temporary differences, e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture

Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission decided to defer the endorsement indefinitely. It is unlikely that it will be endorsed by the EU in the foreseeable future.

The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not); while
- a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments clarify that the classification of liabilities as current or non-current shall be based solely on the Group's right to defer settlement at the end of the reporting period. The Group's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the Group will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than significant accounting policies.

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments introduced a definition of “accounting estimates” and included other amendments to IAS 8 clarifying how to distinguish changes in accounting policies from changes in estimates. The distinction is important as changes in accounting policies are generally applied retrospectively while changes in estimates are accounted for in the period in which the change occurs.

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Annual Improvements to IFRS Standards 2018-2020

Effective for annual periods beginning on or after 1 January 2022.

Amendment to IFRS 9 Financial Instruments

The improvements clarify that, when assessing whether an exchange of debt instruments between an existing borrower and lender are on terms that are substantially different, the fees to include together with the discounted present value of the cash flows under the new terms include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Amendment to Illustrative Examples accompanying IFRS 16 Leases

The improvements remove from illustrative Example 13 accompanying IFRS 16 reference to a reimbursement by the lessor to the lessee for leasehold improvements as well as an explanation of a lessee's accounting for such reimbursement.

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Other new International Financial Reporting Standards and Interpretations, which are not yet in force.

The Bank has not early applied any IFRS standards unless adoption is mandatory as at the date of the statement of financial position. Where the transitional provisions in an adopted IFRS allow an entity to decide whether to apply the new standards in the future or retrospectively, the Bank chooses to apply the standard prospectively from the date of transition.

The Bank does not expect these new standards to have a material impact on the financial statements.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning future economic developments. The resulting accounting estimates will, by definition, seldom be equal to the actual results. The estimates and assumptions that carry the most significant risk of a material adjustment being required to the carrying amounts of assets and liabilities in the next financial year are discussed below.

5.1 Impairment of financial assets

The Group assesses impairment loss on financial assets based on a forward-looking “expected credit loss” (“ECL”) model in line with IFRS 9.

IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

Financial assets for which the provision is reported at 12-month expected credit losses are referred to as stage 1 financial assets. Financial assets are classified under stage 1 if they are assigned a low credit risk or if their credit risk has not significantly increased since the initial recognition.

Financial assets for which the provision is reported at the level of lifelong expected credit losses are referred to as stage 2 financial assets. Financial assets are reclassified under stage 2 if their credit risk has significantly increased since initial recognition and they are not currently assigned a low credit risk.

Financial assets in default are classified as stage 3 financial assets.

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- •financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls, i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
- •financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
- •undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive from this commitment; and
- •financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Definition of default

Under IFRS 9, the Group considers a financial asset to be in default when there is information available that:

- the borrower is unlikely to pay its credit obligations to the Group in full, without realising collateral; or
- the borrower is more than 90 days past due. Overdrafts are considered past due once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Group mainly considers the following indicators:

- approval of the forced restructuring of the receivable, with the effect of a reduction in the borrower's financial liabilities;
- active insolvency proceedings against the borrower in the insolvency register;
- the removal of the borrower's licence for activity for which licensing is required;
- the declaration of a moratorium on payments to international creditors (valid only for central and local government exposures);
- the initiation of steps by the Group to activate guarantees provided by guarantors for the borrower's commitments;
- a performing exposure with relief in the probationary period is more than 30 days past due during the probationary period;
- the borrower is unlikely (according to an assessment by the Group) to fully repay liabilities to the Group, the parent company or subsidiaries without the realisation of collateral;
- loss of the borrower's regular income intended for the repayment of liabilities to the Group;
- there are reasonable concerns about the borrower's future ability to generate stable and sufficient cash flows;
- a significant increase in the borrower's level of debt, or a reasonable expectation of such an increase;
- breach of covenants laid down in the contract with the borrower;
- a significant delay in the borrower's payments to other creditors is recorded in the Central Credit Register (or in another credit register);
- a crisis in the borrower's sector, accompanied by the borrower's weak position in that sector;
- the disappearance of an active market for a financial asset because of the borrower's financial difficulties;
- the default of another member in an economically linked group;
- a borrower facing financial difficulties receives material financial assistance (for more than 12 months) from the parent company, shareholders or another member of an economically linked group in order to meet liabilities, unless this is financial assistance pre-planned or expected during the lending approval procedure.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Determining whether credit risk has increased significantly

Under IFRS 9, when determining whether the credit risk (i.e. risk of default) of a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis consisting - based on availability and complexity - of the Group's historical experience, expert credit assessment and forward-looking information.

In line with IFRS 9, the Group applies the rebuttable presumption that the credit risk increases significantly when an asset is more than 30 days past due. The Group determines days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

The Group monitors the suitability of the criteria used to identify significant increases in credit risk by regular reviews to confirm that the results of assessment are compliant with IFRS 9 and internal guidelines and settings.

Individual level

For individually significant financial assets, the Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- the credit risk as at the reporting date; with
- the credit risk that was estimated on initial recognition of the exposure.

As for the corporate loan portfolio, the Group considers there to have been a significant increase in credit risk since initial recognition if:

- the credit internal rating has deteriorated by two or more notches since initial recognition and the current credit rating is outside the range A1 to A4 (for credit ratings see note 43.1);
- the receivable or part thereof is more than 30 days past due;
- the current credit rating has deteriorated by at least one notch since initial recognition and the client has been assigned a credit rating of C1;
- the exposure has been designated as a exposure with forbearance;
- the exposure in the regime of increased monitoring (the so-called “pre-workout”)
- an individual assessment has been performed by the Head of the Credit Risk Management Department, who, on the basis of available information, has determined that the receivable exhibits signs of an increased credit risk.

As for the debt securities and other assets, the Group considers there to have been a significant increase in credit risk since initial recognition if:

- the credit internal rating has deteriorated by two or more notches since initial recognition and the current credit rating is outside the range A1 to A4 (for credit ratings see note 43.1);
- the receivable or part thereof is more than 30 days past due;
- the current credit rating has deteriorated by at least one notch since initial recognition and the client has been assigned a credit rating of C1;
- an individual assessment has been performed by the Head of the Credit Risk Management Department, who, on the basis of available information, has determined that the receivable exhibits signs of an increased credit risk.

The Group monitors the suitability of the criteria used to identify significant increases in credit risk by regular reviews to confirm that the results of assessment are compliant with IFRS 9 and internal guidelines and settings.

Portfolio level

As for the consumer loan portfolio, the expected credit losses are calculated on a portfolio basis. The receivables are grouped into monthly buckets based on days past due. It is considered that a significant increase in credit risk occurs when receivable or its part is more than 30 days past due.

Inputs in the measurement of ECLs

The key inputs in the measurement of ECLs are - in general - the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

EAD represents the exposure in the event of default. The Group derives the EAD from the current exposure to the counterparty. As for stage 1 and 2 exposures, the EAD of a financial asset is the gross carrying amount at default reduced by the net realisable value of collateral received.

Individual level

For individually significant financial assets, these parameters are - separately or collectively - derived from statistical models created on the basis of available market data. Failure probability estimates are estimates at a certain date that are calculated on the basis of statistical rating models and assessed using the rating tools established for different categories of counterparties and exposures. Models created on the basis of available market data are periodically back-tested on internal historical data.

The migration of a counterparty or exposure between credit ratings results in a change in the estimate of the associated PD.

Loss given default (LGD) is the amount of probable loss in the event of a default. For stage 1 and 2 exposures, the Group uses external comparative information to assess LGDs as it has insufficient observations and data to derive its own statistically significant LGDs based on an analysis of the Group's portfolio. For this reason, the Group bases its determination of LGD on the regulatory loss given default.

For stage 3 exposures, the Group uses the difference between the gross carrying amount of an asset and the present value of estimated future cash flows applying scenario probability weights to measure expected credit losses.

Portfolio level

As for the consumer loan portfolio, the Group uses statistical methods based on the Markov chain model and statistical analysis of historical data on unpaid loans to estimate the amount of loss when measuring expected credit losses.

During 2021 and 2020, the Group assessed and subsequently revised its model assumptions. As a result, the Group changed the credit loss estimate at the time of the write-off and aligned the estimate with the latest expectation of recoveries. The impact of the change in the estimate was applied prospectively to the financial statements. It resulted in an increase in the amount of the consumer loan portfolio by MCZK 22 in the consolidated statement of financial position as at 31 December 2021 (31 December 2020: MCZK 76) and a decrease in impairment losses by MCZK 23 in the consolidated statement of comprehensive income in 2021 (2020: MCZK 77).

Forward-looking information

Under IFRS 9, the Group incorporates forward-looking information into its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and - where possible - as part of the measurement of ECLs. The external information used may include economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the Organisation for Economic Cooperation and Development and the International Monetary Fund, and selected private sector and academic forecasters.

The Group defines three economic scenarios: (i) the baseline economic scenario, which is the Group's main scenario and is assigned the highest weight. This scenario is defined internally according to publicly available estimates of trends in key macroeconomic variables by relevant institutions, such as Oxford Economics, the Czech National Bank, the International Monetary Fund, the Organisation for Economic Cooperation and Development, and consensus analyst estimates published by Bloomberg and Reuters; and (ii) two less likely scenarios - optimistic and pessimistic. The Group monitors the up-to-dateness of macroeconomic scenarios at least on a quarterly basis. The scenarios and their weights applicable as at 31 December 2021 are shown in the table below:

Czech Republic - GDP growth	Weight as at 31 December				
	2020	2021	2022	2023	2024
Baseline scenario	80%	50%	4.2%	3.5%	2.5%
Optimistic scenario	12%	10%	4.4%	4.6%	2.5%
Pessimistic scenario	8%	40%	0.1%	-1.1%	-2.1%

World - GDP growth	Weight as at 31 December				
	2020	2021	2022	2023	2024
Baseline scenario	80%	50%	4.4%	3.5%	2.8%
Optimistic scenario	12%	10%	4.4%	3.5%	2.8%
Pessimistic scenario	8%	40%	1.0%	0.0%	2.0%

The resulting estimated credit losses then reflect the expected development of gross domestic product in the three scenarios above.

On the strength of data availability and resource credibility, the Group uses historical data analysis to estimate the relationships between macroeconomic variables and probabilities of default that are used to measure expected credit losses.

The Group considers the change in the GDP of the Czech Republic and the change in world GDP as key variables explaining the changes in the historical probability of default. For exposures of clients who account in accordance with Czech accounting standards and whose business risk lies in the Czech Republic, the Group uses the change in the GDP of the Czech Republic for PD estimates. For other clients' exposures, the Group uses the change in the world GDP as an explanatory variable.

In 2021, the level of expected credit losses was still affected by the COVID-19 pandemic. The amount of expected credit losses resulting from the effect of forward-looking information (i.e. from the expected development of GDP) as at 31 December 2021 totalled CZK 106 million for corporate loans, bonds, accounts and balances with banks and central banks and loans and advances to banks (31 December 2021: CZK 460 million).

An analysis of sensitivity to the development of GDP is presented in note 43.1., Sensitivity Analysis of loss allowance by relevant categories - individual level.

6 Changes in accounting policies

There were no changes in accounting policies during the period from 1 January 2021 to 31 December 2021, except for below:

Until 2020, the Group presented all reverse repo operations as Cash and cash equivalents, Loans and advances to banks or Loans and advances to customers and all repo operations as Deposits from banks or Deposits from customers in the statement of financial position.

Since 2021, the Group has newly recognised reverse repo operations and repo operations held for trading (as at 31 December 2021, the Group did not hold any reverse repo operations nor repo operations for trading). If reverse repurchase agreements or repurchase agreements are held for trading, they are reported as Financial assets or liabilities at fair value through profit or loss in the statement of financial position. Those not held for trading are still presented as Cash and cash equivalents, Loans and advances to banks, Loans and advances to customers or Deposits from banks, Deposits from customers in the statement of financial position

7 Net interest income and similar income

MCZK	2021	2020
Interest and similar income		
Cash and cash equivalents	928	1,212
Loans and advances to banks	71	71
Loans and advances to customers	2,226	2,521
Of which:		
Unpaid interest income from impaired loans	4	3
Unpaid interest income from loans with forbearance	-	1
Financial assets at fair value through profit or loss	514	605
Financial assets at fair value through other comprehensive income	221	241
Of which:		
Interest and similar income - EIR	3,739	4,409
Interest and similar income - other	221	241
	3,960	4,650
Interest expense and similar charges		
Deposits from banks	(144)	(30)
Deposits from customers	(534)	(947)
Debt securities issued and short sales	(281)	(213)
Lease liabilities	(2)	(3)
	(961)	(1,193)
NET INTEREST INCOME AND SIMILAR INCOME	2,999	3,457

The Group did not waive any interest past due during the years 2021 and 2020.

8 Net fee and commission income

MCZK	2021	2020
Fee and commission income		
Toll administration fee income*	332	279
Transaction fee with clients	149	113
Custody fees	30	25
Penalty fees	27	24
Fees from guarantees provided	14	13
Fees from administration of shares/bonds issue	9	42
Transaction fee with banks	4	3
Other	17	18
Of which:		
Fee income - contracts with customers - under IFRS 15	568	504
Fee income - other - under IFRS9	14	13
	582	517
Fee and commission expense		
Toll administration fee expense*	(244)	(205)
Transaction fee with other counterparties	(48)	(39)
Transaction fee with banks	(36)	(37)
Other	(3)	(3)
	(331)	(284)
NET FEE AND COMMISSION INCOME	251	233

* Based on contracts concluded between the Group and CzechToll a.s. and between the Group and the issuer of fuel cards or the intermediary for card payments, respectively, the Group has been providing services as a clearing centre for toll payments in the Czech Republic since 1 December 2019. The service also includes the operation of the authorisation centre, which is provided to the Group by an external company. The Group collects and pays fees for the services provided and received.

9 Net income from financial operations

MCZK	2021	2020
Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss	(271)	1,273
Of which:		
Net gains/(losses) from trading derivatives	(983)	828
Trading securities	712	445
Net realised gains/(losses) on financial assets at fair value through other comprehensive income	68	285
Of which:		
Debt instruments	68	285
Net realised gains/(losses) on loans and advances to customers	36	-
Foreign exchange gains/(losses)	429	(1,274)
TOTAL	262	284

All derivatives without regard to their internal classification, i.e. both derivatives held in the trading book and banking book, or purpose, i.e. both trading derivatives and derivatives held for risk management, are presented as Trading derivatives, as hedge accounting is not applied.

However, the Group uses derivatives for economic hedging, therefore, the net gain (loss) on derivatives is partially offset by foreign exchange gains (losses) or interest income (expenses).

10 General administrative expenses

MCZK	2021	2020
Personnel expenses		
Wages and salaries	(281)	(284)
Social expenses	(100)	(95)
Liability insurance, pension insurance	(6)	(4)
Remuneration paid to key management personnel*		
Short-term benefits	(49)	(40)
Long-term benefits	(12)	(14)
	(448)	(437)
Other general operating expenses		
Gifts	(202)	(105)
Consultancy services	(120)	(124)
IT	(113)	(83)
Other	(77)	(73)
	(512)	(385)
TOTAL	(960)	(822)

The average number of employees, members of the Board of Directors, Supervisory Board and executives of the Group in the years 2021 and 2020 was as follows:

	2021	2020
Board of Directors	5	5
Supervisory Board**	6	6
Executives	2	2
Employees**	240	241

* Remuneration paid to key management personnel includes wages and salaries paid to the Board of Directors, Supervisory Board and other executives for the service rendered.

** Two employees are also members of the Supervisory Board and are therefore included in the number both of employees and of members of the Supervisory Board.

11 Depreciation and amortisation

MCZK	2021	2020
Depreciation on property, plant and equipment	(22)	(17)
Depreciation on property, plant and equipment - ROU	(20)	(32)
Amortisation of intangible assets	(56)	(32)
TOTAL	(98)	(81)

12 Other operating expenses

MCZK	2021	2020
Payment to Resolution Fund	(311)	(310)
Payment to Deposit Insurance Fund	(2)	(1)
Payment to Guarantee Fund	(2)	(1)
TOTAL	(315)	(312)

The basis for the calculation of the payment to the Guarantee Fund for 2021 amounted to MCZK 97 (2020: MCZK 100).

13 Impairment gains/losses

MCZK	2021	2020
Gains/(Losses) from change in loss allowances:		
Loans and advances to banks	19	(19)
Financial assets at fair value through other comprehensive income	75	(105)
Loans and advances to customers - individual	288	(1,137)
Loans and advances to customers - portfolio	(23)	(23)
Other assets	(5)	1
Write-offs - loans and advances to customers- individual*	(96)	(479)
Write-offs - loans and advances to customers- portfolio*	(33)	(7)
Revenues from previously written-off loans and advances to customers- individual	-	21
Revenues from previously written-off loans and advances to customers- portfolio	32	85
Gains/(Losses) from change in provisions - off-balance sheet assets	(11)	20
TOTAL	246	(1,643)

* The loans and advances to customers that were written-off were fully covered by loss allowances as at date of write-off.

The sharp increase of the impairment losses in 2020 was caused by an increase in expected credit losses due to a significant deterioration in expected macroeconomic conditions (especially the GDP growth expected in 2020 and 2021), the recognition of some loans and advances to customers as non-performing and the prudent assessment of the net collateral value if influenced by the COVID pandemic.

In 2021, the situation stabilised and the macroeconomic outlook improved slightly, which led to a slight release of loss allowances on performing loans and advances to customers. In 2021, no significant pre-pandemic risks materialised and the Group did not observe any significant defaults. The Group therefore believes that the effects may be delayed; this corresponds with significantly higher coverage of performing loans and advances to customers at the end of 2021 compared to the pre-pandemic period.

14 Income tax expense

Taxes on income consist of current tax on income calculated based on the results reported for tax purposes and the change in deferred taxes.

MCZK	2021	2020
Income tax - current	(337)	(614)
Income tax - related to prior years	18	12
Income tax - deferred	(137)	225
INCOME TAX EXPENSE	(456)	(377)

MCZK	2021	2020
Tax rate in Czech Republic	19.0%	19.0%
Profit from operations (before taxation)	2,388	1,125
Computed taxation using applicable tax rate	454	214
Tax non-deductible expenses	41	194
Non-taxable income - other	(90)	(163)
Tax related to prior years	(18)	(12)
Effect of tax rates in foreign jurisdictions and other items	69	144
INCOME TAX (EXPENSE)/INCOME - CURRENT	(456)	(377)
Effective tax rate	19.1%	33.51%

A significant difference in the effective tax rate in the year-over-year comparison relates to the effect of different taxation in the country of the subsidiary's registered office, as the subsidiary recognised in 2020 at the same time an accounting loss but a tax profit.

Decrease of tax non-deductible expenses and non-taxable income in 2021 is connected to higher creation and release of non-taxable reserves and written-off receivables in 2020.

15 Cash and cash equivalents

MCZK	31.12.2021	31.12.2020
Cash on hand	30	50
Nostro account balances	2,418	2,506
Balances with the central bank	1,435	2,761
Reverse repo operations with the central bank	123,167	84,783
Loss allowance	-	-
NET CASH AND CASH EQUIVALENTS	127,050	90,100

The technical parameters of a reverse repo operation with the central bank are as follows: maturity of two weeks, interest rate set by the CNB for two-week repo operations (the "2W repo rate").

16 Financial assets at fair value through profit or loss

All financial assets at fair value through profit or loss are classified as measured at fair value through profit or loss in accordance with IFRS 9. All financial assets listed below are held within the held-for-trading business model.

MCZK	31.12.2021	31.12.2020
Bonds and notes issued by:		
Government	9,551	11,624
Corporate	145	145
Reverse repo operations	10,810	-
Positive fair value of derivatives:		
Interest rate contracts	14,384	5,314
Currency contracts	1,923	2,208
Of which:		
Listed instruments	9,662	11,708
Unlisted instruments	27,151	7,583
TOTAL	36,813	19,291

Interest income from trading assets and financial assets at fair value through profit or loss is recognised in interest and similar income. The fair value of unlisted instruments was estimated using discounted cash-flow techniques.

17 Financial assets at fair value through other comprehensive income

MCZK	31.12.2021	31.12.2020
Debt instruments at fair value through other comprehensive income		
Bonds issued by:		
Government	14,063	10,930
Corporate bonds	8,621	8,383
Equity instruments at fair value through other comprehensive income		
Shares and other equity instruments issued by:		
Other issuers	210	1
Of which:		
Listed instruments	20,487	17,583
Unlisted instruments	2,407	1,731
TOTAL	22,894	19,314

Debt instruments at fair value through other comprehensive income

Debt instruments at fair value through other comprehensive income were classified under this category on the basis of the Group's business model for managing financial assets.

Interest income from debt instruments at fair value through other comprehensive income is recognised in interest and similar income.

The fair value of unlisted bonds was estimated using discounted cash-flow techniques.

The loss allowance for the expected credit loss on debt instruments at fair value through other comprehensive income was MCZK 84 as at 31 December 2021 (2020: MCZK 160). The loss allowance for expected credit loss is recognised in the statement of comprehensive income in the line "Impairment gains/losses" against the equity line "Fair value reserve".

A credit risk analysis and a detailed overview of the impairment loss on debt instruments at fair value through other comprehensive income are disclosed in note 43.1.

Equity instruments at fair value through other comprehensive income

The Group designated certain investments shown in the following table as equity securities at FVOCI. The FVOCI designation was made because the investments are not considered trading instruments and are expected to be held in the long term.

MCZK	31.12.2021	31.12.2020
Swift S.C. (ISIN: BE0016790090)	1	1
CREDITAS ASSETS SICAV a.s. (ISIN: CZ0008047214)	209	-
TOTAL	210	1

The Group recognised a gain (loss) due to changes in the fair value of these investments in other comprehensive income. In 2021, the Group did not dispose of any equity instruments from the portfolio. In 2020, the Group disposed of some equity instruments and thus transferred a cumulative gain of MCZK 111 within equity to "Retained earnings". The Group did not receive any dividends from the instruments in 2021 or 2020.

18 Loans and advances to banks

MCZK	31.12.2021	31.12.2020
Balances with the central bank	459	2,469
Cash collateral for derivative instruments	4,768	1,625
Loans to banks	-	27
Deposits	299	999
Loss allowance	(4)	(24)
NET LOANS AND ADVANCES TO BANKS	5,522	5,096

At 31 December 2021, loans and advances to banks included balances with the central bank amounting to MCZK 459 (31.12.2020: MCZK 2,469) representing the obligatory minimum reserves. Compliance with the requirement to hold a certain level of obligatory minimum reserves is measured using the monthly average of daily closing balances. These funds are not available for the Group's daily business.

A credit risk analysis and a detailed overview of loss allowances on loans and advances are disclosed in note 43.1.

19 Loans and advances to customers

MCZK	31.12.2021	31.12.2020
Total loans and advances to customers	44,241	37,088
Loss allowance	(1,180)	(2,309)
NET LOANS AND ADVANCES TO CUSTOMERS	43,061	34,779

A credit risk analysis and a detailed overview of loss allowances on loans and advances are disclosed in note 43.1.

20 Consolidated entities

The Bank consolidates the following subsidiaries:

	Principal place of business	Registered office	31.12.2021 Share (%)	31.12.2020 Share (%)
PPF Co3 B.V.	ID, IN, PH, KZ, RS, EU*	NL**	100%	100%

* Indonesia, India, Philippines, Kazakhstan, Serbia, European Union

** Netherlands

In 2016, the Bank purchased 100% of shares in PPF Co3 B.V. with the aim of entering the consumer credit segment in Asia. It is currently used for the purchase and financing of retail loans from companies under Home Credit, the purchase of retail loans from Telenor Bulgaria and Hungary, the depositing of collateral for Telenor Serbia at Mobi Bank, and the financing of the factoring of receivables from telecommunication services.

In 2020, two subsidiaries of the Bank - PPF CO3 B.V. and Ruconfin B.V. - merged. The acquiring company is PPF Co3 B.V.

The Bank held no interest participation with significant influence as at 31 December 2021 and 31 December 2020.

Information on consolidated entities by country of registered office

MCZK Entities with registered office in NL

As at 31 December 2021

Turnover	973
Employees	2
Profit/(loss) before income tax	397
Corporate income tax	10
Governmental support granted	-

As at 31 December 2020

Turnover	1,292
Employees	1
Profit/(loss) before income tax	(50)
Corporate income tax	50
Governmental support granted	-

21 Property, plant and equipment

MCZK	Low value fixed assets	Building	Furniture and fittings	Equipment	Fixed assets not in use yet	Total
Cost						
At 1 January 2020	4	169	15	101	1	290
Additions	1	4	1	26	30	62
Disposals/Transfer	-	(2)	(1)	(4)	(28)	(35)
At 31 December 2020	5	171	15	123	3	317
At 1 January 2021	5	171	15	123	3	317
Additions	-	17	-	19	21	57
Disposals/Transfer	(1)	-	-	(13)	(20)	(34)
At 31 December 2021	4	188	15	129	4	340
Depreciation						
At 1 January 2020	4	33	10	76	-	123
Additions	1	33	1	14	-	49
Disposals	-	(2)	(1)	(4)	-	(7)
At 31 December 2020	5	64	10	86	-	165
At 1 January 2021	5	64	10	86	-	165
Additions	-	21	1	20	-	42
Disposals	(1)	-	-	(13)	-	(14)
At 31 December 2021	4	85	11	93	-	193
Net book value						
AT 31 DECEMBER 2020	-	107	5	37	3	152
AT 31 DECEMBER 2021	-	103	4	36	4	147

At 31 December 2021, the Group recorded right-of-use assets in the amount of MCZK 98 (2020: MCZK 102).

22 Intangible assets

MCZK	Software	Software not in use yet	Total
Cost			
At 1 January 2020	456	95	551
Additions	79	56	135
Disposals/Transfer	-	(79)	(79)
At 31 December 2020	535	72	607
At 1 January 2021	535	72	607
Additions	94	49	143
Disposals/Transfer	-	(94)	(94)
At 31 December 2021	629	27	656
Amortisation			
At 1 January 2020	358	-	358
Additions	32	-	32
Disposals	-	-	-
At 31 December 2020	390	-	390
At 1 January 2021	390	-	390
Additions	56	-	56
Disposals	-	-	-
At 31 December 2021	446	-	446
Net book value			
AT 31 DECEMBER 2020	145	72	217
AT 31 DECEMBER 2021	183	27	210

23 Income tax assets/liabilities

MCZK	31.12.2021	31.12.2020
Income tax assets	253	46
Income tax liability	-	8

As at 31 December 2021, the tax liabilities of the Group totalled MCZK 336 (31.12.2020: MCZK 614), the Group paid income tax advances totalling MCZK 504 (31.12.2020: MCZK 540) and tax paid abroad amounts to MCZK 85 (31.12.2020: MCZK 112).

24 Deferred tax liability/asset and income tax

Deferred taxes are calculated from all temporary differences between the tax and accounting value of assets and liabilities. To determine the recognised deferred taxes the Group uses the income tax rate applicable in the periods in which deferred taxes are expected to be utilised, i.e. 19% for the following years (in 2021 and 2020 the tax rate in the Czech Republic was 19%). The income tax rate applicable in the country of the subsidiary's registered office was 25% (2019: 25%) for the Netherlands.

The recognised deferred tax assets and liabilities consist of the following items:

MCZK	31.12.2021	31.12.2020
Deferred tax assets		
Deferred tax asset from wages and unpaid social and health insurance	23	20
Deferred tax asset from financial assets at fair value through other comprehensive income	48	-
Deferred tax asset from loans and advances to customers	40	155
DEFERRED TAX ASSETS	111	175
Deferred tax liabilities		
Deferred tax liability from financial assets at fair value through other comprehensive income	-	(83)
Deferred tax liability from penalty interest to loans and advances to customers	(22)	(11)
Deferred tax liability from intangible assets	(2)	(1)
DEFERRED TAX LIABILITIES	(24)	(95)
NET DEFERRED TAX ASSETS	99	80
NET DEFERRED TAX (LIABILITIES)	(12)	-

No changes in the tax rate applicable to the deferred tax calculation occurred in 2021. There was no unrecognised item related to deferred tax.

The analysis of the movements of Deferred tax is as follows:

MCZK	Total
At 31 January 2021	80
Deferred tax income/(expense) recognised in Profit or Loss	(137)
Deferred tax income/(expense) recognised in Other comprehensive income	144
AT 31 DECEMBER 2021	87
At 31 January 2020	(163)
Deferred tax income/(expense) recognised in Profit or Loss	225
Deferred tax income/(expense) recognised in Other comprehensive income	18
AT 31 DECEMBER 2020	80

The difference between the deferred tax income/expense recognized in other comprehensive income and the year-over-year change in the balance of deferred tax assets/liabilities from financial assets at fair value through other comprehensive income relates to the recognition of the expected credit losses to debt instruments measured at FVOCI in Profit or loss against Fair values reserve in equity, see note 3.7.

25 Other assets

MCZK	31.12.2021	31.12.2020
Cash collateral to payment cards	161	157
Clearing with securities market	25	87
Prepaid expenses and accrued revenues	64	49
Trade receivables	57	66
Other	78	60
Loss allowance	(9)	(4)
TOTAL	376	415

26 Deposits from banks

MCZK	31.12.2021	31.12.2020
Payable on demand (loro accounts)	385	803
Cash collateral to derivatives	2,667	1,130
Repo operations	38,281	-
TOTAL	41,333	1,933

27 Deposits from customers

MCZK	31.12.2021	31.12.2020
Payable on demand	57,392	82,681
Term deposits	35,999	18,344
Repo operations	51,334	29,157
Cash collateral to derivatives	367	933
Loans	-	30
TOTAL	145,092	131,145

MCZK	31.12.2021	31.12.2020
Financial institutions*	73,898	32,742
Public sector	28,293	33,029
Non-financial institutions	24,200	22,638
Households/Individuals	5,114	6,805
HOLDING COMPANIES	13,587	35,931
TOTAL	145,092	131,145

* Holding companies excluded

28 Debt securities issued

	Interest	Maturity	31.12.2021 MCZK	31.12.2020 MCZK
Investment certificates	fixed	2022-2025	4,321	3,122
Investment certificates	variable	2023	90	-
TOTAL			4,411	3,122

The Group has not had any defaults of principal or interest or other breaches with respect to its debt securities issued during the years ended 31 December 2021 and 2020.

29 Reconciliation of movements of liabilities to cash flows arising from financing activities

MCZK	Debt securities issued	Lease liabilities	Total
At 1 January 2021	3,122	103	3,225
Net increase/(decrease) in cash and cash equivalents			-
Lease payments	-	(20)	(20)
Changes in lease liabilities	-	17	17
Proceeds from issue of debt securities	2,471	-	2,471
Repayment of debt securities issued	(1,181)	-	(1,181)
Other	(32)	-	(32)
Net cash from financing activities	1,258	(3)	1,255
Interest expense	159	2	161
Interest paid	(128)	(2)	(130)
AT 31 DECEMBER 2021	4,411	100	4,511
At 1 January 2020	3,536	131	3,667
Net increase/(decrease) in cash and cash equivalents			-
Lease payments	-	(35)	(35)
Changes in lease liabilities	-	7	7
Proceeds from issue of debt securities	2,233	-	2,233
Repayment of debt securities issued	(2,647)	-	(2,647)
Net cash from financing activities	(414)	(28)	(442)
Interest expense	145	3	148
Interest paid	(145)	(3)	(148)
AT 31 DECEMBER 2020	3,122	103	3,225

30 Financial liabilities at fair value through profit or loss

All financial liabilities at fair value through profit or loss are classified as held for trading.

MCZK	31.12.2021	31.12.2020
Negative fair value of derivatives:		
Interest rate contracts	15,132	5,509
Currency contracts	2,278	1,863
Liabilities from short sales of securities	10,222	9,338
TOTAL	27,632	16,710

31 Provisions

The development of provisions is disclosed in the following table:

MCZK	Provisions for guarantees provided	Legal provisions	Other provisions	Total
Provisions at 1 January 2021	15	130	17	162
Creation	82	1	1	84
Use	-	(2)	-	(2)
Release	(71)	-	-	(71)
PROVISIONS AT 31 DECEMBER 2021	26	129	18	173
Provisions at 1 January 2020	35	130	18	183
Creation	6	-	-	6
Use	-	-	-	-
Release	(26)	-	(1)	(27)
PROVISIONS AT 31 DECEMBER 2020	15	130	17	162

In 2021, legal provisions are mainly for an incidental application filed by an insolvency practitioner in the case of an alleged ineffective legal act of the debtor vis-à-vis the Group in the amount of MCZK 118 (31.12.2020: MCZK 118). Out-of-court negotiations are ongoing.

32 Other liabilities

MCZK	31.12.2021	31.12.2020
Liabilities from clearing	390	65
Payables to suppliers	220	195
Lease liabilities	100	103
Accrued expenses and deferred income	106	65
Blocked and escrow accounts	68	384
Liabilities from securities transactions	1	4
Other liabilities to employees	24	22
Social and health insurance	6	8
Other payables	76	84
TOTAL	990	930

33 Lease liabilities

MCZK	31.12.2021	31.12.2020
Lease liabilities	100	103
Current	20	31
Non-current	80	72
Interest on lease liabilities	2	3

The Group leases branch and office premises under operating leases.

Variable lease payments depend on the consumer price index set by the Czech Statistical Office, payments are updated annually as at 1 January.

The lease liabilities are recognised under the item “Other liabilities” in the statement of financial position, see note 32. Interest on lease liabilities are recognised in the income statement in the line item “Interest and similar income”, see note 7.

Maturity analysis - contractual undiscounted cash flows:

MCZK	31.12.2021	31.12.2020
Less than one year	21	33
Between one and five years	82	72
More than five years	-	2
TOTAL	103	107

34 Repurchase and reverse repurchase agreements

The Group purchases financial instruments under reverse repurchase agreements. The seller commits to repurchase the same or similar instruments at an agreed future date. Reverse repurchases are entered into as a facility to provide funds to customers.

Assets purchased under reverse repurchase agreements were as follows:

MCZK	Carrying amounts of receivables	Fair value of assets held as collateral
Assets at 31 December 2021:		
Cash and cash equivalents	123,167	121,001
Financial assets at fair value through profit or loss	10,810	10,604
Assets at 31 December 2020:		
Cash and cash equivalents	84,783	83,280

The Group raises funds by selling financial instruments under agreements to repay the funds by repurchasing the instruments at future dates at the same price plus interest at a predetermined rate. Repurchase agreements are commonly used as a tool for short-term financing.

Assets sold under repurchase agreements were as follows:

MCZK	Carrying amounts of liabilities	Fair value of assets given as collateral
Liabilities at 31 December 2021:		
Deposits from banks	51,334	50,749
Deposits from customers	38,281	39,580
Liabilities at 31 December 2020:		
Deposits from customers	29,157	28,592

35 Offsetting financial instruments

Financial assets subject to offsetting and potential offsetting agreements as at 31 December 2021

MCZK	Gross amounts in Assets, in statement of financial position	Net amounts in statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
			Financial instruments	Cash collateral received	Non-cash financial collateral provided	
Derivatives held for trading	14,856	14,856	14,856	(2,980)	-	11,876
Reverse repurchase agreements	133,977	133,977	-	-	(131,605)	2,372
TOTAL	148,833	148,833	14,856	(2,980)	(131,605)	14,248

Financial liabilities subject to offsetting and potential offsetting agreements as at 31 December 2021

MCZK	Gross amounts in Liabilities in statement of financial position	Net amounts in statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
			Financial instruments	Cash collateral received	Non-cash financial collateral provided	
Derivatives held for trading	(13,025)	(13,025)	(13,025)	4,841	-	(8,184)
Repurchase agreements	(89,615)	(89,615)	-	-	90,329	-
TOTAL	(102,640)	(102,640)	(13,025)	4,841	90 329	(8,184)

Financial assets subject to offsetting and potential offsetting agreements as at 31 December 2020

MCZK	Gross amounts in Assets, in statement of financial position	Net amounts in statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
			Financial instruments	Cash collateral received	Non-cash financial collateral provided	
Derivatives held for trading	7,522	7,522	5,387	(2,010)	-	3,377
Reverse repurchase agreements	84,783	84,783	84,783	-	(83,280)	1,503
TOTAL	92,305	92,305	90,170	(2,010)	(83,280)	4,880

Financial liabilities subject to offsetting and potential offsetting agreements as at 31 December 2020

MCZK	Gross amounts in Liabilities in statement of financial position	Net amounts in statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting			Net amount after potential offsetting
			Financial instruments	Cash collateral received	Non-cash financial collateral provided	
Derivatives held for trading	(7,372)	(7,372)	(5,796)	1,766	-	(4,030)
Repurchase agreements	(29,157)	(29,157)	(29,157)	-	28,592	(565)
TOTAL	(36,529)	(36,529)	(34,953)	1,766	28,592	(4,595)

The Group uses repurchase agreements and master netting agreements as a means of reducing the credit risk of derivative and financing transactions. They qualify as potential offsetting agreements.

The Group accepts and provides collateral in the form of cash and marketable securities for the following transactions:

- derivatives;
- repurchase agreements, reverse repurchase agreements.

This collateral is subject to standard market conditions, including the ISDA credit support annex. This means that securities accepted/provided as collateral may be pledged or sold during the transaction period, but must be returned upon maturity of the transaction.

Derivative transactions under the ISDA and similar framework agreements do not meet the criteria for compensation in the statement of financial position as, for both counterparties, they create a right to set off recognised amounts that is enforceable only in the event of default, insolvency or bankruptcy of the Group or counterparties or further to other predetermined events. In addition, the Group and its counterparties do not intend to settle on a net basis or settle assets and liabilities simultaneously.

Repurchase agreements are primarily financing transactions. They are structured as a sale and subsequent repurchase of securities at a pre-agreed price and time. This ensures that the securities stay in the hands of the lender as collateral in case the borrower defaults in any obligations. Offsetting effects from repurchase agreements are disclosed in the column Non-cash financial collateral received/pledged. Collateral is presented at the fair value of the transferred securities. However, if the fair value of collateral exceeds the carrying amount of the receivable/liability from the repo transaction, the value is capped at the level of the carrying amount. The remaining position may be secured by cash collateral.

36 Issued capital

	Number of shares	Nominal value CZK	Registered capital MCZK
As at 31 December 2021:			
	192,131	2,602.5	500
	384,262	700.0	269
	576,393		769
As at 31 December 2020:			
	192,131	2,602.5	500
	384,262	700.0	269
	576,393		769

Holders of ordinary shares are entitled to declared dividends and have the right to vote at the General Meeting of the Bank in the amount of 26,025 votes, or 7,000 votes per share, respectively. All ordinary shares have the same rights to the Bank's residual assets.

The shareholder structure as at 31 December 2021 and as at 31 December 2020 was as follows:

Name	Residence	Number of shares	Share MCZK	Share %
PPF Financial Holdings a.s. / PPF Financial Holdings B.V.*	Czech Republic / Netherlands*	554,711	715	92.96
Hlavní město Praha	Czech Republic	19,882	52	6.73
Other (less than 1%)		1,800	2	0.31
TOTAL		576,393	769	100.00

* In 2021, PPF Financial Holdings B.V., a company incorporated under the law of the Netherlands and with its registered office at Strawinskylaan 933, Amsterdam, the Netherlands, registration number: 61880353, legal form: limited liability company, transferred its registered office to the Czech Republic, changed its legal form to a joint-stock company under Czech law, and was renamed PPF Financial Holdings a.s., with its registered office at Evropská 2690/17, 160 00 Prague, Czech Republic, registration number: 10907718.

No members of the management, the Board of Directors or the Supervisory Board held any shares of the Bank as at 31 December 2021 or 31 December 2020.

The Group has not introduced any scheme for the purchase of its own shares or provided any remuneration in the form of options to purchase its shares. All shares of the Bank were fully paid. The share premium amounts to MCZK 412 (31.12.2020: MCZK 412).

37 Translation reserve

MCZK	31.12.2021	31.12.2020
Translation reserve	(5)	6
TOTAL	(5)	6

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of PPF Co3 B.V.

38 Fair value reserve

MCZK	31.12.2021	31.12.2020
Fair value reserve	(136)	483
TOTAL	(136)	483

The fair value reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income and a loss allowance for expected credit losses on debt instruments at fair value through other comprehensive income, until the assets are derecognised.

39 Dividends paid

No dividends were paid in 2021 and 2020.

40 Proposed allocation of net profit for the year

The Group proposes to allocate its profit as follows

MCZK	Net profit for the year
Net profit for the year 2021	1,932
Proposed allocation of profit for 2021:	
Dividend payout	(1,492)
Transfer to retained earnings	(440)
	-

41 Off-balance sheet items

Commitments and contingent liabilities

Guarantees and credit commitments are subject to the same procedures within the standard lending process, in terms of credit risk monitoring and regulation of the Group's credit activity.

MCZK	31.12.2021	31.12.2020
Guarantees issued	1,135	1,011
Undrawn credit commitments	9,251	6,705
Irrevocable credit commitments	2,572	2,052
Revocable credit commitments	6,679	4,653
TOTAL	10,386	7,716

The total outstanding contractual commitments to extend the credits indicated above do not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

A credit risk analysis and a detailed overview of provisions are disclosed in note 43.1.

Values under custody or administration

MCZK	31.12.2021	31.12.2020
Values under custody or administration	167,188	138,220
TOTAL	167,188	138,220

The values represent debt and equity securities accepted by the Bank to provide custody or administration services.

Derivatives

MCZK	Notional value		Positive fair value		Negative fair value	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Derivatives						
Interest rate swaps	363,935	285,578	14,363	5,308	(14,937)	(5,489)
Interest rate forwards	89,793	29,700	9	6	(192)	(19)
Interest rate futures	2,101	390	12	-	(3)	-
FX/Cross-currency swap	94,476	137,542	1,295	1,848	(1,277)	(1,539)
FX forwards	23,314	19,684	437	220	(810)	(185)
FX options purchase	6,927	10,350	191	140	-	-
FX options sale	7,035	10,350	-	-	(191)	(140)
			16,307	7,522	(17,410)	(7,372)

Residual maturity of derivatives

The following table represents expected cash outflows and inflows related to derivatives:

MCZK	At 31 December 2021				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Outflow					
Interest derivatives	(11,032)	(104,339)	(144,115)	(196,481)	(455,967)
Currency derivatives	(62,334)	(45,206)	(24,560)	-	(132,100)
Inflow					
Interest derivatives	11,016	104,341	144,102	196,370	455,829
Currency derivatives	62,331	44,935	24,486	-	131,752
NET POSITION	(19)	(269)	(87)	(111)	(486)

MCZK	At 31 December 2020				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Outflow					
Interest derivatives	(10,574)	(45,888)	(93,302)	(166,098)	(315,862)
Currency derivatives	(67,359)	(57,332)	(42,541)	-	(167,232)
Inflow					
Interest derivatives	10,572	45,915	93,202	165,979	315,668
Currency derivatives	67,516	57,455	42,605	-	167,576
NET POSITION	155	150	(36)	(119)	150

42 Fair value disclosures

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy in which each fair value measurement is categorised.

MCZK	As at 31 December 2021				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	-	127,050	-	127,050	127,050
Loans and advances to banks	-	5,522	-	5,522	5,522
Loans and advances to customers	-	137	42,597	42,734	43,061
Financial liabilities					
Deposits from banks	-	41,333	-	41,333	41,333
Deposits from customers	-	144,809	-	144,809	145,092
DEBT SECURITIES ISSUED	-	4,288	-	4,288	4,411

MCZK	As at 31 December 2020				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	-	90,100	-	90,100	90,100
Loans and advances to banks	-	5,096	-	5,096	5,096
Loans and advances to customers	-	229	34,577	34,806	34,779
Financial liabilities					
Deposits from banks	-	1,933	-	1,933	1,933
Deposits from customers	-	131,186	-	131,186	131,145
DEBT SECURITIES ISSUED	-	3,112	-	3,112	3,122

The major methods and assumptions used in estimating the fair values of financial instruments shown in the table are summarised below.

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. To improve the accuracy of the valuation estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics such as vintage, LTV ratios, product and borrower type, prepayment and delinquency rates, and default probability.

Cash and cash equivalents

For cash and cash equivalents the carrying value is deemed to be equal to the fair value.

Loans and advances to banks

Loans and advances with banks will mature in less than twelve months and their fair value has therefore been deemed to be equal to their carrying value.

Loans and advances to customers

Loans and advances are net of loss allowances. The estimated fair value of loans and advances represents the discounted amount of the estimated future cash flows expected to be received. The expected cash flows are discounted at current market rates to determine the fair value. For loans and advances that will mature or be renewed within twelve months, the fair value was deemed to be equal to the carrying value.

Deposits from banks

Deposits from banks will mature in less than twelve months and their fair value has therefore been deemed to be equal to their carrying value.

Deposits from customers

The estimated fair value of deposits is the discounted amount of estimated future cash flows. Expected cash flows are discounted at current market rates to determine their fair value.

Debt securities issued

For issued debt securities, the fair value is calculated based on market inputs.

The following table analyses financial assets and liabilities recognised at fair value based on the quality of entry data used for valuation. The fair value levels are defined in note 3.4:

MCZK	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Securities held for trading	9,650	46	-	9,696
Reverse repo operations	-	10,810	-	10,810
Derivatives held for trading	12	16,295	-	16,307
Financial assets at fair value through other comprehensive income	20,487	2,407	-	22,894
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Securities held for trading	10,222	-	-	10,222
Derivatives held for trading	3	17,407	-	17,410
As at 31 December 2020				
MCZK	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Securities held for trading	11,708	61	-	11,769
Derivatives held for trading	-	7,522	-	7,522
Financial assets at fair value through other comprehensive income	17,583	1,731	-	19,314
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Securities held for trading	9,338	-	-	9,338
Derivatives held for trading	-	7,372	-	7,372

In 2021 and 2020, there were no transfers of financial assets recognised at fair value to or from Level 3.

43 Risk management disclosure

This section provides details of the Group's exposure to risk and describes the methods used by the management to control risk. The most important types of financial risk to which the Group is exposed are:

- credit risk;
- liquidity risk;
- market risk;
- operational risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

43.1 Credit risk

The Group is exposed to credit risks in relation to its business activities. Credit risks are managed at the individual business case, client and entire portfolio level. The Credit Risk Management department, part of the Risk Management division, is primarily responsible for the management of credit risks. The Credit Risk Management department is independent of the Sales division in terms of organisation and reports directly to the member of the Board of Directors in charge of the Risk Management division.

The Group's risk management strategy, risk appetite and other internal standards define the general principles, objectives and methods of its credit risk management. In its internal norms, the Group also defines competences for the approval of credit exposures and for the Credit Committee.

Managing credit risk at individual business case or client level

At the individual business case or client level, credit risk is managed by assessing and evaluating such risk through credit analysis and the determination of a client's creditworthiness. To assess a client's risk and credit status, the Group applies a comprehensive set of tools, models and methods, which make up the Group's rating scheme. When determining the rating of individual clients, the Group assesses financial and non-financial aspects as well as its economic position. An entity's rating is defined as its ability and will to meet its short-term and long-term liabilities.

The aim of the analysis is to prevent any losses the Group may incur as a result of the client's failure. In practice, this means estimating the risk arising from the ability to meet short-term and long-term liabilities and assessing the long-term financial stability of the client.

When determining a rating, the Group also specifies the likelihood of a client's default and what the expected loss relating to the Group's potential engagement in respect to the client may be.

An internal rating is assigned to each client constituting a credit risk to the Group, i.e. representing an exposure in both the investment and the trading portfolios. The exposures evaluated include both balance sheet and off-balance sheet exposures. The internal rating system comprises 14 ratings (A1-A4, B1-B6, C1-C4). Clients with default receivables must always be assigned one of the C2-C4 grades. The Group has plotted this internal scale to reflect the rating scales of prominent external rating agencies. Below is a table showing the indicative pairing of the risk level with external ratings.

	Internal rating	External rating
Very low risk	A1	AAA - AA
Low to fair risk	A1-A4	A - BBB
Medium risk	B1-B6	BB - B
High risk	C1	CCC
Default	C2-C4	CC and lower

Credit risk management at the entire portfolio level

This credit risk management level primarily comprises credit portfolio reporting, including analyses and monitoring of trends in individual credit portfolios. The Group closely monitors its overall credit risk exposure and thus considers all its balance sheet and off-balance sheet exposures. The Group regularly monitors its credit exposure in individual industries, segments, countries and economically connected groups of debtors. The Group regularly measures the credit portfolio concentration risk and, where necessary, sets concentration limits for individual segments, countries and economically connected groups of debtors.

Credit risk management of the consumer loan portfolio

As for consumer loans, credit risk is managed by setting qualitative and quantitative criteria that receivables must meet upon purchase for the portfolio. The criteria used in particular include qualitative criteria applied to the debtor (the debtor is not in insolvency, meets all qualitative criteria of the original creditor, number of instalments paid, maximum number of days past due, interest calculation method, minimum applicable interest rate, number of remaining instalments or maximum concentration per debtor). Subsequently, the migration of the receivables portfolio between the delinquency bands is regularly monitored. Findings regarding credit risk developments may be taken into account when adjusting the criteria for further purchases.

Classification of receivables, assessment of impairment losses

The Group classifies receivables into the following categories:

- performing receivables (without the default of the debtor);
- non-performing receivables (debtor in default).

The Group assesses the impairment loss on performing receivables at an amount equal to the 12-month expected credit losses (stage 1 under IFRS9) or to the lifetime expected credit losses (stage 2 under IFRS9).

The Group assesses the impairment loss on non-performing receivables at an amount equal to the lifetime expected credit losses (stage 3 under IFRS). To determine the impairment loss, the Group applies the method of discounting estimated future cash flows. The loss is determined as the difference between the asset's gross carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate of the financial asset. The original effective interest rate is the effective interest rate ascertained upon the establishment of the receivable or on the last date the modification of the contractual cash flow or interest income was made. The Group writes off a receivable when it does not expect any income from the receivable or from received collateral related to such a receivable.

Loans in the PPF Co3 B.V. portfolio of consumer loans provided in Hungary are written off by the Group when any amount of the receivable is more than 360 days past due.

The Group partially writes off loans in the PPF Co3 B.V. portfolio of consumer loans provided in Russia, at the amount of the expected credit loss, when any amount of a receivable is more than 180 days past due. The Group writes off loans in this portfolio completely when they are more than 2,520 days past due.

The Group partially writes off loans in the PPF Co3 B.V. portfolio of consumer loans provided in Bulgaria, at the amount of the expected credit loss, when any amount of a receivable is more than 360 days past due. The Group writes off loans in this portfolio completely when they are more than 1,080 days past due.

PPF Co3 B.V. is not the original provider of the consumer loans. Either the consumer loans were purchased from the original provider or PPF Co3 B.V. participates in the consumer loans via investment certificates issued by the original provider.

Set out below is an analysis of the gross and net (of loss allowances for impairment) carrying amounts (or fair value where applicable) of financial assets as at year end. The amounts represent the Group's maximum exposure to credit risk.

The tables analysing changes in loss allowance/provision in the respective categories present the development of loss allowance/provision during the year. These were affected by various factors during the year, such as:

- a change in the stage of a financial asset (see below - an increase or decrease in a loss allowance/provision within the scope of a transfer, as reported in the values of a loss allowance/provision corresponding to the appropriate stage);
- the emergence of new assets (i.e. the recognition of a new loss allowance/provision reported at the stage under which a financial asset was classified at the end of the accounting period);
- the derecognition or write-off of financial assets (i.e. the derecognition of the corresponding loss allowance/provision);
- a change in the PD/EAD/LGD of individual financial assets (i.e. an increase or decrease in the loss allowance/provision);
- a change in the calculation methodology, a modification of the cash flows of financial assets, or a change in the exchange rates of financial assets (and loss allowance/provision) in foreign currencies during the year.

The Group did not recognise any financial asset in 2021 or 2020 that has been modified since initial recognition and transferred from stage 2 or 3 (the loss allowance measured at an amount equal to lifetime expected credit losses) to stage 1 (the loss allowance measured at an amount equal to 12-month expected credit losses).

In 2021 and 2020, the Group accounted for modifications (in 2021 also with regard to COVID); the profit (loss) from the modification was insignificant, both individually and in aggregate.

Financial assets at fair value through other comprehensive income (excluding equity instruments designated at fair value through other comprehensive income)

MCZK	31.12.2021 Fair value	31.12.2020 Fair value
Debt instruments	22,684	19,313
TOTAL	22,684	19,313

MCZK	31.12.2021					Total
	Stage 1	Stage 2	Stage 3	POCI		
Very low risk	13,362		-	-		13,362
Low to fair risk	2,779		-	-		2,779
Medium risk	5,722	821	-	-		6,543
High risk	-	-	-	-		-
Default	-	-	-	-		-
FAIR VALUE	21,863	821	-	-		22,684
Loss allowance	(53)	(31)	-	-		(84)

MCZK	31.12.2020					Total
	Stage 1	Stage 2	Stage 3	POCI		
Very low risk	10,729	-	-	-		10,729
Low to fair risk	1,667	-	-	-		1,667
Medium risk	5,226	1,691	-	-		6,917
High risk	-	-	-	-		-
Default	-	-	-	-		-
FAIR VALUE	17,622	1,691	-	-		19,313
Loss allowance	(93)	(67)	-	-		(160)

The loss allowance for the expected credit loss on debt instruments at fair value through other comprehensive income is presented in the equity line item “Fair value reserve”.

Set out below is an analysis of changes in loss allowances by relevant categories:

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2021	93	67	-	-	160
Transfers between stages:	-	-	-	-	-
Transfer to stage 1	4	(26)	-	-	(22)
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
New financial assets originated or purchased	19	-	-	-	19
Changes in PD/LGD/EADs, unwind of discount	(54)	(2)	-	-	(56)
Derecognition of financial asset	(7)	(6)	-	-	(13)
Write-offs	-	-	-	-	-
Changes to methodologies	-	(3)	-	-	(3)
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	(2)	1	-	-	(1)
NET CHANGE IN 2021	(40)	(36)	-	-	(76)
Loss allowance as at 31.12.2021	53	31	-	-	84

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2020	39	28	-	-	67
Transfers between stages:	-	-	-	-	-
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(2)	45	-	-	43
Transfer to stage 3	-	-	-	-	-
New financial assets originated or purchased	11	-	-	-	11
Changes in PD/LGD/EADs, unwind of discount	65	1	-	-	66
Derecognition of financial asset	(15)	-	-	-	(15)
Write-offs	-	-	-	-	-
Changes to methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	(5)	(7)	-	-	(12)
NET CHANGE IN 2020	54	39	-	-	93
Loss allowance as at 31.12.2020	93	67	-	-	160

Cash and cash equivalents (excl. cash on hand) and loans and advances to banks

MCZK	31.12.2021			31.12.2020		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Nostro account balances	2,418	-	2,418	2,506	-	2,506
Balances with the central bank	1,435	-	1,435	2,761	-	2,761
Reverse repo with the central bank	123,167	-	123,167	84,783	-	84,783
Loans and advances to banks	5,526	(4)	5,522	5,120	(24)	5,096
TOTAL	132,546	(4)	132,542	95,170	(24)	95,146

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	124,576	-	-	-	124,576
Low to fair risk	5,877	-	-	-	5,877
Medium risk	1,808	285	-	-	2,093
High risk	-	-	-	-	-
Default	-	-	-	-	-
GROSS CARRYING AMOUNT	132,261	285	-	-	132,546
Loss allowance	(4)	-	-	-	(4)
NET CARRYING AMOUNT	132,257	285	-	-	132,542

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	87,416	-	-	-	87,416
Low to fair risk	6,280	-	-	-	6,280
Medium risk	1,163	311	-	-	1,474
High risk	-	-	-	-	-
Default	-	-	-	-	-
GROSS CARRYING AMOUNT	94,859	311	-	-	95,170
Loss allowance	(24)	-	-	-	(24)
NET CARRYING AMOUNT	94,835	311	-	-	95,146

The Group did not report any accrued interest on individually impaired loans and advances to banks as at 31 December 2021 and 2020.

Set out below is an analysis of changes in loss allowances by relevant categories:

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2021	24	-	-	-	24
Transfers between stages:					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-
Changes in PD/LGD/EADs, unwind of discount	(9)	-	-	-	(9)
Derecognition of financial asset	(10)	-	-	-	(10)
Write-offs	-	-	-	-	-
Changes to methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	(1)	-	-	-	(1)
NET CHANGE IN 2021	(20)	-	-	-	(20)
Loss allowance as at 31.12.2021	4	-	-	-	4

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2020	5	-	-	-	5
Transfers between stages:					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
New financial assets originated or purchased	14	-	-	-	14
Changes in PD/LGD/EADs, unwind of discount	5	-	-	-	5
Derecognition of financial asset	-	-	-	-	-
Write-offs	-	-	-	-	-
Changes to methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	-	-	-	-	-
NET CHANGE IN 2020	19	-	-	-	19
Loss allowance as at 31.12.2020	24	-	-	-	24

Loans and advances to customers

MCZK	31.12.2021			31.12.2020		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Pohledávky za klienty	44 241	(1 180)	43 061	37 088	(2 309)	34 779
CELKEM	44 241	(1 180)	43 061	37 088	(2 309)	34 779

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Individual					
Very low risk	-	-	-	-	-
Low to fair risk	274	-	-	-	274
Medium risk	33,022	5,708	-	-	38,730
High risk	273	1,453	-	-	1,726
Default	-	-	1,844	-	1,844
Portfolio					
Consumer loans	1,567	21	79	-	1,667
GROSS CARRYING AMOUNT	35,136	7,182	1,923	-	44,241
Loss allowance	(250)	(282)	(648)	-	(1,180)
NET CARRYING AMOUNT	34,886	6,900	1,275	-	43,061

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Individual					
Very low risk	-	-	-	-	-
Low to fair risk	375	-	-	-	375
Medium risk	24,307	6,594	-	-	30,901
High risk	10	1,739	-	-	1,749
Default	-	-	3,136	-	3,136
Portfolio					
Consumer loans	777	16	134	-	927
GROSS CARRYING AMOUNT	25,469	8,349	3,270	-	37,088
Loss allowance	(274)	(419)	(1,616)	-	(2,309)
NET CARRYING AMOUNT	25,195	7,930	1,654	-	34,779

Analýza změny opravných položek v příslušných kategoriích je následující:

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2021	274	419	1,616	-	2,309
Transfers between stages:					
Transfer to stage 1	2	(7)	-	-	(5)
Transfer to stage 2	(53)	89	-	-	36
Transfer to stage 3	(3)	(3)	10	-	4
New financial assets originated or purchased	308	2	9	-	319
Changes in PD/LGD/EADs, unwind of discount	(216)	(63)	26	-	(253)
Derecognition of financial asset	(55)	(130)	(48)	-	(233)
Sale of financial assets	-	-	(796)	-	(796)
Write-offs	-	-	(129)	-	(129)
Changes to methodologies	1	(5)	-	-	(4)
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	(8)	(20)	(40)	-	(68)
NET CHANGE IN 2021	(24)	(137)	(968)	-	(1,129)
Loss allowance as at 31.12.2021	250	282	648	-	1,180

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2020	300	26	824	-	1,150
Transfers between stages:					
Transfer to stage 1	-	(1)	-	-	(1)
Transfer to stage 2	(126)	390	(3)	-	261
Transfer to stage 3	(18)	(2)	840	-	820
New financial assets originated or purchased	168	27	11	-	206
Changes in PD/LGD/EADs, unwind of discount	(46)	2	450	-	406
Derecognition of financial asset	(9)	(18)	(19)	-	(46)
Sale of financial assets	-	-	-	-	-
Write-offs	-	-	(486)	-	(486)
Changes to methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	5	(5)	(1)	-	(1)
NET CHANGE IN 2020	(26)	393	792	-	1,159
Loss allowance as at 31.12.2020	274	419	1,616	-	2,309

Accrued interest to credit-impaired loans and advances to customers was reported in the amount of MCZK 59 as at 31 December 2021 (31.12.2020: MCZK 85).

Financial assets that are written off but still subject to enforcement activities amounted to MCZK 534 as at December 2021 (31.12.2020: MCZK 423).

Analysis of Loans and advances to customers by days past due

Loans and advances to customers - individual

MCZK	2021	2020
Gross	42,574	36,161
Performing	40,730	33,025
Due	40,730	32,814
Past due 1-30 days	-	211
Past due 31-90 days	-	-
Past due 91-360 days	-	-
Past due more than 360 days	-	-
Non-performing	1,844	3,136
Loss allowance	(1,103)	(2,246)
TOTAL	41,471	33,915

Loans and advances to customers - portfolio

MCZK	2021	2020
Gross	1,667	927
Due	1,361	675
Past due 1 - 30 days	207	102
Past due 31 - 90 days	21	16
Past due 91 - 360 days	31	37
Past due more than 360 days	47	97
Loss allowance	(77)	(63)
TOTAL	1,590	864

Loan commitments

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	-	-	-	-	-
Low to fair risk	-	-	-	-	-
Medium risk	6,596	2,454	-	-	9,050
High risk	34	162	-	-	196
Default	-	-	5	-	5
Gross amount	6,630	2,616	5	-	9,251
Loss allowance	(18)	-	-	-	(18)

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	-	-	-	-	-
Low to fair risk	-	-	-	-	-
Medium risk	6,191	216	-	-	6,407
High risk	5	144	-	-	149
Default	-	-	149	-	149
Gross amount	6,196	360	149	-	6,705
Loss allowance	(6)	-	(1)	-	(7)

Financial guarantees, letters of credit

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	-	-	-	-	-
Low to fair risk	-	-	-	-	-
Medium risk	807	266	-	-	1,073
High risk	-	60	-	-	60
Default	-	-	2	-	2
Gross amount	807	326	2	-	1,135
Loss allowance	(5)	(1)	(2)	-	(8)

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	-	-	-	-	-
Low to fair risk	-	-	-	-	-
Medium risk	702	291	-	-	993
High risk	-	15	-	-	15
Default	-	-	3	-	3
Gross amount	702	306	3	-	1,011
Loss allowance	(4)	(1)	(3)	-	(8)

Set out below is an analysis of changes in provisions to loan commitments, financial guarantees and letters of credit by relevant categories:

MCZK	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2021	10	1	4	-	15
Transfers between stages:	-	-	-	-	-
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
New financial assets originated or purchased	55	-	-	-	55
Changes in PD/LGD/EADs, unwind of discount	(37)	-	-	-	(37)
Derecognition of financial asset	(5)	-	(2)	-	(7)
Write-offs	-	-	-	-	-
Changes to methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	-	-	-	-	-
NET CHANGE IN 2021	13	-	(2)	-	11
Loss allowance as at 31.12.2021	23	1	2	-	26

MCZK	31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1.1.2020	21	1	13	-	35
Transfers between stages:	-	-	-	-	-
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
New financial assets originated or purchased	19	-	-	-	19
Changes in PD/LGD/EADs, unwind of discount	(18)	-	-	-	(18)
Derecognition of financial asset	(12)	-	(9)	-	(21)
Write-offs	-	-	-	-	-
Changes to methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
FX differences and other changes	-	-	-	-	-
Net change in 2020	(11)	-	(9)	-	(20)
Loss allowance as at 31.12.2020	10	1	4	-	15

Other assets - Past due, but not impaired

As at 31 December 2021 the Group reported MCZK 0 of other assets as “Past due, but not impaired” (31.12.2020: MCZK: 0).

Sensitivity analysis of loss allowance by relevant categories - Individual

The sensitivity analyses of loss allowance/provision in the relevant categories in the following scenarios are presented below:

- Change (increase/decrease) in the probability of default by 10%;
- Change (improvement/deterioration) in credit rating by one notch according to the Group’s internal scale;
- Change (increase/decrease) in the expected development of GDP by 3 percentage points.

Note: the calculation is performed on unrounded values

Set out below is the analysis of changes in loss allowance/provision which would occur in the event of an increase in PD by 10%:

2021 MCZK	Loss allowance/provision in the baseline scenario	Increase in PD by 10%		
		Loss allowance/provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	84	93	9	10%
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	4	5	1	10%
Loans and advances to customers	1,103	1,152	49	4%
Loan commitments, financial guarantees and letters of credit	26	29	3	9%

2020 MCZK	Loss allowance/provision in the baseline scenario	Increase in PD by 10%		
		Loss allowance/provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	160	176	16	10%
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	24	26	2	10%
Loans and advances to customers	2,246	2,312	66	3%
Loan commitments, financial guarantees and letters of credit	15	16	1	7%

Set out below is the analysis of changes in loss allowance/provision which would occur in the event of a decrease in PD by 10%:

2021 MCZK	Loss allowance/provision in the baseline scenario	Decrease in PD by 10%		
		Loss allowance/provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	84	76	(8)	(10%)
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	4	4	0	(10%)
Loans and advances to customers	1,103	1,056	(47)	(4%)
Loan commitments, financial guarantees and letters of credit	26	24	(2)	(9%)

2020 MCZK	Loss allowance/provision in the baseline scenario	Decrease in PD by 10%		
		Loss allowance/provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	160	144	(16)	(10%)
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	24	21	(2)	(10%)
Loans and advances to customers	2,246	2,180	(66)	(3%)
Loan commitments, financial guarantees and letters of credit	15	14	(1)	(7%)

For loans and advances to customers, loan commitments, financial guarantees and letters of credit, the Group also discloses an analysis of the sensitivity of a loss allowance/provision to changes in credit rating.

2021 MCZK	Loss allowance/provision in the baseline scenario	Improvement of rating by 1 notch on internal rating scale		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	1 103	897	(206)	(19%)
Loan commitments, financial guarantees and letters of credit	26	18	(8)	(32%)

2021 MCZK	Loss allowance/provision in the baseline scenario	Deterioration of rating by 1 notch on internal rating scale		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	1 103	897	(206)	(19%)
Loan commitments, financial guarantees and letters of credit	26	18	(8)	(32%)

2020 MCZK	Loss allowance/provision in the baseline scenario	Improvement of rating by 1 notch on internal rating scale		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	2 246	1 991	(255)	(11%)
Loan commitments, financial guarantees and letters of credit	15	12	(3)	(21%)

2020 MCZK	Loss allowance/provision in the baseline scenario	Deterioration of rating by 1 notch on internal rating scale		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	2 246	2 785	539	24%
Loan commitments, financial guarantees and letters of credit	15	22	7	44%

For loans and advances to customers, loan commitments, financial guarantees and letters of credit, the Group also discloses an analysis of the sensitivity of a loss allowance/provision to changes in forward-looking information, specifically to the change in the expected development of GDP.

2021 MCZK	Loss allowance/provision in the baseline scenario	Increase in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	1,103	921	(182)	(17%)
Loan commitments, financial guarantees and letters of credit	26	21	(5)	(20%)

2021 MCZK	Loss allowance/provision in the baseline scenario	Decrease in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	1,103	1,318	215	19%
Loan commitments, financial guarantees and letters of credit	26	32	6	21%

2020 MCZK	Loss allowance/provision in the baseline scenario	Increase in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	2,246	2,055	(191)	(9%)
Loan commitments, financial guarantees and letters of credit	15	12	(3)	(20%)

2020 MCZK	Loss allowance/provision in the baseline scenario	Decrease in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/provision	Absolute difference	Relative difference
Loans and advances to customers	2,246	2,532	286	13%
Loan commitments, financial guarantees and letters of credit	15	18	3	20%

Sensitivity analysis of loss allowance by relevant categories - Portfolio

The consumer loans portfolio is subject to estimation uncertainty as identification on an individual contract level is not practical due to the large quantity of such exposures. The Group has estimated the impairment on loans to customers in accordance with the accounting policy described in Note 5.1. Changes in collection estimates could significantly affect the impairment losses recognised. The Group creates collective impairment losses based on the probability of default (“PD”) and loss given default (“LGD”). A change in the LGD parameter by +/- 10%, would result in a change in the allowance for impairment as at 31 December 2021 by +/- MCZK 8 (2020: +/- MCZK 6). A change in the PD parameter by +/- 10%, would result in a change in the allowance for impairment as at 31 December 2021 by +/- MCZK 8 (2020: +/- MCZK 6).

Evaluation of collateral

The Group generally requires collateral before providing loans to certain debtors. To reduce gross credit exposure, the Group considers the following to be acceptable types of collateral:

- guarantee;
- pledge on the pledgor’s bank account;
- mortgage on an immovable;
- pledge on receivables arising from supplier-customer relations;
- pledge on securities and ownership interest in a corporation;
- pledge on trademarks and other industrial property concepts;
- pledge on an establishment;
- pledge on movables.

The net realisable value of the collateral assessed by the Group is usually based on an opinion prepared by an expert acceptable to the Group. The net realisable value of the collateral is determined using this value and a coefficient reflecting the Group’s ability to realise the collateral when necessary including the time factor of the realisation.

The following table shows gross carrying amounts of loans and advances to customers, loan commitments, financial guarantees and letters of credit split according to type of collateral:

MCZK	31.12.2021	31.12.2020
Guarantees	1,652	1,868
Property	9,038	8,186
Cash	381	377
Other	11,760	8,834
Unsecured	31,796	25,539
TOTAL	54,627	44,804

The following table shows gross carrying amounts of loans and advances to customers, loan commitments, financial guarantees and letters of credit classified as non-performing according to type of collateral

MCZK	31.12.2021	31.12.2020
Guarantees	169	436
Property	906	1,029
Cash	-	4
Other	-	-
Unsecured	855	1,953
TOTAL	1,930	3,422

The “Unsecured” category also includes loans and advances to customers, loan commitments, financial guarantees and letters of credit that are secured by collateral, but the Group assigns zero accounting value to the collateral.

COVID III and COVID Plus (economic stimulus measures in the Czech Republic) related to COVID-19

COVID III guarantees

The Ministry of Finance (in the Czech Republic) has prepared a support scheme in the form of a portfolio guarantee provided by NRB (Národní rozvojová banka, a state-owned bank). Credit and risk assessment under the scheme is carried out directly by the individual commercial banks providing the loans. Enterprises (with up to 500 employees) may qualify for a guaranteed loan. The maximum loan amount supported by the guarantee is MCZK 50.

COVID Plus guarantees

EGAP (Export Guarantee and Insurance Company) provides guarantees to large companies with more than 250 employees. Again, the programme is carried out by individual commercial banks. Companies are able to apply for loans ranging from MCZK 5 to MCZK 2,000. Companies must have at least 20% of their yearly revenue coming from exports to qualify and are able to use loans up to a maximum of 25 per cent of total annual revenue.

The Group is involved in both the COVID III and COVID Plus schemes. As at 31 December 2021, the Group provided loans under the COVID III programme in the total amount of MCZK 104 (31 December 2021: MCZK 73) and under the COVID Plus scheme in the total amount of MCZK 1,659 (31 December 2021: MCZK 1,659). Loans provided under both schemes are reported as Loans and advances to customers secured by the Guarantees.

Loans with renegotiated terms and the Group’s forbearance policy

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to the current or potential credit deterioration of the customer. An existing loan whose terms have been significantly modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

Exposures with forbearance are exposures where the debtor is considered unable to comply with the contract due to financial difficulties and the Group has decided to grant a concession to a debtor. A forbearance measure can be either a modification of terms and conditions or the refinancing of the contract. The modification of terms includes payment schedule changes (deferrals or reductions of regular payments, extended maturities, etc.), interest rate reductions or penalty interest waivers.

The Group renegotiates loans to customers in financial difficulties (referred to as “forbearance activities”) to maximise collection opportunities and minimise the risk of default. Loan forbearance is granted on a selective basis if the debtor is currently in default on debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The following table shows loans and advances to customers with forbearance:

MCZK	31.12.2021	31.12.2020
Performing	41,786	33,125
Of which:		
Loans and advances to customers with forbearance:	26	293
Non-performing	1,275	1,654
Of which:		
Loans and advances to customers with forbearance:	866	897
TOTAL	43,061	34,779

The following table shows loans and advances to customers with forbearance and without forbearance split by sectors

MCZK	31.12.2021	31.12.2020
Loans and advances to customers without forbearance:	42,169	33,589
Residents:		
Financial institutions*	3,067	1,856
Non-financial institutions	17,190	15,477
Households/individuals	105	109
Public sector	-	-
Holding companies	374	397
Non-residents	21,433	15,750
Loans and advances to customers with forbearance:	892	1,190
Residents:		
Financial institutions*	-	-
Non-financial institutions	194	290
Households/individuals	-	3
Public sector	-	-
Holding companies	-	-
Non-residents	698	897
TOTAL	43,061	34,779

* Holding companies excluded

Concentration of credit risks

The concentration of credit risks arises as a result of the existence of loans with similar economic characteristics affecting the debtor's ability to meet its obligations.

The Group manages the exposure limits in line with the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR) so that the Group does not incur an exposure, after taking into account the effect of the credit risk to a client or group of connected clients the value of which exceeds 25% of its eligible capital. Where that client is an institution or where a group of connected clients includes one or more institutions, that value must not exceed 25% of the institution's eligible capital or EUR 150 million, whichever is higher, provided that the sum of exposure values, after taking into account the effect of the credit risk mitigation in relation to all connected clients that are not institutions, does not exceed 25% of the institution's eligible capital.

The Group calculates the capital requirement for the credit risk of the investment portfolio using a standardised approach in accordance with the Basel III standard under the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR).

Concentration of credit risks according to economic sector/industry

MCZK	Loans and advances to banks		Loans and advances to customers		Debt securities	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Financial institutions*	5,522	5,096	8,901	8,474	3,564	2,823
Public sector	-	-	-	-	23,614	22,554
Non-financial institutions	-	-	21,765	18,987	4,677	5,147
Real estate	-	-	7,569	6,515	416	286
Production and distribution of electricity, gas and heat	-	-	3,134	3,111	594	589
Wholesale and retail	-	-	822	735	613	1,590
Accommodation	-	-	1,040	1,083	-	-
Other	-	-	9,200	7,543	3,054	2,682
Households/Individuals	-	-	1,706	992	-	-
Holding entities	-	-	10,689	6,326	525	558
TOTAL	5,522	5,096	43,061	34,779	32,380	31,082

* Holding entities excluded.

Concentration of credit risk according to geographical areas by country of risk

MCZK	Loans and advances to banks		Loans and advances to customers		Debt securities	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Czech Republic	2,110	3,336	26,245	18,056	24,724	24,169
Slovak Republic	-	-	635	995	649	285
Netherlands	-	12	794	796	131	3
Other EU countries	2,254	336	2,642	1,887	1,140	1,091
Russian Federation	-	9	47	259	1,005	410
Asia	16	395	12 527	12 578	1,327	928
North America	-	-	-	-	1,975	3,026
Other	1,142	1,008	171	208	1,429	1,170
TOTAL	5,522	5,096	43,061	34,779	32,380	31,082

43.2 Liquidity risk

The liquidity risk represents the Group's risk of incurring losses due to momentary insolvency. The Group may also suffer a loss as a result of low liquidity in the market for the financial instruments included in the Group's portfolios. The liquidity risk threatens the Group's funding and investment needs. Market liquidity risk represents the risk of not being able to liquidate financial instruments quickly enough, or in sufficient volume and for reasonable prices. If the conditions are not favourable, this risk may substantially worsen the Group's position.

The Group has access to diverse sources of funds, which comprise deposits and other savings, loans accepted and equity. This diversification makes the Group flexible and limits its dependency on any one financing source. The Group regularly evaluates the liquidity risk, in particular by monitoring changes in the structure of financing and comparing these changes with the Group's liquidity risk management strategy, which is approved by the Board of Directors. The Group also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid funds, such as state treasury bills and similar bonds.

Residual maturity of the Group's assets and liabilities

The following table shows the carrying amounts of the Group's assets and liabilities on the basis of their earliest possible contractual maturity.

The amounts on the basis of their expected recovery or settlement are essentially the same as the carrying amounts of assets and liabilities on the basis of their earliest possible contractual maturity.

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
At 31 December 2021						
Cash and cash equivalents	127,050	-	-	-	-	127,050
Financial assets at fair value through profit or loss	11,645	1,968	4,011	19,189	-	36,813
Financial assets at fair value through other comprehensive income	140	414	11,007	11,123	210	22,894
Loans and advances to banks	5,232	-	290	-	-	5 522
Loans and advances to customers	6,343	13,970	17,307	5,441	-	43,061
Other assets	307	214	-	-	564	1,085
TOTAL	150,717	16,566	32,615	35,753	774	236,425
Deposits from banks	24,083	17,250	-	-	-	41,333
Deposits from customers	138,041	1,854	5,197	-	-	145,092
Debt securities issued	933	863	2,615	-	-	4,411
Financial liabilities at fair value through profit or loss	873	1,497	7,830	17,432	-	27,632
Other liabilities and provisions	950	15	210	-	-	1,175
Shareholders' equity	-	-	-	-	16,782	16,782
TOTAL	164,880	21,479	15,852	17,432	16,782	236,425
At 31 December 2020						
Cash and cash equivalents	90,100	-	-	-	-	90,100
Financial assets at fair value through profit or loss	658	1,126	4,097	13,410	-	19,291
Financial assets at fair value through other comprehensive income	295	336	12,108	6,574	1	19,314
Loans and advances to banks	4,131	311	654	-	-	5,096
Loans and advances to customers	8,340	8,122	17,042	1,275	-	34,779
Other assets	63	-	-	-	847	920
TOTAL	103,587	9,895	33,901	21,259	848	169,490
Deposits from banks	1,933	-	-	-	-	1,933
Deposits from customers	123,938	2,028	5,179	-	-	131,145
Debt securities issued	55	772	2,295	-	-	3,122
Financial liabilities at fair value through profit or loss	462	1,064	3,966	11,218	-	16,710
Other liabilities and provisions	1,004	24	70	2	-	1,100
Shareholders' equity	-	-	-	-	15,480	15,490
TOTAL	127,392	3,888	11,510	11,220	15,480	169,490

Residual maturity of the Group's off-balance-sheet items

The following table shows the maturity of the Group's off-balance sheet assets based on the date on which the commitments provided can be drawn or the guarantees provided can be claimed.

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
At 31 December 2021						
Commitments provided	9,251	-	-	-	-	9,251
Guarantees provided	323	-	-	-	-	323
TOTAL	9,574	-	-	-	-	9,574
At 31 December 2020						
Commitments provided	6,705	-	-	-	-	6,705
Guarantees provided	489	-	-	-	-	489
TOTAL	7,194	-	-	-	-	7,194

The following table shows undiscounted cash flows on the Group's financial liabilities on the basis of their earliest possible contractual maturity.

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
At 31 December 2021						
Deposits from banks	24,129	17,429	-	-	-	41,558
Deposits from customers	138,093	1,917	5,264	-	-	145,274
Debt securities issued	937	897	2,843	-	-	4,677
Financial liabilities at fair value through profit or loss	22	59	3,357	8,322	-	11,760
Derivatives	851	1,438	4,658	10,462	-	17,409
TOTAL	164,032	21,740	16,122	18,784	-	220 678
At 31 December 2020						
Deposits from banks	1,933	-	-	-	-	1,933
Deposits from customers	123,920	2,038	5,291	-	-	131,249
Debt securities issued	55	772	2,520	-	-	3,347
Financial liabilities at fair value through profit or loss	-	56	2,440	8,302	-	10,798
Derivatives	599	986	1,554	4,233	-	7,372
TOTAL	126,507	3,852	11,805	12,535	-	154,699

43.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys and sells derivatives, and also incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Department.

Trading

The Group holds trading positions in certain financial instruments. The majority of the Group's business activities are based on the requirements of its customers. These positions are also held for the purpose of speculation on the future development of financial markets. The Group's business strategy is thus affected by speculative expectation and market creation and its goal is to maximise net income from trading.

The Group manages the risks associated with its trading activities at the level of individual risks and individual types of financial instruments. The basic instruments used for risk management are volume limits for individual transactions and risk position limits.

Stress testing

The Group carries out daily stress testing of interest rates, currency risks and changes in prices of equity instruments by applying internally defined improbable scenarios and simulating their impact on the net present value of the Group's portfolio.

43.3.1 Currency risk

Currency risk is the risk of a change in the value of a financial instrument due to a change in the exchange rates.

Assets and liabilities denominated in foreign currencies including off-balance sheet instruments represent the Group's exposure to exchange rate risk. Realised and non-realised exchange rate gains and losses are stated directly in the profit and loss statement.

The Group has set currency risk limits based on its net currency exposure in individual currencies according to their significance. The Group also sets a limit with respect to the total net currency exposure.

Currency risk exposure

MCZK	CZK	EUR	USD	INR	RUB	Other	Total
At 31 December 2021							
Financial assets	193,215	25,179	11,439	3,827	62	1,901	235,623
Financial liabilities	179,234	32,417	6,338	122	36	941	219,088
FX derivatives	1,225	7,525	(5,087)	(3,889)	11	(135)	(350)
NET EXPOSURE	15,206	287	14	(184)	37	825	
At 31 December 2020							
Financial assets	133,054	18,620	10 351	4,134	123	2,565	168,847
Financial liabilities	107,849	39,183	4,389	121	83	1,794	153,419
FX derivatives	(8,259)	20,420	(5,968)	(4,614)	(180)	(866)	533
NET EXPOSURE	16,946	(143)	(6)	(601)	(140)	(95)	

The table below shows the sensitivity of the (pre-tax) income statement to currency risk for foreign currencies significantly represented in the Group's balance sheet as at 31 December 2021 and 2020:

MCZK	2021			2020		
	Net position in foreign currency	5% exchange rate increase	5% exchange rate decrease	Net position in foreign currency	5% exchange rate increase	5% exchange rate decrease
EUR	287	14	(14)	(143)	(7)	7
USD	14	-	-	(6)	-	-
INR	(184)	(9)	9	(601)	(30)	30
RUB	37	1	(1)	(140)	(7)	7
GBP	574	29	(29)	11	1	(1)
HUF	108	5	(5)	(4)	-	-

The change in the exchange rate of the CZK to foreign currencies had no effect on the Group's equity components other than the annual profit.

43.3.2 Interest rate risk

The interest rate risk is the risk of a change in the value of a financial instrument due to a change in market interest rates.

The Group is exposed to interest rate risks resulting from the different maturity or renewal period of interest rates and the different amounts of interest bearing assets and liabilities in these periods. Interest rate management activities are intended to optimise the net interest income of the Group in accordance with the strategy approved by its Board of Directors.

Part of the Group's income is generated by the difference between interest rate sensitive assets and liabilities, which is summarised in the table below.

Interest sensitivity of the Group's assets and liabilities

The following table shows the carrying amounts of the Group's financial assets and liabilities on the basis of their earliest possible repricing.

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
At 31 December 2021						
Cash and cash equivalents	127,050	-	-	-	-	127,050
Financial assets at fair value through profit or loss	11,645	4,068	3,731	17,369	-	36,813
Financial assets at fair value through other comprehensive income	532	7,587	8,884	5,681	210	22,894
Loans and advances to banks	5,522	-	-	-	-	5 522
Loans and advances to customers	19,926	15,012	5,091	3,032	-	43 061
Investments and other assets	307	214	-	-	564	1 085
TOTAL	164 982	26 881	17 706	26 082	774	236 425
Deposits from banks	24,083	17,250	-	-	-	41,333
Deposits from customers	138 041	1,854	5,197	-	-	145,092
Debt securities issued	933	863	2,615	-	-	4,411
Financial liabilities at fair value through profit or loss	873	1,497	7,830	17,432	-	27,632
Other liabilities and provisions	950	15	210	-	-	1,175
Shareholders' equity	-	-	-	-	16,782	16,782
TOTAL	164,880	21,479	15,852	17,432	16,782	236,425
Gap	102	5,402	1,854	8,650	(16,008)	-
Cumulative gap	102	5,504	7,358	16,008	-	-
At 31 December 2020						
Cash and cash equivalents	90,100	-	-	-	-	90,100
Financial assets at fair value through profit or loss	660	6,196	3,238	9,197	-	19,291
Financial assets at fair value through other comprehensive income	862	5,419	9,397	3,635	1	19,314
Loans and advances to banks	4,785	311	-	-	-	5,096
Loans and advances to customers	20,053	7,293	7,425	8	-	34,779
Investments and other assets	63	-	-	-	847	920
TOTAL	116,523	19,219	20,060	12,840	848	169,490
Deposits from banks	1,933	-	-	-	-	1,933
Deposits from customers	123,938	2,028	5,179	-	-	131,145
Debt securities issued	55	772	2,295	-	-	3,122
Financial liabilities at fair value through profit or loss	462	1,064	3,966	11,218	-	16,710
Other liabilities and provisions	1,004	24	70	2	-	1,100
Shareholders' equity	-	-	-	-	15,480	15,490
TOTAL	127,392	3,888	11,510	11,220	15,480	169,490
Gap	(10,869)	15,331	8,550	1,620	(14,632)	-
Cumulative gap	(10,869)	4,462	13,012	14,632	-	-

The carrying amounts of assets and liabilities are recorded either in the period in which they are due or in the period in which the interest rate changes, whichever occurs earlier.

Expected maturities differ from contracted ones as historical evidence shows that most short-term loans and deposits are prolonged

Effective yield information

The effective yields on significant categories of financial assets and liabilities of the Group as at 31 December 2021 and 2020 were as follows:

In % p.a.	2021	2020
Financial assets		
Cash and cash equivalents	3.38	0.24
Financial assets at fair value through profit or loss	2.97	1.11
Financial assets at fair value through other comprehensive income*	2.95	2.04
Loans and advances to banks	1.81	1.11
Loans and advances to customers	4.74	4.45
Financial liabilities		
Deposits from banks	2.04	0.00
Deposits from customers	0.57	(0.36)
Debt securities issued	4.29	3.04
Financial liabilities at fair value through profit or loss*	1.75	0.92
Finanční závazky oceněné reálnou hodnotou do zisku nebo ztráty*	1,75	0,92

* The yield interest rate is calculated from debt securities, repo and reverse repo operations only.

Apart from the gap analysis as indicated above, the Group monitors its exposure to interest rate risk by Basis Point Value (BPV) and stress testing. Both of these methods measure the potential impact on the Group's overall position or shift of interest rate yield curves.

Basis point value

Basis point value measures how much monetary positions of the Group will gain or lose for a 100 basis point (bp) movement in the yield curve in terms of fair value changes. Therefore, it quantifies the Group's interest rate risk for changes in interest rates.

“Trading book” means the portfolio of all positions in financial instruments held by the Group with trading intent, in accordance with the definition of a trading book under Article 4(1)(86) of Regulation (EU) No 575/2013. A banking book contains all positions that are not included in the trading book.

As at 31 December 2021, BPVs for individual currencies were as follows:

MCZK Currency	Banking book BPV	Trading book BPV
CZK	(9)	(97)
EUR	57	28
USD	(202)	31
GBP	(5)	(1)
RUB	-	-
HUF	1	-
KZT	-	-
INR	-	-
IDR	-	-
TOTAL BPV (ABSOLUTE)	274	157

As at 31 December 2020, BPVs for individual currencies were as follows:

MCZK Currency	Banking book BPV	Trading book BPV
CZK	(151)	85
EUR	(56)	12
USD	(226)	(1)
GBP	(6)	(1)
RUB	-	-
HUF	-	-
KZT	-	-
INR	-	-
IDR	-	-
TOTAL BPV (ABSOLUTE)	439	99

The data in the table above is assessed primarily on an individual basis, taking into account the data of subsidiaries.

Stress testing

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in significant currencies with respect to the Group in related yield curves. The analysis of the Group's trading book sensitivity to an increase or decrease in market interest rates in terms of fair value changes (assuming no asymmetrical movement in yield curves and a constant balance sheet position) is as follows:

MCZK	2021		2020	
	100 bp parallel increase	100 bp parallel decrease	100 bp parallel increase	100 bp parallel decrease
Impact on profit or loss as at 31 December	(38)	38	96	(96)
Average for the period	50	(50)	48	(48)
Maximum for the period	226	121	186	174
Minimum for the period	(121)	(226)	(174)	(186)

The data in the table above is assessed primarily on an individual basis, taking into account the data of subsidiaries.

The Group uses yield curve shifts to monitor and measure interest rate risk in the banking book in order to track the potential impact of changes in market interest rates. The baseline analysis addresses the sensitivity of net interest income and the economic value of equity and is based on stress scenarios for investment portfolio interest rate risk management in accordance with European Banking Authority Guidelines EBA/GL/2018/02, which anticipate shifts and changes in the shape of the yield curve. The Group also performs stress testing based on a parallel 200 basis point shift in the yield curve.

The table below shows the sensitivity of the banking book to changes in interest rates:

MCZK	31.12.2021	31.12.2020
Change in annual net interest income		
Impact of +200 bp interest rate movement	(152)	(490)
Impact of -200 bp interest rate movement	(153)	64
Change in the economic value of equity		
Impact of +200 bp interest rate movement	(697)	(1,095)
Impact of -200 bp interest rate movement	387	394

The data in the table above is assessed primarily on an individual basis, taking into account the data of subsidiaries.

The change in the annual net interest income shows the impact of interest rate movements on net interest income over a 12-month horizon. The change in the economic value of equity shows the impact of interest rate movements on the difference between the present value of assets and liabilities. The results presented are in line with the methodology described in the EBA/GL/2018/02 Guidelines.

43.3.3 Equity risk

The equity risk is the risk of a change in the value of a financial instrument due to a change in market prices of equities or equity-related instruments.

The Group is exposed to equity risk resulting from open positions in equities or equity-related instruments in accordance with the strategy approved by its Board of Directors.

43.3.4 Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

The Group is not exposed to settlement risk as all transactions are settled in a delivery-versus-payment manner.

43.4 Operational risk

43.4.1 Operational risks

The Security and Operational Risk Management department is responsible for managing operational risks, i.e. the risks of losses caused by deficiencies in or failures of internal processes, the human factor or systems, or from losses caused by external factors, including legal risk. Operational risk excludes strategic and reputational risk.

Operational risks are usually the cause of an increase in the Group's expenses, a decrease in the Group's income, fines, penalties, damage, loss of the Group's tangible and intangible assets and the failure of information systems.

The Security and Operational Risk Management department prepares the operational risk management methodology, identifies, monitors, measures and assesses the operational risks, and proposes measures to mitigate the operational risks. As part of operational risk management, it is further responsible for physical security and the information system security management system, and it monitors, measures and assesses physical and information security, and prepares the methodology for the management and mitigation of the risks.

The Security and Operational Risk Management department manages the access of employees, clients and other authorised persons to tangible and intangible assets, and manages the risk in terms of arranging supplies of banking services, the launch of new products, and the utilisation of outsourcing by the Group. It also manages insurance and legal risk. The Security and Operational Risk Management department also regularly informs the management and relevant employees about operational risks and significant events that have arisen. Furthermore, it secures training for employees on the identification, reporting and handling of operational risks.

The management and employees in charge of managing operational risks within a division or department are also involved in the management of operational risks. After an operational risk is identified, they propose and arrange the implementation of operational, controlling or organisational measures to mitigate or eliminate the operational risk. In proposing the measures to mitigate operational risk, they also assess the impact on expenses and income.

43.4.2 Other risks

Legal risk management consists of minimising the uncertainties relating to the enforceability of contracts, insufficient documentation, and changes in the regulatory environment, including accepted case-law and uncertainties in counterparties' acts. The aim is to reduce the risk of loss, the risk of possible or questionable claims against the Group, or penalties, including damage to the Group's reputation.

The Compliance department performs activities aimed at harmonising the Group's internal policies and processes with external regulations. The main compliance activities are to ensure the compliance of internal guidelines with external standards, the mutual compliance of internal guidelines, the compliance of the Group's activities with internal guidelines and external standards, and the ongoing monitoring of compliance with legal obligations and responsibilities arising from the internal regulations of the Group, to establish preconditions for achieving this harmonisation, to establish preconditions for the fair provision of services to customers and to refrain from giving preferential treatment to the Group and its employees compared to customers, to prevent conflicts of interest, and to mitigate acts which would result in market abuse. It also engages in anti-money laundering activities and activities combating the financing of terrorism (AML-CFT), and runs checks on these activities and handles claims and complaints.

If compliance activities are not performed directly by the Compliance department, they are delegated to another department of the Group, the Group's managers or the Group's employees, with the Compliance department acting as coordinator.

The Group's managers are responsible for creating conditions for the internal and external regulations to be adhered to. They are also responsible for issuing internal policies governing the activities they are in charge of and they are also obliged to check whether the external regulations and internal policies are observed by subordinates.

43.5 Capital management

Regulatory capital

The reporting of the Group's regulatory capital on a consolidated basis (for the Bank and its subsidiaries) is not required because, since 2015, reporting and capital management has been carried out at the regulated consolidated group of PPF Financial Holdings B.V.

44 Related-party transactions

As at 31 December 2021, the parent company of the Bank is PPF Financial Holdings a.s., with its registered office in the Czech Republic, Prague, Evropská 2690/17, postal code: 16000, registration number: 10907718, the parent company of PPF Financial Holdings a.s. is PPF Group N.V., with its registered office in the Netherlands, Amsterdam, Strawinskylaan 933, postal code: 1077XX, registration number: 33264887.

The Bank considered the transactions with its parent company, PPF Financial Holdings a.s. and its parent company PPF Group N.V., and with all their subsidiaries and associates to be related-party transactions.

The related-party transactions also include transactions with its key management personnel, and enterprises with which it has key management personnel in common.

44.1 Transactions with the parent company

The balances stated below are included in the statement of financial position and represented transactions with the parent company:

MCZK	31.12.2021	31.12.2020
Financial assets at fair value through profit or loss	24	24
Other assets	1	-
Deposits from customers	(633)	(350)
Other liabilities	(1)	-
TOTAL	(609)	(326)

The Group neither accepted nor provided guarantees related to the above-mentioned transactions.

The figures stated below are included in the statement of comprehensive income and represented transactions with the parent company:

MCZK	2021	2020
Interest and similar income	1	1
Fee and commission income	2	1
TOTAL	3	2

44.2 Transactions with other related parties

The balances stated below are included in the statement of financial position and represented transactions with other related parties:

MCZK	31.12.2021	31.12.2020
Cash and cash equivalents	31	11
Financial assets at fair value through profit or loss	922	1,265
Financial assets at fair value through other comprehensive income	-	-
Loans and advances to banks	1,648	1,059
Loans and advances to customers	14,313	12,915
Other assets	52	109
Deposits from customers	(30,139)	(37,757)
Deposits from banks	(409)	(753)
Financial liabilities at fair value through profit or loss	(2,352)	(759)
Provisions	(3)	-
Other liabilities	(140)	(146)
TOTAL	(16,077)	(24,056)

The figures stated below are included in the statement of comprehensive income and represented transactions with other related parties:

MCZK	2021	2020
Interest and similar income	1,101	1,540
Interest expense and similar charges	(25)	(40)
Fee and commission income	403	331
Fee and commission expense	(1)	-
Net income from financial operations	(773)	714
Net impairment losses on financial assets	(179)	(276)
Other operating income	4	6
General administrative expenses	(140)	(134)
TOTAL	390	2,141

44.3 Key management personnel

The balances stated below are included in the statement of financial position and represented transactions with key management personnel:

MCZK	31.12.2021	31.12.2020
Financial liabilities at fair value through profit or loss	(1)	(1)
Deposits from customers	(83)	(57)
TOTAL	(84)	(58)

The above payables consist mainly of term deposits and balances of current accounts with the Group.

The balances stated below are included in the statement of other comprehensive income and represented transactions with key management personnel:

MCZK	2021	2020
General administrative expenses	(61)	(54)
Net income from financial operations	(1)	(2)
TOTAL	(62)	(56)

General administrative expenses consist of salaries and remuneration of the Group's key management personnel, described in detail in note 10.

44.4 Credit commitments and guarantees provided

As a related-party transaction, as at 31 December 2021 the Group provided a credit commitment to related parties of MCZK 5,168 (31.12.2020: MCZK 5,610), a guarantee commitment and a guarantee in the amount of MCZK 0 (31.12.2020: MCZK 0).

45 Subsequent events

There have been no events subsequent to the balance sheet date that require adjustment or disclosure in the financial statements or notes, except for the following:

The Group realises that the geopolitical situation emerging from the Russian-Ukrainian conflict in February 2022 will have significant repercussions for the economy in the Czech Republic and other countries. However, in the light of the heightened global uncertainty and turmoil, it is impossible to fully assess and quantify these impacts at this time. The Group's direct exposure to Russia and Ukraine is insignificant (as at 31 March 2022, 0.19% of total assets, 0.31% of total liabilities). The Group's direct exposure consists, on the assets side, mainly of Financial assets at fair value through other comprehensive income and Loans and advances to banks, and, on the liabilities side, mainly of Deposits from customers.

Responding to the geopolitical situation over 2022, the Group has significantly reduced its exposures to counterparties with Russian risk as at 31 December 2021 by cutting limits on those Russian counterparties and on RUB transactions.

In March 2022, the Group further significantly reduced the direct exposure of its financial assets at fair value through other comprehensive income. Despite engaging in the above actions, the Group confirms its business and capital position remained strong in the first quarter of 2022. The economic result absorbed the above-mentioned impacts to report earnings well in excess of CZK 600 million.

Besides the direct effects, the Group is also evaluating secondary and indirect impacts. The Group's analysis did not identify any significant indirect effects because the Group has limited business activities in Russia and Ukraine and its clients have limited dependence on these regions.

These events constitute subsequent events occurring after the end of the accounting period that do not have a significant effect on the separate financial statements for the year ended 31 December 2021.

The Group's exposure to the Russian and Ukrainian markets as at 31 March 2022 is as follows:

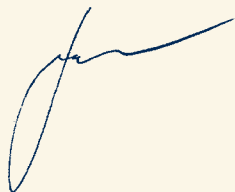
MCZK	31 March 2022
Assets	527
Financial assets at fair value through profit or loss	16
Financial assets at fair value through other comprehensive income	328
Loans and advances to banks	149
Loans and advances to customers	34
Liabilities	791
Deposits from banks	363
Deposits from customers	421
Negative fair value of derivatives	7
Off-balance sheet	
Nominal value of derivatives	464

The Group is ready to make the appropriate respond if the situation arises. The Group is continuously monitoring the situation and, based on its current knowledge and after considering all available information, it does not expect these events to have an impact on its ability to continue as a going concern in the future.

Persons Responsible for the Annual Report and the Examination of the Financial Statements

Affirmation

I declare that the disclosures in the Presentation section of the Annual Report of PPF banka a.s. for 2021 are accurate and that no material circumstances have been neglected or distorted.



Petr Jirásko
Chairman of the Board of Directors

I declare that the disclosures in the Financial section of the Annual Report of PPF banka a.s. for 2021 are accurate and that no material circumstances have been neglected or distorted.



Miroslav Hudec
Managing Director of Financial Management

Prague 22 April 2022

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