

Annual Report 2012

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Fio banka

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I. General section

Introduction

At the beginning of Fio banka, a.s. 2011 Annual Report, lots of negative factors, which could have had an impact on the bank in 2012, were specified. These factor mainly included problems of European economy and also new competitors, who were entering the local bank market in the Czech Republic. Despite of these factors the bank was confident enough to state that these factors were just an opportunity to change the existing structure of the bank market in the Czech Republic and also an opportunity to further strengthen its position.

The results of 2012 shows that the bank successfully dealt with such risk factors. We managed to increase considerably the number of new clients, which nearly reached a quarter million mark by the end of the year. The amount of deposits has nearly doubled and the bank balance reached a total of 18.5 billion CZK by the end of the year.

Thanks to the popularity of the bank among experts and members of the general public we were awarded several prizes during 2012, such as “Nejdynamičtější banka roku 2012 (Most dynamic bank of 2012)” and “Vstřícná banka 2012 (Friendly Bank 2012)” awards. The bank also continued to actively improve its services and products. The most important improvement was the start of issuing of MasterCard payment cards under the Fio banka brand.

In 2013 the bank is ready to continue with its successful strategy and add new products and services in its portfolio. One of our ambitions is to increase the number of new clients by one hundred thousand.

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

A. Basic information

Trade name: Fio banka, a.s. (hereinafter also referred to as "Bank")

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

Company Registration Number: 618 58 374

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

- The company's registered capital amounting to CZK 560,000,000.00 is divided into 560,000 pcs of book-entered common shares issued in the bearer's name (ISIN: CZ0008034246) with nominal value of CZK 1,000.00.
- The transferability of the shares is not restricted whatsoever; they are transferred through a Share Transfer Agreement.
- The rights provided by the legislation and statutes are connected to the shares; no other rights or preference rights arise from them.
- The shares are not listed on any regulated markets
- As of 31st December 2011, the company had a sole shareholder - Fio holding, a.s., Company Registration Number: 60192763, Prague 1, V Celnici 1028/10, Postcode: 11721.
- No dividends have been paid out in the previous three years.
- None of the companies or entities in which the company has a direct or indirect share exceeding 50% of the registered capital or voting rights owns any shares in the company.
- As of 31st December 2010, the company has the following subsidiaries: Fio o.c.p., a.s., Company Registration Number: 35960990, Kollárovo nám. 15, Bratislava 811 06, Slovakia, Družstevní záložna PSD, Company Registration No: 64946835, Prague 1, V Celnici 1028/10, Postcode 117 21, Czech Republic and RM-SYSTÉM, česká burza cenných papírů a.s., Company Registration Number: 47116404, V Celnici 1028/10, Postcode: 11721, Czech Republic. Through the company Fio, o.c.p., a.s., Fio banka, a.s. holds a 100% stake in the company RM-S FINANCE, s.r.o., Company Registration Number: 62915240, V Celnici 1028/10, Postcode: 11721, Czech Republic.

C. Information about activities

Granted permissions to carry out activities:

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

Start of business activities: 31st August 1994

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

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

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

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

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

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

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

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

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

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

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

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

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

Within the extent of main investment services

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

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

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

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

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

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

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

and within the extent of additional investment services

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

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

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

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

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

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

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

The evaluation in the area of commercial banking:

The year 2012 has again been a very successful one for the bank. The number of new clients in the commercial banking segment went up by 82 thousand to reach the total of 187 thousand clients. Including clients – investors, the bank had 227 thousand clients by the end of 2012.

The amount of deposits grew up throughout the year from 12.5 billion CZK to 17.4 billion CZK. The bank balance increased by 36% in a year-over-year comparison and by the end of 2012 it reached 18.5 billion CZK. The bank managed to remain profitable even without charging zero bank charges.

The bank managed to attract clients, who actively use their bank account. This can be proved by the number of bank to bank transactions, which grew up considerably both in number as well as in amount. In 2012 the bank also doubled the number of transactions in local currency. Euro transactions also went up as a result of a long term marketing support of Euro payments.

During the year we kept increasing the quality and scope of branches. The bank opened new branches and refurbished the existing ones. The bank also kept expanding its partner ATM network. The number of ATMs more than doubled during the year.

The growth in the number of clients led to a new approach to banking service promotion. The bank promoted its services through TV commercials featuring top Czech actors. According to third party surveys Fio banka brand is known by 62% of the population.

The evaluation in the area of investment banking:

As far as the investment banking is concerned, the main even of the year 2012 were changes at Prague Stock Exchange (PSE). The company Burza cenných papírů Praha, a.s. (operator of Prague Stock Exchange) changed the owner (now owned by Wiener Börse AG) and therefore the PSE started to use the new system, which is now based on the principles of Xetra (Deutsche Börse) system. From

the technical point of view this was a very demanding operation with lots of operational risks. However the transfer was successful and our bank took advantage of its „any change is an opportunity“ strategy and offers to the members of the public more competitive fees for using Xetra that other on-line brokers in the Czech Republic.

In 2012 the bank continued to develop its new platform Smartbroker, which allows our clients trade on local and international stock exchange markets using their smartphones and tablets. The Smartbroker application has been made accessible to clients of our bank since the beginning of the year 2013.

The main promotion strategy of investment services in 2012 were educational workshops. The bank organized about 200 workshops in lots of towns of the Czech Republic and allowed potential investors to learn more about capital markets. For long time the bank has been committed to education of members of the public in how capital markets work and this commitment remains the core priority of the bank in the future and the bank shall continue to organize these educational workshops.

The number of new clients – investors reached eight thousand people. This is a bit less in comparison to previous year and the bank thinks that the reasons for this decrease were stagnation and low volatility of the dominant market – Prague Stock Exchange.

The overview of the most important events in 2012

Fio Internetbanking redesign

The bank introduced a new internet banking design, which has a more modern look and corresponds better with the current image of the bank.

Payment card issuing

During the first half of the year the bank started to issue its own branded MasterCard payment cards. As one of the first banks we started providing our clients with contact free cards. Clients may adjust payment card settings through Fio Internetbanking and Smartbanking.

API Banking

The target group of this product are business people and entrepreneurs, who need to have an automatic communication interface to gather data from accounts. The API can be used not only connect accounting software but also for automatic processing of transactions or bank statements from the banking system.

The new system of Prague Stock Exchange - Xetra

As the largest online broker the bank still has the most extensive offer of smart transactions.

Development of branch network

In 2012 the bank opened 9 new branches. The ATM network, which is made available to the bank clients through partnership of the bank with an exclusive contractual partner, was also expanded and in 2012 the bank opened 48 new ATMs.

Public awards



In the renowned Banka roku (Bank of the Year) contest the Bank was awarded the Most Dynamic Bank of the Year 2012 and The Bank Account of the Year 2012 awards.



The Bank won the public poll Zlatý Měšec 2012 (Golden Purse 2012) in two categories - Banks and Credit Unions and Securities Traders.



The Bank also won the Vstřičná banka roku 2012 award (Friendliest Bank of 2012), which is a public and professional clients' bank rating organized by OVB.



The Bank ranked first in the following categories: Bank Account, Business Bank Account, Entrepreneurs' Award and Securities Trading in Zlatá Koruna (Golden Crown) 2012 contest.



Banking innovator of the year 2012 awarded by Hospodářské noviny newspaper (Economy News) as part of the contest of The Best Bank of 2012.

Branch network information

Trade Name: Fio banka, a.s.
Company Registration Number: 61858374
Registered Office: V Celnici 1028/10, Postcode 117 21

Branch Offices (as of 31st December 2012) – town, street, postcode, (country) and telephone:

Czech Republic

Blansko, nám. Svobody 5, 678 01, 224 346 750
Brno, Joštova 4, 602 00, 224 346 815 - 816, 818
Brno, Nové Sady 988/2, 602 00, 224 346 463 - 465
Brno, Veveří 2581/102, 616 00, 224 346 865-6
Bruntál, K.Čapka 80/1, 792 01, 224 346 478
Břeclav, J. Palacha 121/8, 690 02, 224 346 941
Česká Lípa, Hrnčířská 737, 470 01, 224 346 854
České Budějovice, Nám. Přemysla Otakara II. 117/32, 370 01, 224 346 858-9
Děčín, Masarykovo nám. 3, 405 02, 224 346 973
Frýdek-Místek, Zámecké nám. 42, 738 01, 224 346 936-937
Cheb, Svobody 53, 350 02, 224 346 971
Chomutov, náměstí 1. máje 4, 430 01, 224 346 984-985
Chrudim, Resselovo náměstí 61, 537 01, 224 346 954
Haviřov, Hlavní třída 64, 736 01, 224 346 963 - 964
Havlíčkův Brod, Horní 16, 580 01, 224 346 958
Hodonín, Národní třída 79, 695 01, 224 346 913 - 914
Hradec Králové, Masarykovo náměstí 511, 500 02, 224 346 835-7
Jablonec nad Nisou, Mírové náměstí 19, 467 51, 224 346 975
Jihlava, Masarykovo náměstí 20, 586 01, 224 346 869 - 71
Jindřichův Hradec, Růžová 41, 377 01, 224 346 770
Karlovy Vary, T.G.Masaryka 38, 360 01, 224 346 872-873
Karviná- Fryštát, Fryštátská 87/6, 733 01, 224 346 892
Kladno, Osvobozených politických vězňů 379, 272 01, 224 346 924-925
Klatovy, Vídeňská 181, 339 01, 224 346 875
Kolín, Karlovo náměstí 7, 280 02, 224 346 932
Kroměříž, Riegrovo nám. 179, 767 01, 224 346 877
Liberec, nám. Dr. E. Beneše 14/II, 460 01, 224 346 879-81
Louny, Česká 158, 440 01, 224 346 773
Mladá Boleslav, Jaselská 67, 293 01, 224 346 926
Most, Moskevská 3336, 434 01, 224 346 965
Náchod, Tyršova 64, 547 01, 224 346 882
Nový Jičín, Dobrovského 1292/4, 741 01, 224 346 969 - 970
Nymburk, Náměstí Přemyslovců 129, 288 02, 224 346 458
Olomouc, Dolní náměstí 20, 779 00, 224 346 920-21

Ostrava, Nádražní 39, 702 00, 224 346 846-8, 224 346 885-6
Opava, Ostrožná 262/9, 746 01, 224 346 930-31
Pardubice, Masarykovo náměstí 1544, 530 02, 224 346 841, 842, 843, 844
Pelhřimov, Palackého 61, 393 01, 224 346 956
Plzeň, Prešovská 13, 301 00, 224 346 977-9
Plzeň, Slovanská alej 30, 326 00, 224 346 829-31
Prague 1, Rybná 14, 110 00, 224 346 808-811
Prague 1, Senovážné nám. 24, 116 47, 224 346 801-805
Prague 1, V Celnici 1028/10, 117 21, 224 346 987-989
Prague 2, Ječná 35, 120 00, 224 346 895-897
Prague 4, Budějovická 1523/9a, 140 00, 224 346 863-4, 890
Prague 5, Radlická 608/2, 150 00, 224 346 945-7
Prague 6, Čs. armády 785/22, 160 00, 224 346 759-761
Praha 6, Křenova 438/3, 162 00, 224 346 473-474
Prague 10, Moskevská 268/53, 101 00, 224 346 753-5
Prostějov, Hlaváčkovo nám. 2a, 796 01, 224 346 948
Přerov, Čechova 3216/33, 750 02, 224 346 950, 951
Příbram, Pražská 126, 261 02, 224 346 952
Sokolov, 5.května 163, 356 01, 224 346 460
Strakonice, Palackého nám. 102, 386 01, 224 346 928
Svitavy, Nám. Míru 42, 568 02, 224 346 934
Šumperk, Bulharská 229/1, 787 01, 224 346 915, 916
Tábor, Palackého 359/1, 390 01, 224 346 898
Teplice, U Nádraží 5, 415 01, 224 346 960
Trutnov, Školní 154, 541 01, 224 346 900
Třebíč, Jihlavská brána 5/4, 674 01, 224 346 943 - 944
Třinec, Nám. Svobody 527, 739 61, 224 346 990
Uherské Hradiště, Mariánské náměstí 61, 686 01, 224 346 922 - 923
Ústí nad Labem, Dlouhá 3458/2A, 400 01, 224 346 902, 903, 904
Ústí nad Orlicí, 17.listopadu 1394, 562 01, 224 346 917
Vsetín, Hlásenka 1673/9, 755 01, 224 346 967
Zlín, Zarámí 92, 760 01, 224 346 906-908
Znojmo, Horní náměstí 8/2, 669 02, 224 346 909 - 910
Žďár nad Sázavou, Nádražní 6, 591 01, 224 346 911 - 912

Foreign Branch:

Fio banka, a.s., pobočka zahraničnej banky

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

Branch Offices:

- Bratislava, Kollárovo námestie 15, 811 06
- Košice, Hlavná 8, 040 01
- Žilina, Na prckova 37, 010 01

Trading on markets in the Czech Republic

In 2012 Prague Stock Exchange grew quite strongly and its PX index grew up by +14% to reach 1038.7 points. However there were significant differences between individual securities. The clear winners were financial securities lead by Erste, which went up by +75.7% and broke the 600 CZK mark. Also the securities of VIG (+25%) insurance company and Komerční banka (Commercial Bank) (+20.4%) grew more than the PX index. A positive impact on the results of financial industry had the statements and support of the head of ECB (European Central Bank) with respect to "saving the Euro" fight. A fairly unnoticed was the growth of AAA (+40%) (network of second hand car centres). On the other hand securities of KIT Digital lost most as the company left the Prague Stock Exchange following some objections to its economic results and failed to match some conditions to trade on NASDAQ market. During 2012 KIT Digital common stock lost more than – 90% of their initial value. The stockholders of NWR mining company were certainly not pleased either to see the NWR stock fall down by -28% due to the situation in this industry. The common stock of Orco (property developer) also went down by about the same as NWR. The dividend securities of Telefonica O2 and Philip Morris lost about -15% of their initial value but investors still enjoyed high dividend premiums. The overall dividend premium for Telefonica O2 stock reached 40 CZK (10% premium). Stockholders of Philip Morris also enjoyed a nice dividend premium of 8%. This means that overall loss for holders of the above mentioned dividend titles were about 1/3 of the above mentioned amounts.

At the end of November and the beginning of December the Prague Stock Exchange implemented a breakthrough change and replaced its existing SPAD and KOBOS segments by a new XETRA trading system for stocks and debit notes.

Trading on foreign markets

As far as the index of international stock markets is concerned the development in 2012 was fairly positive, which was in contrast with low economic growth and still unsolved debt crisis in Europe. Despite of these factors, the broader U.S. S&P 500 index reached its highest value since 2007 at the second half of 2012 and the German DAX index reached its nine year maximum.

The beginning of the year was quite positive, the markets were positively influenced by two LTRO operations by ECB (European Central Bank). These three year loans to financial institutions had a major impact on calming of the situation in Europe. American indexes grew by more than 10 % in the first quarter of the year, which was the best start of the year since 1998. The growing nervousness of investors and the volatility of the confidence with respect to the situation of over-debt European countries were fully manifested in the second quarter. Euro supporting parties in Greece lost the elections and there have been concerns about spreading of the debt solving scenario (e.g. dealing with the Greek debt at the cost of creditors) to other problem countries, such as Spain or Italy. The premium on ten-year bonds of these countries gradually broke the 7% mark. Another reason for market decrease in the second quarter was the downfall of the economy both in Europe and in Asia.

The strong dependence of the markets on political steps and steps adopted by central banks can be illustrated in the third quarter, in which the stock market indexes started to grow again, despite of all the problems and in USA even reached the highest values since the end of 2007. ECB expressed a strong commitment to ensure the unity of the common currency and a decision was made to allow unlimited purchasing of the bonds of the countries in problems, which would ask for a financial help. What is more, FED decided to release additional funds and purchased some more mortgage related securities in the amount of 40 billion USD per month. Therefore, the total FED activity, including previous operations, reached a total of 85 billion USD per month and it is not supposed to end until the situation on the work market improves significantly. At the end of the year the growth slowed down again, following the re-election of president Obama. The re-election itself did not raise any negative concerns but the negative feelings were fuelled by the situation in Congress, where political force distribution was supposed to have a very negative impact on reaching the so called fiscal reef decision. For the rest of the year, the capital markets were influenced by the plans to decrease governmental expenses and increase taxes. The markets were nervous because nobody could predict the outcome of these measures, which was manifested by a higher volatility of the markets, however this volatility did not have a major impact on overall positive results of the stock exchange markets.

Trading on the company's own account

In 2012 the bank continued to trade actively on financial market on the bank's own account. The bank mainly expanded its activities into bond trading and SPP and FX operations. The bank continued to be the market maker at Prague Stock Exchange's SPAD segment for all liquidity securities and continues to be the market maker even following Xetra transfer, which was completed last December. The bank is also the market maker at RM-SYSTÉM Czech Stock Exchange, where the same securities are traded as at Prague Stock Exchange plus seven selected foreign companies. As far as bond trading is concerned the bank continued to grow strongly and the total portfolio amount grew up by about 50%. Nearly 90% of our portfolio is in CZK currency, the rest are investments in EUR and USD currencies. The bank continued to invest in Czech state bonds, which remains its long term strategy. These bonds represent nearly 70% of our portfolio. The rest of the portfolio comprises valuable bonds, issued mainly by banks with high investment rating. As far as the foreign state bonds are concerned the bank holds only state bonds of Slovakia. In 2012 the bank saw a major increase (nearly 2.5 fold increase) in Czech state treasuries, which are a very good form of profitable investment. As far as the financial market is concerned the bank entered into the majority of transactions with CNB (Czech National Bank) within two-week repo operations. As mentioned above the number of FX transactions grew as well, mainly for needs to secure the currency risks.

The information about the bank's holdings and financial situation

As at 31st December 2012, the company's total assets were CZK 18,561,359 thousand. This was mainly composed of a balance in cash and central bank deposits amounting to CZK 1,447,178 thousand, non-coupon government bonds in the value of CZK 2,774,333 thousand, funds in bank accounts and credit union accounts amounting to CZK 1,501,805 thousand, client receivables in the value of CZK 6,464,752 thousand, debt securities amounting to CZK 5,668,389 thousand, fixed assets in the value of CZK 163,740 thousand and other assets amounting to 516,765 thousand.

In 2012 the company recorded a net profit of CZK 160,286 thousand from fees and commissions, a net profit of CZK 127,781 thousand from interest and a the profit of CZK 169,372 thousand from financial operations. The company's pre-tax profit from ordinary activities amounted to CZK 78,489 thousand.

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

The successful expansion of credit services of the Bank had naturally an impact on the Bank's capital adequacy. As at 31st December 2012 the capital adequacy of the Bank was 10.40%, which is much above the regulatory value of 8%. This level of capital adequacy represents a safe level for risk cover.

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

Board of Directors:

Mgr. Jan Sochor, Chairman of the Board of Directors

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

Mgr. Josef Valter, Member of the Board of Directors

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

Ing. David Hybeš, Member of the Board of Directors

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

Under the Act No. 513/1991 Coll., s. 194 (1), Commercial Code and s. 5.2.2. (1), Articles of Association, the company's Board of Directors has three members as of 31 December 2012.

Supervisory Board:

Mgr. Romuald Kopún, Chairman of the Supervisory Board

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

RNDr. Petr Marsa, Member of the Supervisory Board

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

Ing. Ján Franek, Member of the Supervisory Board

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

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

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

Other information

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

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

Information regarding the average number of employees and changes in this number is provided in the notes to the 2012 financial statement included in this annual report. The increase in the Bank's personnel corresponds with its strategy to continuously improve the quality of the services provided.

The Bank spent no funds on research, development and environmental activities during 2011. As far as the labour relations are concerned, they are provided in the 2010 financial statement included in this annual report.

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

Foreign Branch Manager:

Ing. Marek Polka

Graduated from the University of Economics in Prague, Faculty of Finance and Accounting and has been active in the Fio Financial Group since May 2001, when he took up a position of a client worker in the Prague branch. Over the course of time, he went through the posts of the Provisional Manager in Plzeň branch, the Manager of the Group's largest branch in Prague and subsequently the manager of the Client Service Department. Since April 2006, he has been managing the Fio Financial Group's Client Division. From 1st April 2006, he was the Member of the Board of Directors for Fio, cooperative savings bank and since 3rd May 2010, he has served as the Chairman of the Board of Directors for Fio, cooperative savings bank. His key responsibilities of the Client Division Manager are making sure that all branches run properly, managing customer relations and administering the product range.

F. Information about persons responsible for the Annual Report

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

The financial statements for 2008, 2009, 2010 and 2011 were verified by the auditor:

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

In Prague, on 26th April 2013

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

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

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

II. Auditor's Statement

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Fio Banka, a.s.

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

Report on the Financial Statement

Based on our audit, we issued the following report on the financial statement included in Chapter II of this Annual Report on 26th April 2013:

"We have audited the attached financial statement of Fio Banka, a.s., i.e. the balance sheet as of 31st December 2012, the profit and loss statement, the overview of changes in equity for the year ending as of that date and the notes to this financial statement, including a summary of significant accounting policies applied and additional supporting information.

Statutory Body's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statement gives a true and fair view of the financial position of Fio banka, a.s. as at 31st December 2012 and of its financial performance for the year then ended in accordance with Czech accounting standards and regulations."

Report on the report on relations

We have reviewed the factual accuracy of the information mentioned in the report on relations between persons related to Fio banka, a.s. as at 31st December 2012 included in this annual report in chapter IV. Creating this report on relations is the responsibility of the company's statutory body. Our responsibility is to express our view on the report on relations based upon our review.

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

Nothing has come to our attention based on our review that would indicate that the information included in the report on relations between connected persons of Fio banka, a.s. as at 31st December 2012 contains any substantial (material) factual misstatements.

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

Report on the Annual Report

We have also audited the annual report for consistency with the financial statement of the company of 31st December 2012. The company's statutory body is responsible for the accuracy of this annual report. Our responsibility is to express an opinion on the consistency of the annual report and the financial statement based upon our audit.

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

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

In Prague, 26th April 2013

Auditing company:

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

signature

Statutory auditor:

Diana Rádl Rogerová
certificate no. 2045

signature

III. Company financial statement as at 31st December 2012

FINANCIAL STATEMENT AS AT 31st DECEMBER 2012

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

Parts of the Financial Statement:

Balance Sheet
Income Statement
Statement of Changes in Equity
Notes

The Financial Statement was elaborated on 26th April 2013.

Statutory body of the accounting entity	Signature
Mgr. Jan Sochor Chairman of the Board	<i>Signature</i>
Ing. David Hybeš Member of the Board	<i>Signature</i>

Business name	Fio banka, a.s.					
Business address	Praha 1, V Celnici 1028/10, PSC 11721					
IČO	61858374					
Balance Sheet						
in CZK thousand at						
31/12/2012						
			Current period			Previous
Design.	Text	Line	Gross	Corr.	Net	Net
1.	Cash-in-hand, deposits in central banks	1	1 447 178	0	1 447 178	1 787 561
2.	Governmental non-coupon bonds and other securities	2	2 774 333	0	2 774 333	1 093 407
2.a)	Issued by governmental agencies	3	2 774 333	0	2 774 333	1 093 407
2.b)	Other	4	0	0	0	0
3.	Receivables on behalf of banks and credit unions	5	1 501 805	0	1 501 805	698 622
3.a)	Payable on call	6	1 373 965	0	1 373 965	634 663
3.b)	Other receivables	7	127 840	0	127 840	63 959
4.	Receivables on behalf of clients	8	6 500 582	35 830	6 464 752	5 199 027
4.a)	Payable on call	9	646 860	15 927	630 933	3 665
4.b)	Other receivables	10	5 853 722	19 903	5 833 819	5 195 362
5.	Debt securities	11	5 668 389	0	5 668 389	4 081 962
5.a)	Issued by governmental agencies	12	4 205 506	0	4 205 506	3 418 431
5.b)	Issued by other persons	13	1 462 883	0	1 462 883	663 531
6.	Shares, share fund certificates and other shares	14	100	0	100	100
7.	Shares with substantial influence	15	0	0	0	0
	in banks thereof	16	0	0	0	0
8.	Shares with decisive influence	17	163 740	0	163 740	160 462
	in banks thereof	18	0	0	0	0
9.	Intangible Fixed Assets	19	21 619	16 015	5 604	17 182
9.a)	Installation costs thereof	20	0	0	0	0
9.b)	Goodwill thereof	21	-252	-118	-134	-252
10.	Tangible Fixed Assets	22	20 891	4 981	15 910	11 376
	land and facilities for operating activities	23	0	0	0	0
11.	Other assets	24	516 972	207	516 972	500 225
12.	Registered capital receivables	25	0	0	0	0
13.	Accrued expenses and revenues	26	2 783	0	2 783	1 343
	TOTAL ASSETS	27	18 618 392	57 033	18 561 359	13 551 267
1.	Obligations to banks and credit unions	28			259 897	381 383
1.a)	Payable on call	29			258 923	182 903
1.b)	Other obligations	30			974	198 480
2.	Obligations to clients	31			17 174 084	12 094 436
2.a)	Payable on call	32			15 614 449	10 430 057
2.b)	Other obligations	33			1 559 635	1 664 379
3.	Payables from debt related securities	34			0	0
3a)	issued debt related securities	35			0	0
3b)	other payables from debt related securities	36			0	0
4.	Other liabilities	37			333 768	350 169
5.	Accruals	38			0	0
6.	Reserves	39			17 157	5 546
6.a)	Pensions and similar obligations	40			0	0
6.b)	Taxes	41			14 154	2 668
6.c)	Other	42			3 003	2 878
7.	Subordinate obligations	43			50 000	40 000
8.	Registered capital	44			560 000	560 000
8.a)	paid registered capital	45			560 000	560 000
8.b)	own shares	46			0	0
8.c)	changes in registered capital	47			0	0
9.	Capital surplus	48			0	0
10.	Statutory reserves and other funds created from profit	49			7 454	6 614
11.a)	Mandatory reserves and risk funds	50			7 454	6 614
11.c)	other reserve funds	51			0	0
11.d)	other funds from profit	52			0	0
11.	Reserve fund for new valuation	53			0	0
12.	Capital funds	54			0	0
13.	Revaluation differences	55			0	0
13.a)	Revaluation differences – assets and liabilities	56			0	0
13.b)	Revaluation differences – security derivatives	57			0	0
13.c)	Revaluation differences – share revaluation	58			0	0
14.	Retained earnings from previous periods	59			95 558	79 605
15.	Profit (loss) for the accounting period	60			63 441	16 793
	TOTAL LIABILITIES	61				13 534 546

Profit and Loss Statement as at 31 December 2012				
in CZK				
Design.	Text	Line	Current	Previous
1.	Earnings from interest and similar earnings	PL1	536 190	430 345
	Interest from debt securities thereof	PL2	126 171	87 688
2.	Interest costs and similar costs	PL3	408 409	303 252
	Interest costs from securities with fixed earnings thereof	PL4	15 400	8 119
3.	Earnings from shares and share funds	PL5	36	36
3.a.	Earnings from shares with major influence	PL6	0	0
3.b.	Earnings from shares with decisive influence	PL7	0	0
3.c.	Earnings from other shares and share funds	PL8	36	36
4.	Earnings from fees and commissions	PL9	211 912	230 892
5.	Fees and commissions costs	PL10	51 626	42 628
6.	Net profit from financial operations	PL11	169 372	-44 205
7.	Other operating revenues	PL12	5 114	9 844
8.	Other operating costs	PL13	25 117	18 965
9.	Administration costs	PL14	321 773	248 882
9.a.	Personnel costs	PL15	27 305	23 387
9.a.1.	Social security and health insurance thereof	PL16	6 539	5 968
9.b.	Other administrative costs	PL17	294 468	225 495
10.	Reversal of accrued liabilities and adjustments to tangible and intangible	PL18	0	0
11.	Depreciation, creation and use of reserves and adjustments to tangible and	PL19	4 487	1 691
12.	Dissolution of reserves and adjusting entries to receivables and guarantees	PL20	0	0
13.	Write offs, creation and use of adjusting entries and reserves to receivables and guarantees	PL21	36 001	2 090
14.	Dissolution of adjusting entries – decisive or major influence shares	PL22	0	0
15.	Exchange losses – decisive or major influence shares	PL23	0	0
16.	Dissolution of other reserves	PL24	0	0
17.	Creation and use of other reserves	PL25	0	0
18.	Share in profit or loss – decisive or major influence shares	PL26	3 278	10 727
19.	Pre-tax profit from regular activities for the accounting period	PL27	78 489	20 131
20.	Extraordinary revenues	PL28	0	0
21.	Extraordinary costs	PL29	0	0
22.	Pre-tax profit from extraordinary activities for the accounting period	PL30	0	0
23.	Income tax	PL31	15 048	3 338
24.	After-tax profit for the accounting period	PL32	63 441	16 793

Off Balance Sheet items at 31 December 2012			
CZK thousands			
Design.	Text	current	previous
1.	Provided assurances and guaranties	4 194 893	4 036 212
2.	Provided liens	30 000	30 000
3.	Receivables from spot operations		
4.	Receivables from fixed term operations	94 157	74 489
5.	Receivables from options		
6.	Written off receivables		
7.	Values handed over for custody, administration, storage or as safe deposit		
8.	Values handed over for processing		
9.	Received assurances and guaranties		
10.	Received liens	6 892 122	4 903 987
11.	Payables from spot operations		
12.	Payables from fixed term operations	94 884	74 507
13.	Payables from options		
14.	Values accepted as custody, administration, storage or as safe deposit	18 335 013	12 793 443
15.	Values accepted for processing	62 050	65 735

OVERVIEW OF CHANGES IN EQUITY FOR 2012

(in thousands CZK)

	Registered capital	Reserve funds	Revaluation reserves	Retained earnings/ (loss) from previous	Profit / loss in the ratification process	Profit / loss for the accounting period	Total
Balance as of 1 st January 2011	560,000	4,501	8,614	39,449	42,268		654,832
Accounting method changes							
Corrections of major mistakes							
Exchange rate differences and revaluation reserves not included in the profit/loss			-8 614				
Net profit / loss for the accounting period						16,793	
Dividends							
Transfers to funds		2 113		40,156	- 42,268		
Use of funds							
Emission of securities							
Decrease of equity							
Own security repurchases							
Other changes							
Balance as of 31 st December 2011	560,000	6,614	0	79,605	0	16,793	663,012
Balance as of 1 st January 2012	560,000	6,614	0	79,605	16, 793	0	663,012
Accounting method changes							
Corrections of major mistakes							
Exchange rate differences and revaluation reserves not included in the profit/loss							
Net profit / loss for the accounting period						63,441	
Dividends							
Transfers to funds		840		15,953	-16 793		
Use of funds							
Emission of securities							

	Decrease of equity							
	Own security repurchases							
	Other changes							
	Balance as of 31 st December 2012	560,000	7,454	0	95,558	0	63,441	726,453

NOTES TO THE FINANCIAL STATEMENT 2012

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

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1. GENERAL INFORMATION

1.1. Formation and characteristics of the company

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

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

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

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

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

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

Within the extent of main investment services

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

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

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

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

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

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

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

and within the extent of additional investment services

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

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

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

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

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

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

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

Balance sheet day: 31st December 2012

Financial statement elaborated: 25st April 2013

Accounting period: calendar year

Currency used in Financial statement: Czech koruna (CZK)

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

Shareholder:	% share in registered capital
Fio holding, a.s.	100 %
Total	100 %

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

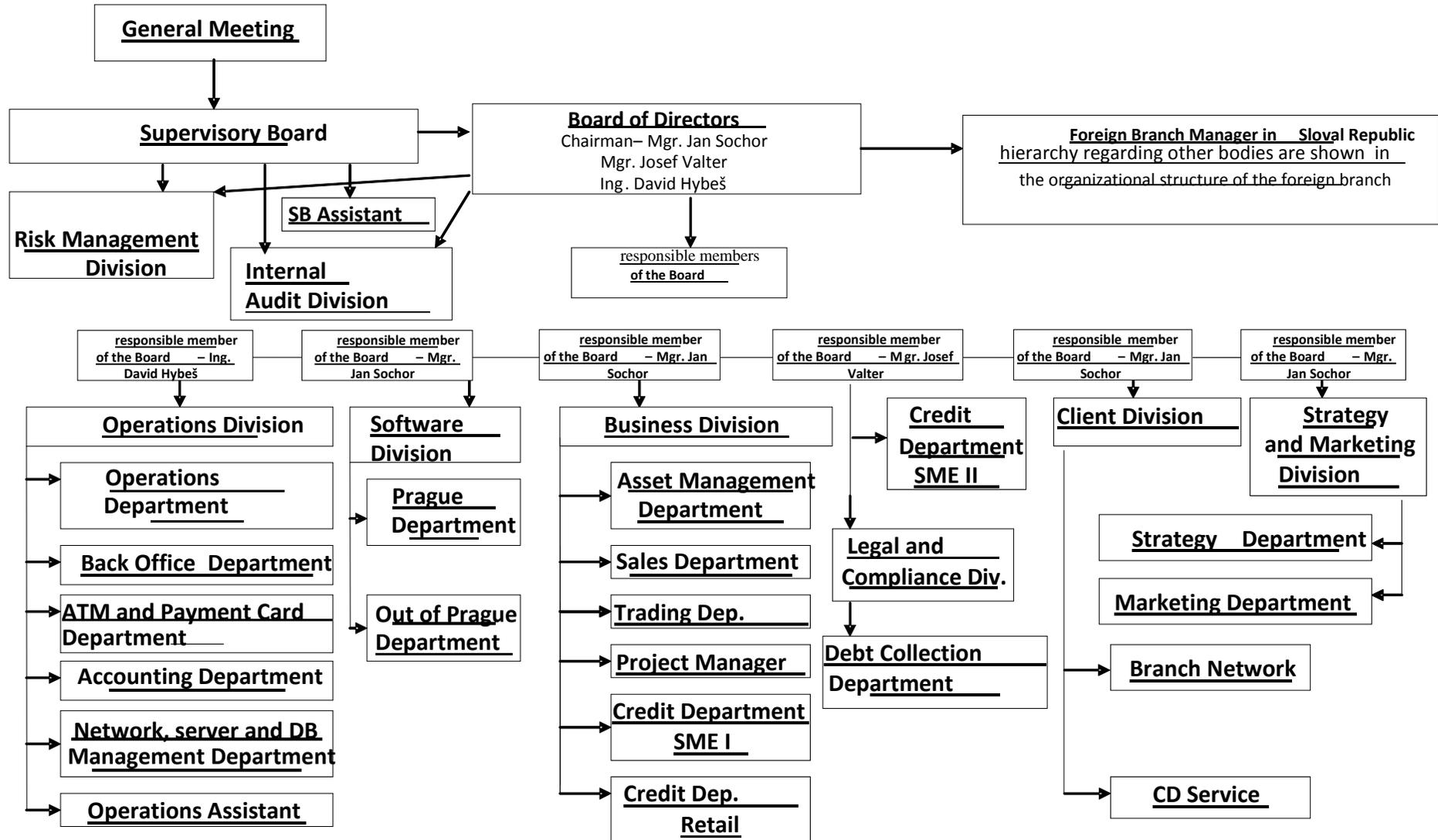
In 2012 there were no changes in the Trade Register record of Fio banka, a.s. managed by the City Court of Prague.

In 2012 there were the following changes in the Trade Register record of Fio banka, a.s., foreign bank branch, managed by the District Court of Bratislava I, Slovak Republic:

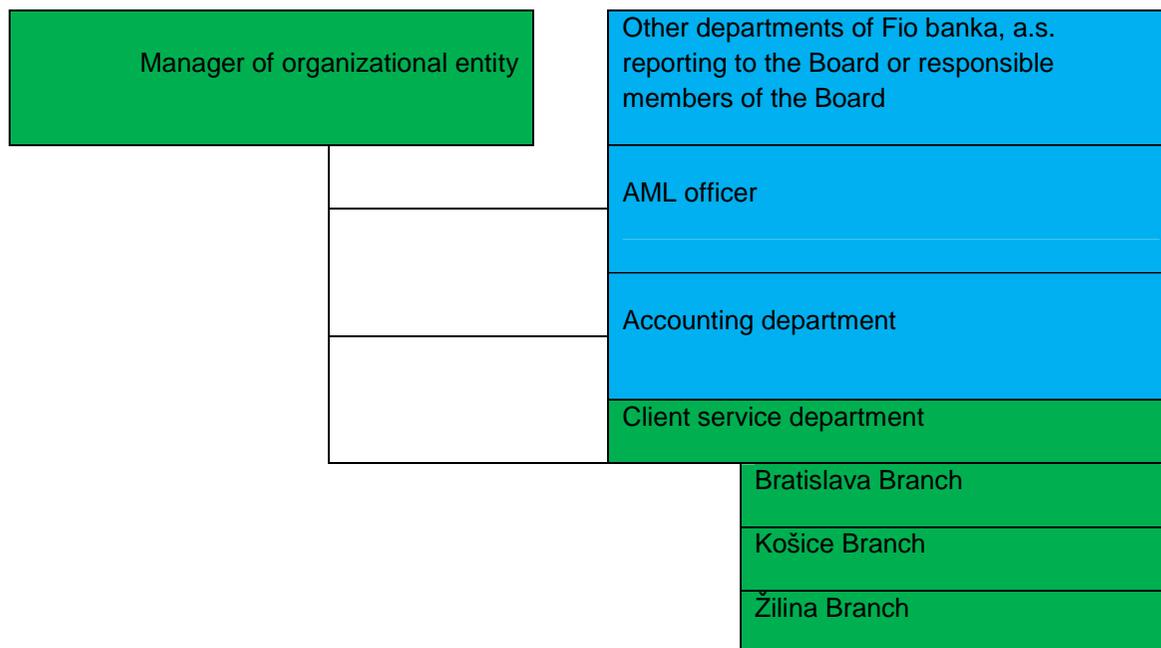
Since 24 April 2012 the organizational entity (foreign bank branch) has the following registered office in the Commercial Register: "Nám. SNP 21, Bratislava 811 01".

1.3. Company organisational structure

1.3.1. Fio banka, a.s.



1.3.2. Fio banka, a.s. foreign bank branch



Complementary information:

- Activities, which are performed centrally from the Czech Republic are marked in blue. Reporting to head of the organizational entity always concern just activities of the bank branch in Slovak Republic.

- Activities directly performed in Slovak Republic are marked in blue.

1.4. *Identification of the Group*

The company is part of Fio financial group.

1.5. *Board of Directors and Supervisory Board*

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

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

2. BASIS FOR DRAWING UP THE FINANCIAL STATEMENT

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

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

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

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

The financial statement was compiled as of 31st December 2012.

This financial statement is unconsolidated.

3. SIGNIFICANT ACCOUNTING METHODS

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

3.1. *The moment of the accounting transaction execution*

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

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

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

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

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

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

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

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

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

3.3. Securities transactions on behalf of clients

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

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

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

3.4. Shares with decisive and substantial influence

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

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

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

3.5. Bank and clients receivables

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

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

The depreciation of uncollectable receivables is included under the entry of "Depreciation, creation and use of adjustments and reserves to receivables and collateral". Revenues from earlier depreciated credits are included in the Profit/Loss Statement under the entry of "Amortisation of adjustments and reserves receivables and collateral, revenues from assigning receivables and revenues from earlier depreciated credits".

In 2012 the bank started to account for adjusting entries with respect to receivables from clients. The bank uses adjusting entry categories in accordance with the CNB Decree number 123/2007 Coll. as amended. In order to calculate the loss from receivables the bank uses special factors, e.g. the difference between the amount of debt, including accessories and the amount of guarantee for such receivable is multiplied by the factor specified by the above mentioned Decree. For each loss the bank created an adjusting entry in its books. The bank uses the same methods of calculating the loss both

for purposes of careful business and as well as for purposes of book keeping and final accounts preparation.

3.6. Creating reserves

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

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

3.7. Tangible and intangible assets

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

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

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

3.8. Conversion of amounts in foreign currencies to Czech crowns

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

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

3.9. Financial derivatives

The bank uses all financial derivatives as trading derivatives.

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

3.10. Taxes

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

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

3.11. Interest income and expenses

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

3.12. Use of estimates

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

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

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

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

4.1. Cash in hand and deposits with central banks

	(thousands CZK)	
	31 st Dec 2012	31 st Dec 2011
Cash in hand	81,571	47,745
Deposits with central banks	465,600	239,654
Credits granted – repo operations	900,007	1,500,162
Total cash in hand and deposits with central banks	1,447,178	1,787,561

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

As of 31st December 2012, the bank kept governmental treasury bills in the value of CZK 2,774,333 thousand (2011: CZK 1,093,407 thousand).

4.3. Receivables on behalf of banks and credit unions

	(thousands CZK)	
	31 st Dec 2012	31 st Dec 2011
Current accounts	1,373,965	634,663
Credits granted – repo operations	127,840	63,959
Total receivables on behalf of banks and credit unions	1, 501,805	698,622

4.4. Receivables on behalf of clients

In accordance with the maturity date

	(thousands CZK)	
	31 st Dec 2012	31 st Dec 2011
Short-term credits	5,423,265	4,640,808
Medium-term credits	860,755	433,398
Long-term credits	180,732	124,821
Total receivables on behalf of clients	6,464,752	5,199,027

In accordance with the territory

	(thousands CZK)	
	31 st Dec 2012	31 st Dec 2011
Czech Republic	6,087,590	5,077,477
Slovak Republic	374,484	115,868
Other countries	2,678	5,682
Total receivables on behalf of clients	6,464,752	3,541,889

In accordance with the type of clients

	(thousands CZK)	
	31 st Dec 2012	31 st Dec 2011
Individuals	1,188,292	1,116,063
Legal entities	5,276,460	4,082,964
Total receivables on behalf of clients	6,464,752	5,199,027

In accordance with classification

	31 st Dec 2012			31 st Dec 2011	
	gross	adjusting entry	net	net	
Standard	4,748,069	0	4,748,069	5,199,027	
Monitored	881,578	149	881,429	0	
Non-standard	870,200	35,638	834,562	0	
Doubtful	735	43	692	0	
In loss	0	0	0	0	
Total receivables on behalf of clients	6,500,582	35,830	6,464,752	5,199,027	

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

The receivables on behalf of clients are secured by real estates, personal estate, securities, receivables on behalf of a third person, governmental collateral etc. in a total amount of CZK 6,892,123 thousand (in 2011: CZK 4,903,987 thousand).

4.5. Debt securities

	(thousands CZK)	
	31 st Dec 2012	31 st Dec 2011
Governmental bonds in the trade portfolio	859,308	858,700
Non-governmental bonds in the trade portfolio	365,147	622,642
Governmental bonds kept until maturity	3,346,197	2,559,731
Non-governmental bonds kept until maturity	1,097,737	40,889
Total debt securities	5,668,389	4,081,962

4.6. Shares, share fund certificates and other shares

As of 31st December 2012, the company holds 100 shares of Burza cenných papírů Praha, a.s. with a nominal value of CZK 1,000 per share in a portfolio of realised securities with a book value of CZK 100,000 (31st December 2011: CZK 100,000).

4.7. Shares with decisive influence

2012

Company name	Registered address	Purchase price	Share in the registered capital in %	Right of vote in %	(thousands CZK)
					Appreciation as of 31 st Dec 2011
Fio o.c.p., a.s.	Kollárovo nám. 15, 811 06 Bratislava	59,257	100	100	49,593
RM-SYSTÉM, česká burza cenných papírů a.s.	Prague 1, Nové Město, V Celnici 1028/10, Postcode 117 21	31,705	100	100	32,430
Družstevní záložna PSD	Prague 1, V Celnici 1028/10, Postcode 117 21	58,744	73.4	73.4	81,717
Total		149,706			163,740

2011

(thousands CZK)

Company name	Registered address	Purchase price	Share in the registered capital in %	Right of vote in %	Appreciation as of 31 st Dec 2011
Fio o.c.p., a.s.	Kollárovo nám. 15, 811 06 Bratislava	59,257	100	100	52,164
RM-SYSTÉM, česká burza cenných papírů a.s.	Prague 1, Nové Město, V Celnici 1028/10, Postcode 117 21	31,705	100	100	32,478
Družstevní záložna PSD	Prague 1, V Celnici 1028/10, Postcode 117 21	58,744	73.4	73.4	75,820
Total		149,706			160,462

At the moment of purchase or acquisition of a share, the Company records it in books under the purchase price. At the date of annual final accounts the equity method is used to value the shares. The value of the shares is adjusted based on the corresponding value of the Company's share on the equity of the subsidiary or associated company. Revaluation difference is shown either as a profit or loss on the correspondent line of the Balance Sheet describing the value of shares with decisive influence.

4.8. Fixed assets

4.8.1. Intangible fixed assets

Purchase price

(thousands CZK)

	31 st Dec 2010	Acquisitions	Consumption	31 st Dec 2011	Acquisitions	Consumption	31 st Dec 2012
Software	16,481	153	0	16,634	840	0	17,474
Other IFA	800	0	0	800	3,597	0	4,397
Goodwill	-252	0	0	-252	0	0	-252
Total	17,029	0	0	17,182	4,437	0	21,619

Repairs

(thousands CZK)

	31 st Dec 2010	Acquisitions	Consumption	31 st Dec 2011	Acquisitions	Consumption	31 st Dec 2012
Software	13,045	768	0	13,813	970	0	14,783
Other IFA	800	0	0	800	550	0	1,350
Goodwill	-17	-50	0	-67	-51	0	-118
Total	13,828	718	0	14,546	1,469	0	16,015

Residual value

	(thousands CZK)	
	31st Dec 2011	31st Dec 2012
Software	2,821	2,691
Other IFA	0	3,047
Goodwill	-185	-134
Total	2,636	5,604

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

4.8.2. Tangible fixed assets

Purchase price

							(thousands CZK)
	31 st Dec 2010	Acquisitions	Consumption	31 st Dec 2011	Acquisitions	Consumption	31 st Dec 2012
Transport vehicles	797	0	0	797	0	0	797
Other TFA	2,241	8,338	0	10,579	9,515	0	20,094
Total	3,038	8,338	0	11,376	8,338	0	20,891

Repairs

							(thousands CZK)
	31 st Dec 2010	Acquisitions	Consumption	31 st Dec 2011	Acquisitions	Consumption	31 st Dec 2012
Transport vehicles	400	44	0	444	114	0	558
Other TFA	593	929	0	1,522	2,901	0	4,423
Total	993	973	0	1,966	3,015	0	4,981

Residual value

		(thousands CZK)	
	31 st Dec 2011	31 st Dec 2012	
Transport vehicles	353	239	
Other TFA	9,057	15,671	
Total	9,410	15,910	

In 2012, the company purchased tangible assets accounted directly to costs in the amount of CZK 6,661 thousand and CZK 1,876 thousand in 2011. These assets represent minor tangible assets, which are other movables and sets of movables with a useful life of greater than one year which are not reported as fixed assets; they are accounted directly to costs.

4.9. Other assets

			(thousands CZK)
	31 st Dec 2012	31 st Dec 2011	
Granted guarantees and deposits	348,508	339,443	
Securities market receivables	130,064	132,546	
Estimated accounts	896	5,836	
Guarantee funds	3,174	1,783	
Margin deposit for derivatives trading	9,338	3,513	
Positive real value of open derivatives (FX swap)	138	670	
Other	24,854	16,434	
Adjustments	-207	-209	
Other assets, total	516,765	500,016	

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

Granted long-term guarantees and deposits

			(thousands CZK)
	31 st Dec 2012	31 st Dec 2011	
RM-System, a.s., deposited principal for the period of trading on the RM-S	200,00	200,000	
BCPP a.s. bail - market maker guarantee	0	10,000	
Fio Leasing, a.s., deposited principal for the period of the lease	15,948	4,385	
RM-S FINANCE, s.r.o.	90,500	72,000	
MasterCard bail	24,772	25,922	
Others	17,288	27,136	
Long-term receivables, total	348,508	339,443	

4.10. *Accrued expenses and revenues*

Accrued expenses and revenues in the value of CZK 2,783 thousand (31st December 2010: CZK 1,343 thousand) are composed mainly of prepaid rent and subscriptions to press.

4.11. *Obligations to banks, credit unions*

	(thousands CZK)	
	31 st Dec 2012	31 st Dec 2011
Obligations collectable on call	258,923	182,903
Other	974	198,480
Total receivables on behalf of clients	259,897	381,383

4.12. *Obligations to clients*

	(thousands CZK)	
	31 st Dec 2012	31 st Dec 2011
Obligations collectable on call	15,614,449	10,430,057
Other	1,559,635	1,664,379
Total receivables on behalf of clients	17,174,084	12,094,436

4.13. *Other liabilities*

	(thousands CZK)	
	31 st Dec 2012	31 st Dec 2011
Real value of open derivatives (FX swap)	865	689
Outgoing payments	133,870	155,989
Obligations to security markets	21,938	42,729
Obligations to employees	1,825	1,628
Estimated liability entries	144,719	106,895
Obligations to the government budget	1,976	2,365
Domestic suppliers	884	1,995
International suppliers	3,448	912
Unidentified deposits	3,729	5,237
Other	20,514	31,730
Other liabilities, total	333,768	350,169

Due obligations in respect to social and health insurance

The total obligations in respect to social security insurance and contributions to the government's employment policy amounted to CZK 762,000 as of 31st December 2012 (CZK 693,000 as of 31st December 2011). The company does not have any overdue obligations in respect to social security insurance and contributions to the government's employment policy.

The total due obligations in respect to public health insurance amounted to CZK 325,000 as of 31st December 2012 (CZK 295,000 as of 31st December 2011). The company has no overdue obligations in respect to public health insurance.

4.14. *Reserves*

The reserve as of 31st December 2012 in the amount of CZK 17,157 thousand (31st December 2011: CZK 5,546 thousand) is made by the income tax reserve for 2012 (CZK 14,154 thousand), the reserve for possible loss from deposited amounts at financial instrument trader (CZK 1,651 thousand), the

reserve for yet untaken holiday (CZK 813 thousand) and the costs of legal proceedings (CZK 539 thousand).

4.15. Subordinate commitments

The company registers a subordinate commitment of CZK 50,000 as of 31 December 2012 (2011: CZK 40,000). This commitment yields the interest of 15% p. a. which is payable upon a notice with a five-year period of notice.

4.16. Own equity

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

As of 31st December 2012, CZK 560,000 thousand was paid.

The registered capital was paid in full as of 27th January 2010.

As of 31st December 2012 and 31st December 2011, the company had none of its own shares in its possession.

Allocation of profit (loss)

In a decision taken by the sole shareholder acting in the capacity of the Company's general meeting, the following allocation of profits for 2011 and 2010 was approved:

	(thousands CZK)	
	2012	2011
Retained earnings from previous periods at the beginning of the period	79,605	39,449
Economic result (profit/loss) for the previous accounting period	16,793	42,269
Allocation to reserves	-840	-2,113
Retained earnings from previous periods at the end of the period	95,558	79,605

4.17. Interest earnings and costs

	2012	2011
Interest from deposits provided to other banks	16,614	14,628
Interest from credits granted to clients	393,162	328,025
Interest from debt securities	126,171	87,688
Other interest	243	4
Earnings from interest and similar earnings	536,190	430,345
Interest from credits received from other banks	394	478
Interest from deposits received from clients	77,102	68,274
Other interest and interest related fees	309,431	220,348
Interest from debt securities	15,400	8,119
Interest from subordinate debt	6,082	6,033
Interest costs and similar costs	408,409	303,252
Net interest earnings	127,781	127,093

(thousands CZK)
(thousands CZK)

4.18. Fees and commissions

	(thousands CZK)	
	2012	2011
Fees from securities operations	107,731	149,004
Fees from other investment services	9,973	7,816
Fees from clients' accounts and credits	94,208	74,072
Earnings from fees and commissions, total	211,912	230,892
For making payments	20,340	5,945
For securities operations	31,286	36,683
For other services	0	0
Costs for fees and commissions, total	51,626	42,628
Net earnings from fees and commissions	160,286	188,264

4.19. Profit or loss from financial operations

	(thousands CZK)	
	2012	2011
Profit (loss) from securities	82,616	-108,425
Profit from exchange rate differences	90,885	64,496
Profit (loss) from currency derivatives	-4,129	-276
Net profit or loss from financial operations	169,372	-44,205

4.20. Other operating costs

Other operating costs in the value of CZK 25,117 thousand (2011: CZK 18,965 thousand) include particularly contributions towards the Securities Trader Guarantee Fund and Deposit Insurance Fund. The costs of the Securities Trader Guarantee Fund are CZK 1,750 thousand for 2012 (2011: CZK 3,133 thousand). The costs of the Fund and Deposit Insurance Fund are CZK 23,322 thousand for 2012 (2011: CZK 15,600).

4.21. Administration costs

	(thousands CZK)	
	2012	2011
Salaries and remuneration	20,258	16,980
Social security costs and health insurance	6,539	5,968
Other employee costs	508	439
Personnel costs and remuneration	27,305	23,387
Audits	1,172	1,084
Rent	33,008	32,772
Postage	1,914	1,494
Advertising	59,385	44,970
Sources of information	24,603	14,230
Outsourced services	88,467	70,100
Other purchased services	85,919	61,845
Other administrative costs	294,468	225,495
Administration costs, total	321,773	248,882

4.22. Taxation

Due income tax

The company's economic result for the accounting period ending 31st December 2012 was a pre-tax profit amounting to CZK 78,489 thousand (2011: profit CZK 20,131 thousand) .

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

	(thousands CZK)	
	2012	2011
Pre-tax profit/loss	78,489	20,131
Non tax-deductible costs	6,154	13,839
Earnings not subject to taxation	10,096	21,606
Donations	50	50
Tax base	74,497	14,042
Tax discounts	0	0
Modification of tax due from previous years	0	0
Due taxes, total	14,154	2,668
Change to status of deferred taxes	894	670
Total	15,048	3,338

Deferred tax

As stated in Art. 3.10. of the annex, as of the balance sheet date of 31st December 2012 the company registers a temporary difference in the tax and accounting residual value of fixed tangible assets and reserves for unused holiday time. As of 31st December 2012, the company registers a deferred tax receivable amounting to CZK 1,182 thousand (2011: CZK 288 thousand).

4.23. Off-balance sheet operations

The company has the following on off balance accounts:

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

4.24. An average number of employees and members of the supervisory board

	2012	2011
Employees	59	59
Members of the Board of Directors thereof	3	3
Members of the Supervisory Board	3	3

5. RELATIONS WITH ALLIED ENTITIES

Relations with allied entitled within the Fio group.

31.12.2012

	(thousands CZK)				
	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio družstevní záložna	Družstevní záložna PSD	RM-S FINANCE, s.r.o.	Fio o.c.p., a.s.
Receivables on behalf of banks and credit unions	0	0	54,256	0	0
Other assets	1,258	0	298	90,500	103,122
TOTAL ASSETS	1,258	0	54,554	90,500	103,122
Obligations to banks and credit unions	0	527	52,466	0	0
Other liabilities	63,645	0	8	4,725	128,992
TOTAL LIABILITIES	63,645	527	52,773	4,725	128,992

31.12.2011

	(thousands CZK)				
	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio družstevní záložna	Družstevní záložna PSD	RM-S FINANCE, s.r.o.	Fio o.c.p., a.s.
Receivables on behalf of banks and credit unions	0	0	53,985	0	0
Other assets	0	0		0	144,401
TOTAL ASSETS	0	0	53,985	0	144,401
Obligations to banks and credit unions	0	0	88,825	0	0
Other liabilities	60,005	0	0	9,086	164,729
TOTAL LIABILITIES	60,005	0	88,825	9,086	164,729

1.1. - 31.12.2012

	(thousands CZK)				
	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio družstevní záložna	Družstevní záložna PSD	RM-S FINANCE, s.r.o.	Fio o.c.p., a.s.
Interest earnings	0	0	271	0	3,569
Interest costs	188	0	51	4	18
Fee and commission earnings	15	0	2	3	-307
Fee and commission costs	12,129	0	0	0	0
Profit/loss from financial operations	0	0	0	0	-3,161
Other operating revenues	1,258		298		0
Administration costs	2,268	0		90,059	1,245
TOTAL	15,858	0	622	90,066	1,364

1.1. - 31.12.2011

	(thousands CZK)				
	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio družstevní záložna	Družstevní záložna PSD	RM-S FINANCE, s.r.o.	Fio o.c.p., a.s.
Interest earnings	0	0	269	0	3,860
Interest costs	206	19	49	6	7
Fee and commission earnings	19	1	31	5	88
Fee and commission costs	15,803	0	0	0	0
Profit/loss from financial operations	0	0	0	0	-1,781
Administration costs	2,573	0		73,494	221
TOTAL	-18,563	-18	251	-73,495	1,939

6. FINANCIAL INSTRUMENTS

6.1. Bank risk management

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

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

6.2. Market risks

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

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

6.2.1. Liquidity risk

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

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

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

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

6.2.2. Currency risk

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

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

Collateral currency operations are used to meet the determined standards.

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

6.2.3. Interest risk

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

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

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

6.2.4. The bank's trading on its own account

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

6.2.5. Credit risk

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

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

Typical procedures for risk reduction:

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

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

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

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

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

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

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

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

6.3. Operating risks

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

Basic procedures to reduce risk

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

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

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

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

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

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

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

7. RESIDUAL MATURITY OF ASSETS AND LIABILITIES

31. 12. 2012

(thousand s CZK)

	On call within 7 days	Within 3 months	Between 3 months to 1 year	Between 1 year to 5 years	Over 5 years	Unspecified	Total
Cash, deposits in central banks	1,447,178	0	0	0	0	0	1,447,178
Governmental non-coupon bonds	0	499,388	2,274,945	0	0	0	2,774,333
Bank and savings bank receivables	1,373,965	2,390	98,694	26,756	0	0	1,501,805
Client receivables	580,956	1,040,767	3,801,542	860,755	180,732	0	6,464,752
Debt securities	0	39,254	960,913	2,846,476	1,821,746	0	5,668,389
Shares, share fund certificates and other shares	0	0	0	0	0	100	100
Shares with decisive influence	0	0	0	0	0	163,740	163,740
Tangible and intangible fixed assets	0	0	0	0	0	21,514	21,514
Other assets	356,270	103,561	21,822	0	0	35,112	516,765
Registered capital receivables	0	0	0	0	0	0	0
Accrued costs and income	0	0	2,783	0	0	0	2,783
TOTAL ASSETS	3,758,369	1,685,360	7,160,699	3,733,987	2,002,478	220,466	18,561,359
Bank and savings bank receivables	259,012	885	0	0	0	0	259,897
Client receivables	16,087,248	703,248	320,460	63,128	0	0	17,174,084
Other liabilities	166,995	153,766	1,182	0	0	11,825	333,768
Reserves	0	0	14,154	0	0	3,003	17,157
Subordinated obligations	0	0	0	0	50,000	0	50,000
Equity	0	0	0	0	0	726,453	726,453
TOTAL LIABILITIES	16,513,255	857,899	335,796	63,128	50,000	741,281	18,561,359
Net liquid risk	-12,754,886	827,461	6,824,903	3,670,859	1,952,478	- 520,002	0
Cumulative liquid risk	-12,754,886	-11,927,425	- 5,102,522	- 1,431,663	520,815	0	0

31. 12. 2011

(thousand s CZK)

	On call within 7 days	Within 3 months	Between 3 months to 1 year	Between 1 year to 5 years	Over 5 years	Unspecifie d	Total
Cash, deposits in central banks	1,787,561	0	0	0	0	0	1,787,561
Governmental non-coupon bonds	0	399,721	693,686	0	0	0	1,093,407
Bank and savings bank receivables	634,663	13,369	44,534	6,056	0	0	698,622
Client receivables	3,665	2,012,236	3,014,737	92,919	75,470	0	5,199,027
Debt securities	0	70,196	262,322	1,972,239	1,777,205	0	4,081,962
Shares, share fund certificates and other shares	0	0	0	0	0	100	100
Shares with decisive influence	0	0	0	0	0	160,462	160,462
Tangible and intangible fixed assets	0	0	0	0	0	12,046	12,046
Other assets	347,098	79,285	26,239	0	0	47,394	500,016
Registered capital receivables	0	0	0	0	0	0	0
Accrued costs and income	0	0	1,343	0	0	0	1,343
TOTAL ASSETS	2,772,987	2,574,807	4,042,861	2,071,214	1,852,675	220,002	13,534,546
Bank and savings bank receivables	380,048	1,335	0	0	0	0	381,383
Client receivables	10,430,057	1,290,986	274,808	98,585	0	0	12,094,436
Other liabilities	234,466	3,216	288	0	0	112,199	350,169
Reserves	0	0	3,280	0	0	2,266	5,546
Subordinated obligations	0	0	0	0	40,000	0	40,000
Equity	0	0	0	0	0	663,012	663,012
TOTAL LIABILITIES	11,044,571	1,295,537	278,376	98,585	40,000	777,477	13,534,546
Net liquid risk	- 8,271,584	1,279,270	3,764,485	1,972,629	1,812,675	- 557,475	0
Cumulative liquid risk	- 8,271,584	- 6,992,314	- 3,227,829	- 1,255,200	557,475	0	0

8. ASSETS AND LIABILITIES CLASSIFIED BY CURRENCIES

31. 12. 2012

	(thousands CZK)				
	CZK	EUR	USD	Other	Total
Cash, deposits in central banks	1,266,920	176,768	3,476	14	1,447,178
Governmental non-coupon bonds	2,774,333	0	0	0	2,774,333
Bank and savings bank receivables	979,564	361,108	143,921	17,212	1,501,805
Client receivables	5,726,610	611,041	126,951	150	6,464,752
Debt securities	4,945,594	525,618	197,177	0	5,668,389
Shares, share fund certificates and other shares	100	0	0	0	100
Shares with decisive influence	114,147	49,593	0	0	163,740
Tangible and intangible fixed assets	21,514	0	0	0	21,514
Other assets	343,184	9,174	163,899	508	516,765
Registered capital receivables	0	0	0	0	0
Accrued costs and income	2,604	179	0	0	2,783
TOTAL ASSETS	16,174,570	1,733,481	635,424	17,884	18,561,359
Bank and savings bank receivables	238,283	16,522	5,092	0	259,897
Client receivables	14,859,997	1,624,866	668,393	20,828	17,174,084
Other liabilities	294,210	23,025	14,774	1,759	333,768
Reserves	15,506	0	1,651	0	17,157
Subordinated obligations	50,000	0	0	0	50,000
Equity	726,453	0	0	0	726,453
TOTAL LIABILITIES	16,184,449	1,664,413	689,910	22,587	18,561,359
Net liquid risk	-9,879	69,068	- 54,486	- 4,703	0
Cumulative liquid risk	-9,879	59,189	4,703	0	0

31. 12. 2011

	(thousands CZK)				
	CZK	EUR	USD	Other	Total
Cash, deposits in central banks	1,757,993	27,689	1,870	9	1,787,561
Governmental non-coupon bonds	1,093,407	0	0	0	1,093,407
Bank and savings bank receivables	376,701	288,710	23,397	9,814	698,622
Client receivables	4,844,296	235,848	118,737	146	5,199,027
Debt securities	3,385,030	452,085	244,847	0	4,081,962
Shares, share fund certificates and other shares	100	0	0	0	100
Shares with decisive influence	108,298	52,164	0	0	160,462
Tangible and intangible fixed assets	12,046	0	0	0	12,046
Other assets	327,668	5,215	162,375	4,758	500,016
Registered capital receivables	0	0	0	0	0
Accrued costs and income	1,343	0	0	0	1,343
TOTAL ASSETS	11,906,882	1,061,711	551,226	14,727	13,534,546
Bank and savings bank receivables	379,790	1,300	293	0	381,383
Client receivables	10,579,121	935,126	563,820	16,369	12,094,436
Other liabilities	297,452	36,884	13,594	2,239	350,169
Reserves	3,818	0	1,728	0	5,546
Subordinated obligations	40,000	0	0	0	40,000
Equity	663,012	0	0	0	663,012
TOTAL LIABILITIES	11,963,193	973,310	579,435	18,608	13,534,546
Net liquid risk	-56,311	88,401	- 28,209	- 3,881	0
Cumulative liquid risk	-56,311	32,090	3,881	0	0

9. INTEREST RATE ANALYSIS

31. 12. 2012

(thousands CZK)

	Within 3 months	Between 3 months to 1 year	Between 1 year to 5 years	Over 5 years	Unspecified	Total
Cash, deposits in central banks	1,365,607	0	0	0	81,571	1,447,178
Governmental non-coupon bonds	499,388	2,274,945	0	0	0	2,774,333
Bank and savings bank receivables	1,376,355	98,694	26,756	0	0	1,501,805
Client receivables	1,603,245	4,775,730	86,077	0	0	6,464,752
Debt securities	1,047,981	4,311,634	207,766	101,008	0	5,668,389
Shares, share fund certificates and other shares	0	0	0	0	100	100
Shares with decisive influence	0	0	0	0	163,740	163,740
Tangible and intangible fixed assets	0	0	0	0	21,514	21,514
Other assets	459,831	21,822	0	0	35,112	516,765
Registered capital receivables	0	0	0	0	0	0
Accrued costs and income	0	0	0	0	2,783	2,783
TOTAL ASSETS	6,352,407	11,483,525	320,599	101,008	304,820	18,561,359
Bank and savings bank receivables	259,897	0	0	0	0	259,897
Client receivables	16,790,496	320,460	63,128	0	0	17,174,084
Other liabilities	320,761	1,182	0	0	11,825	333,768
Reserves	0	14,967	0	0	2,190	17,157
Subordinated obligations	0	0	0	50,000	0	50,000
Equity	0	0	0	0	726,453	726,453
TOTAL LIABILITIES	17,371,154	336,609	63,128	50,000	740,468	18,561,359
Net liquid risk	- 11,018,747	11,145,916	257,471	51,008	-435,648	0
Cumulative liquid risk	- 11,018,747	127,169	384,640	435,648	0	0

31. 12. 2011

(thousands CZK)

	Within 3 months	Between 3 months to 1 year	Between 1 year to 5 years	Over 5 years	Unspecified	Total
Cash, deposits in central banks	1,500,163	0	0	0	287,398	1,787,561
Governmental non-coupon bonds	399,721	693,686	0	0	0	1,093,407
Bank and savings bank receivables	648,032	44,534	6,056	0	0	698,622
Client receivables	2,015,901	3,180,340	2,786	0	0	5,199,027
Debt securities	431,726	3,363,724	286,512	0	0	4,081,962
Shares, share fund certificates and other shares	0	0	0	0	100	100
Shares with decisive influence	0	0	0	0	160,462	160,462
Tangible and intangible fixed assets	0	0	0	0	12,046	12,046
Other assets	426,383	26,239	0	0	47,394	500,016
Registered capital receivables	0	0	0	0	0	0
Accrued costs and income	0	0	0	0	1,343	1,343
TOTAL ASSETS	5,421,926	7,308,523	295,354	0	508,743	13,534,546
Bank and savings bank receivables	381,383	0	0	0	0	381,383
Client receivables	11,721,043	274,808	98,585	0	0	12,094,436
Other liabilities	237,682	288	0	0	112,199	350,169
Reserves	0	0	0	0	5,546	5,546
Subordinated obligations	0	0	0	0	40,000	40,000
Equity	0	0	0	0	663,012	663,012
TOTAL LIABILITIES	12,340,108	275,096	98,585	0	820,757	13,534,546
Net liquid risk	- 6,918,182	7,033,427	196,769	0	-312,014	0
Cumulative liquid risk	- 6,918,182	115,245	312,014	312,014	0	0

10. MATERIAL EVENTS AFTER THE DATE OF FINANCIAL STATEMENT

No further events occurred, which may have an impact on the final accounts of the bank.

IV. Report on relations between affiliated entities

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

For the whole 2011, the company Fio banka, a.s. (Fio, burzovní společnost, a.s.) has had a sole shareholder, the commercial company Fio holding, a.s., Company Registration Number: 60192763, registered office Prague 1, V Celnici 1028/10, Postcode 117 21.

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

Due to the above stated, Fio banka, a.s. belonged to a group with the following companies as at 31st December 2012:

- AASRK, a.s., Company Registration Number: 282 05 367, Prague 1, V Celnici 1028/10, Postcode 117 21
- AFUS, spol. s r.o., Company Registration Number: 27407748, Senovážné náměstí 977/24, Postcode: 116 47, Czech Republic
- AGROPRODUKT - odbytové družstvo (sales association), Company Registration Number: 43903797, Madunice, Kostolanská 2/450, Postcode 922 42, Slovakia
- AKAM, s.r.o., Company Registration Number: 360 37 419, Madunice, Kostolanská 2/450, Postcode 922 42, Slovakia
- APMAS, a.s., Company Registration Number: 282 06 436, Prague 1, V Celnici 1028/10, Postcode 117 21
- ATLANTA SAFE, spol. s r.o. (winding up), Company Registration Number: 148 90 658, Prague 2, Vocelova 3, Postcode 120 00
- AYA, s.r.o., Company Registration Number: 357 64 716, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- BASRK, a.s., Company Registration Number: 282 04 107, Prague 1, V Celnici 1028/10, Postcode 117 21
- BIOAGRO s.r.o., Company Registration Number: 362 93 318, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- BIOOVO s.r.o., Company Registration Number: 360 15 113, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- BPMAS, a.s., Company Registration Number: 282 12 703, Prague 1, V Celnici 1028/10, Postcode 117 21
- CASRK, a.s., Company Registration Number: 282 07 483, Prague 1, V Celnici 1028/10, Postcode 117 21
- CFT, a.s., company registration number: 61859079, Prague 1, V Celnici 1028/10, Postcode 117 21
- CPMAS, a.s., Company Registration Number: 282 11 138, Prague 1, V Celnici 1028/10, Postcode 117 21
- CZUS spol. s r.o., Company Registration Number: 283 93 091, Prague 1, V Celnici 1028/10, Postcode 117 21
- Čtyřka, spol. s r.o., Company Registration Number: 44268866, Krynická 504, Prague 9, Postcode 182 00
- DASRK, a.s., Company Registration Number: 282 12 711, Prague 1, V Celnici 1028/10, Postcode 117 21
- Družstevní záložna Kredit, Company Registration Number: 64946649, V Celnici 1028/10, Postcode 117 21
- Družstevní záložna PSD, Company Registration Number: 64946835, Prague 1, V Celnici 1028/10, Postcode 117 21
- DZ KREDIT a.s., Company Registration Number: 256 23 184, Prague 1, V Celnici 1028/10, Postcode 117 21
- DZUS spol. s r.o., Company Registration Number: 283 92 132, Prague 1, V Celnici 1028/10, Postcode 117 21
- EASRK, a.s., Company Registration Number: 282 06 576, Prague 1, V Celnici 1028/10, Postcode 117 21

- ELLIAD a.s., Company Registration Number: 256 23 192, Prague 1, V Celnici 1028/10, Postcode 117 21
- EPMAS, a.s., Company Registration Number: 282 06 517, Prague 1, V Celnici 1028/10, Postcode 117 21
- EZUS spol. s r.o., Company Registration Number: 241 67 622, Prague 1, V Celnici 1028/10, Postcode 117 21
- Finanční skupina Fio, a.s., Company Registration Number: 26761858, Prague 1, V Celnici 1028/10, Postcode 117 21
- Fio družstevní záložna (winding up), Company Registration Number: 64946843, Prague 1, V Celnici 1028/10, Postcode 117 21
- Fio holding, a.s., Company Registration Number: 60192763, Prague 1, V Celnici 1028/10, Postcode 117 21
- Fio o.c.p., a.s., Company Registration Number: 35960990, Kollárovo nám. 15, Bratislava 811 06, Slovakia
- Fio Polska spółka z o.o, Company Registration Number: 140192608, Szpitalna 1/17, 00-020 Warsaw, Poland
- Fio Slovakia, a.s., Company Registration Number: 35828137, Kollárovo nám. 15, Bratislava 811 06
- Fio záruční, a.s., Company Registration Number: 27650928, Prague 1, V Celnici 1028/10, Postcode 117 21
- FPMAS, a.s., Company Registration Number: 282 11 502, Prague 1, V Celnici 1028/10, Postcode 117 21
- FPSROG, spol. s r.o., Company Registration Number: 25718843, Prague 1, V Celnici 1028/10, Postcode 117 21
- FPSROH, spol. s r.o., Company Registration Number: 25738755, Prague 1, V Celnici 1028/10, Postcode 117 21
- GENT CZ spol. s r.o., Company Registration Number: 48593753, V Celnici 1028/10 Postcode 117 21
- KOFIMA, s. r.o., Company Registration Number: 25269241, Prague 9, Kolmá 5/597, Postcode 190 00
- KOPTRANS, spol. s r. o., Company Registration Number:: 465 77 335, Prague 9, Kolmá 5/597, Postcode 190 00
- Midleton a.s., company registration number: 35942177, Kollárovo nám. 15, Bratislava 811 06, Slovakia
- Místní jednotka, spol. s r.o., Company Registration Number: 27589587, Prague 1, V Celnici 1028/10, Postcode 117 21
- NOBLIGE a.s., Company Registration Number: 26145090, Prague 1, V Celnici 1028/10, Postcode 117 21
- Odbytové družstvo ovoce Český ráj, Company Registration Number: 276 51 347, Prague 9, Vysočany, Kolmá 5/597, Postcode 190 00
- OVOAGRI s.r.o., Company Registration Number: 364 63 388, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- OVOFARM s.r.o., Company Registration Number: 360 15 067, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- RM-S FINANCE, s.r.o., Company Registration Number: 62915240, Prague 1, V Celnici 1028/10, Postcode 117 21
- RM-SYSTÉM, česká burza cenných papírů a.s., Company Registration Number: 47116404, Prague 1, V Celnici 1028/10, Postcode 117021
- Sady Sobotka s.r.o., Company Registration Number: 275 96 567, Prague 9, Vysočany, Kolmá 597/5, Postcode 190 00, Czech Republic
- T.O.R.S. s.r.o., Company Registration Number: 49682024, Prague 1, V Celnici 1028/10, Postcode 117 21
- VARIEL, a.s., Company Registration Number: 451 48 287, Zruč nad Sázavou, Průmyslová 1034, Postcode 285 22
- VVISS a.s., Company Registration Number: 485 85 131, Prague 9, Kolmá 5/597, Postcode 190 00
- VVISS delta, s.r.o., Company Registration Number: 36 015 105, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- VVISS Lipence, s.r.o. (winding up), Company Registration Number: 645 81 314, Prague 9, Kolmá 5/597, Postcode 190 00

- VVISS Plzeň, s.r.o., Company Registration Number: 645 81 331, Prague 9, Kolmá 5/597, Postcode 190 00
- VVISS POLAND spółka z o.o, Cisownica 72, Goina, Goleszów
- VVISS, spol. s r.o., Company Registration Number: 30 229 529, Kostolanská 2/540, Madunice, Postcode 922 42, Slovakia
- VVISS Terezín, s.r.o. (winding up), Company Registration Number: 251 25 931, Prague 9, Kolmá 5/597, Postcode 190 00

Overview of contracts entered into between Fio, banka, a. s. and other companies affiliated with it in 2012 or entered into in previous years and which were still in effect in 2012:

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

- a) Contract of a special client
- b) Contract regulating conditions for operations of a market maker
- c) Contract for representation of RM-SYSTÉM, česká burza cenných papírů a.s. upon registration of clients
- d) Contract for special validation method
- e) Reinsurance contract
- f) Contract on mutual cooperation upon verification of technical and software solution of services
- g) Contract for use of current account for securities trading in RM-SYSTEM, česká burza cenných papírů a.s.
- h) Sublease agreement
- i) Contract on defining rights and obligations resulting from the membership in VAT group registration
- j) Contract for current account number 1
- k) Contract for current account number 2
- l) Contract for current account number 3
- m) Contract for current account number 4
- n) Contract for EUR account
- o) Contract for USD account
- p) Contract for access to the market of Česká burza (Czech Securities Market)
- q) Transaction reporting contract
- r) Contract for use of CSOB account for clearance of securities trading on the market of Česká burza (Czech Securities Market)
- s) Internal Audit Performance Contract

- **Družstevní záložna PSD:**

- a) Account Administration Agreement
- b) Cooperation Agreement
- c) Contract on defining rights and obligations resulting from the membership in VAT group registration

- **RMS-FINANCE s.r.o.**

- a) Agency Agreement
- b) Contract on defining rights and obligations resulting from the membership in VAT group registration
- c) Contract for administration and development of information system and other information and communication equipment

- **Fio o.c.p., a.s.**

- a) Remuneration Agreement
- b) Currency SWAP Agreement
- c) Contract for current account
- d) Internal Audit Performance Contract

- **Fio holding, a.s.**

- a) Share Subscription Agreement

- **VVISS, a.s.**

- a) Contract on defining rights and obligations resulting from the membership in VAT group registration.

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

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

Prague, 26th April 2013

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

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

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

V. Annex to the Annual Report

Information regarding capital, credit requirements and ratio indicators

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

Information about capital on an individual basis as of 31st December 2012

(in thousands CZK)

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

Capital (Σ)	1	697,669
Original capital (Tier 1) (Σ)	2	657,669
Paid registered capital registered in the Commercial Register	3	560,000
Own shares	4	0
Issue premium	5	0
Reserve funds and retained earnings (Σ)	6	103012
Mandatory reserve funds	7	7,454
Other funds from distributed earnings	8	0
Retained earnings from previous periods	9	95,558
After-tax profit for the accounting period	10	0
Uncompensated loss from previous periods	11	0
Final exchange rate differences from consolidation	12	0
Profit for the regular accounting period	13	0
Loss for the regular accounting period	14	0
Net profit from capitalisation of future income from securitization	15	0
Profit/loss from revaluating obligations in real value in respect to credit risk	16	0
Other exemptions from the original capital (Σ)	17	-5,343
Goodwill	18	134
Intangible assets other than goodwill	19	-5,477
Negative revaluation reserve from changes in the real value of implemented capital instruments	20	0
Participatory notes issued by an entity with qualified share in the bank	21	0
Total hybrid items (Σ)	22	0
Hybrid items included in initial equity	23	0
Hybrid items included in initial equity (up to 35%)	24	0
Hybrid items included in initial equity (up to 15%)	25	0
Additional capital (Tier 2) (Σ)	26	40,000
Main additional capital (Σ)	27	0
Surplus in covering expected loan losses at IRB	28	0
Hybrid item limit exceeding	29	0
Auxiliary additional capital (Σ)	30	40,000
Subordinated debt A	31	40,000
Positive revaluation reserve from changes in the real value of shares and share fund certificates	32	0
Exemptions from the original and additional capital (Tier1+Tier2) (Σ)	33	0
Capital investments over 10% into banks and other financial institutions	34	0
Capital investments over 10% into insurance companies	35	0
Capital investments up to 10% into institutions and financial institutions	36	0
Major prudential regulation during market revaluation or revaluation by a model	37	0
Securitization exposure with a risk weight of 1250%	38	0

**Information about capital requirements on an individual basis as of 31st December 2012
(in thousands CZK)**

Capital requirements, total (Σ)	1	536,428
Capital requirements for credit risk, total (Σ)	2	481,736
Capital requirements for credit risk during STA, total (Σ)	3	481,736
Capital requirements for credit risk to exposures during STA, total (Σ)	4	481,736
Capital requirement to exposures against central governments and banks during STA	5	0
Capital requirement to exposures against regional governments and local authorities during STA	6	0
Capital requirement to exposures against public sector authorities and others during STA	7	0
Capital requirement to exposures against international development banks during STA	8	0
Capital requirement to exposures against international organizations during STA	9	0
Capital requirement to exposures against institutions during STA	10	48,981
Capital requirement to business exposures during STA	11	414,008
Capital requirement to retail exposures during STA	12	898
Capital requirement to exposures secured by real estate during STA	13	3,731
Capital requirement to exposures in arrears during STA	14	0
Capital requirement to regulatory high risk exposures during STA	15	0
Capital requirement to exposures in covered bonds during STA	16	0
Capital requirement to exposures against institutions and business exposures during STA	17	0
Capital requirement to exposures against collective investment funds during STA	18	0
Capital requirement to other exposures during STA	19	14,118
Capital requirements for credit risk at IRB to exposures during STA, total (Σ)	20	0
Capital requirement at IRB to exposures against central governments and banks during STA	21	0
Capital requirement at IRB to exposures against institutions during STA	22	0
Capital requirement at IRB to business exposures during STA	23	0
Capital requirement at IRB to retail exposures during STA	24	0
Capital requirement at IRB to share exposures during STA	25	0
Capital requirement at IRB to other exposures during STA	26	0
Capital requirement during STA to credit risk to securitized exposures	27	0
Capital requirements for credit risk during IRB, total (Σ)	28	0
Capital requirements for credit risk during IRB to selected exposures, total (Σ)	29	0
Capital requirement during IRB to exposures against central governments and banks	30	0
Capital requirement during IRB to exposures against institutions	31	0
Capital requirement during IRB to business exposures	32	0
Capital requirement during IRB to retail exposures	33	0
Capital requirement to credit risk during IRB to stock exposures	34	0
Capital requirement to credit risk during IRB to securitized exposures	35	0
Capital requirement to credit risk during IRB to other exposures	36	0
Capital requirement to settlement risk	37	0
Capital requirement to rank, currency and commodity risk, total (Σ)	38	24,162
Capital requirements for market risk during standardized approach (STA), total (Σ)	39	24,162
Capital requirement to interest rate risk during STA	40	22,512
Capital requirement to share risk during STA	41	0
Capital requirements to currency risk during STA	42	1,650
Capital requirement to commodity risk during STA	43	0
Capital requirement to market risk using own model-based approach	44	0
Capital requirement to operational risk, total (Σ)	45	30,530
Capital requirement to operational risk during BIA	46	30,530
Capital requirement to operational risk during TSA	47	0
Capital requirement to operational risk during ASA	48	0
Capital requirement to operational risk during AMA	49	0
Capital requirement to risk of business portfolio involvement	50	0
Capital requirement to other business portfolio instruments	51	0
Temporary capital requirement - evening up to Basel 1	52	0

Ratio indicators

	31 st December 2012
Capital adequacy	10.40 %
Return on average assets (ROAA)	0.39 %
Return on average equity (ROAE)	8.52 %
Assets per employee in CZK	314,599
Administrative costs per employee in CZK	5,453
After-tax profit or loss per employee in CZK	1,075