



**Raiffeisen**  
**BANK**

*Client inspired banking*

# ANNUAL REPORT 2020

# Annual Report 2020



*Client inspired banking*

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# Survey of Key Data

Unconsolidated data according to IFRS

in MCZK	2020	2019	2018	2017	2016
<b>Income Statement</b>					
Net interest income	7,239	8,539	7,290	6,184	6,286
Net commission income	2,920	3,095	3,234	3,290	2,988
Net profit on financial operations	(190)	(198)	42	893	767
Operating expenses *	(6,277)	(6,662)	(5,819)	(6,041)	(6,113)
Profit before tax	2,563	4,915	4,176	3,925	3,287
Profit after tax	2,140	4,188	3,365	2,825	2,604
Earnings per share/ Diluted earning per share (in CZK)	1,697	3,595	2,882	2,393	2,221
<b>Balance Sheet</b>					
Loans and advances to banks	99,684	87,043	99,358	103,583	5,664
Loans and advances to customers	249,083	246,644	234,092	214,944	207,686
Deposits from banks	12,194	21,900	32,136	27,380	29,489
Deposits from customers	334,673	290,691	271,119	252,076	227,463
Equity	35,351	32,703	28,782	27,187	25,083
Balance-sheet total	411,056	370,715	362,564	337,874	318,278
<b>Regulatory information</b>					
Risk-weighted assets (credit risk)	141,513	145,796	139,428	111,400	108,319
Total own funds requirement	12,935	13,148	12,727	10,435	10,111
Total regulatory capital	36,800	30,774	26,909	23,074	22,146
Tier 1 ratio - Basel III	19.6 %	16.5 %	14.9 %	16.1 %	15.4 %
Capital adequacy ratio	22.8 %	18.7 %	16.9 %	17.7 %	17.5 %
<b>Performance</b>					
Return on average equity (ROAE) before tax	7.6 %	16.1 %	15.2 %	15.9 %	14.2 %
Return on average equity (ROAE) after tax	6.3 %	13.7 %	12.3 %	11.4 %	11.2 %
Cost/income ratio	60.4 %	56.0 %	53.9 %	58.1 %	59.4 %
Return on average assets (ROAA) before tax	0.6 %	1.3 %	1.2 %	1.1 %	1.1 %
Return on average assets (ROAA) after tax	0.5 %	1.1 %	1.0 %	0.8 %	0.9 %
Net provisioning ratio	0.4 %	0.1 %	0.2 %	0.1 %	0.3 %
Non-performing loans ratio	2.3 %	1.7 %	1.8 %	2.5 %	3.6 %
Risk/earnings ratio	14.9 %	2.8 %	7.5 %	4.2 %	8.6 %
<b>Resources as of reporting date</b>					
Recalculated number of staff	2,699	2,966	2,972	2,900	3,030
Business outlets	119	128	128	124	136

\* Includes personnel expenses, general operating expenses and depreciation/amortisation of property and equipment and intangible assets

On 7 June 2019, the Bank was awarded the following rating:

Rating agency	Long-term rating	Short-term rating	Outlook
Moody's Investors Service	A3	Prime-1	Stable

# Introducing Raiffeisenbank a.s.

Raiffeisenbank has been present on the Czech market for more than twenty-five years, since the year 1993. At the beginning, the bank had two branches and 39 employees and it has gradually evolved **into the fifth largest domestic bank**. Raiffeisenbank is primarily focused on a wealthier and demanding clientele that is interested in high quality service, active management of its finance and professional advisory.

The range of products and **services includes personal and business accounts, credit, savings and investment products, specialised financial services and consultation for business clientele and large corporations**. A detailed overview of all services is available at [www.rb.cz](http://www.rb.cz).

All clients can reach Raiffeisenbank's professionals via call centre with uniquely quick response time, new fully responsive website, Facebook page or Twitter account.

Besides its business activities, Raiffeisenbank is also involved in a number of community service activities related to **education, charity and culture**. Social responsibility is an integral part of the bank's corporate values, culture and strategy and reflects the longstanding traditions of the Raiffeisen brand.



Nowadays, Raiffeisenbank serves around **680 000 clients in a network of 119 branches** and client centres. The bank provides jobs for more than **2700 employees**.

According to a definition applied by the Czech National Bank, **Raiffeisenbank is one of the systemically important banks in the Czech Republic**.

Raiffeisenbank's majority shareholder is the Austrian financial institution Raiffeisen Bank International AG (RBI). RBI provides services to corporate and investment clientele in Austria and also serves clients in many countries in Central and Eastern Europe. The group's shares have been listed on the Vienna Stock Exchange since 2005.

# Statement of the Chairman of the Board of Directors



Dear Ladies and Gentlemen,

In all respects, 2020 has been different than any of the preceding years. It forced practically all of us to think about what is important in life. It tested to the limit our personal values, often indiscriminately. It also tested and confirmed the values of Raiffeisenbank. And more than ever before, I am proud of the firm that I have the honour to lead.

Despite all the restrictions, we managed to achieve together many wonderful things. At the beginning, I would like to emphasize the dedication and highly professional approach of colleagues at the business places, who, despite very demanding working conditions, without the possibility of working at home office, served clients and helped solve their personal needs in the field of finance. Furthermore, I consider the event to help hygienic stations to be a great achievement, worthy of appreciation. The women and men in the contact centre in Teplice have helped the entire Czech Republic and were involved in tracing COVID positive people at times when it was most needed. With extraordinary determination, commitment, and professionalism, they selflessly helped and showed the way for other companies on the market, which subsequently joined Raiffeisenbank in this effort. Many thanks to them for that.

Thanks also go out to all those who were able to quickly arrange deferred payments for 22,000 of our clients and to assist them in a difficult life situation. I also appreciate the approach of all those who had to quickly adapt to home office and learn to manage their work in MS Teams.

Even though the Czech Republic, as well as other places, was under lockdown in mid-2020, we continued to fulfil our strategies, rapid growth, and to welcome tens of thousands of new clients to Raiffeisenbank. We have done a great job at implementing changes in our corporate banking, thanks to which we increased the acquisition of new clients in the Small and Medium Enterprises segment by a quarter. Our IT team has done an extraordinary job, which means that today we offer our clients not only modern, but also reliable online banking.

In retail banking, we have made huge progress in the digitisation of services. Since September, we have offered our clients one of the fastest and best-rated fully digital acquisition processes on the Czech market. After only three months, over 10% of new clients have found their way to us in this manner, and we want to double the share of digital acquisitions in the future. We have enabled clients to exchange and sign a number of documents with the bank digitally. Today, 375,000 of our clients use mobile banking, and for the first time in Raiffeisenbank's history, this figure has exceeded the number of Internet banking users. We have also introduced digital ID card readers at the branches and have adopted a modern and intuitive UniFE system that allows clients to open accounts at a branch within 10 minutes.

In corporate banking, we have successfully increased the activities as well as demand of Large Corporate clients and residential development and commercial real estate clients. We have offered small and medium-size enterprises simplified loan products, the first pre-approved overdrafts, or new pricing programmes for current accounts. As part of the CBA's cooperation, we actively participated in the introduction of the EGAP COVID Plus program, which was established by a government decree and aimed to maintain liquidity for companies affected by Covid.

Here, too, we are accelerating the digitisation of our services. Clients use online loan statements, we digitise the drawdown of operating loans, and 25% of guarantees were issued via online applications. We accept the remote electronic signing of documents. We are preparing a completely digital process for the opening and servicing of client accounts. The exceptional quality of our corporate banking is demonstrated by the fact that we were able to defend our position as having the highest level of customer satisfaction among Czech banks.

As can be seen, Raiffeisenbank has used the past period as an opportunity, and our goal is to maintain this trend.

I would like to sincerely thank our shareholders for their support and, of course, first and foremost, our clients and business partners whose favour and loyalty are very inspiring for us. We truly value their trust, and we are working intensively to provide the highest quality products and services in the future as well.

Yours faithfully,

Igor Vida  
Chairman of the Board  
of Directors and CEO

# Board of Directors' Report on the Business Activities of the Company and the State of its Assets

"Looking back on 2020 evokes strong emotions in me. On the one hand, we had to make several fundamental and demanding decisions on cutting costs with respect to the bank's operations, and on the other hand, to meet our obligations to shareholders. Due to the negative impact the COVID pandemic had on our revenues as well as the Czech and global economy, we had to reduce the number of our employees by 7 per cent in the middle of the year. This step was painful, but necessary at the time and helped get us closer, even in a situation of reduced revenues, to achieving the bank's goals. Before the end of the year, we became the 100% owner of Raiffeisen stavební spořitelna, which I consider to be an important step in strengthening our position on the market."

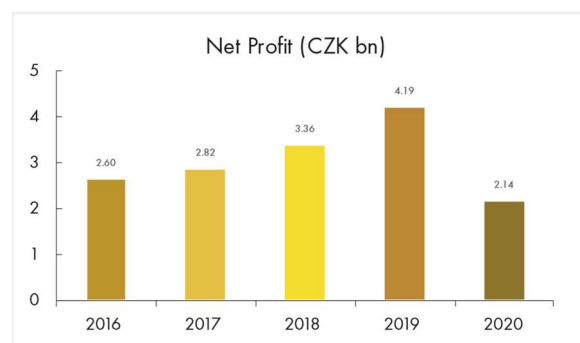
Igor Vida  
Chairman of the Board and CEO

- Volume of loans provided to clients: CZK 249 billion
- Volume of client deposits: CZK 335 billion
- Total assets of the Bank at CZK 411 billion
- Net profit of the Bank at CZK 2.14 billion
- Strong capital standing: capital adequacy ratio at 22.8% as of 31.12.2020

## The Bank's economic results for 2020

### Net profit and revenue

**Net profit** of the Bank for 2020 reached CZK 2.14 billion, an amount 48.9% down compared against the same figure of the year before.

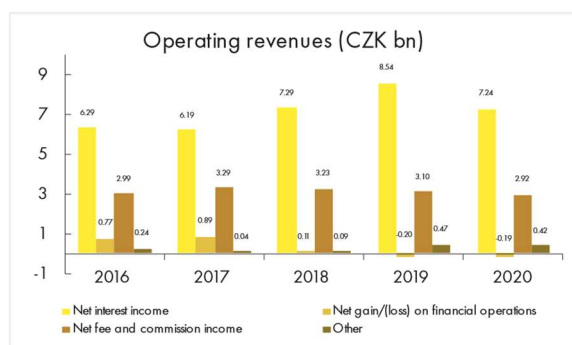


The Bank's **total operating revenue** dropped 12.7%, reaching CZK 10.39 billion.

**Loss on financial operations** decreased by 4.0% on a year-to-year basis, totalling 190 million CZK.

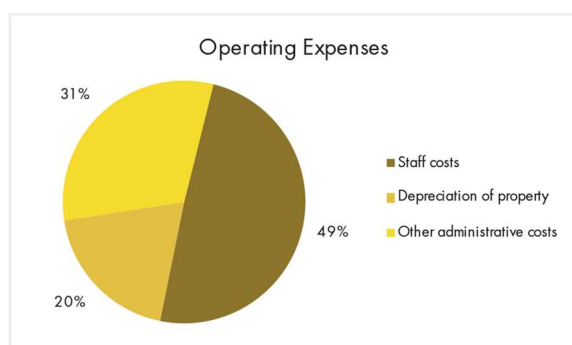
**Net interest income** of the Bank declined by 15.2%, totalling CZK 7.24 billion. The decline is particularly due to decreased market interest rates as a result of monetary easing associated with the Covid-19 pandemic.

**Net fee and commission income** saw a decline by 5.7% over the year, reaching CZK 2.92 billion.



### Costs

**Operating cost** amounted to CZK 6.3 billion, declining by 5.8% year on year. The decline is primarily due to reduced marketing expenses and personnel cost.



## Balance sheet, deposits and loans

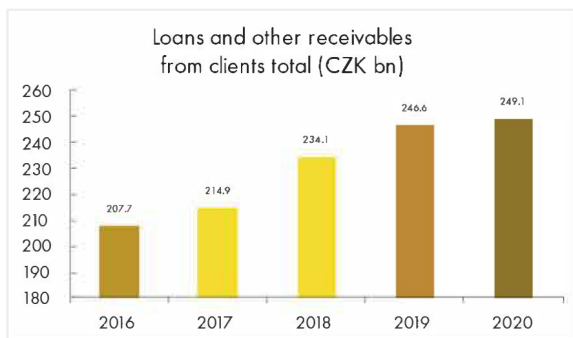
**Total assets** of the Bank amounted to CZK 411 billion, thus adding 10.9% on a year-to-year basis.



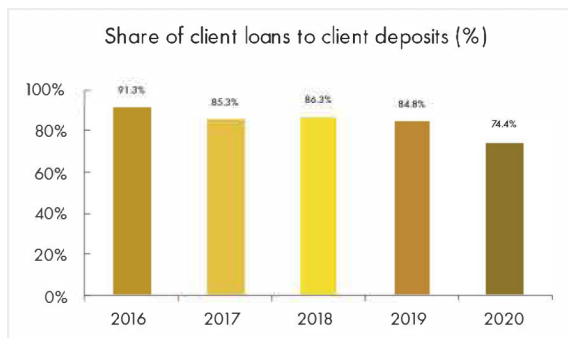
The **volume of deposits accepted from clients** rose over the year by 15.1% to a total of CZK 335 billion. Much alike in the case of loans, the growth seen in accepted deposits is driven by both households and corporate clients.



The **volume of loans provided to clients** annually grew by 1.0% to CZK 249 billion. The growth is seen in both corporate and household finance (the latter mostly consisting of mortgage loans).

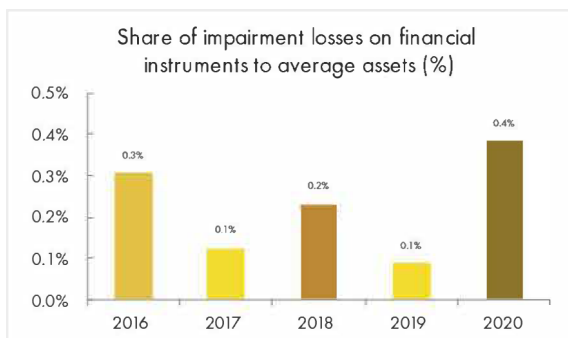


The **share of client loans in client deposits** decreased to 74.4% and this decrease contributed to the improvement of the Bank's liquidity position.



## Risk management

Raiffeisenbank continues to maintain a very sound loan portfolio. **Losses from non-performing loans and other debts** reach CZK 1.55 billion. Compared annually, there is a CZK 1.2 billion increase attributed to expected credit losses due to worse macroeconomic prospects relating to the coronavirus pandemic. However, quality of the credit portfolio stays at a high level with a low volume of loans in default or doubtful loans.



## Capital

The **Bank's capital adequacy ratio** as at 31 December 2020 reached 22.8%. With regard to the stabilization measures announced by the Czech National Bank on 16 March 2020 in relation to the Covid-19 pandemic, the Bank's general meeting resolved in late April 2020 not to disburse the CZK 4.19 billion dividend from the profits for 2019. CZK 4.19 billion were transferred to retained earnings. The increase of retained earnings and newly issued capital had a positive impact on the Bank's capital adequacy ratio.



## Raiffeisenbank's Market Position

In 2020, the banking sector, the same as the entire Czech economy, was affected by the COVID-19 pandemic. It was directly impacted by certain measures to combat the economic losses relating to closure of the economy, and indirectly, the pandemic was reflected in a reduction in the business and consumer activity of bank clients as well as the deteriorating payment discipline for some of them. The spring wave of the pandemic led to a complete shutdown of the economy and a wide range of restrictions, and therefore measures were put in place to mitigate their immediate impact.

The banking sector has been affected most by the credit moratorium and the easing of recommendations relating to mortgage lending. The moratorium has been set up so that clients who request it can defer their payments by three or six months. Approximately 14% of loans from the banking sector's portfolio were affected by deferred payments. Since October last year, when the statutory credit moratorium expired, all clients have returned to standard repayment schedules, and payment relief can only be arranged through individual negotiations with the bank.

To support the mortgage market, recommendations were gradually relaxed in the spring, which until then, put limitations on mortgage applicants. The final version of the recommendation contains only an LTV limit of 90%. The limits concerning a client's debt ratio in relation to their income and current indebtedness (DTI and DSTI) have been lifted. The following may be identified as the main effects of all of the above circumstances: an unprecedented increase in deposits as a result of deferred consumption and investment, an extraordinary increase in new mortgages which broke the previous record in volume, and deterioration in the quality of the credit portfolio due to an increase in non-performing loans at the end of the year.

In terms of the commercial results of banks, significantly lower profitability than in the past should be expected, mainly due to the increased costs of risk. Nevertheless, the banking sector remains robust and well-capitalised so that it can cope with all of the impacts of the current situation without major difficulties.

Like all entities on the market, Raiffeisenbank was forced to deal with a completely new situation and to focus on the continuity of services, the safety of its employees, and the transition to home

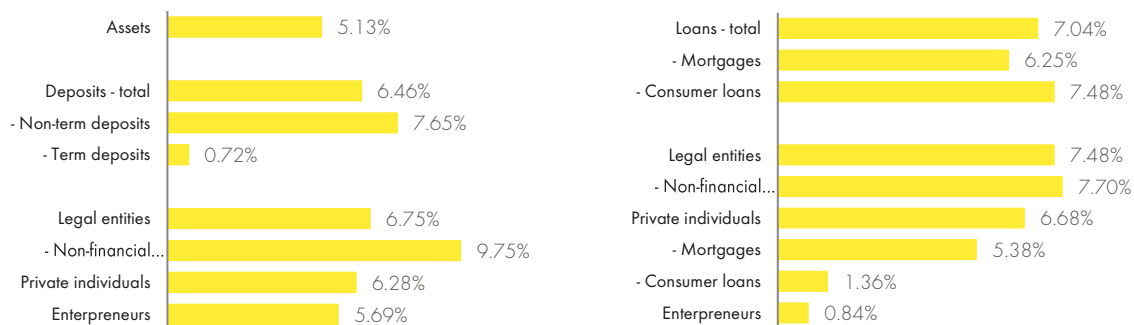
office where possible – all of this with an emphasis on minimizing the impact on the quality of client care and sustaining current development and growth. In terms of the volume of total assets, the bank continues to hold the position of the fifth largest bank with a market share of 5.13%. A rise in total deposits of more than 15% increased the bank's market share to 6.46%. In the area of loans, the bank closed last year with a market share of 7.04%.

After repeated cuts in market interest rates, interest in time deposits fell sharply in 2020, and thus all growth was concentrated in demand deposits. The volume of these deposits managed by Raiffeisenbank rose by more than 28%, increasing the bank's market share to 7.65%. A higher propensity to save was reflected in both the corporate and retail segments. The highest year-on-year increase in deposits at Raiffeisenbank was recorded by the non-financial corporations' segment, i.e. 20.8%. As a result, the bank's market share increased to a final 9.75%. Private individuals also increased their savings in the bank, specifically by 15.4%, which led to an increase in the market share to 6.28%. The volume of deposits from private individuals – entrepreneurs increased by 13.5% in 2020, and the bank maintained its market share at 5.7%.

The total volume of loans increased only slightly, despite the surprisingly brisk dynamics of new business. Due to the uncertainty of future developments, many clients postponed investments and used available funds to repay existing debt. This was most pronounced in the corporate segment, where the total volume of loans managed by Raiffeisenbank decreased by 1.7%, even though the volume of new loans was 15% higher than in the previous year. The bank's market share in the segment of loans to non-financial corporations thus stabilised at 7.70% by the end of the year.

In the private individual's segment, the situation was not so clear-cut. On the one hand, mortgages developed very well, with an increase in volume of 3.6%. On the other hand, consumer loans suffered significant losses with a decrease of almost 5%. As a result, the market share in the retail loan segment decreased slightly to a final 6.68%. Self-employed clients are most often active in the most restricted sector of services, which is why they have radically reduced the credit financing of their activities. The volume of loans drawn by them decreased by more than 4%, and the bank's market share also decreased to 0.84%.

### Raiffeisenbank's Market Position



Note: All data are processed based on statements processed in accordance with the methodology of the Czech National Bank

## Commercial activities

*"In 2020, we had to change many aspects of our operations. We set up a system of home office, we learned how to use new technological tools, and we changed our communication. Colleagues who deal with clients on a daily basis had to start respecting many new rules in serving clients. I really appreciate how well we adapted to the new conditions, keeping the bank up and running, while being considerate and maintaining the team spirit."*

Igor Vida  
Chairman of the Board and CEO

### Details on innovations and services offered in 2020

#### RETAIL BANKING

- In 2020, Raiffeisenbank introduced its new price plans for current and business accounts. A current account can be maintained free of any charges and free of any conditions.
- A current account can be opened with Raiffeisenbank completely online in 10 minutes without having to visit a branch office of the bank since autumn 2020. Everything can be done easily and fast on the bank's website using a computer or mobile telephone.
- As part of the repayment moratorium declared by the Czech government in connection with the coronavirus crisis measures, we deferred instalments of 22 thousand clients, mostly private individuals.

#### PRIVATE BANKING

- Raiffeisen investment management company expanded its offer of investment solutions for Raiffeisenbank's private banking (FWR) clients to include a new sustainable qualified investor fund - FWR Strategy 45 ESG. FWR Strategy 45 ESG consists of 45% stock and 55% bonds, primarily investing in three open-end mutual funds (Raiffeisen-Nachhaltigkeit-Solide, Raiffeisen-Nachhaltigkeit-Mix a Raiffeisen-Nachhaltigkeit-Aktien) of Raiffeisen Kapitalanlage-Gesellschaft that specializes in the ESG segment.
- Raiffeisenbank offered new special individual services of FWR Wealth Management to its affluent clients. The service is designed to attract clients seeking comprehensive advisory relating to their assets. It is provided to the most important clients with balances exceeding 50 million CZK. An exclusive partnership with Austria's Kathrein Privatbank lets clients benefit from the international Wealth Management service including an opportunity to finance foreign real property and assets.

#### MICRO/SME

- Raiffeisenbank changed its fee strategy for business accounts. Now it offers three accounts with an extensive range of banking services capable of accommodating the needs of all types of businesses. The bank's Smart business account is to attract small businesses seeking free account maintenance without the need to meet any conditions. The fully equipped Active account with a broad range of products and services is available for 49 CZK. Entrepreneurs frequently doing business on an international level may benefit from the bank's World account for businesses. For a favorable

monthly fee of 499 CZK, the account holder obtains services provided with the two previous accounts plus other discounted prices applicable to foreign payments as well as premium banking care. New customers opening a business account with Raiffeisenbank get a free POS terminal if meeting simple conditions. This initiative of the bank aims at increasing the share of entrepreneurs and businesses accepting payment cards.

- In 2020, Raiffeisenbank unveiled its offer of new corporate accounts designed for firms with a turnover between 50 and 250 million CZK. All the new price plans offer free account maintenance in up to 19 currencies, unlimited domestic payments, euro payments or withdrawals from any ATM in the Czech Republic. Moreover, the accounts can be directly interconnected with the client's accounting system. The basic account price plan starts at 100 CZK per month. All the new accounts are controlled via mobile and internet banking, offering a very convenient and secure form to handle both private and business finance at any place and at any time. Highly variable settings of access authorization levels for representatives of firms to work with their finance is a matter of course. Internet banking lets authorized users process common banking operations as well as applications for overdraft facilities, instalment or revolving loans, or applications to issue or amend a bank guarantee, all without the need to visit a branch office. Electronic signing of documents using a certified signature or communicating with the bank via databoxes is another standard feature.
- "Premium API" is a new functionality to establish a direct link between the client's accounts and accounting system. Downloading statements and processing bulk payments is automatic, faster and simpler. All approving rights of the owners who wish to keep control and authorize transactions are preserved.
- In cooperation with Red Stone Now, a fintech firm developing and marketing the CASHBOT platform, Raiffeisenbank gives an opportunity to small and medium sized businesses to finance their operating needs by cashing their issued or received invoices, advance payments under approved subsidy schemes or VAT refunds. Issued invoices in foreign currencies for foreign customers can be financed as well. The client does not have to apply to the bank for a loan just to wait weeks before it is processed. Invoices are settled to suppliers and maturity is prolonged by up to four months. The payment is only sent after the goods are sold. The service runs completely online including contract signing for volumes up to 2 million CZK. One invoice allows the client to obtain one-off financing of 10 - 80% of the approved limit. The limit is granted and maintained free of charge and registration takes less than fifteen minutes. Invoices can be then uploaded to immediately display the final price of financing. The financing fee varies between 1 and 2 percent of the financed amount; however, the client only pays the fee if actually using the limit.

**CORPORATE BANKING**

- Raiffeisenbank joined the government's projects supporting businesses and companies struck by the Covid-19 pandemic. In cooperation with the Czech and Moravian Guarantee and Development Bank, it offered loans under the COVID I-III programs. Clients could apply for financing through their attending banker or an advisor at any of the bank's branch offices, or through their corporate advisor in the case of corporate clients. Client applications were approved in a few days after submitting all the required documents and loan drawdown was just as expeditious after signing the loan documentation.
- We launched Financing Online, a completely digitalized process of applying for and issuing bank guarantees including applications for draft wording of the guarantee or for amending already issued guarantees. Clients may send in an guarantee/drawdown application in a fast and entirely digital manner through their internet banking. The online service is provided free of charge.
- Raiffeisenbank implemented online provision of export credit facilities. eSPEEDTRACK, Raiffeisenbank's new platform, allows for the digital provision of financing of medium- to long-term export credits in amounts between 2 and 10 million EUR. Credit maturity is up to 8 years with an opportunity for five drawdowns over a defined period. Foreign customers of Czech exporters may apply for a quote online and take advantage of a fast track process for evaluating requests for financing and standardized documentation.

The bank's has been maintaining a strong base of internet banking users since its merger with eBanka, one of the pioneers of electronic banking in Czechia. Now, growth is particularly seen in mobile banking, where the average user opens it more than once a day on weekdays.

Also, NFC payments or mobile phone withdrawals from ATMs are actively and regularly used by nearly one fifth of all clients with more than 175 cards digitalized so far. These clients solely use their mobile phones instead of cards and make around 20 mobile payments in a month on average.

Up to 97% of all communications with the bank take place via digital channels. Counted on a monthly basis, the number of mobile and internet banking logins exceeded 10 million in November. The bank's fully digital process of opening a current account with a 3% interest rate applied to a savings account now also contributes to this result.

The number of clients reaching the bank digitally more than doubled in the first month after launch and a significant growth in client demand can be seen to this day. Digital acquisition thus notably contributes to the overall growth of the number of new clients. This is also why in September we reached the highest number of newly acquired clients in a month in the bank's history.

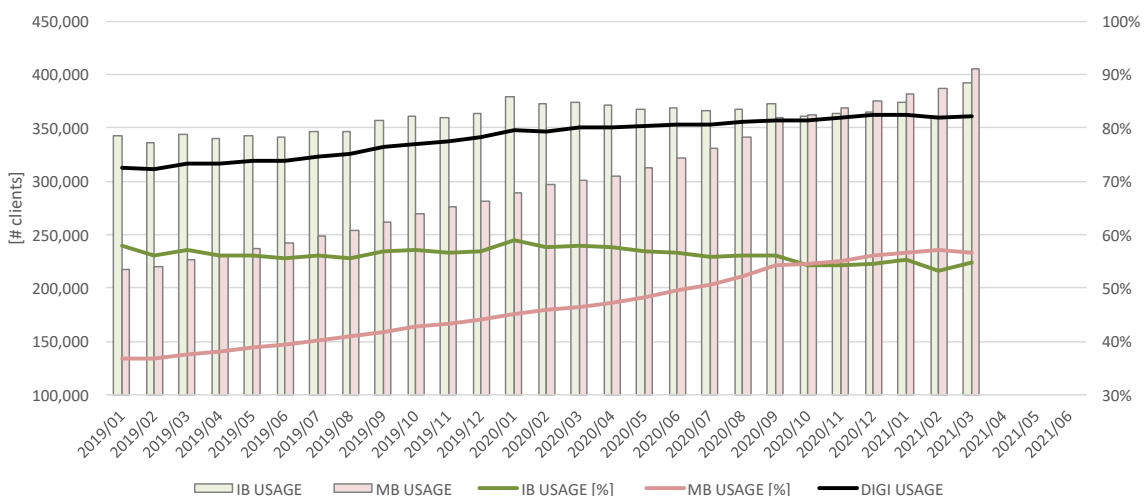
Most of the digitalization initiatives were planned regardless of the coronavirus pandemic. However, during the first wave of the pandemic in the spring the bank gave priority to developing functionalities a tools supporting remote customer service, such as electronic exchange of documents between the bank and client, or an authenticated chat with a banker right from the internet or mobile banking.

The pandemic revealed that many of the bank's clients are already prepared to fully control their finance online. Also, it was shown that Raiffeisenbank is well prepared and equipped for this form of service and that its investments spent on digitalization in the recent years are paying off.

**Technology**

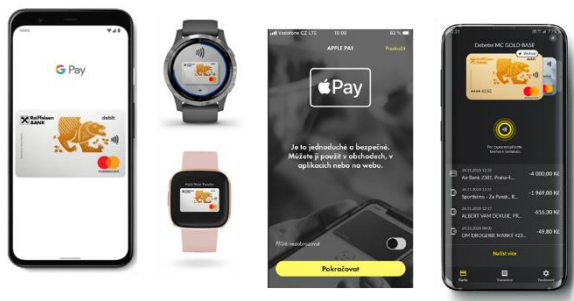
**4 of 5 clients of Raiffeisenbank use digital channels on a regular basis.**

The number of users of Raiffeisenbank's mobile banking first exceeded the number of internet banking users in November 2020. 55% of the bank's clients used mobile banking at least once a month, 54% used internet banking and 29% used both channels. 82% of all clients of the bank used at least one digital channel, which figure stands among the highest in the Czech as well as global banking market.



## Overview of digital innovations introduced in 2020:

- Mobile banking users can now manage their foreign currency accounts and reverse payments are simpler due to automatically created databases of counterparties. The application also allows for setting up the current account's price plan. Modified consumer loan or personal overdraft applications are available to clients in application. Other new features and functionalities include payment card upload to Apple Pay directly from the banking application, a chat platform, or an opportunity to change the client's contact details or request a new debit card. Clients can now use electronic ATM receipts, graphical overviews of expenses or uploading of documents to the bank.
- Raiffeisenbank developed its mobile banking to include a communications center, extensive document folder and RB exchange office, letting customers benefit from favourable transfers between the currency folders of their accounts.
- As of December, Raiffeisenbank's clients holding another account with another bank can link the account to their internet banking at Raiffeisenbank to get a better view of their other accounts. With tools made available under the PSD2 directive, the bank allows for displaying balances, transaction history or details of an account held with another bank, directly in Raiffeisenbank's internet banking.
- In addition, Raiffeisenbank offers all types of contactless payments using mobile telephones and smartwatches. Google Pay is now available for Android smartphones; Garmin Pay and Fitbit Pay can be used to make payments using smartwatches and fitness trackers.
- In compliance with the PSD2 directive, Raiffeisenbank implemented strong customer authentication using "RB key", a custom application that also enables online payment confirmations using fingerprints or Face ID. With improved 3D Secure, clients can authenticate their online payments using fingerprints or Face ID without the need to retype codes from mobile text messages. The service is automatically activated for all Raiffeisenbank cards and protects them against abuse and fraud.




## Customer service

"The COVID-19 pandemic in 2020 put us in an unprecedented situation, in which we sought to protect the health of our clients and employees, and this remains a constant priority for us. Over the past year, we have focused on explaining to clients how they can manage their finances efficiently from home. Thanks to previous investments in infrastructure, our clients can take care of 97 per cent of their ordinary activities remotely via Internet banking or mobile banking. We are pleased to say that corporate business has also made a significant step forward in the area of digitisation. We have started to use electronic signatures and data boxes to a huge degree when communicating with clients. We emphasise not only comfort but also safety."

Igor Vida  
Chairman of the Board and CEO

### We treat our clients with respect. Bearing this in mind, we decided to come up with several key initiatives.

- First, we **completely cleaned all our ATMs and ensured their antiviral protection**. The patented antiviral agent used stays on the ATMs 99.9% effective for 21 days. Cleaned ATMs are identified with a sticker. Clients are informed about the applied cleaning in the promo loop on the ATM screen and every ATM bears a sticker. Cleaning one ATM takes approximately 60 minutes.
 
- Health is a priority to us all. For this reason, we decided to dedicate a part of our call center's capacities to help where it is most needed. **Our telephone bankers helped in calling contacts obtained from the public health authorities and tracking down people who came into contact with a person positively tested for COVID-19**. 40 telephone bankers in total carried out more than 20 000 phone calls in 8 weeks. The entire project was launched in a record time. Raiffeisenbank's initiative also motivated other banks to engage similarly.
- We actively communicated with our clients. We know that finance play an important role in the life of most households, especially in crisis situations like today. For this reason, we try to approach our clients' finance with respect and accommodate their needs. Financial issues are important to Czechs, which fact is also reflected in their active communication towards us. In the last weeks, **we registered more than 22 thousand applications for deferred instalments and thousands of phone calls to our customer care lines**. A survey conducted among our clients revealed that during the pandemic, 46% of Czechs would like to receive messages concerning the pandemic's impacts on banking, preferably by e-mail (79%). 87% of Czechs were certainly or rather satisfied with communications from banks during the pandemic.
- Before the end of 2020, **Raiffeisenbank officially became the 100% owner of Raiffeisen stavební spořitelna** by purchasing 90 per cent of the shares of Raiffeisen stavební spořitelna from Raiffeisen Bausparkassen Holding GmbH. Clients of the bank and the building society will benefit from this association primarily in the area of products and services.

## Non-Commercial activities

### People

The employees of Raiffeisenbank are key to fulfilling our strategy. This is why we devote a lot of time to the development of their expertise and personal and career growth and focus on creating a good atmosphere and excellent interpersonal relationships at the workplace. We continuously monitor all these important areas and verify them in various forms both internally, for existing employees, and externally, for job seekers at Raiffeisenbank, through questionnaires or more extensive surveys on the perception of the bank as an employer on the labour market. For Raiffeisenbank, one strategic area is customer experience in the case of clients. From the viewpoint of an employer, it is job candidate experience, which we measure using NPS methodology.

**On average, 37% of working hours were employees in the home office in 2020.**

Professional, personal, and career development is one of our priorities as an employer. Hence, in this area, we pay special attention to the appropriate level of investment and the quality of development activities and services provided.

Due to the fact, that in-person activities were almost impossible in 2020, we carried out development activities primarily on a digital basis. On average, our employees completed 26 hours.

We also support the development of our employees with respect to their leisure time, i.e. when they have study leave available in addition to annual leave and can thus increase their qualifications. The number of days spent on supplementary studies at universities and in postgraduate programs was 203 days.

**The number of training hours per employee in 2020 was on average 26 hours.**

In addition to study leave, Raiffeisenbank also makes it possible to invest employee benefits in education. Inter-company development activities such as coaching or mentoring are also available for employees.

In 2020, almost 30% of employees had changed their position, and almost 10% experienced career growth, i.e. they were promoted to a more senior position with a higher degree of responsibility. 81% of managerial positions were filled by internal candidates.

**81% of managing positions at Raiffeisenbank were occupied by an internal candidate.**

As a part of corporate social responsibility programs, 8 bankers responsible for professionals participated in the project "Bankers go to schools". They shared their knowhow and experience in schools relating to cyber security and financial literacy. They themselves improved their presentation skills in a real environment.

For university students, we organize a two-year program, in which students are supported by a mentor, learn professional

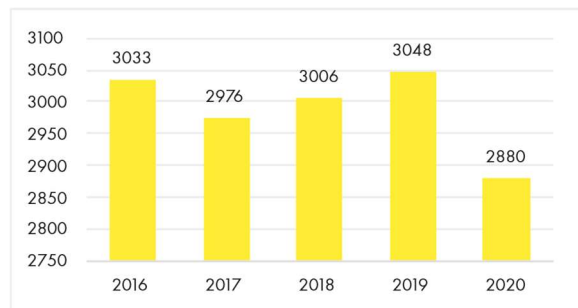
work, and are fully engaged in the work of the respective teams. Currently, there are 40 students in the program.

For parents on maternity and parental leave, we have set up an online community where we share news from the bank or offer suitable job opportunities. We make sure that parents on maternity or parental leave do not lose contact with the bank or their team and that their return to work is easier for both sides. Twelve per cent of employees take advantage of a part-time work schedule, while working from home is possible for all employees whose work allows for such an arrangement. In addition, employees have the possibility of flexible working hours. We have two company nursery schools for employees in Prague, which have so far taken care of 388 children.

**As at 31 December 2020 Raiffeisenbank had 2770 employees of which 55% were women.**

The average number of employees in 2020 was 2,880, and the average age was 37,5 years old. 55% of employees are women, and more than half of the employees have worked in the bank for more than five years. We focus closely on diversity in all of its aspects and reflect this approach in all processes that relate to employees. We also follow the gender pay gap, and Raiffeisenbank is at the level of the best companies in the EU.

#### Average number of employees

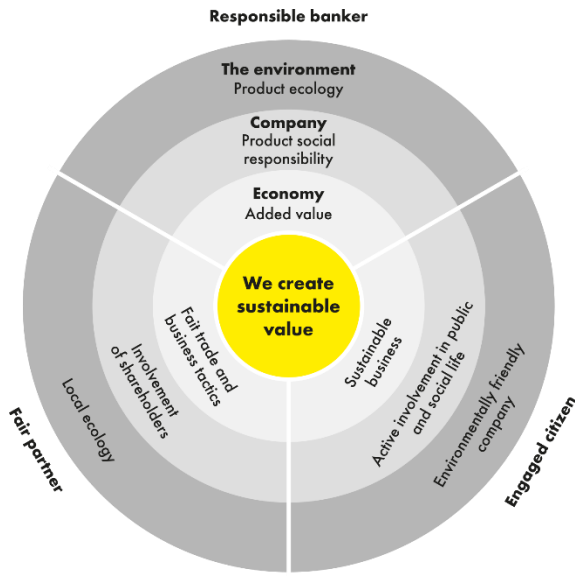


## Corporate social responsibility at Raiffeisenbank a.s.

### How we define sustainability of resources in the RBI group

The sustainability of resources has always been a basic principle of the entire RBI group and also a key benchmark of our success. For 130 years, the Raiffeisen group has always combined financial success with success in the area of social responsibility.

We will continue to combine financial success with success relating to social responsibility, and we incorporate the sustainability of resources as a fixed component of our business. We rely on three pillars, which are the basis of our Principles of Sustainable Development: "Responsible Banker", "Fair Partner", and "Engaged Citizen" so that we can connect our business activity even more to sustainable development both in our society and in the public sphere.



Our Principles of Sustainable Development focus on “Creating sustainable values”, which provides direction for all of our business, activities, and services provided by RBI or on behalf of RBI. The objective that we are committed to is to concentrate our efforts in areas where we can achieve the most changes, and this requires continuous improvements in relation to the impact of our sustainable activities as well as defining the method of measuring this impact and its verification. Only then can we achieve a long-term effect and thus contribute to the sustainable development of society as a whole.

**Our strategy of sustainability**

In 2013, the group strategy for sustainability was published “We Create Sustainable Value” with the objective of improving the effectiveness and scope of managing sustainability throughout the entire RBI group. This strategy contains nine key areas that we focus on and that stakeholders focus on as well, including employees, customers, shareholders, and suppliers, but also non-governmental institutions, and other entities.

Nine key areas of our strategy of sustainability, see below.

**Nine key areas of our strategy of sustainability**

RBI Sustainability Matrix	The Economy	Society	The Environment
Responsible banker	<b>Added value</b>	<b>Socially responsible product</b>	<b>Product ecology</b>
	Successful business thanks to responsible management and business strategy, sustainable economic value and integrating the aspects of sustainability into our business.	Social responsibility of our products and services based on customer requirements; on responsible indebtedness; on the protection of customer data; and on providing precise information.	Ecological responsibility when providing products and services, guaranteeing compliance with national standards, international agreements, and considering the impact on the environment when projecting financial plans and products.
Fair partner	<b>Fair business and procedural practices</b>	<b>Employees and stakeholders</b>	<b>In-house ecology</b>
	Fairness and transparency with respect to employees, clients, and shareholders with model behaviour in all areas of their interest. To be an attractive employer, to report in a transparent manner, and to prevent corruption and fraud.	Continually involve key people in the topic of sustainable development and strengthening cooperation with management with the goal of reducing corporate risk and taking advantage of business opportunities.	Responsible treatment of resources and the environment in an attempt to reduce the impact on the environment through its sustainable use.
Engaged citizen	<b>Sustainable corporate activities</b>	<b>Active civil society</b>	<b>Environmentally friendly company</b>
	Commitment to sustainable business and the generation of wealth thanks to creating a business framework for sustainable financing and direct or indirect support of relevant organisations and institutions.	Commitment to create an active civil society, responsible political cooperation, promoting the public interest and literacy support and volunteering.	To protect the environment and the climate by promoting diversity and protecting various ecosystems and services.

## Selected social responsibility projects and activities in the Czech Republic

### Economic area

One of Raiffeisenbank's priorities continues to be its ethical and transparent approach backed by the group's Code of Conduct, which is also available on the rb.cz website. The Code is binding for every employee and is an integral part of every activity that each employee is involved in and governs each interaction with clients, suppliers, or partners. This also promotes the firm's culture and strengthens fair relations throughout the market.

### Social area/ Society

In the social area, we focus on corporate social responsibility relating to products and public life.

Key considerations for us are also equal employment opportunities, health and security, and education and development. We also emphasise flexibility, not only with regard to parents on maternity leave including the possibility of using the company nursery school **Žiraiška**.

In the area of product responsibility, we emphasise the **cost-friendly nature of products** for our clients. In 2020, we introduced the SMART account and SMART ACCOUNT for entrepreneurs, with free account maintenance and no terms. In addition, we actively cooperated in 2020 with Českomoravská záruční a rozvojová banka (ČMZRB) and offered entrepreneurs and companies the opportunity to obtain operational financing in all three guarantee programs prepared by ČMZRB (COVID II, COVID Prague, COVID III).

In addition to products connected with ordinary banking, we are also involved in social responsibility in the area of lending. Our processes and the risk assessment of clients strongly support **healthy lending** and have the objective of eliminating any future default. However, if such a situation does occur, we recommend to clients "financial distress advice" in cooperation with a partner, and advice on how to solve the situation.

In 2019, we also made our products available to the deaf and hearing-impaired clients. It happened through mobile applications run by **DeafCom**, the deaf or hard of hearing allows interpreting into sign language or transcript of appointments with bankers.

Some of the key projects that Raiffeisenbank continues to support are projects geared to increasing financial literacy. An already traditional project that we have supported since 1998 is the international non-profit educational organization **Junior Achievement**, the goal and mission of which is to provide young people with a practical economic education and to test this acquired knowledge in practice. Students get specific practical experience by getting involved in JA Student firm awards where they try out business for themselves in a real student "business" environment. Raiffeisenbank is a partner of two competition categories, namely Student Leader and Business Teacher.

Another important project of ours geared to increasing financial literacy is the interactive educational platform **Zlatka.in**

intended for pupils of the 1st and 2nd levels of primary schools and secondary schools. Through online assignments and games, children learn the basics of proper money management, learn how banking products work, etc. Especially during distance learning, the importance of this online learning platform has increased. The number of classes registered on the web exceeded 11,000, and the number of solved tasks was 3 million.

Since 2020, Zlatka.in has been included in the National Register of Financial Education Projects established by the Ministry of Finance of the Czech Republic.

The cooperation between Raiffeisenbank and the **Dobry anděl** (good angel) foundation has existed for almost ten years. Even in the challenging year of 2020, we donated an amount exceeding one million crowns to the foundation. Assistance is offered to the foundation every year on several levels. Last year, 249 bank employees were good angels and contributed 466,364 crowns from their salaries to the foundation's charity activities. Another important source of funding for the foundation is the charity event "A Good Morning Helps", which Raiffeisenbank has been organising for several years as part of its golf and tennis tournaments. Thanks to this project, participants can influence the final amount of the bank's financial donation to charity with their excellent athletic performance. Although the organisation of these events was significantly reduced in 2020 due to the pandemic, the bank still contributed CZK 550,000.

### The environment

At Raiffeisenbank, we are constantly striving to increase the demands relating to the positive environmental impact of our business. We accomplish this not only through business activities (e.g. financing projects with a positive impact on the environment), but employees themselves also contribute to a positive impact on the environment, especially by recycling, energy efficiency, optimising the use of transportation for business trips, and generally replacing these trips with teleconferencing. We reduce electricity consumption in a long-term, systematic manner (e.g. by replacing light sources and marketing elements using modern technologies), and part of our responsible approach is the use of environmentally friendly cleaning products in our office premises.

### Assistance during the pandemic

Like thousands of other companies in the Czech Republic, in 2020 we also joined in to support the fight against the spread of the SARS-CoV-2a infection. We were one of the first organisations to offer the capacity of our call center, and 40 of our employees helped with **tracing calls for the centers of the Regional Hygiene Stations** during their working hours. We also assisted in supporting non-front-line physicians, in particular, the **outpatient physicians'** association and its "Information for Practice" project, the primary objective of which was to maintain the medical practice for routine patients not suffering from the coronavirus but whose condition could seriously worsen if needed treatments were delayed. In 2020, we also cooperated with the organisation **SOS Children's Villages** and

supported their preventive program SOS Kompas. Its long-term goal is to help families in difficulty, stabilise their situation, and enable them to arrange a quality home and conditions for children who would otherwise be at risk of being removed from their original families. In addition, during the pandemic, this program also focused on helping with distance learning for children from disadvantaged families.

**All activities, financial and non-financial data, projects, and other components of the Raiffeisen Group's corporate social responsibility, even for the purposes of non-financial reporting, are provided in the separate [RBI Group Sustainability Report 2020](#), which consolidates all results of the individual companies, including those for the Czech Republic.**



## General Information about the Issuer

### Company name:

Raiffeisenbank a.s.

### Registered office:

Hvězdova 1716/2b, 140 78 Prague 4

### Company registration number: 49240901

LEI: 31570010000000004460

### Date of Incorporation:

25 June 1993

### Court of registration and number under which the issuer is registered at this court:

Commercial Register at the Municipal Court in Prague, Section B, Insert 2051

The issuer was established in accordance with the laws of the Czech Republic, pursuant to Act no 513/1991 Coll., the Commercial Code (or Act no. 90/2012 Coll., the Companies Act), and Act no. 21/1992 Coll., the Act on Banks. The issuer is a joint-stock company.

The issuer's scope of business under Article 2 of the issuer's Articles of Association is banking and financial transactions and other operations listed in the banking license, granted in accordance with Act no. 21/1992 Coll. The issuer is also entitled to set up branch offices or other company units in the Czech Republic and abroad, and to establish subsidiaries and hold capital interests provided that generally binding legal regulations are respected.

### As of 31 December 2020, Raiffeisenbank a.s. owns the following real estate:

In the real estate registration area of Hradec Králové, parcel number: construction parcel no. 103, additional land area no. 76, title deed no. 20767, identification code: 646873, address: V Kopečku 75, 500 02 Hradec Králové.

The issuer does not depend on patents or licenses, industrial, commercial, or financial agreements, or new production processes which could be of fundamental significance for the issuer's business activities or profitability.

### Return for shareholders:

Raiffeisenbank's dividend policy aims to ensure appropriate remuneration to shareholders for their investment and at the same time maintain a stable and sufficient capital adequacy both for the Bank and the Group with regard to currently applicable and anticipated regulatory requirements and potential growth opportunities.

This general principle of the Bank's dividend policy could not be followed in 2020 as dividend payments in 2020 were not recommended to banks on the EU level as one of the anti-crisis measures related to the pandemic COVID-19. The dividend in 2020 was thus not paid and the share of the Bank's profit intended for dividend payment was transferred to the retained earnings of the Bank and the Group.

## Information to Shareholders in accordance with Section 118(4) of Act no. 256/2004 Coll., the Capital Market Act

Section 118(4) letter a in connection with point 6.2 of Annex XI to Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses, and dissemination of advertisements

In accordance with the bank's Articles of Association, no shareholders have the possibility to influence the activities of Raiffeisenbank a.s. other than by their votes. None of the members of their bodies had an ownership interest in Raiffeisenbank a.s. as at the date stated above.

Section 118(4) letter a in connection with point 9.2 of Annex XI to Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses, and dissemination of advertisements

The bank declares that it is not aware of any conflict of interest between the obligations of the members of the steering and supervisory bodies to the bank and their personal interests or other obligations.

Section 118(4) letter a in connection with point 10.1 of Annex XI to Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses, and dissemination of advertisements

In Raiffeisen CEE Region Holding GmbH is the owner of 75% of the shares of the bank (and the corresponding share in the registered capital and voting rights). Raiffeisen CEE Region Holding GmbH is a subsidiary of Raiffeisen Bank International AG (indirectly). Regional Raiffeisen banks (Landesbanks) own approximately 59% of Raiffeisen Bank International AG, while the remaining shares are held by diverse investors (the shares are listed on the Vienna stock exchange). Representatives of the majority shareholder are in the bank's Supervisory Board, the Executive Committee and the Audit Committee. The Supervisory Board also includes a representative of the second shareholder, RLB OÖ Sektorholding GmbH, which holds 25% of the bank's shares (and the corresponding share in the registered capital and voting rights) and is a member of the group of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft.

## Section 118(4) letter b:

Internal control is defined as a process carried out/influenced by the bank's Board of Directors, the executive body, and other employees, devised in such a way as to provide adequate assurance in reaching objectives in three areas:

- Effectiveness, efficiency, and economy
- Reliability of internal management and controls, including the protection of assets
- Harmonization with the rules and regulations

Key concepts of internal control:

- Internal control is a process (a means of reaching objectives, not an objective in and of itself),
- Internal control is carried out by people (it does not involve only forms and manuals, but people at each level of organization),
- Internal control can only achieve a proportional level of certainty (not absolute certainty, with respect to the management of the organization).

Control activities are an integral part of the everyday activities of the bank. The objective is to ensure that the risk undertaken was kept within the tolerance level set out by the management risk process.

Control activities include, in particular:

- Inspecting the management structure,
- Adequate control of mechanisms for the individual processes at the bank,
- Physical control.

The control system consists of, in particular:

- Control implemented by each employee when carrying out their work activities,
- Control implemented by the head employee when carrying out management activities,
- Compliance activities,
- Internal audit activities,
- Management of operational and other risks,
- Management of the continuity of the bank's activities.

The procedures for control activities are contained in the internal regulations of the bank and consist of approval procedures, authorization, verification, approval, reconciliation, control of performance, securing assets, separation of obligations, or establishing rights and obligations. Compliance with the established procedures and their adequacy is regularly verified. As a part of internal control, the bank has introduced and maintained internal mechanisms for preventative and subsequent evaluation of the functioning and effectiveness of the steering and control system as a whole and its integral parts.

## Section 118(4) letter c:

The executive body of the bank is the Board of Directors. The bank's Board of Directors has seven members. The members of the Board of Directors are elected and recalled by the Supervisory Board. One of the members of the Board of Directors is elected as the chairman of the Board of Directors and one as the vice-chairman. The first term of office is three years, and if re-elected, the term of office is five years. Each member of the Board of Directors is also the executive director

for a certain area of management. The Board of Directors constitutes a quorum if at least more than half of its members are present at a meeting. The Board of Directors makes decisions through voting, and the votes of a majority of all board members are required to adopt a resolution. In the event of a tied vote, the vote of the chairman of the Board is decisive. In addition to meetings, the Board of Directors may also make decisions through per-rollam voting.

The Supervisory Board is the supervisory body of the company. The Supervisory Board has twelve members, of which eight are elected and recalled by the Company's General Meeting and four are elected and recalled by the Company's employees. Members serve a term of five years. One of the members of the Supervisory Board is also elected chairman of the Supervisory Board and one of the vice-chairman. The Supervisory Board constitutes a quorum if the majority of its members are present. A simple majority of votes of all Supervisory Board members is required to adopt resolutions. In addition to meetings, the Supervisory Board may also make decisions through per-rollam voting.

Additional executive and supervisory bodies of the issuer include the Executive Committee and the Audit Committee.

The Executive Committee has three members, who are elected and recalled by the General Meeting of the company. Members of the Executive Committee may also be members of the Supervisory Board. The term of office for members of the Executive Committee is four years. One of the members of the Executive Committee is also elected chairman of the Executive Committee. The Executive Committee constitutes a quorum if all of its members are present at a meeting. The agreement of all members of the Executive Committee is necessary to adopt resolutions. In addition to meetings, the Executive Committee may also make decisions through per-rollam voting.

The members of the Executive Committee as at 31 December 2020 were Peter Lennkh, Hannes Mösenbacher, Reinhard Schwendtbauer.

The Audit Committee has three members who are appointed or recalled by the General Meeting of the company. They are appointed from members of the Supervisory Board or third parties. The term of office for members of the Audit Committee is five years. One of the members of the Audit Committee is elected chairman of the Audit Committee. The Audit Committee constitutes a quorum if at least two of its members are present at a meeting. Agreement by a majority of all members of the Audit Committee is required to adopt resolutions. In addition to meetings, the Audit Committee may also make decisions through per-rollam voting.

Members of the Audit Committee as at 31 December 2020 were Pavel Zavitkovsky (Chairman), Stanislav Staněk, and Andrea Vlasek.

**Raiffeisenbank has 13 committees established by the Board of Directors:**

**Assets and Liabilities Committee**

Quorum	Decision-making	
More than 50% of members present	Approval of all present members	
STOTTER MARTIN	Member of the Board for Risk	Chairman
VIDA IGOR	Chief Executive Officer	Vice-Chairman
JEJÍNEK TOMÁŠ	Member of the Board for Markets & Investment Banking	Member
JEŽEK FRANTIŠEK	Member of the Board for Corporate	Member
KREIDL VLADIMÍR	Member of the Board for Retail	Member
FISCHER MILAN	Head of Trading	Member
HANUŠ MARTIN	Head of Risk Controlling	Member
HOUFEK JAN	Head of Market Risk	Member
HRNČIAR MAROŠ	Head of Asset & Liability Management	Member

**Credit Committee**

Quorum	Decision-making	
At least three members of the committee and at least one must be from credit risk	Approval of all present members	
STOTTER MARTIN	Member of the Board for Risk	Chairman
PŘÍHODA HYNEK	Head of Corporate & SE Risk	Vice-Chairman
JEŽEK FRANTIŠEK	Member of the Board for Corporate	Member
VIDA IGOR	Chief Executive Officer	Member
HAVRÁNEK JIŘÍ	Head of Corporate Credit Risk	Member
GÜRTLER TOMÁŠ	Executive Director Real Estate & Structured Finance	Member
TUTASS BARBARA	Head of Large Corporates	Member
ŠTĚTINA VÁCLAV	Head of Corporate Sales	Member
JEJÍNEK TOMÁŠ	Member of the Board for Markets & Investment Banking	Member
POŘÍZ JAROSLAV	Head of Workout	Member
NOVOTNÝ MAREK	Head of Legal - Corporate & Treasury	Member

**Problem Loans Committee**

Quorum	Decision-making	
At least three members of the committee and at least one must be from Workout	Not specified	
STOTTER MARTIN	Member of the Board for Risk	Chairman
POŘÍZ JAROSLAV	Head of Workout	Vice-Chairman
VIDA IGOR	Chief Executive Officer	Member
PŘÍHODA HYNEK	Head of Corporate & SE Risk	Member
LÁTAL MAREK	Head of Legal & Management Support	Member
ŠUBERT LUBOMÍR	Head of Special Assets	Member
LANGMAYER JOSEF	RLCZ Representative	Member

**Pricing and Interest Committee**

Quorum	Decision-making	
More than 50% of members present	Consent of all present members needed for adopting a specific proposal	
KREIDL VLADIMÍŘ	Member of the Board for Retail	Chairman
VIDA IGOR	Chief Executive Officer	Vice-Chairman
ŠANDA FILIP	Head of Brand Strategy & Communication	Member
ŠTĚTKA PETR	Head of PI Segment & Product Management	Member
POLEDŇÁK MICHAL	Head of Corporate Development	Member
DŽAVAN MATÚŠ	Head of Retail Risk & Collections	Member
HANUŠ MARTIN	Head of Risk Controlling	Member
POCHOPIN MARTIN	Head of Controlling & Cost Management	Member

**Investment Committee for Asset Management**

Quorum	Decision-making	
If at least four members of the committee are present at the meeting, and at least one must be the chairman or vice-chairman	Consent of all present members needed for adopting a specific proposal	
SLADKOVSKÝ JAROMÍŘ	Head of Investment Management	Chairman
ONDRUŠKA MICHAL	Head of Asset Management	Vice-Chairman
VIDA IGOR	Chief Executive Officer	Member
ZELINKA JIŘÍ	Head of Private Banking	Member
HANUŠ MARTIN	Head of Risk Controlling	Member
PADĚRA MIROSLAV	Portfolio Manager	Member

**Retail Risk Management Committee**

Quorum	Decision-making	
More than 50% of members present and at least one from Risk	Consent of all present members needed for adopting a specific proposal	
STOTTER MARTIN	Member of the Board for Risk	Chairman
DŽAVAN MATÚŠ	Head of Retail Risk & Collections	Vice-Chairman
KREIDL VLADIMÍŘ	Member of the Board for Retail	Member
SMRČEK MARTIN	Head of Retail Underwriting	Member
ŠTĚTKA PETR	Head of PI Segment & Product Management	Member
RICHTER MAREK	Head of Strategic Sales & Mortgage Business	Member

**Operational Risk Management & Controls Committee**

Quorum	Decision-making	
More than 50% of members present	Consent of more than 50% of all members needed to adopt a specific proposal	
STOTTER MARTIN	Member of the Board for Risk	Chairman
HANUŠ MARTIN	Head of Risk Controlling	Vice-Chairman
KREIDL VLADIMÍR	Member of the Board for Retail	Member
JEŽEK FRANTIŠEK	Member of the Board for Corporate	Member
JELÍNEK TOMÁŠ	Member of the Board for Markets & Investment Banking	Member
VIDA IGOR	Chief Executive Officer	Member
ONDRŮŠEK ČESTMÍR	Head of Compliance & Financial Crime Management	Member
MATULA MILOŠ	Member of the Board for Operations	Member
ŠTENGL PETR	Head of IT Operations	Member
LÁTAL MAREK	Head of Legal & Management Support	Member

**Projects Committee**

Quorum	Decision-making	
More than 50% of members present	Consent of a two-thirds majority of present members is needed to adopt a proposal	
VIDA IGOR	Chief Executive Officer	Chairman
MATULA MILOŠ	Member of the Board for Operations	Vice-Chairman
MATOUŠ VLADIMÍR	Member of the Board for IT	Member
KREIDL VLADIMÍR	Member of the Board for Retail	Member
JELÍNEK TOMÁŠ	Member of the Board for Markets & Investment Banking	Member
STOTTER MARTIN	Member of the Board for Risk	Member
JEŽEK FRANTIŠEK	Member of the Board for Corporate	Member

**Real Estate Investment Committee**

Quorum	Decision-making	
More than 50% of members present and at least one from Risk	Consent of all present members needed for adopting a specific proposal	
GÜRTLER TOMÁŠ	Executive Director Real Estate and Structured Finance	Chairman
LANEGGER ALOIS	RLCZ representative	Vice-Chairman
JEŽEK FRANTIŠEK	Member of the Board for Corporate	Vice-Chairman
STOTTER MARTIN	Member of the Board for Risk	Member
PŘÍHODA HYNEK	Head of Corporate & SE Risk	Member
ONDROUŠKOVÁ TEREZA	Head of Accounting & Taxes	Member

**IT Change Control Committee**

Quorum	Decision-making	
More than 50% of members present	Consent of a two-thirds majority of present members is needed to adopt a proposal	
MATOUŠ VLADIMÍR	Member of the Board for IT	Chairman
VIDA IGOR	Chief Executive Officer	Vice-Chairman
KREIDL VLADIMÍR	Member of the Board for Retail	Member
JEŽEK FRANTIŠEK	Member of the Board for Corporate	Member
STOTTER MARTIN	Member of the Board for Risk	Member
MATULA MILOŠ	Member of the Board for Operations	Member
JELÍNEK TOMÁŠ	Member of the Board for Markets & Investment Banking	Member
SLADKOVSKÝ JAROMÍR	Head of Investment Management	Member

**Investment Products Committee**

Quorum	Decision-making	
More than 50% of members present	Consent of most of all members of the committee is needed to adopt a proposal	
JELÍNEK TOMÁŠ	Member of the Board for Markets & Investment Banking	Chairman
SLADKOVSKÝ JAROMÍR	Head of Investment Management	Vice-Chairman
KREIDL VLADIMÍR	Member of the Board for Retail	Member
POCHOPIN MARTIN	Head of Controlling & Cost Management	Member
STOTTER MARTIN	Member of the Board for Risk	Member
ZELINKA JIŘÍ	Head of Private Banking	Member
POLEDŇÁK MIČAL	Head of Corporate Development	Member
FIGLOVSKÝ JAN	Head of Segment Management & Investment	Member
VIDA IGOR	Chief Executive Officer	Member

**Corporate Products Committee**

Quorum	Decision-making	
At least two members of the committee are present	Consent of at least two members of the committee	
JEŽEK FRANTIŠEK	Member of the Board for Corporate	Chairman
STOTTER MARTIN	Member of the Board for Risk	Vice-Chairman
MATULA MILOŠ	Member of the Board for Operations	Member

**Retail Strategies Committee**

Quorum	Decision-making	
More than 50% of members present	Consent of all present members needed for adopting a specific proposal	
KREIDL VLADIMÍŘ	Member of the Board for Retail	Chairman
VIDA IGOR	Chief Executive Officer	Vice-Chairman
ŠTĚTKA PETR	Head of PI Segment & Product Management	Member
ŠANDA FILIP	Head of Brand Strategy & Communication	Member
REMR JAN	Head of Branch Network	Member
RICHTER MAREK	Head of Strategic Sales & Mortgage Business	Member
HEJNÝ ALEŠ	Head of Direct & Remote Sales	Member
ZELINKA JIŘÍ	Head of Private Banking	Member
PLZÁK MICHAL	Head of Digital Banking	Member

Each member of the Board of Directors is entitled to attend any meeting of any committee. Each member of the Board of Directors has veto power over any decision made by any committee. In such case, the specific matter is to be discussed at the following meeting of the Board of Directors.

Valid as at 31 December 2020

**Section 118(4) letter d:**

The registered capital of the issuer is allocated to the relevant number of common bearer shares with a nominal value of CZK 10,000 each. The company's shares are dematerialised and are not quoted. The same rights and obligations are associated with all the company's shares. These rights and obligations are set out in the relevant provisions of the company's Articles of Association and the Companies Act. The rights associated with the company's shares include the right to participate in the company's general meeting and to vote on matters within the competency of the general meeting, and the right to a share in the profit – dividends. Voting rights belonging to stock are based on the nominal value, with a single vote given for each CZK 10,000. None of the shares of the company have restrictions on voting rights. Each shareholder has the same rights to a share in the profit of the company – dividends – in the scope approved by the general meeting on the basis of the financial results of the company in a ratio equivalent to its share in the registered capital. Each shareholder has the same rights to participate in increasing the company's registered capital in proportion to its share in the registered capital and voting rights and also the obligation to pay up the subscribed shares by the deadline during an increase in the registered capital. There are no special rights or obligations associated with the company's shares, except for those set out in the Articles of Association of the company and in the Companies Act.

**Section 118(4) letter e:**

The competence of the General Meeting of companies is defined in the Companies Act and the Articles of Association of the companies.

The General Meeting constitutes a quorum if shareholders are present who have stock with a nominal value of more than half of the registered capital. Voting rights belonging to stock are based on the nominal value, with a single vote given for each CZK 10,000 (per share). The company has two shareholders

whose shares in the registered capital and voting rights are 75% and 25%. Decisions of the General Meeting require a two-thirds majority of the duly submitted votes of present shareholders, unless specified otherwise by law or these Articles of Association. Voting at the General Meeting is performed by a show of hands (acclamation). Voting at the General Meeting or decision-making outside the General Meeting (per rollam) may be carried out by technical means relating to all matters in the competence of the General Meeting.

The following fall under the competence of the General Meeting:

- Decisions about a change in the Articles of Association, unless this is a change resulting from an increase in the registered capital or a change which occurred based on other legal circumstances,
- Decisions to increase or reduce the registered capital or to authorize the Board of Directors to increase the registered capital,
- Decisions to issue bonds in accordance with Section 286 of the Companies Act,
- Election and recall of members of the Supervisory Board and other bodies specified in the Articles of Association,
- Approval of regular or exceptional accounting statements and consolidated financial statements, including, in legally mandated cases, interim financial statements, decisions on the distribution of profit, covering losses, and determining bonuses,
- Decisions on registration of the company's participating securities in accordance with special legal regulations, and for cancelling their registration,
- Decisions on liquidating the company,
- Decisions on mergers, transfer of equity to a single shareholder, or demergers, or change of legal form,
- Decisions on the conclusion of contracts for transfer of the enterprise or its significant portion and/or its lease holding, or decisions on the conclusion of such contracts by controlled entities,



- j) Approval of controlling contracts, contracts for transfer of profit, and contracts for silent partnerships and their modification,
- k) Approval of the conclusion of contracts, based upon which the company is to acquire or appropriate assets, if the value of the assets acquired or appropriated during a single accounting period exceeds one third of the equity capital
- l) Decisions on other matters which the law or the Articles of Association place under the competence of the General Meeting,
- based upon the most recent duly compiled accounting statements of the company or the consolidated financial statements,

## Section 118(4) letter f:

Monetary and natural income received by top management from the issuer and from entities controlled by the issuer during the accounting period:

Remuneration table CZK thousands			Monetary income	Natural income
Board of Directors	Total	Remuneration Board member	66,342	76%
		Other	21,505	24%
		Total	87,847	3,575
	From entities controlled by the issuer		-	
Supervisory Board	Total	Remuneration Supvs. Board member	7,086	100%
		Other	-	
		Total	7,086	
	From entities controlled by the issuer		-	
Other management	Total	Via employment	-	
		Other	-	
		Total	-	
	From entities controlled by the issuer		-	

## Section 118(4) letter g:

The top managers of the issuer or closely related individuals do not own stock or similar securities representing a share in the issuer, do not hold any options or similar investment instruments related to the stock or similar security representing a share in the issuer, and are not the contracting parties of such contracts or have such contracts concluded in their favour.

- Financial criteria: reaching the set amount of profit after tax, the ratio of costs to operating revenue, return on risk-weighted capital, complying with the operating costs and meeting the limit for weighted assets, and
- Non-financial criteria: meeting the goals relating to the strategic projects of the issuer, attaining quality with respect to providing products and services and relating to the activities of units under the direct management of the board member.

## Section 118(4) letter h:

### Principles of remuneration for the top managers of the issuer

#### Remuneration for the members of the Board of Directors

The members of the Board of Directors perform their offices under a mandate agreement, and in accordance with Act no. 90/2012 Coll., the Companies Act, hold no executive positions.

The principles contained in the agreement on performance of the office of board member are:

- Fixed wage for performance as a board member (paid by the issuer and approved by the majority shareholder) – monetary remuneration,
- Flexible wage for performance as a board member upon fulfilment of the financial and non-financial criteria (paid by the issuer, approved by the Supervisory Board),

Payment of the flexible component of wages is duly regulated by the provisions of Annex 1 to Decree no. 163/2014 Coll., on performance of the undertakings of banks, savings banks, and credit institutions and securities traders, as amended, the application of which is contained in the Basic Regulations for Remuneration approved by the Supervisory Board. The flexible component of the wages for performance of the office of member of the Board of Directors is 50% paid based on a calculation according to the Value In Use methodology (ViU). This is based on the Dividend Discount Model (DDM) and is the sum of the Net Present Value (NPV) of dividends for the following five years from the year of valuation and the continuing value. This part of the remuneration is acknowledged in the following scheme: 60% deferred part by 18 months from the end of the business year for which the bonus is acknowledged. The remaining 40 % is paid during the following five years, one-fifth paid each year. The second half of the flexible component of remuneration is acknowledged in

the following scheme: 60% non-deferred part. The remaining 40% is paid during the following five years, one-fifth paid each year.

The majority shareholder monitors and assesses fulfilment of the financial and non-financial criteria for the flexible wage and also proposes the amount of the flexible wage and submits a proposal for payment to the Supervisory Board.

The board members have company cars at their disposal for a total purchase price of CZK 8,951,376.

The above principles of remuneration for the members of the Board of Directors who are also in top management positions are valid as at June 2014.

#### Remuneration of the supervisory board members

– The supervisory board members are appointed by the General Meeting or are elected by the employees of the issuer

Under the agreement on the performance of the office, all members of the Supervisory Board (appointed by the General Meeting and elected from among the employees) are paid monetary remuneration. This remuneration is fixed in nature and is not dependent on the company's results. Shares in the profit or any other variable remuneration are not paid to members of the Supervisory Board.

The principles of remuneration for members of the Supervisory Board are contained in the Basic Principles of Remuneration approved by the Supervisory Board of the issuer.

#### Identification of top managers of the issuer, their job positions, and executive authority:

##### Board

**Igor Vida**, Chairman of the Board of Directors, responsible for Compliance & Financial Crime Management, Brand Strategy & Communication, People & Culture, Legal & Management Support, Internal Audit, Strategy, Change Management and R&D, Agile transformation, Reporting & BIA, Controlling & Cost Management, Accounting & Taxes

**František Ježek**, Member of the Board of Directors, responsible for Corporate banking

**Miloš Matula**, Member of the Board of Directors, responsible for Operations

**Vladimír Kreidl**, Member of the Board of Directors, responsible for Retail Banking

**Tomáš Jelínek**, Member of the Board of Directors, responsible for Markets & Investment Banking

**Vladimír Matouš**, Member of the Board of Directors, responsible for IT

**Martin Stotter**, Member of the Board of Directors, responsible for Risk management

The Board of Directors is the executive body that manages the company's activities, that acts on behalf of the company, and that decides in all matters of the company that do not fall within the competence of the General Meeting or the Supervisory Board.

The Board of Directors secures the business management of the company, including the proper keeping of the company's accounts.

In particular, the Board of Directors is responsible for the following:

- a) Handling the company's business management and securing the company's operations;
- b) Setting, approving, and assessing the bank's strategy;
- c) Exercising the employer's rights, setting and approving the concept of employment policies and the collective interests of employees;
- d) Convening the General Meeting;
- e) Arranging for and submitting to the General Meeting:
  - i) A proposal for amending the articles of association,
  - ii) A proposal for increasing or reducing the registered capital,
  - iii) Approval for the ordinary, extraordinary, consolidated, or interim financial statements and a proposal for the distribution of profit, including setting the amount and manner of paying out dividends and bonuses,
  - iv) A report on the business activities of the company and on the state of its assets within six months of the end of the calendar year,
  - v) A proposal for the manner of covering the company's losses incurred during the business year as well as a proposal for additional approval of the use of a reserve fund,
  - vi) A proposal for establishing and terminating other bodies not set out in the articles of association as well as for defining their function and powers;
- f) Performing the resolutions of the General Meeting;
- g) Deciding when to use resources from the reserve fund;
- h) Keeping a list of shareholders;
- i) Ensuring the proper management of mandatory records, accounting, business ledgers, and other company documents;
- j) Electing and recalling head employees appointed to their positions under law, establishing their wages and remuneration;
- k) Granting and recalling powers of attorney, after prior consultation with the Supervisory Board;
- l) Determining the methods and means for the development and profitability of company operations and measures for using instruments of economic management, in particular relating to financing, the creation of prices, wages, salaries, and funds, and assessing the economic results;
- m) Approving the internal regulations of the company and ensuring compliance with the internal regulations and the generally binding legal regulations by the Company's employees and the rules establishing the ethical principles of conduct of the company's employees;
- n) Creating, maintaining, and assessing the effective steering and control system of the company and ensuring that all of the Company's employees have understood their role in the internal control system and are actively engaged in this system;

- o) Approving and assessing the functional organizational structure of the company;
- p) Negotiating with the top management on matters that relate to the effectiveness of the steering and control system and assessing the reports that are submitted to the Board of Directors and adopting adequate measures;
- q) All other matters that are entrusted to the powers of the Board of Directors based on the valid generally binding legal regulations.

Additional regulation of the Board of Directors, its powers, and the rules of conduct are contained in the Rules of Procedure of the Board of Directors.

#### Supervisory Board:

**Lukasz Januszewski**, Chairman of the Supervisory Board  
**Peter Lennkh**, Vice-Chairman of the Supervisory Board  
**Reinhard Schwendtbauer**, Member of the Supervisory Board  
**Johann Strobl**, Member of the Supervisory Board  
**Andreas Gschwenter**, Member of the Supervisory Board  
**Hannes Mösenbacher**, Member of the Supervisory Board  
**Andrii Stepanenko**, Member of the Supervisory Board  
**Helena Horská**, Member of the Supervisory Board  
**Kamila Štastná**, Member of the Supervisory Board  
**Michal Prádka**, Member of the Supervisory Board  
**Pavel Hruška**, Member of the Supervisory Board  
**Taťána le Moigne**, Member of the Supervisory Board

The Supervisory Board oversees performance of the powers of the Board of Directors and carrying out the business activities of the Company. The Supervisory Board reviews the ordinary, extraordinary, and consolidated or interim financial statements and the proposal for distribution of profit or covering losses and submits its statement to the General Meeting. Other matters that require the prior consent of the Supervisory Board are stipulated in the Rules of Procedure of the Supervisory Board. Consent of the Supervisory Board as well as the General Meeting is required for entering into an agreement based on which the company should acquire or divest assets, provided that the value of the acquired or divested assets during one accounting period exceeds one third of the equity capital recorded in the last ordinary financial statements or the consolidated financial statements. For the purpose of performing their positions, the members of the Supervisory Board are entitled to request the assistance of experts for the specific area under the management of the Supervisory Board, as set out above. The Supervisory Board reviews the effectiveness of the steering and control system of the company as a whole, and assesses it at least once a year. The Supervisory Board participates in the direction, planning, and assessment of the activities of internal audit and compliance. The Supervisory Board establishes principles and decides on the remuneration of members of the Board of Directors and the head of internal audit and compliance.

Additional regulation of the Supervisory Board, its powers, and the rules of conduct are contained in the Rules of Procedure of the Supervisory Board.

With effect from May 8, 2018, the Bank established the Remuneration Committee (RemCo) with the power to discuss matters and remuneration materials and makes recommendations to the Supervisory Board before final approval.

Its members are:

Lukasz Januszewski – chairman  
 Johann Strobl – member  
 Peter Lennkh – member  
 Head of Group HR (expert)

#### Section 118(4) letter l:

##### Diversity Policy

Raiffeisenbank values diversity of all forms and has been supporting it on the Czech and international level in the long term. The policy of diversity, in our eyes, is a fundamental aspect of fair approach to our employees, clients and partners. We enable diversity in all its forms and proactively pursue its development and support among our staff, including top levels of the bank's management. One of the key standards of Raiffeisenbank's recruitment is unconditional respect to the basic principles of diversity, respect to every candidate regardless of gender, sexual orientation, age, belief, special needs or other characteristics.

On the group level, our parent Raiffeisenbank International Group applies its Group Diversity Policy of 2018, primarily derived from Directive 2013/36/EU, Directive 2014/65/EU and the specific principles of EBA/GL/2017/12 on the suitability of members of the management body and key function holders. Also, the group norm considers Directive 2014/95/EU and Regulation 575/2013/EU.

When selecting members of our statutory bodies, we always strive to ensure that every such member possesses balanced knowledge, skills and experience to perform the office, regardless of individual characteristics. All new members of Raiffeisenbank's Management and Supervisory Boards are appointed in line with these principles. Also, in this regard, Raiffeisenbank ensures proper and effective exercise of every employee's right to vote and to stand as a candidate for a member of the Supervisory Board representing the employees.

#### Section 118(4) letter j:

The bank has not officially adopted any corporate governance code. The bank observes the standards of the Raiffeisen Bank International AG financial group.

## Section 118(4) letter k:

Information on remuneration charged by the auditors during the accounting period, shown by individual type of service and separately for the issuer and the consolidated group:

	2020
<b>Consolidated</b>	<b>MCZK</b>
Statutory audit of the financial statements	9
Other verification services	4
<b>Individually for RB</b>	<b>MCZK</b>
Statutory audit of the financial statements	5
Other verification services	3

Other verification services include following services:

- Review of financial information for consolidation purposes prepared in accordance with the accounting instructions of the Raiffeisen Bank International Group for the period from 1 January 2020 to 30 June 2020;
- Review of consolidated and non-consolidated financial information as at 31 December 2020 for the purposes of reporting to the Czech National Bank;
- Preparation of a report on the adequacy of measures taken to protect customer assets (MiFID) pursuant to Section 12e (3) of Act 256/2004, on Doing Business on the Capital Market for the needs of the Czech National Bank;
- Services related to the issuance of a "comfort letter" for the issuance of securities;
- Training in regulation and credit analysis.

In addition to the statutory audit, the auditor provided the following services in 2020 to companies controlled by the Bank:

- Tax services;
- Training in accounting, regulation and credit analysis.

## Section 129

### Information on the Guarantee Fund contribution

As a securities trader, Raiffeisenbank contributes to the Guarantee Fund which safeguards the guarantee system from which compensation is paid to clients of securities traders unable to meet their client obligations. The basis for calculating Raiffeisenbank's contribution to the Guarantee Fund for 2020 was CZK 348 million and the amount of the contribution was CZK 7 million. In 2019, the basis for calculating the contribution was CZK 275 million and the contribution was CZK 5 million.

### Expenses relating to research and development

In 2020, the Bank spent CZK 122 million on research and development. Most of the expenditure was associated with development studies and the implementation of individual projects, especially in the field of information technology and systems.

## Information about securities

### International bond programme for Raiffeisenbank mortgage bonds

**Maximum volume of unpaid bonds:**  
EUR 5,000,000,000

The bond programme consists of a maximum unpaid bond volume of EUR 5,000,000,000. The prospectus for the bond programme containing the general issue terms was approved by the Commission de Surveillance du Secteur Financier in Luxembourg and was announced to the Czech National Bank.

The following is a list of bonds issued as a part of the programme that have not yet reached maturity.

#### HZL RBCZ 4Y

ISIN:	XS1574150261
Issue date:	8 March 2017
Class:	mortgage bond
Form:	bearer
Type:	dematerialised
Total issue volume:	EUR 300,000,000
Par value per security:	EUR 100,000
Quantity:	3,000

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is composed of the fix interest rate of 0.50 % p.a., paid annually always by 8 March retrospectively each year.

Method of transferring the securities: transferability is not restricted; mortgage bonds are transferred on registration of the transfers at Clearstream Banking société anonyme Luxembourg and/or Euroclear Bank SA/NV in accordance with the valid regulations.

Issue administrator: Citibank N.A.

Designated premises of the administrator: Citibank N.A., Citi Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom,

Names of the regulated markets on which the securities are accepted for trading: Bourse de Luxembourg (from the date of issue);

Bond currency: EUR

Maturity of bonds: the mortgage bonds are payable in their par value on 8 March 2021.

**HZL RBCZ 5Y**

ISIN:	XS1574149842
Issue date:	8 March 2017
Class:	mortgage bond
Form:	bearer
Type:	dematerialised
Total issue volume:	EUR 300,000,000
Par value per security:	EUR 100,000
Quantity:	3,000

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is composed of the fix interest rate of 0.625 % p.a., paid annually always by 8 March retrospectively each year.

Method of transferring the securities: transferability is not restricted; mortgage bonds are transferred on registration of the transfers at Clearstream Banking société anonyme Luxembourg and/or Euroclear Bank SA/NV in accordance with the valid regulations.

Issue administrator: Citibank N.A.

Designated premises of the administrator: Citibank N.A., Citi Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom

Names of the regulated markets on which the securities are accepted for trading: Bourse de Luxembourg (from the date of issue);

Bond currency: EUR

Maturity of bonds: the mortgage bonds are payable in their par value on 8 March 2022.

**HZL RBCZ 6Y**

ISIN:	XS1574150857
Issue date:	8 March 2017
Class:	mortgage bond
Form:	bearer
Type:	dematerialised
Total issue volume:	EUR 300,000,000
Par value per security:	EUR 100,000
Quantity:	3,000

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is composed of the fix interest rate of 0.875 % p.a., paid annually always by 8 March retrospectively each year.

Method of transferring the securities: transferability is not restricted; mortgage bonds are transferred on registration of the transfers at Clearstream Banking société anonyme Luxembourg and/or Euroclear Bank SA/NV in accordance with the valid regulations.

Issue administrator: Citibank N.A.

Designated premises of the administrator: Citibank N.A., Citi Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom

Names of the regulated markets on which the securities are accepted for trading: Bourse de Luxembourg (from the date of issue);

Bond currency: EUR

Maturity of bonds: the mortgage bonds are payable in their par value on 8 March 2023.

**HZL RBCZ 7Y**

ISIN:	XS1574151236
Issue date:	8 March 2017
Class:	mortgage bond
Form:	bearer
Type:	dematerialised
Total issue volume:	EUR 300,000,000
Par value per security:	EUR 100,000
Quantity:	3,000

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is composed of the fix interest rate of 1.125 % p.a., paid annually always by 8 March retrospectively each year.

Method of transferring the securities: transferability is not restricted; mortgage bonds are transferred on registration of the transfers at Clearstream Banking société anonyme Luxembourg and/or Euroclear Bank SA/NV in accordance with the valid regulations.

Issue administrator: Citibank N.A.

Designated premises of the administrator: Citibank N.A., Citi Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom

Names of the regulated markets on which the securities are accepted for trading: Bourse de Luxembourg (from the date of issue);

Bond currency: EUR

Maturity of bonds: the mortgage bonds are payable in their par value on 8 March 2024.

Rights associated with the bonds: The rights and obligations associated with the above bonds of the programme are governed by and construed in accordance with the laws of the United Kingdom. The rights and obligations of the cover block of mortgage bonds are governed by and construed in accordance with the laws of the Czech Republic.

**HZL RBCZ CRR 1.00/30**

ISIN:	CZ0002007057
Issue date:	15 July 2020
Class:	Bond
Form:	Bearer
Type:	Dematerialised
Total issue volume:	CZK 1,000,000,000
Par value per security:	CZK 10,000,000
Quantity:	100

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 1% p.a., payable once a year retrospectively, always by 15 July of each year;

Method of transferring the bonds: transferability is not restricted; the Covered Bonds are transferred on registration of the transfer on the owner's account at the Central Depository, in accordance with the valid regulations and the regulations of the Central Depository;

Issue administrator: Raiffeisenbank a.s.;

Designated premises of the administrator: Hvězdova 1716/2b, 140 78 Prague 4, Czech Republic;

Names of the public markets on which the securities are accepted for trading: MTF;

Bond currency: CZK;

Maturity of bonds: the bonds are payable in their par value on 15 July 2030.

Rights associated with the bond: The rights and obligations associated to this bond and the rights and obligations of the cover block are governed by and construed in accordance with the law of the Czech Republic.

## Year 2021

2021 will be a significant year for Raiffeisenbank on several levels. The projects already initiated in relation to the digitization of services will continue. We are also anticipating in the middle of the year the launch of BankID services, and by the end of the year, the integration of several hundred new clients from ING and Equa bank (provided we obtain the approval of all regulatory authorities).

The health of our clients and employees will continue to be our priority, as well as supporting them in implementing their plans and business ideas or in performing their profession.

We will invest our finances and efforts primarily in digitization and continue to increase the comfort of using our products and services. We will work to improve Internet and mobile banking and focus on connecting services within the Raiffeisen group in the Czech Republic.

On behalf of Raiffeisenbank's Board of Directors



Igor Vida  
Chairman of the Board and CEO



# Report of the Chairman of the Supervisory Board



Dear Ladies and Gentlemen,

In all respects, 2020 has been different than any of the preceding years. Not only in the Czech Republic, but throughout the world as well, we have all had to change many of the things we were used to doing. Despite all of the difficult moments, we recorded a year-on-year increase in total assets of 10.9% to CZK 411 billion, a 1% increase in

the volume of loans to CZK 249 billion, and a 15.1% increase in client deposits to CZK 335 billion.

In addition to all of these successes, we must also mention other economic indicators that were not entirely positive. The decrease in revenues by 12.7% (to CZK 10.39 billion) was significantly higher than the 5.8% reduction in costs (to CZK 6.3 billion). As a result, our net profit fell by 48.9% year on year to CZK 2.14 billion. This is why we appreciate even more the tremendous trust shown to us by our parent company, RBI, which is investing in additional growth in the Czech Republic. In 2020, we became the sole owner of Raiffeisen stavební spořitelna, which will enable us to acquire more new clients in the future, expand services for existing clients, and increase their satisfaction.

During the 2020 financial year, the members of the Supervisory Board held 4 ordinary meetings. In addition, if necessary, the Supervisory Board took decisions outside the meeting in the form of per-rolam. The overall attendance rate for Supervisory Board meetings was around 90 per cent.

The Supervisory Board regularly and comprehensively monitored the business performance and risk developments at Raiffeisenbank a.s. Discussions were regularly held with the Management Board on the adequacy of capital and liquidity, as well as on the direction of the bank's business and risk strategies. The Supervisory Board also dealt at length with further developments within corporate governance and monitored the implementation of corresponding policies. In course of its monitoring and advisory activities, the Supervisory Board maintained direct contact with the responsible Management Board members, the auditor and heads of the internal control functions. It also maintained a continuous exchange of information and views with representatives from supervisory authorities on topical issues.

Moreover, the Management Board provided the Supervisory Board with regular and detailed reports on relevant matters

concerning performance in the respective business areas. Between meetings, the Supervisory Board maintained close contact with the Chairman and members of the Management Board. The Management Board was available when required for bilateral or multilateral discussions with members of the Supervisory Board, where applicable with the involvement of experts on matters being addressed.

The work undertaken together with the Management Board was based on a relationship of mutual trust and conducted in a spirit of efficient and constructive collaboration. Discussions were open and critical, and the Supervisory Board passed resolutions after fully considering all aspects. If additional information was required in order to consider individual issues in more depth, this was provided to members of the Supervisory Board without delay and to their satisfaction.

In addition to the standard agenda items, such as monitoring the company's ongoing business results, the Supervisory Board concentrated on so-called Focus Topics at each meeting, and proper attention was given to these topics. Last year, it was mainly the development of the situation in connection with the COVID-19 pandemic and its impact on the company's activities. The Supervisory Board also addressed in detail the topics of digitisation, automation, and the company's strategic growth. In addition, the Supervisory Board performed its statutory functions provided for in the Articles of Association of the companies and the generally binding legal regulations of the Czech Republic. The Supervisory Board reviewed the separate financial statements and consolidated financial statements and the proposal for the distribution of profit for 2020 and recommended that the General Meeting approve them. The internal audit and compliance departments also submitted their regular reports to the Supervisory Board at each meeting. The Head of the Internal Audit Department and the Head of the Compliance Department regularly attended the meetings of the Supervisory Board.

Considering what can honestly be described as an unprecedented year due to the challenges resulting from the COVID-19 pandemic, I would like to take this opportunity to sincerely thank the Management Board and all employees of Raiffeisenbank for their unwavering efforts, and also our customers for their continued trust during these exceptional times.

On behalf of the Supervisory Board

Lukasz Januszewski  
Chairman of the Supervisory Board

# Report of the Supervisory Board of Raiffeisenbank a.s.

- 1) The Supervisory Board carried out its tasks in accordance with Section 446 to 447 of the Companies Act, the Articles of Association of Raiffeisenbank a.s., and the company's rules of procedure. The Board of Directors presented reports on the bank's operations and its financial situation to the Supervisory Board at regular intervals.
- 2) The financial statements were prepared in accordance with the International Accounting Standards.
- 3) The financial statements were audited by "KPMG Česká republika Audit, s.r.o.". In the opinion of the auditor, the financial statements give a true and fair view of the financial position of Raiffeisenbank a.s. as of 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.
- 4) The Supervisory Board examined the annual financial statements and the Report on Related Parties for the year 2019, including the proposed distribution of earnings, accepted the results of the audit of the financial statements for 2020, and recommended that the General Meeting approve them without comments.

# Executive and Supervisory Bodies

## Board of Directors

### Chairman of the Board of Directors

#### Ing. Igor Vida

Born: 1 April 1967  
Residing at: Gorazdova 1, 811 04 Bratislava, Slovakia

Member of the Board of Directors of Raiffeisenbank a.s. since 1 April 2015, and from 7 April 2015, elected Chairman of the Board of Directors. From 1992, Igor Vida worked at the Slovak Tatra banka, a.s., initially as the Head of the Foreign Exchange and Money Market Department, later as Head of the Treasury and Investment Banking Division. In 1997, he became a member of the Board of Directors of Tatra banka, a.s., then Vice-Chairman of the Board of Directors. Starting in 2007, he was the Chairman of the Board of Directors and CEO of Tatra

banka, a.s. Igor Vida resigned from the position of Chairman of the Board of Directors of Tatra banka, a.s. on 31 March 2015.

**Member of the Assets and Liabilities Committee**  
**Member of the Credit Committee**  
**Member of the Problem Loan Committee**  
**Chairman of the Projects Committee**  
**Member of the Price and Interest Committee**  
**Member of the Asset Management Investment Committee**  
**Member of the Committee on Operational Risk and Control**  
**Member of the IT Change Control Committee**  
**Member of the Investment Products Committee**  
**Member of the Retail Strategies Committee**

### Board Members

#### Ing. František Ježek

Born: 5 April 1972  
Residing at: Česká 1135/5, 158 00 Prague 5 - Košíře, Czech Republic

Member of the Board of Directors since 1 October 2012, responsible for Risk Management and since 15 April 2018 responsible for Corporate banking. Prior to joining Raiffeisenbank, he worked at the Vienna headquarters of Raiffeisen Bank International AG as the head of retail risk for all of the 15 markets in Central and Eastern Europe. Prior to working at RBI, he worked at Multiservis and in the GE Money group.

**Member of the Assets and Liabilities Committee**  
**Member of the Credit Committee**  
**Member of the Projects Committee**  
**Vice-Chairman of the Commission for Real Estate Investment**  
**Member of the IT Change Control Committee**  
**Chairman of the Corporate Products Committee**  
**Member of the Committee on Operational Risk and Control**

#### Tomáš Jelínek

Born: 2 February 1976  
Residing at: V Pohodě 757, 252 41 Dolní Břežany, Czech Republic

Tomáš Jelínek has been a member of the Board of Directors responsible for Markets & Investment Banking since 1 January 2020. He began his professional career in banking in 2000 at Citibank and has been a member of the Raiffeisenbank team since 2005. He started as Head of Retail Risk Department, then worked in the positions of Head of Retail Risk and Credit Portfolio Management and Chief Financial Officer. He also worked for the parent RBI for two years as Head of Collection Program.

**Member of the Assets and Liabilities Committee**  
**Member of the Projects Committee**  
**Member of the IT Change Control Committee**  
**Member of the Investment Products Committee**  
**Member of the Operational Risk and Control Management Committee**  
**Member of Interest Committee**

## PhDr. Vladimír Kreidl, Msc.

Born: 23 April 1974  
Residing at: U Starého židovského hřbitova 17, 150 00  
Prague 5, Czech Republic

Member of the Board of Directors responsible for Retail Banking since 1 October 2013. Prior to joining Raiffeisenbank, he worked at McKinsey&Company starting in 2001, and since 2008 as a partner. From 1995 to 2000, he worked at Patria Finance, a.s., eventually as a partner.

**Member of the Assets and Liabilities Committee**  
**Chairman of the Pricing and Interest Committee**  
**Vice-Chairman of the Retail Risk Management Committee**  
**Member of the Projects Committee**  
**Member of the IT Change Control Committee**  
**Member of the Investment Products Committee**  
**Chairman of the Retail Strategies Committee**  
**Member of the Operational Risk and Control Management Committee**

## Ing. Miloš Matula

Born: 1 October 1976  
Residing at: Ječmínkova 3085/10, Líšeň, 628 00 Brno, Czech  
Republic

Member of the Board of Directors responsible for Operations since 1 April 2014. Prior to joining Raiffeisenbank a.s., he worked from 2009 as a member of the Board of Directors of ZUNO BANK AG. From 2007 to 2009, he worked at the parent company Raiffeisen Bank International AG in the position of Head of Service Excellence.

**Member of the Operational Risk and Control Management Committee**  
**Vice-Chairman of the Projects Committee**  
**Member of the IT Change Control Committee**  
**Member of the Corporate Products Committee**

## Mag. Dr. Martin Stotter

Born: 7 April 1976  
Residence: 1020 Wien, Heinestrasse 12/12, Republic of  
Austria

Head of the Board of Directors responsible for Risk management since 15 April, 2018. Prior to joining Raiffeisenbank a.s. since March 2016, he has worked in the sister Raiffeisen Bank a.d. (Serbia) as a member of the Board of Directors responsible for Risk management. In 2014-2016 he was a member of the Board of Directors responsible for Risk management at Raiffeisen Bank d.d. (Slovenia). In 2012-2014, he worked at Raiffeisen Landesbank Steiermark AG, Graz as Deputy Chief Risk Officer (COO) and Chief Operating.

**Member of the Assets and Liabilities Committee**  
**Chairman of the Credit Committee**  
**Chairman of the Operational Risk and Control Management Committee**  
**Chairman of the Problem Loans Committee**  
**Chairman of the Retail Risk Management Committee**  
**Member of the Project Committee**  
**Member of the Commission for Real Estate Investment**  
**Member of the IT Change Control Committee**  
**Member of the Investment Products Committee**  
**Vice Chairman of the Corporate Products Committee**

## Ing. Vladimír Matouš

Born: 25 April 1961  
Residing at: Semická 2026/14, 143 00 Prague 4 - Modřany,  
Czech Republic

Member of the Board of Directors responsible for Information Technology since 1 July, 2018. Prior to joining Raiffeisenbank a.s. has been operating in Tatra Bank since 2010, a.s. (Slovakia) as a Member of the board of Directors responsible for IT. In 2008-2010, he worked for T-Systems Czech Republic as Senior Vice President of ICT Operations. From 2004 to 2008 he worked for T-Mobile Czech Republic as Vice President of Technology Operations.

**Member of the Project Committee**  
**Chairman of the IT Change Control Committee**

# Supervisory Board

## Chairman of the Supervisory Board

### Mag. Lukasz Janusz Januszewski

Born: 1 October 1978

Residing at: 05-520 Konstancin Jeziorna, Vincent van Gogha 5,  
Republic of Poland

Member of the Supervisory Board of Raiffeisenbank a.s. from 24 April 2018. On 8 May 2018 he was elected Chairman of the Supervisory Board of Raiffeisenbank a.s.

From March 2018, he is a member of the Board of Directors of Raiffeisen Bank International AG responsible for Markets & Investment Banking. Since 1998 he has worked in Raiffeisen Bank Polska in various positions connected with Treasury, Capital Markets and Investment Banking. In 2007-2018 he was a Member of the Board of Directors responsible for Markets & Investment Banking.

## Vice-Chairman of the Supervisory Board

### Mag. Peter Lennkh

Born: 10 June 1963

Residing at: Pierronggasse 5, 1140 Vienna, Austria

Member of the Supervisory Board since October 2013. From December 2013, he was elected Vice-Chairman of the

Supervisory Board. Prior to this, he was a member of the Supervisory Board of Raiffeisenbank a.s. from 2005 to 2007. In 1988, he joined Raiffeisen Zentralbank AG, and since that time, he has worked in various positions in the group. Since 2004, he is a member of the Board of Directors of Raiffeisen Bank International AG, now responsible for Corporate Banking.

## Members of the Supervisory Board

### Mag. Reinhard Schwendtbauer

Born: 11 September 1972

Residing at: Lukasweg 23, 4060 Leonding, Austria

Member of the Supervisory Board since April 2013. From 1997, he worked at Raiffeisenlandesbank Oberösterreich AG as the Head of the Secretariat of the Board of Directors. From 1999 to 2000, he worked at the Federal Ministry of Agriculture and Forestry. From 2001 to 2012, he was managing partner and shareholder in Finadvice Österreich, Linz. Since April 2012, he is a member of the Board of Directors of Raiffeisenlandesbank Oberösterreich AG, Linz.

responsible for risk management and finance. In 2007, he became a member of the Board of Directors of Raiffeisen Zentralbank AG responsible for risk management. Starting in 2010, he is a member of the Board of Directors of Raiffeisen Bank International AG responsible for risk management, and from June 2013, also the deputy CEO. In March 2017 he became Chairman of the Board of Directors and CEO of Raiffeisen Bank International AG.

### Mag. Andreas Gschwenter

Born: 16 January 1969

Residing at: Walkersbergstrasse 14, 1130 Vienna, Austria

Member of the Supervisory Board of Raiffeisenbank a.s. since 19 August 2015. From 2010, he was a member of the Board of Directors of the Ukrainian Raiffeisen Bank Aval responsible for IT and Operations. In July 2015, he became a member of the Board of Directors of Raiffeisen Bank International AG responsible for IT and Operations.

### Dr. Johann Strobl

Born: 18 September 1959

Residing at: Hauptstrasse 37, Walbersdorf, Austria

Member of the Supervisory Board since April 2014. From 1989, Johann worked at Bank Austria Creditanstalt, and from 2004, in the position of member of the Board of the Directors

## Mag. Dr. Hannes Mösenbacher

Born: March 11, 1972  
Residing at: Wisentgasse 39, 3400 Klosterneuburg, Austria

Member of the Supervisory Board of Raiffeisenbank a.s. since April 27 2017. Since March 2017, he has been a member of the Board of Directors of Raiffeisen Bank International AG, responsible for the area of risk management (CRO). Prior to 2009 he worked for Raiffeisen Bank International AG (Raiffeisen Zentralbank Österreich AG) as Head of Risk Controlling. From 2000 to 2008, he was employed at Bank Austria Creditanstalt, Vienna in various positions associated with risk management.

## Andrii Stepanenko

Born: 28 April 1972  
Residing at: Vorlaufstrasse 3/503, 1010 Vienna, Austria

Member of the Raiffeisenbank from 24 April 2018. At the same time he became a Member of the Board of Directors of Raiffeisen Bank International AG responsible for Retail Banking. Under the Raiffeisen brand he has been working since 1998, first at AKB Raiffeisenbank Ukraine, subsequently in Raiffeisen Zentralbank AG. From 2003 to 2007 he worked at ZAO Raiffeisenbank Austria, where he was responsible for Risk management. Since 2012 he has been in various positions in the Russian AO Raiffeisenbank, most recently as Vice-Chairman of the Board of Directors responsible for Retail Banking and SME.

## Ing. Helena Horská, PhD.

Date of birth: 27 November 1974  
Residing at: K Habru 174, 251 65 Zvánovice, Czech Republic

Member of the Supervisory Board of Raiffeisenbank a.s. elected by the company's employees since 11 January 2019. In Raiffeisenbank a.s. has been working since 2004, currently in the position of Head of Economic Research.

## Ing. Kamila Šťastná, MBA

Date of birth: 26 January 1973  
Residing at: Sokolovská 371/1, Karlín, 186 00 Prague 8, Czech Republic

Member of the Supervisory Board of Raiffeisenbank a.s. elected by the company's employees since 11 January 2019. In Raiffeisenbank a.s. has been working since 1999, currently in the position of Head of Large Corporates Team.

## Ing. Michal Přádka, MBA

Date of birth: 26 January 1977  
Residing at: Starodvorská 525, 739 24 Krmelín, Czech Republic

Member of the Supervisory Board of Raiffeisenbank a.s. elected by the company's employees since 11 January 2019. In Raiffeisenbank a.s. has been working since 1999 (originally at Expandia Bank), currently in the position of Head of Region - North Moravia.

## Mgr. Pavel Hruška

Date of birth: 17 November 1973  
Residing at: Nehvizdská 954/7, Hloubětín, 198 00 Praha 9, Czech Republic

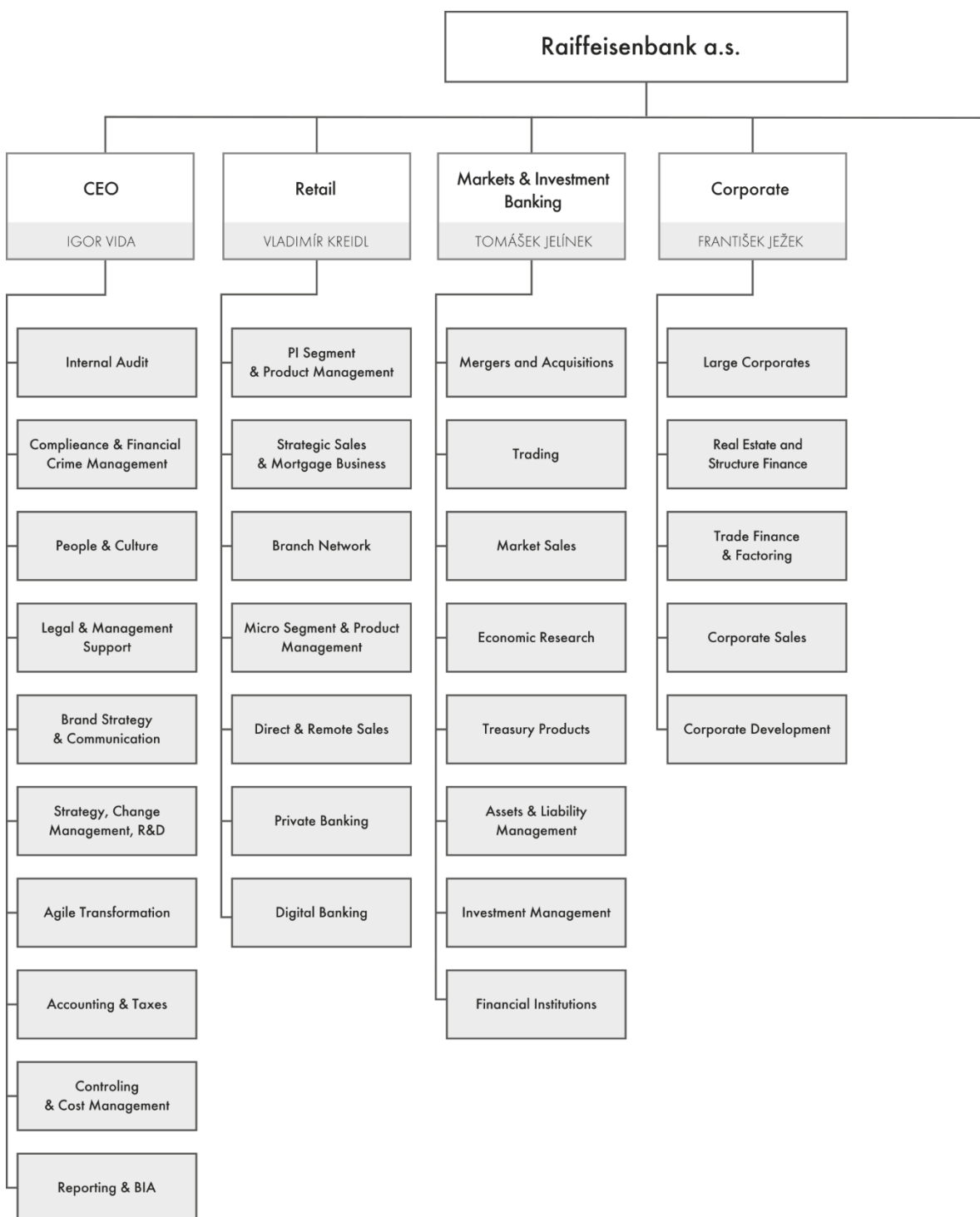
Member of the Supervisory Board of Raiffeisenbank a.s. elected by the company's employees since 11 January 2019. Raiffeisenbank a.s. has been working since 2005, currently in the position of Head of Operational Risk.

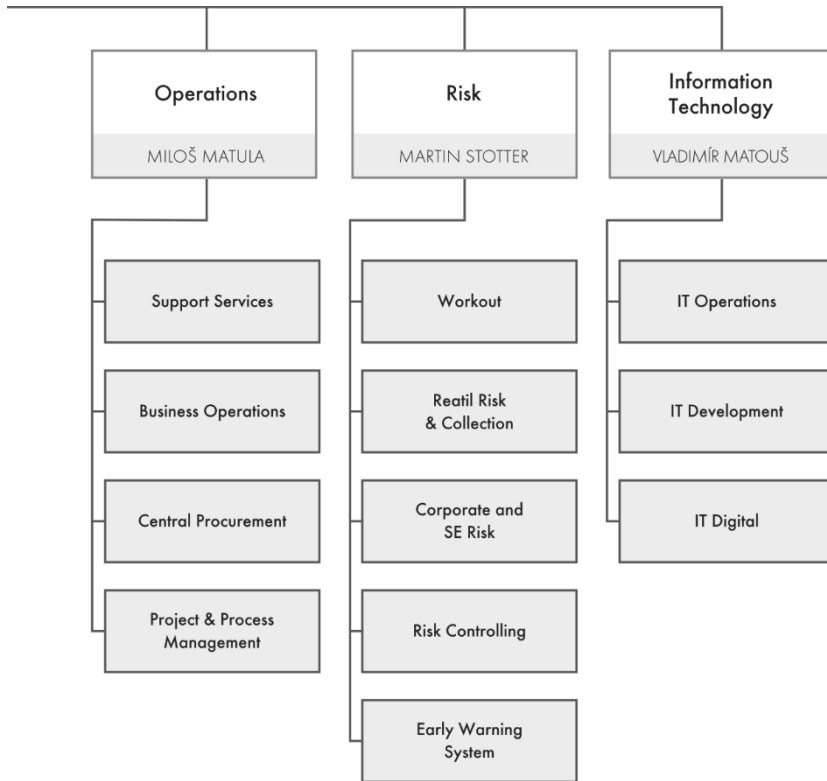
## Tařána le Moigne

Date of birth: 4 April 1967  
Residing at: Janáčkovo nábřeží 471/49, Smíchov, 150 00 Prague 5, Czech Republic

Independent member of the Supervisory Board of Raiffeisenbank a.s. from 27 August 2019. She graduated from the University of Economics in Prague. Since 2006, she has been the CEO of Google Czech Republic. She also holds the position of Country Director at the Slovak Republic, Hungary and Romania at Google.

# Organisational chart







# Economic Development

## The world economy under the weight of COVID-19



2020 was dominated by the COVID-19 pandemic. The spread of the virus and subsequent countermeasures have affected not only the performance of economies and the volume of international trade, but also the movement of people within countries as well. According to the World Bank's estimates from January 2021, the world economy contracted by 4.3%, which is the

deepest decline since World War II. International trade even lost 9.5% in terms of turnover, and in contrast to the global financial crisis, a significantly higher number of countries were affected. The hope for 2021 is to vaccinate the most vulnerable groups. The unpredictability of the virus and many other (geopolitical) risks may threaten the expected recovery of the world economy this year (the World Bank's estimate assumes growth of 4% in the baseline scenario). A return to the pre-pandemic level is not expected until the following years. According to preliminary Eurostat data, the economies of the European Union declined by 6.4%. Germany, our main trading partner, recorded a 5% decline in its economy and, unlike the Czech Republic, did not surpass the decline of 2009 (-5.7% in 2009).

## The Czech economy held its ground despite grave economic losses

According to the preliminary estimates of the Czech Statistical Office, the Czech economy declined by 5.6% last year. This is the deepest decline in the history of the independent Czech Republic, even the deepest since the economic transformation. In 2009, the decline was "only" 4.5%. An even greater decline was prevented mainly by government consumption, and in the second half of the year, by foreign demand (export). Investments by firms have been significantly reduced. Household consumption fell, while deferred consumption increased, and with it household savings, partly supported by deferred payments. The high share of industry and the strong interconnectedness of the economy with neighbouring Germany, which was considered to be the Achilles' heel of the Czech economy before coronavirus, was transformed into a comparative advantage during the coronavirus shockwave. Together with the brisk development of digital business, including e-commerce, it has prevented a far deeper economic downturn. Nevertheless, we estimate losses in gross value added to be almost CZK 300 billion, and compared to the original growth trajectory of the Czech economy, as high as CZK 430 billion. Losses in sales are many times higher.

## Learning to live with COVID-19

In 2021, according to our baseline scenario, which envisages vaccination of the most vulnerable groups by the end of summer at the latest and the gradual easing of restrictive measures from the end of the second quarter, the Czech economy's gross domestic product will grow in constant prices by 2.5%. Nevertheless, the return to the pre-coronavirus level will take at least a year (at the earliest in Q1 2022). We will not so easily return to the original trajectory of economic growth, and in the following years, we will be about 10% below this level.

## Asymmetric shock

The COVID-19 pandemic, which presents a rare combination of supply and demand shocks, affected not only national economies in a differentiated manner, but also individual sectors and industries within the national economies. While industries such as the film industry, online mail order or e-commerce, and postal and mail order services grew at a double-digit rate, travel agencies, air transport, accommodation, tourism, gastronomic services, and employment agencies suffered high double-digit losses.

## Deferred unemployment

A downturn in the economy always has a delayed effect on unemployment. At the end of 2020, the registered unemployment rate reached 4%, and the number of registered unemployed was almost 292,000. The number of unemployed increased by 76,000 people year on year, according to data from the employment offices, and the unemployment rate increased to 1.1 percentage points. The unemployment rate in the Czech Republic, however, remains the lowest in the entire European Union. Even the number of vacancies (over 310,000) reported at employment offices is still higher than the number of job seekers. The employment support programme helped companies overcome the biggest problems at the beginning of the pandemic and avoid laying off employees. However, as the pandemic continues, the protection of existing jobs prevents the relocation of employees from declining industries to growing one. This, in turn, prevents developing firms from growing and maintains many jobs that are in real danger of disappearing when state aid is terminated. The problem of unemployment, the massive relocation of labour, perhaps the most massive since economic transformation, is being postponed. The risk of a more significant rise in unemployment is spread out over time, and even this year, we do not expect a sharp increase in the unemployment rate.

## Rates and yields bottomed out during the pandemic; a period of growth to come

Financial markets entered 2020 in anticipation of a gradual cooling of economic activity after the previous dynamic growth ("soft landing"). This was also reflected in the significantly inverse shape of the yield curve, which pointed to an expected easing of monetary policy. However, somewhat surprisingly, the Czech National Bank increased the base rate by 0.25pp in February in response to strong price dynamics. The subsequent arrival of the pandemic forced a brisk monetary easing, and capital was transferred to bonds in advance, reducing their yields. On the other hand, due to vaccination reports, the end of the year was marked by revenue growth, which was further accelerated by the CNB's hawkish forecast and the outlook for continued fiscal expansion. Thus, the 10-year bond rose above 1.2% with an outlook for further growth. The Czech National Bank will raise interest rates depending on inflation developments and a sustainable economic recovery. Contrary to the CNB forecast and market speculation, we do not expect this to happen this year.

## The Czech crown reacted mainly to pandemic development for most of the year

In 2020, the Czech currency behaved like out of a textbook. While in February, due to a favourable interest rate differential, it strengthened to below CZK 25 for the euro, the extreme increase in market risk aversion with the onset of the pandemic drove it, like other risky assets, to CZK 27.80/EUR. The summer decline in the pandemic's intensity led the crown to return to CZK 26/EUR. However, a second wave in the autumn caused another weakening. Only at the end of the year, with the prospect of the vaccine did economic fundamentals begin to be reflected in the exchange rate. These included good resilience of the Czech economy, the Brexit agreement, and the outlook for normalising monetary policy. Thus, despite the discouraging domestic pandemic situation, the crown was once again within range of CZK 26/EUR. With improving economic fundamentals, we expect an additional slight strengthening of the Czech crown against the euro focusing on the second half of the year.

Source of data: World Bank, Eurostat, Czech Statistical Office, Bloomberg, Ministry of Labour and Social Affairs, Eurostat  
Data valid as at 15 February 2021  
Compiled by Helena Horská, Chief Economist

# Comments on the IFRS consolidated financial results

The Raiffeisenbank Group recorded in 2020 a consolidated net profit attributable to the parent company's shareholders of CZK 2.224 billion under International Financial Reporting Standards (IFRS). This represents 53.0% decrease compared to 2019.

## Consolidated Statement of Comprehensive Income

### Net income and revenues

Total operating income of the Group increased by 13.7% to CZK 11.35 billion.

Net interest income of the Group increased by 13.2% to CZK 7.85 billion. The decline is particularly due to decreased market interest rates as a result of monetary easing associated with the Covid-19 pandemic. Net income from fees and commissions decreased by 6.2% to CZK 3.11 billion.

Other income/expense, which comprises mainly net profit or loss on financial operations, increased by 14.1% to CZK (158) million.

### Expenses

One of the priorities of the Group is a strict adherence to cost discipline. Operating expenses decreased by 4.5% to CZK 6.88 billion. This decrease was caused by lower marketing expenses and salary costs.

### Risk management

The Group continues to maintain a very sound loan portfolio. Losses from non-performing loans and other debts reach CZK 1.72 billion. Compared annually, there is a CZK 1.38 billion increase attributed to expected credit losses due to worse macroeconomic prospects relating to the coronavirus pandemic. However, quality of the credit portfolio stays at a high level with a low volume of loans in default or doubtful loans.

## Consolidated Statement of Financial Position

### Assets

Total Group assets reached CZK 482.00 billion and had grown by 29.5% year-on-year.

Cash in hand and other cash equivalents decreased to CZK 5.86 billion which represents a decrease by 47.8% mainly affected by decrease in balances with the central bank.

Securities held for trading reached CZK 1,64 billion and increased by CZK 1.59 billion. Government bonds represent the largest increase.

Loans and advances to financial institutions increased by 23.4 to CZK 107.62 billion. Loans and advances to customers rose by 25.2% year-on-year to CZK 298.76 billion. Main increase is attributable both to household financing (mortgages and consumer loans) and corporate financing.

Other assets increased by 54.7% to CZK 6.89 billion.

Property and equipment decreased by 1.6% to CZK 4.10 billion. Intangible fixed assets increased by 17.1% to CZK 3.25 billion.

### Liabilities

Total Group liabilities reached CZK 445.19 billion which represents an increase of 31.8%.

Amounts owed to financial institutions showed a decrease by 44.4% to CZK 12.20 billion of which the highest decrease was represented by term deposits.

Amounts owed to customers rose by 38.8% year-one-year to CZK 402.78 billion. Main increase is attributable to current accounts/ one day deposits.

Issued debt securities increased by 2.8% to CZK 13.05 billion.

Other liabilities increased by 6.3% to CZK 1.10 billion.

### Equity

Capital adequacy of the Group reached in 2020 19.14% against 17.78% last year. With regard to the stabilization measures announced by the Czech National Bank on 16 March 2020 in relation to the Covid-19 pandemic, the Bank's general meeting resolved in late April 2020 not to pay out dividends from the Bank's profits for 2019. CZK 4.73 billion was transferred to retained earnings.

During 2020, Group paid out from retained earnings a coupon in the amount of CZK 211 million to the holders of AT1 capital investment certificates which are part of Group equity in the amount of CZK 4.17 billion.

Increase of retained earnings had a positive effect on Group's capital adequacy.



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

**Independent Auditor's Report to the Shareholders of  
Raiffeisenbank a.s.**

**Report on the Audit of the Consolidated Financial Statements**

***Opinion***

We have audited the accompanying consolidated financial statements of Raiffeisenbank a.s. ("the Company") and its subsidiaries (together "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Group is set out in Note 3 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

***Basis for Opinion***

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



**Key Audit Matters**

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

**Loss allowance for loans and advances to customers**

<b>Key audit matter</b>	<b>How the audit matter was addressed</b>
<p>We focused on this matter because of the highly subjective and complex judgements made by the Group’s management in determining the necessity for, and then estimating the size of, loss allowances for loans and advances to customers (further only as “loans”).</p> <p>Loss allowance for loans to customers at CZK 5,922 million as at 31 December 2020 represents an estimate of the expected credit losses for loans at the reporting date.</p> <p>The loans are segmented into corporate and retail portfolios and within them further by type of product. In order to calculate loss allowances, the individual loans are allocated to one of three stages or Purchased or Originated Credit-Impaired (“POCI”) category in line with IFRS 9 Financial instruments.</p> <p>Stage 1 and Stage 2 loans are performing loans. Stage 2 loans are loans where a significant increase in credit risk since origination has been observed. Stage 3 loans are non-performing, i.e. credit-impaired loans.</p> <p>The calculation of loss allowances for Stage 1 and Stage 2 loans is based on statistical models, which estimate inputs into the calculation primarily from Group’s historical data.</p> <p>Loss allowances for retail and corporate Stage 3 loans are calculated differently for individually and portfolio managed exposures.</p> <p>Loss allowances for Stage 3 portfolio</p>	<p>We performed, among others, the procedures outlined below to address this key audit matter:</p> <p>Applying our knowledge, experience and market standards in the industry, we critically assessed and challenged the Group’s credit and accounting policies and evaluated the processes related to calculation of expected credit losses by involving our credit risk specialists.</p> <p>We tested the design, implementation and operating effectiveness of system-based and manual controls over identification of significant increase in credit risk and identification of default and appropriate allocation of loans to stages. The tested controls also comprise tests over calculation of days past due of loans and re-calculation of ECL calculated by the system in order to check accuracy of the data captured in the accounting records. We tested these controls by inquiry in combination with the observation, inspection of underlying documentation, and selected recalculations.</p> <p>We obtained the relevant forward-looking information and macroeconomic projections used in the scenarios developed by the Group and also probabilities assigned to those scenarios. We assessed independently the information using our knowledge of the Group, our industry experience, our understanding of the effects of the COVID-19 pandemic and also inspecting publicly available information.</p>



Key audit matter	How the audit matter was addressed
<p>managed exposures are determined based on the statistical models using primarily Group's historical data.</p> <p>Loss allowances for stage 3 corporate loans are determined by estimating the probability-weighted discounted future cash flows for each exposure. The key judgements and assumptions are future cash repayment scenarios and assigned probabilities to these scenarios taking into account the estimated value and timing of cash flows including estimating the recoverable value of underlying collateral.</p> <p>Key inputs, assumptions and judgments relevant for the calculation of loss allowances based on statistical models comprise:</p> <ul style="list-style-type: none"> <li>- definition of default, definition of significant increase in credit risk (SICR) and estimation of probability of default (PD),</li> <li>- estimation of loss given default (LGD),</li> <li>- estimation of exposure at default (EAD) including prepayments and utilizations at default,</li> <li>- forward-looking information (FLI) based on three scenarios of expected development of selected macroeconomic indicators.</li> </ul> <p>In the current year development of scenarios and allocation of probabilities to such scenarios is associated with significantly higher uncertainty due to disruptions in the economy, disruptions experienced by the bank and its borrowers, including complete lock-down of certain industries, reduced demand for various products and services and expected additional lock-downs in the economy as a result of the COVID-19 pandemic. Management reflected this increased uncertainty through post model adjustments and such adjustments are inherently very subjective.</p> <p>Due to the above factors, coupled with the significantly higher estimation uncertainty</p>	<p>For mortgage portfolio, in collaboration with credit risk specialists, we critically assessed the appropriateness of PD models and also recalculated the impact of forward-looking information used in the statistical models on the ECL estimate. We also critically assessed LGD and EAD used in the statistical models by reference to historical experience of the Group as well as forward looking information.</p> <p>Furthermore, we recalculated ECL on the complete portfolio of the mortgage loans and complete portfolio of consumer loans using data analytics approach that was based on inputs generated by the Group's statistical models and compared our results with balances recognized in the consolidated financial statements.</p> <p>On a sample of corporate loans, we evaluated whether examined loans were allocated to appropriate stages. For credit-impaired loans we examined the estimated cash flow scenarios as prepared by the credit risk department of the Group. In particular, we challenged the key assumptions in relation to both the amount and timing of estimated cash flows. During our assessment we considered also the latest developments in relation to the borrower, including the impact of COVID-19 on the borrower. Finally, we re-calculated specific allowances calculated by the loan recovery department of the Group in order to check the accuracy of data captured in the accounting records.</p> <p>Using data analytics tools, we performed data quality check on the whole credit portfolio on consistency of staging across the individual borrower's exposures.</p> <p>We evaluated historical accuracy of the statistical models used in estimation of ECL.</p> <p>We also critically evaluated the post model adjustments reflecting certain</p>



Key audit matter	How the audit matter was addressed
<p>stemming from the business disruption impact of the COVID-19 global pandemic, estimation of expected credit losses and the related disclosures have been considered by us as a key audit matter.</p> <p>Refer to further information in the note 5f (Summary of significant accounting policies), note 26 (Financial assets at amortized cost) and note 45 (Financial instruments - credit risk) to the consolidated financial statements.</p>	<p>aspects of COVID-19 pandemic and its impact on ability of the Group's clients to repay the loans.</p> <p>We assessed the adequacy of the Group's disclosures on the loss allowances and credit risk management in the notes to the consolidated financial statements.</p>

### **Other Information**

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

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

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

- the other information describing matters that are also presented in the consolidated and separate financial statements is, in all material respects, consistent with the consolidated and separate financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

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



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material





uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

#### *Appointment of Auditor and Period of Engagement*

We were appointed as the auditors of the Group by the General Meeting of Shareholders on 2 October 2017 and our uninterrupted engagement has lasted for 3 years.

#### *Consistency with Additional Report to Audit Committee*

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 22 April 2021 in accordance with Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.



#### *Provision of Non-audit Services*

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

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

#### **Report on Compliance with the ESEF Regulation**

We have undertaken a reasonable assurance engagement on the compliance of all financial statements included in the consolidated annual report with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (“the ESEF Regulation”), related to the financial statements.

#### ***Responsibilities of the Statutory Body***

The Company’s statutory body is responsible for the preparation of financial statements that comply with the ESEF Regulation. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation;
- the preparation of all financial statements included in the consolidated annual report in the applicable XHTML format; and
- the selection and application of XBRL mark-ups as required by the ESEF Regulation.

#### ***Auditor’s Responsibilities***

Our responsibility is to express an opinion on whether the financial statements included in the consolidated annual report comply, in all material respects, with the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000”).

The nature, timing and extent of procedures selected depend on the auditor’s judgment. Reasonable assurance is a high level of assurance, but is not a guarantee that an assurance engagement conducted in accordance with the above standard will always detect any existing material non-compliance with the ESEF Regulation.

Our selected procedures included:

- obtaining an understanding of the requirements of the ESEF Regulation;
- obtaining an understanding of the Company’s internal control relevant to the application of the ESEF Regulation;
- identifying and assessing the risks of material non-compliance with the ESEF Regulation, whether due to fraud or error; and



- based on the above, designing and performing procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The objective of our procedures was to evaluate whether:

- the financial statements included in the consolidated annual report were prepared in the applicable XHTML format;
- the disclosures in the consolidated financial statements as specified in the ESEF Regulation were marked up, with all mark-ups meeting the following requirements:
  - the XBRL mark-up language was used;
  - the elements of the core taxonomy specified in the ESEF Regulation with the closest accounting meaning were used, unless an extension taxonomy element was created in compliance with the ESEF Regulation; and
  - the mark-ups complied with the common rules on mark-ups specified in the ESEF Regulation.

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

### ***Conclusion***

In our opinion, the Company's financial statements for the year ended 31 December 2020 included in the consolidated annual report are, in all material respects, in compliance with the ESEF Regulation.



**Statutory Auditor Responsible for the Engagement**

Ondřej Fikrle is the statutory auditor responsible for the audit of the consolidated financial statements of Raiffeisenbank a.s. as at 31 December 2020, based on which this independent auditor's report has been prepared.

Prague  
22 April 2021

KPMG Česká republika Audit

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

Ondřej Fikrle  
Partner  
Registration number 2525

# **Raiffeisenbank a.s.**

## **Consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2020**

### **Components of the consolidated Financial Statements**

**Consolidated Statement of Comprehensive Income**



**Consolidated Statement of Financial Position**

**Consolidated Statement of Changes in Equity**

**Consolidated Cash Flow Statement**

**Notes to the Consolidated Financial Statements**

**These consolidated financial statements were prepared by the Bank and approved by the board of directors of the Bank on 6 April 2021.**

<b>Statutory body of the entity</b>	<b>Signature</b>
Igor Vida Chairman of the board of directors	
Tomáš Jelínek Member of the board of directors	

# Raiffeisenbank a.s.

## Consolidated financial statements

prepared in accordance with International Financial Reporting Standards  
as adopted by the European Union for the year ended 31 December 2020

### Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2020

CZK million	Note	2020	2019 (restated)*
Interest income and similar income calculated using the effective interest rate method	8	11,216	13,370
Other interest income	8	2,544	2,713
Interest expense and similar expense	8	(5,911)	(7,036)
<b>Net interest income</b>		<b>7,849</b>	<b>9,047</b>
Fee and commission income	9	4,042	4,313
Fee and commission expense	9	(928)	(992)
<b>Net fee and commission income</b>		<b>3,114</b>	<b>3,321</b>
Net gain on financial operations	10	(199)	(190)
Net gain on financial assets other than held for trading mandatorily measured at fair value in profit or loss	11	38	-
Net income from hedge accounting	12	3	6
Dividend income	13	1	42
Impairment losses on financial instruments	14	(1,724)	(349)
Gains/(losses) from derecognition of financial assets measured at amortised cost	15	8	(3)
Personnel expenses	16	(3,399)	(3,569)
General operating expenses	17	(2,059)	(2,134)
Depreciation and amortisation of property and equipment and intangible assets	18	(1,423)	(1,505)
Other operating income	19	989	1,033
Other operating expenses	20	(532)	(336)
Gains/(losses) from disposal of subsidiaries and joint ventures	47	30	222
Gains/(losses) from non-current assets and disposal groups		53	11
<b>Profit before tax</b>		<b>2,749</b>	<b>5,596</b>
Income tax	21	(525)	(865)
<b>Net profit for the year attributable to:</b>		<b>2,224</b>	<b>4,731</b>
- shareholders of the parent company		2,224	4,731
- non-controlling interests		-	-
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss in future:</b>			
Gains/(losses) from remeasurement of equity securities at FVOCI	39	(333)	106
Deferred tax relating to items that will not be reclassified to profit or loss in following periods	39	27	(16)
<b>Items that will be reclassified to profit or loss in future:</b>			
Cash flow hedge	39	(26)	22
Deferred tax relating to items that will be reclassified to profit or loss in following periods	39	5	(4)
<b>Total other comprehensive income attributable to:</b>		<b>(327)</b>	<b>108</b>
- shareholders of the parent company		(327)	108
- non-controlling interests		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,897</b>	<b>4,839</b>

The accompanying notes are an integral part of these financial statements.

\*Detailed information on changes in reporting are described in note 5 (w).

# Raiffeisenbank a.s.

## Consolidated financial statements

prepared in accordance with International Financial Reporting Standards  
as adopted by the European Union for the year ended 31 December 2020

### Consolidated Statement of Financial Position as at 31 December 2020

CZK million	Note	31/12/2020	31/12/2019 (restated)*
<b>ASSETS</b>			
Cash in hand and other cash equivalents	22	5,852	11,209
Financial assets held for trading	23	3,746	1,769
Derivatives held for trading	23,41	2,063	1,675
Securities held for trading	23	1,683	94
Financial assets other than held for trading mandatorily reported at fair value in profit or loss	24	532	-
Financial assets at FVOCI	25	1	735
Financial assets at amortised cost	26	445,336	336,652
Loans and advances to banks	26	107,619	87,242
Loans and advances to customers	26	298,759	238,531
Debt securities	26	38,958	10,879
Finance leases	27	8,091	8,626
Change in fair value of portfolio-remeasured items (loans and advances to customers and debt securities)	41	1,253	(1,153)
Hedging derivatives with positive fair value	28	2,030	2,546
Tax receivables	21	598	28
Deferred tax asset	29	6	11
Intangible assets	31	3,247	2,773
Property and equipment	32	4,098	4,164
Investment property	33	323	414
Other assets	30	6,887	4,452
<b>TOTAL ASSETS</b>		<b>482,000</b>	<b>372,226</b>

\*Detailed information on changes in reporting are described in note 5 (w).

# Raiffeisenbank a.s.

## Consolidated financial statements

prepared in accordance with International Financial Reporting Standards  
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<b>CZK million</b>	<b>Note</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
<b>LIABILITIES AND EQUITY</b>			
Financial liabilities held for trading	34	2,616	1,799
Derivatives held for trading	34	2,616	1,799
Financial liabilities at amortised cost	35	436,469	332,171
Deposits from banks	35	12,201	21,961
Deposits from customers	35	402,776	290,188
<i>of which: change in fair value of hedged items</i>	35	-	42
Debt securities issued	35	13,053	12,692
Subordinated liabilities and bonds	35	4,561	3,309
Other financial liabilities	35	3,878	4,021
Fair value remeasurement of portfolio-remeasured items (deposits from customers)	41	262	(1,270)
Hedging derivatives with negative fair value	36	3,209	2,668
Provisions	37	1,172	1,122
Current tax liability	21	26	178
Deferred tax liability	28	337	173
Other liabilities	38	1,095	1,030
<b>TOTAL LIABILITIES</b>		<b>445,186</b>	<b>337,871</b>
<b>EQUITY</b>			
Attributable to shareholders of the Group		36,814	34,355
Share capital	39	11,061	11,061
Reserve fund		825	694
Fair value reserve	39	44	371
Retained earnings		18,491	14,115
Other equity instruments	39	4,169	3,383
Profit for the year		2,224	4,731
<b>Total equity</b>		<b>36,814</b>	<b>34,355</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>482,000</b>	<b>372,226</b>

The accompanying notes are an integral part of these financial statements.



# Raiffeisenbank a.s.

## Consolidated financial statements

prepared in accordance with International Financial Reporting Standards  
as adopted by the European Union for the year ended 31 December 2020

### Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2020

CZK million	Equity attributable to shareholders of the Group						
	Share capital	Reserve fund	Fair value reserve	Retained earnings	Other equity instruments	Profit for the year	Total equity
<b>At 1 January 2019</b>	<b>11,061</b>	<b>694</b>	<b>263</b>	<b>11,452</b>	<b>2,616</b>	<b>3,815</b>	<b>29,901</b>
Increase in other equity instruments	-	-	-	-	767	-	767
Dividends	-	-	-	-	-	(975)	(975)
Payment of coupon on other equity instruments	-	-	-	(177)	-	-	(177)
Allocation to retained earnings	-	-	-	2,840	-	(2,840)	-
Changes in the consolidated group	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	4,731	4,731
Other comprehensive income, net	-	-	108	-	-	-	108
<b>Total comprehensive income for the year</b>	-	-	108	-	-	4,731	4,839
<b>At 31 December 2019</b>	<b>11,061</b>	<b>694</b>	<b>371</b>	<b>14,115</b>	<b>3,383</b>	<b>4,731</b>	<b>34,355</b>
Increase in other equity instruments	-	-	-	-	786	-	786
Dividends	-	-	-	-	-	-	-
Payment of coupon on other equity instruments	-	-	-	(211)	-	-	(211)
Allocation to retained earnings	-	-	-	4,731	-	(4,731)	-
Transfer from fair value reserve	-	-	-	259	-	-	259
Changes in the consolidated group	-	131	-	(403)	-	-	(272)
Net profit for the year	-	-	-	-	-	2,224	2,224
Other comprehensive income, net	-	-	(327)	-	-	-	(327)
<b>Total comprehensive income for the year</b>	-	-	(327)	-	-	2,224	1,897
<b>At 31 December 2020</b>	<b>11,061</b>	<b>825</b>	<b>44</b>	<b>18,491</b>	<b>4,169</b>	<b>2,224</b>	<b>36,814</b>

The accompanying notes are an integral part of these financial statements.

# Raiffeisenbank a.s.

## Consolidated financial statements

prepared in accordance with International Financial Reporting Standards  
as adopted by the European Union for the year ended 31 December 2020

### Consolidated Cash Flow Statement

For the Year Ended 31 December 2020

<b>CZK million</b>	<b>2020</b>	<b>2019</b>
<b>Profit before tax</b>	<b>2,749</b>	<b>5,596</b>
<b>Adjustments for non-cash transactions</b>		
Creation of loss allowances and provisions for credit risks	1,724	349
Depreciation/amortisation of property and equipment and intangible assets	1,423	1,505
Loss on the impairment of property and equipment and intangible assets	6	2
Creation of other provisions	(51)	(94)
Change in fair value of derivatives	(1,472)	(455)
Unrealised losses/(gains) on remeasurement of securities	(40)	1
Gain/(loss) on sale of property and equipment and intangible assets	(2)	7
Gain on the sale of subsidiaries and joint ventures	(30)	(222)
Change in the remeasurement of hedged items upon fair value hedge	(915)	419
Remeasurement of foreign currency positions	(185)	(147)
Other non-monetary changes	(613)	(329)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>2,594</b>	<b>6,632</b>
<b>Operating cash flow</b>		
<i>(Increase)/decrease in operating assets</i>		
Mandatory minimum reserves with the Czech National Bank (CNB)	(1,382)	(1,111)
Loans and advances to banks	(14,215)	12,292
Loans and advances to customers	(1,034)	(11,075)
Debt securities held at amortised cost	(19,106)	(4,010)
Securities held for trading	(1,570)	162
Other assets	(685)	136
<i>(Increase)/decrease in operating liabilities</i>		
Deposits from banks	(9,945)	(12,184)
Deposits from customers	46,894	19,689
Other financial liabilities	(469)	(1,078)
Other liabilities	52	101
<b>Net operating cash flow before tax</b>	<b>1,134</b>	<b>9,554</b>
Income tax paid	(1,055)	(861)
<b>Net operating cash flow</b>	<b>79</b>	<b>8,693</b>
<b>Cash flows from investing activities</b>		
Sale of equity investments	27	377
Acquisition of equity investments	(5,164)	-
Sale of financial assets at FVOCI	9	-
Acquisition of property and equipment and intangible assets	(1,345)	(1,516)
Proceeds from sale of non-current assets	2	3
Dividends received	1	42
<b>Net cash flow from investing activity</b>	<b>(6,470)</b>	<b>(1,094)</b>
<b>Cash flows from financing activities</b>		
Dividends paid and paid coupons on other equity instruments	(211)	(1,152)
Increase in other equity instruments	786	767
Debt securities issued	-	5,829
Repayment of debt securities issued	(54)	(12,581)
Withdrawal of subordinated debt	813	772
Lease liabilities	(322)	(359)
<b>Net cash flow from financing activities</b>	<b>1,012</b>	<b>(6,724)</b>
<b>Net (decrease)/increase in cash and other cash equivalents</b>	<b>(5,379)</b>	<b>875</b>
Cash and cash equivalents at the beginning of the year (note 22)	<b>11,209</b>	<b>10,291</b>
Foreign exchange gains/losses on cash and cash equivalents at the beginning of the year	22	43
<b>Cash and cash equivalents at the end of the year (note 22)</b>	<b>5,852</b>	<b>11,209</b>
Interest received	13,524	16,620
Interest paid	(5,895)	(7,154)

The accompanying notes are an integral part of these financial statements.

# Raiffeisenbank a.s.

## Consolidated financial statements

prepared in accordance with International Financial Reporting Standards  
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### Reconciliation of liabilities arising from funding, including changes arising from cash flows and non-cash changes

	At 1 January 2020	Cash flows		Non-cash changes		At 31 December 2020
		Inflow	Outflow	Remeasureme nt of foreign currency positions	Other non- monetary changes	
Debt securities issued	12,692	-	(54)	415	-	13,053
Subordinated debt	3,309	813	-	136	303	4,561
Lease liabilities	1,928	-	(322)	34	104	1,744

	At 1 January 2019	Cash flows		Non-cash changes		At 31 December 2019
		Inflow	Outflow	Remeasureme nt of foreign currency positions	Other non- monetary changes	
Debt securities issued	19,600	5,829	(12,581)	(158)	2	12,692
Subordinated debt	2,577	772	-	(41)	1	3,309
Lease liabilities	1,974	-	(359)	(13)	326	1,928

# **Raiffeisenbank a.s.**

## **Consolidated financial statements**

**prepared in accordance with International Financial Reporting Standards  
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#### **1. PARENT COMPANY INFORMATION**

Raiffeisenbank a.s. (“the Bank”), with its registered office at Hvězdova 1716/2b, Praha 4, post code 140 78, identification number 49240901, was founded as a joint stock company in the Czech Republic. The Bank was recorded in the Commercial Register maintained by the Municipal Court in Prague on 25 June 1993, Section B, File 2051.

The Bank together with its subsidiaries and joint ventures disclosed in note 3 form the Raiffeisenbank a. s. Financial Group (“the Group”). The parent company of the Group is the Bank.

#### Principal activities of the Group:

- acceptance of deposits from the public;
- provision of loans;
- investing in securities on its own account;
- finance leases - at present, the Bank does not carry out this activity directly;
- payments and clearing;
- issuance and maintenance of payment facilities;
- provision of guarantees;
- opening of letters of credit;
- direct debit services;
- provision of investment services;
  - principal investment services under Section 4 (2) (a), (b), (c), (d), (e), (g), and (h) of Act No. 256/2004 Coll., as amended;
  - additional investment services under Section 4 (3) (a) – (f) of Act No. 256/2004 Coll., as amended;
- administration of investment and participation funds;
- issuance of mortgage bonds;
- financial brokerage;
- depositary activities;
- foreign exchange services (foreign currency purchases);
- provision of banking information;
- proprietary or client-oriented trading with foreign currency assets;
- rental of safe-deposit boxes;
- activities directly relating to the activities listed in the banking licence; and
- mediation of supplementary pension schemes;
- lease of movable and immovable assets;
- building society savings operation;
- provision of loans to participants in building society savings;
- provision of guarantees for building society savings loans.

#### In addition to the licence to pursue bank operations, the Bank:

- was granted a securities broker licence; and
- has been listed by the Ministry of Finance of the Czech Republic as a limited insurance provider.

During the year ended 31 December 2020, the performance or provision of the Group’s activities and services were not restricted or suspended by the Czech National Bank.

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### 2. SHAREHOLDERS OF THE PARENT COMPANY

The Bank's shareholder structure as at 31 December 2020 and 2019:

Name, address	Voting power in %	
	2020	2019
Raiffeisen CEE Region Holding GmbH Am Stadtpark 9, Vienna, Austria	75%	75%
RLB OÖ Sektorholding GmbH Europaplatz 1a, 4020 Linz, Austria	25%	25%

The equity interests of the shareholders equal their share in the voting powers. All shareholders have a special relation to the Bank in terms of Section 19 of Act No. 21/1992 Coll., as amended.

For information on the share capital of the parent company refer to note 39.

The ultimate parent company of the Bank is Raiffeisen Bank International AG, Austria.



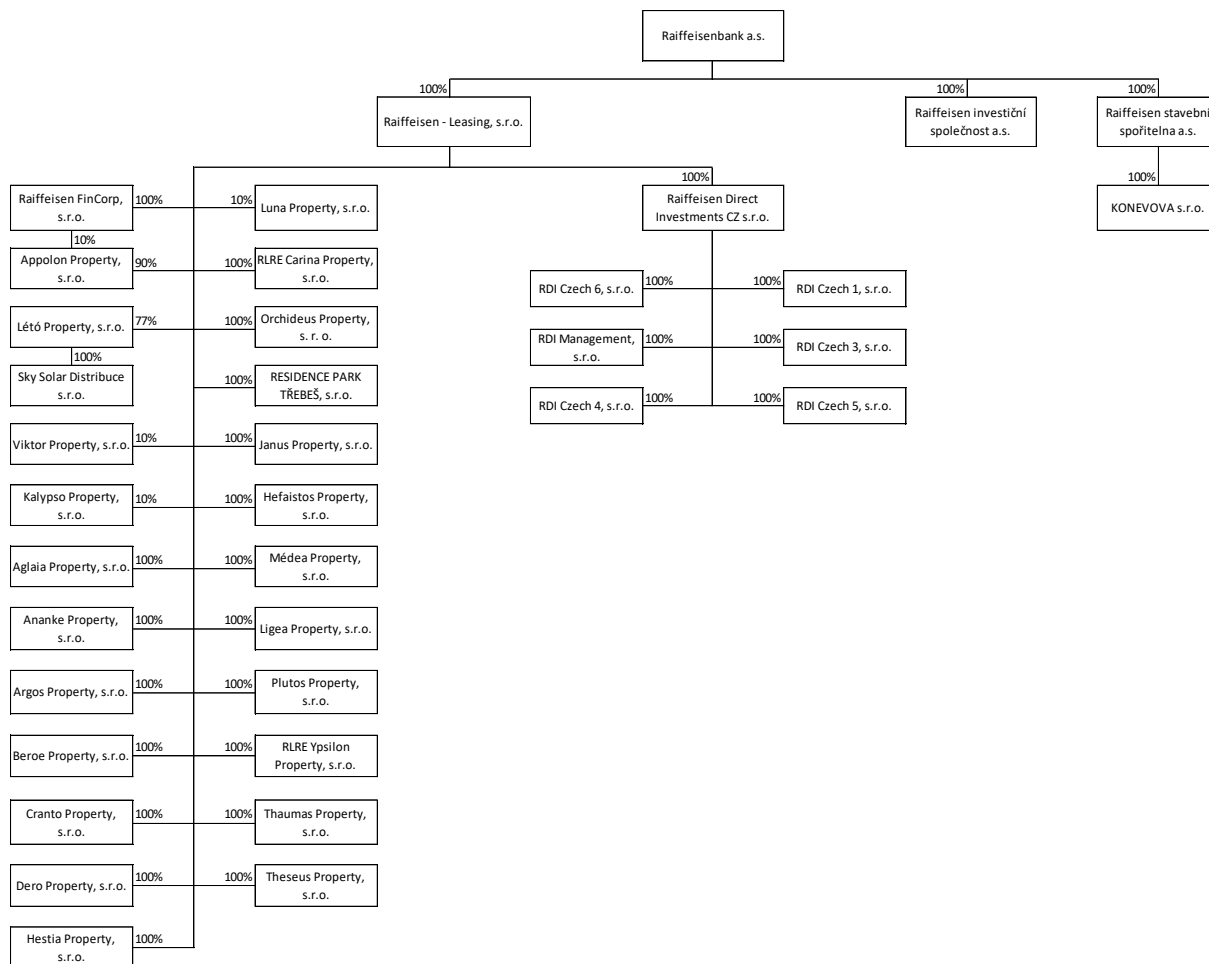
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### 3. DEFINITION OF THE CONSOLIDATED GROUP

#### (a) Group chart as at 31 December 2020



The percentage stated in respect of individual entities in the chart shows the stake in the share capital of the particular entity.

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**(b) Group companies included in consolidation**

Group companies included in consolidation as at 31 December 2020 were as follows:

Company	The Bank's effective holding	Indirect holding through	Consolidation method in 2020	Registered office
	in % in 2020			
Raiffeisen investiční společnost a.s.	100%	-	Full method	Prague
Raiffeisen stavební spořitelna a.s.	100%	-	Full method	Prague
KONEVOVA s.r.o.	100%	Raiffeisen stavební spořitelna a.s.	Full method	Prague
Raiffeisen - Leasing, s.r.o.	100%	-	Full method	Prague
Raiffeisen FinCorp, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Appolon Property, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Luna Property, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
RLRE Carina Property, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Orchideus Property, s. r. o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Viktor Property, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Hestia Property, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Janus Property, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Raiffeisen Direct Investments CZ s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
RDI Management s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 1 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 3 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 4 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 5 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 6 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague

Group companies included in consolidation as at 31 December 2019 were as follows:

Company	The Bank's effective holding	Indirect holding through	Consolidation method in 2019	Registered office
	in % in 2019			
Raiffeisen investiční společnost a.s.	100%	-	Full method	Prague
Raiffeisen - Leasing, s.r.o.	100%	-	Full method	Prague
Raiffeisen FinCorp, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Appolon Property, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Luna Property, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Gaia Property, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
RLRE Carina Property, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Orchideus Property, s. r. o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Viktor Property, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Hestia Property, s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Raiffeisen Direct Investments CZ s.r.o.	100%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
RDI Management s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 1 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 3 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 4 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 5 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 6 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague

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#### **(c) Companies newly included in consolidation in 2020**

On 1 January 2020, Raiffeisen - Leasing, s.r.o. was split by merger. A part of the assets of Raiffeisen – Leasing, s.r.o. were split off and transferred to the newly established company Janus Property, s.r.o. Book value of transferred assets of Raiffeisen - Leasing, s.r.o. to the successor company Janus Property, s.r.o. was CZK 157 million. Janus Property, s.r.o. have been consolidated using the full method since 1 January 2020.

On 9 September 2020, the Group's management decided to purchase a 90% share in Raiffeisen stavební spořitelna a.s. from Raiffeisen Bausparkassen Holding GmbH. This transaction became effective on 30 November 2020. The acquisition totalled CZK 5,232 million. This transaction represents a transaction under common control. As such, the assets and liabilities acquired have been accounted for at the book values in the separate financial statements of the acquirees and no new intangible assets arose in connection with this transaction. Raiffeisen stavební spořitelna a.s. and KONEVOVA s.r.o., whose direct owner is Raiffeisen stavební spořitelna a.s., have been consolidated using the full method since 30 November 2020. Please see note 47 for further information about the acquisition.

In 2020, the Group did not include any other companies in consolidation using the full method.

#### **(d) Companies excluded from consolidation in 2020**

In 2020, the subsidiary Gaia Property, s.r.o. was sold outside the Group.

#### **(e) Unconsolidated entities**

Raiffeisen - Leasing, s.r.o. legally owns ALT POHLEDY s.r.o., Antonínská 2 s.r.o., Apaté Property, s.r.o., Ares Property, s.r.o., Astra Property, s.r.o., Áté Property, s.r.o., Belos Property, s.r.o., Boreas Property, s.r.o., Credibilis a.s., CRISTAL PALACE Property, s.r.o., cube ventures, s.r.o., Dafné Property, s.r.o., Demeter Property, s.r.o., Dike Property, s.r.o., Dolní náměstí 34 s.r.o., Eos Property, s.r.o., Eunomia Property, s.r.o., Evarne Property, s.r.o., Exit 90 SPV s.r.o., Fidurock Residential a.s., Fobos Property, s.r.o., Foibe Property, s.r.o., Folos Property, s.r.o., FVE Cihelna s.r.o., Gaia Property, s.r.o., GEONE Holesovice Two s.r.o., Grainulos, s.r.o., GRENA REAL s.r.o., GS55 Sazovice s.r.o., Halie Property, s.r.o., Harmonia Property, s.r.o., Hébé Property, s.r.o., Holečkova Property, s.r.o., Hypnos Property, s.r.o., Chodská 12 s.r.o., Chronos Property, s.r.o., JFD Real, s.r.o., Kaliopé Property, s.r.o., KAPMC s.r.o., Kappa Estates, s.r.o., KARAT s.r.o., Kétó Property, s.r.o., Kleió Property, s.r.o., Křížkovského 3 s.r.o., Melpomene Property, s.r.o., Merea Property, s.r.o., Morfeus Property, s.r.o., Nereus Property, s.r.o., Nyx Property, s.r.o., Ofion Property, s.r.o., Onyx Energy projekt II. s.r.o., Onyx Energy s.r.o., Palace Holding s.r.o., Photon Energie s.r.o., Photon SPV 10 s.r.o., Photon SPV 3 s.r.o., Photon SPV 4 s.r.o., Photon SPV 6 s.r.o., Photon SPV 8 s.r.o., Pontos Property, s.r.o., Rheia Property, s.r.o., RLRE Beta Property, s.r.o., RLRE Eta Property, s.r.o., SeEnergy PT, s.r.o., Selene Property, s.r.o., Sirius Property, s.r.o., Spio Property, s.r.o., Stará 19 s.r.o., Strašnická realitní a.s., Theia Property, s.r.o., UPC Real, s.r.o., Vlhká 26 s.r.o., and Zefyros Property, s.r.o.

Although these entities are legally owned by Raiffeisen – Leasing, s.r.o., they do not meet the criteria of International Financial Reporting Standards for being included in the consolidated group since, based on concluded contracts, Raiffeisen – Leasing, s.r.o. does not have the power to control and manage relevant activities of these entities, these entities are not the controlled entities, jointly controlled entities, or associates.

In addition, the following entities were not consolidated in 2020 due to their immateriality: Aglaia Property, s.r.o., Ananke Property, s.r.o., Argos Property, s.r.o., Beroe Property, s.r.o., Cranto Property, s.r.o., Dero Property, s.r.o., Hefaiostos Property, s.r.o., Kalypso Property, s.r.o., Létó Property, s.r.o., Ligea Property, s.r.o., Médea Property, s.r.o., Plutos Property, s.r.o., RESIDENCE PARK TŘEBEŠ, s.r.o., RLRE Ypsilon Property, s.r.o., Sky Solar Distribuce s.r.o., Thaumás Property, s.r.o., and Theseus Property, s.r.o.

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#### **4. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

##### **(a) Accounting policies**

These statutory consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union.

The consolidated financial statements include a consolidated statement of financial position, a consolidated statement of comprehensive income, a consolidated statement of changes in equity, a consolidated cash flow statement and notes to the consolidated financial statements containing accounting policies and explanatory notes.

The consolidated financial statements were prepared on the accruals basis of accounting whereby the effects of transactions and other events are recognised when they occur and reported in the consolidated financial statements for the periods to which they relate in terms of substance and time, and further on the going concern basis.

These consolidated financial statements have been prepared under the historical cost convention (including any impairment), except for financial assets and financial liabilities measured at fair value through profit or loss (FVTPL) (including all non-hedging derivatives and hedging derivatives in a fair value hedge), financial assets measured at fair value through other comprehensive income (FVOCI), and hedging derivatives upon a cash flow hedge remeasured at fair value through other comprehensive income. Recognised financial assets and financial liabilities designated as hedged items in qualifying fair value hedging relationships, which if not included in the hedging relationship, would be measured at amortized cost, are adjusted for changes in fair value that arise from the hedged risk under hedging relationship.

Some companies within the Group maintain the books and prepare the financial statements under Czech Accounting Standards or accounting standards applicable in other countries in which the Group operates; the Group performs reclassifications and adjustments of figures to ensure compliance with IFRS.

Unless otherwise indicated, all amounts are shown in millions of Czech crowns (MCZK). Numbers in brackets represent negative amounts.

##### **Use of estimates**

The presentation of consolidated financial statements in compliance with IFRS requires the Group's management to make estimates and assumptions that affect the amounts of assets and liabilities reported as at the reporting date, disclosure of contingent assets and liabilities and the amounts of revenues and expenses for the accounting period. These estimates, which primarily relate to the determination of fair values of financial instruments (where no active market exists), measurement of intangible assets, impairment of assets and provisions, are based on the information available at the balance sheet date. The actual future results may differ from these estimates.

As disclosed in note 43, in calculating the expected credit losses, the Group uses estimates concerning the financial condition of the borrowers and their ability to repay the credit, the value and recoverability of the security, and future macroeconomic information.

The value of recognised provisions is based on the Group management's judgement and represents the best estimate of expenses required to settle liabilities of uncertain timing or amount. For additional information on provisions refer to note 37.

As disclosed in note 5 (f), classification of financial assets requires assessment of business model within which the assets are held and assessment of whether the financial meets the criteria of cash flows (so called „SPPI test“).

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#### **(b) Principles of consolidation**

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated using the full consolidation method. Subsidiaries are included in the consolidation from the date as at which the control over the companies is transferred to the Bank until the date when the Bank ceases to exercise this control. All significant inter-company transactions are eliminated on consolidation. All significant mutual receivables, payables, expenses and revenues, including profit, within the Group were excluded from consolidation. If the Group does not wholly own the subsidiary, it reports a non-controlling interest.

Associated companies and jointly controlled entities are included in consolidation using the equity method. An associated company is an entity over which the Group exercises significant influence but which it does not control; in respect of the jointly controlled entities, it exercises a joint control. A jointly controlled entity is an entity in which two or more participants share control of economic activities of the relevant entity. The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 ‘Non-current Assets Held for Sale and Discontinued Operations’. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and other comprehensive income of the associate or joint venture. The recognised net investment is regularly tested for impairment. If impairment is identified, the Group recognises an impairment loss on equity investments in associates.

Starting from the date when a jointly controlled entity becomes an associate of an investor, the Group presents its equity investment in line with IAS 28. When the Group loses the joint control, it measures the investment retained in the previously jointly controlled entity at fair value. In the income statement, the Group presents the difference between:

- a) the fair value of the retained investment and proceeds from the disposal of a part of the equity investment in the jointly controlled entity; and
- b) carrying value of the investment as at the date on which the joint control is lost.

Starting from the date when an associate becomes a subsidiary, it recognises its equity investment in line with IFRS 3 and IFRS 10. When the Group obtains control over the subsidiary, it measures the investment that it holds in the former associate/jointly controlled entity at fair value. It recognises the difference between the cost of an additional investment, the fair value of the investment prior to obtaining control, the value of non-controlling interests and the fair value of net identifiable assets as goodwill/negative goodwill.

Business combinations among entities or businesses under joint control are business combinations in which all combining entities or businesses are ultimately controlled by the same party or parties as prior to the business combination and subsequent to the business combination, with the control not being temporary. Business combinations under common control are accounted for using the book values of the acquired business. The Group reports these transactions prospectively, i.e. without restating comparative periods.

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### **5. SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES**

#### **(a) Interest income and expense**

Interest income and expense are recognised in the consolidated statement of comprehensive income lines “*Interest income and similar income accounted for using the effective interest rate method*”, “*Other interest income*”, and “*Interest expense and similar expense*” on an accruals basis. The Group accounts for the accruals of interest using the effective interest rate method. The effective interest rate method is an approach for calculating the amortised cost of a financial asset or financial liability using the effective interest rate. The effective interest rate is used to discount the nominal value of future cash flows as at the maturity date to the present value. Interest income (expense) also includes interest expense (income) arising from negative interest rates carried by the relevant assets (liabilities) of the Group.

#### **(b) Fees and commissions**

Fees and commissions that are deemed to be an integral part of the effective interest rate are included in the calculation of effective interest rate. The effective interest rate includes fees directly relating to the provision of loans such as the fee for the provision of loans, loan application processing, paid commissions, etc. The fees for services provided during the given period are accrued over this period. They include among others the fees for guarantees and letters of credit, commissions and fees for transactions with securities. Income from fees and commissions for concluding a transaction for a third party or from a share in these acts, such as the purchase and sale of securities, making payments on accounts and using cash machines, and fees from customer foreign currency transactions, is recognised on a one-off basis at the moment of completing the transaction to which it relates.

#### **(c) Dividends**

Income from dividends on securities and equity investments is recorded as declared and included as a receivable in the consolidated statement of financial position line “*Other assets*” and in “*Dividend income*” in the consolidated statement of comprehensive income. Upon receipt of the dividend, the receivable is offset against the collected cash.

Dividends paid reduce retained earnings in the period in which their payment is approved by the annual general meeting.

#### **(d) Other income and expenses reported in the consolidated statement of comprehensive income**

Other income and expenses presented in the consolidated statement of comprehensive income are recognised using the accrual basis of accounting, i.e. in the period to which they relate in terms of substance and time irrespective of the moment of their payment or receipt.

Other operating income and expenses that do not directly relate to banking activities are reported in “*Other operating income*” or “*Other operating expenses*”.

#### **(e) Taxation**

The final amount of tax presented in the consolidated statement of comprehensive income comprises the current tax for the accounting period adjusted for changes in prior years’ tax liabilities, if any, and deferred tax. Current tax for the year is calculated based on the taxable income, using the tax rate enacted and the tax legislation in force as at the reporting date.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The principal temporary differences arise from certain non-tax deductible provisions and loss allowances, differences between depreciation/amortisation expense for accounting and tax purposes, and remeasurement of financial assets at FVOCI.

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Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available to allow the asset to be utilised.

Deferred tax is calculated using the tax rate expected to apply in the period in which the tax asset is utilised or the tax liability is settled. The effect of changes in tax rates on deferred tax is recognised directly in the statement of comprehensive income except where such changes relate to items charged directly to equity.

#### **(f) Financial assets and liabilities**

##### **Date of recognition and derecognition of financial instruments in/from the Group's consolidated statement of financial position**

Financial assets with regular delivery terms, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, are recognised using settlement date accounting.

The settlement (collection) date is the day on which the financial instrument is delivered (on which cash is paid). When settlement date accounting is applied, the financial asset is recognised on the day of receipt of a financial instrument (remittance of cash) and derecognised on the day of its provision (collection of cash).

All loans and receivables are recognised when funds are provided to customers. Loans and receivables are derecognised when repaid by the borrower. Assigned receivables are derecognised when payment is collected from the assignee, and receivables which the Group decided to write off are derecognised as at the write-off date.

For financial assets and liabilities at fair value through profit or loss, the Group uses the trade date accounting where the trade date is the date when the entity undertakes to buy or sell the financial asset.

The substance of trade date accounting is as follows:

- recognition of an asset that the entity shall receive as at the trade date; and
- derecognition of a sold asset and recognition of the gain or loss upon disposal and recognition of a receivable from the buyer as at the trade date.

The interest on the asset and the relating liability is accumulated from the settlement date when the ownership rights are transferred. The premium/discount is amortised from the purchase settlement date to the sale settlement date.

The Group remeasures derivative instruments at fair value from the trade date to the settlement date, that is, delivery of the last related cash flow.

The Group derecognises financial liabilities when its contractual obligations are discharged, or cancelled, or expire.

##### **Day 1 gain/loss**

In the event that the transaction price differs from the fair value of a financial asset or financial liability measured at fair value, the difference between these values (gain or loss) is reported in the consolidated statement of comprehensive income. The Group typically does not conduct this type of transaction.

##### **Fair value measurement principles**

The fair value of financial assets and financial liabilities is based on their listed market price as at the reporting date without any deduction for transaction costs. If a listed market price is not available, the fair value of the instrument is determined using the appropriate measurement models or discounted cash flow method.

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Where the discounted cash flow method is used, estimated future cash flows are based on the management's best estimates and the discount rate is derived from the market rate as at the reporting date for instruments with similar terms and conditions. Where measurement models are used, inputs are based on market values as at the reporting date.

The fair value of derivatives that are not exchange-traded is determined as the amount that the Group would receive or pay to terminate the contract as at the reporting date, taking into account current market conditions and the current creditworthiness of the counterparties.

The remeasurement of debt securities in the Group's portfolio is carried out on a daily basis, using available market rates listed by the market participants by means of Bloomberg services. A group of contributors who provide reliable and regular debt security measurement is selected for each debt security. The credit spread of the debt security is calculated from individual contributions and discount curves.

If there are sufficient current market contributions available in respect of a given debt security, the remeasurement is calculated as their average value. To prevent possible errors of particular contributions, a comparison of daily changes is made at the same time.

If there is no market price available as a source of remeasurement or the number of actual contributions is not sufficient, the Group will carry out the remeasurement based on a risk-free interest rate swap rate, to which the last verified credit spread is applied. The Group continues to apply this method until:

- market quotations are again available;
- the credit spread of a particular debt security is adjusted based on a comparison of credit spreads of similar debt securities;
- the Group obtains another signal to change the credit spread applied;
- the issuer's credit rating changes (change in internal and/or external rating, signals from the market that creditworthiness is worsening); and
- the liquidity of the specific security has deteriorated significantly.

Subsequently, the Group will carry out the remeasurement comprising new aspects of the market price, including an assessment of possible impairment losses.

The Group's management believes that the fair value of the assets and liabilities presented in these consolidated financial statements can be measured reliably.

#### **Classification and measurement of financial assets and liabilities**

IFRS 9 contains a new classification approach for financial assets that reflects the cash flow characteristics ("SPPI test") and the business model in which assets are managed. Based on these criteria, the Group classifies financial instruments into the following categories:

- financial assets measured at amortised cost ("AC");
- financial assets measured at fair value through other comprehensive income ("FVOCI");
- financial assets measured at fair value through profit or loss ("FVTPL");

#### Financial assets measured at amortised cost (AC)

A financial asset is measured at amortised cost if it is held in a business model whose objective is to hold financial assets to collect contractual cash flows and the cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding.

In the consolidated statement of financial position, financial assets at amortised cost are recognised in "*Financial assets at amortised cost*" and include loans and advances to banks and customers and debt securities not held for trading.

The amortised cost is the cost minus repayments of principal, plus accrued interest, increased or decreased by amortisation of discount or premium, if any, and decreased by expected credit losses using a loss allowance. The amortised cost is calculated using the effective interest rate method. An integral part of



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the effective interest rate are fees and the related transaction costs. All loans and advances are recognised when cash is advanced to borrowers (or banks). Interest income from financial assets at amortised cost is reported in the consolidated statement of comprehensive income in *"Interest income and similar income calculated using the effective interest rate method"*. Impairment losses are reported in the consolidated statement of comprehensive income in *"Impairment losses on financial instruments"*.

#### Financial assets measured at fair value through other comprehensive income ("FVOCI")

Debt instruments can be measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and at the same time the cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding. Unrealised gains and losses on debt securities are recognised directly in other comprehensive income. Upon sale, cumulated gains and losses are reclassified from other comprehensive income to profit or loss. Currently, the Group does not measure any debt instrument at fair value through other comprehensive income.

On initial recognition of an equity security not held for trading, the Group can elect to present subsequent changes in fair value in equity. This classification is irrevocable. The Group uses this option in respect of equity investments not exceeding 20%. In the consolidated statement of financial position, these equity securities are recognised in *"Financial assets measured at FVOCI"*. Gains or losses from a change in their fair value are reported in the consolidated statement of comprehensive income in *"Gains/(losses) from remeasurement of equity securities at FVOCI"*. Gain or loss accumulated in equity cannot be reclassified to profit or loss when the security is sold. Dividends received from these equity instruments are reported in the consolidated statement of comprehensive income in *"Dividend income"*.

#### Financial assets measured at fair value through profit or loss ("FVTPL")

Financial assets can be measured at fair value through profit or loss if the cash flows do not meet the conditions of the contractual cash flow characteristics test or present a part of the business model whose objective is to hold financial assets to realise their value through sale.

In addition, the Group may, on initial recognition, irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Group currently does not use this option.

Debt financial instruments measured at fair value through profit or loss are reported in the consolidated statement of financial position in *"Securities held for trading"* which is a part of *"Financial assets held for trading"*.

Equity instruments which are classified by the Group as held for trading or for which it does not apply the option to recognise fair value movements in other comprehensive income are measured at fair value through profit or loss.

Changes in net fair value of financial assets at FVTPL are reported in the consolidated statement of comprehensive income in *"Net gain on financial operations"*. The interest income and interest expense is reported in the consolidated statement of comprehensive income in *"Other interest income"* or *"Interest expense and similar expense"*.

Financial assets where the cash flows do not meet the conditions of the contractual cash flow characteristics test or present a part of the business model are reported in the statement of financial position in *"Financial assets other than held for trading mandatorily reported at fair value through profit or loss"*.

Changes in net fair value of financial assets other than held for trading measured mandatorily at FVTPL are reported in the statement of comprehensive income in *"Net gain on financial assets other than held for trading mandatorily measured at fair value in profit or loss"*. The interest income and interest expense are reported in the statement of comprehensive income in *"Interest income and similar income calculated using the effective interest rate method"* or *"Interest expense and similar expense"*.

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#### Analysis of contractual cash flow characteristics

As part of the analysis of contractual cash flow characteristics, the Group assesses whether the contractual cash flows from loans and debt securities represent solely payments of principal and interest (SPPI) on the principal amount outstanding. Principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic and lending risks and costs, as well as a profit margin.

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

- contingent events that would change the amount and timing of contractual cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the entity's claim to cash flows from specified assets; and
- features that modify consideration for the time value of money.

#### Business model

The definition of the Group's business models reflects how groups of financial assets are managed together to achieve a particular business objective. In assessing the objective of a business model, the Group primarily considers the following information:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, the Group considers whether the management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the business model is evaluated and reported to the Group's key management personnel;
- the risks that affect the performance of the business model and financial assets held within this business model, and how those risks are managed;
- how managers of the entity are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the entity's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Group classifies financial assets into the following business model categories:

- (i) "Held for trading",
- (ii) "Hold, collect contractual cash flows and sell"
- (iii) "Hold and collect contractual cash flows";
- (iv) "Held for strategic reasons"; or
- (v) "Derivatives held for risk management purposes"

- (i) "Held for trading"

Debt securities and loans classified by the Group as "held for trading" are held to generate cash flows through their sale. The Group makes decisions based on the assets' fair values and manages their trading based on revenues from the realisation of these fair values. The "held for trading" business model category includes all debt securities and loans that are not included in the "hold and collect contractual cash flows" and "hold, collect contractual cash flows and sell" categories. The Group classifies as "held for trading" all derivative transactions that do not fall into the "derivatives held for risk management purposes" category.

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(ii) “Hold, collect contractual cash flows and sell”

Loans and debt securities in the “hold, collect contractual cash flows and sell” category are held for the purpose of acquiring contractual cash flows and selling financial assets. Acquiring contractual cash flows and selling financial assets form an essential part of the model’s business objective, which is to manage the Group’s liquidity needs. The Group expects that, upon the structural deficit of assets, it will sell these loans and securities to cover the deficit of liquid assets.

Within “hold, collect contractual cash flows and sell”, the Group categorises:

- (i) all denominated government bonds that are part of a liquidity provision and,
- (ii) potentially, all other debt securities that are held and could be sold before their maturity if market conditions are favourable.

(iii) “Hold and collect contractual cash flows”

In the “hold and collect contractual cash flows” category, the Group holds all loans and debt securities for the purpose of acquiring contractual cash flows over the entire useful lives of instruments. The Group expects and has intention and ability to hold these loans and debt securities to maturity. When determining whether cash flows will be generated by collecting financial assets’ contractual cash flows, the Group assesses the frequency, value and timeline of sales in previous periods as well as reasons why these sales were carried out and expectations regarding the future selling activities within the given portfolio.

The Group considers the following sales to be consistent with the “hold and collect contractual cash flows” business model:

- a sale as a result of an increase in the credit risk associated with a financial instrument, irrespective of the frequency and value;
- a sale carried out to manage credit risk concentration if this sale is unique (even if material in terms of its value) or immaterial in terms of value but frequent;

(iv) “Held for strategic reasons”

Equity securities falling into the “held for strategic reasons” category are held to acquire cash flows – dividends on a long-term basis. The Group classifies its ownership interests in non-consolidated companies as “held for strategic reasons”.

(v) “Derivatives held for risk management purposes”

Derivative transactions categorised as falling in the “derivatives held for risk management purposes” category represent hedging derivatives intended to manage the Group’s interest rate and currency risks. Hedging derivatives are used according to the type of hedging relationship, i.e. fair value hedges or cash flow hedges.

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#### **Impairment of financial assets**

IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses (“ECL”) relating to an increase in the borrower's credit risk.

The Group determines impairment of financial assets using the ECL model in respect of the following financial assets:

- Financial assets at amortised cost;
- Debt financial instruments measured at FVOCI;
- Financial guarantees and loan commitments.

For the purpose of calculating loss allowances, IFRS 9 requires using a new three-stage model that evaluates changes in portfolio quality since initial recognition as at the reporting date.

Stage 1 includes financial assets the credit risk of which has not increased significantly since initial recognition and assets with low credit risk as at the reporting date. The 12-month expected credit losses are recognised for all assets in this category. Interest income is calculated on the basis of the gross carrying amount of financial assets.

Stage 2 includes financial assets the credit risk of which has increased significantly since initial recognition but for which there is no objective evidence of impairment. Expected credit losses are recognised for these assets over their lifetime. Interest income is calculated on the basis of the gross carrying amount of financial assets.

According to the Group's methodology, credit risk significantly increases if one or more of the quantitative or qualitative criteria defined by the Group are met. The quantitative criteria are based on changes in the values of the probability of default. The qualitative criteria for assessing changes in the credit risk in respect of exposures to financial institutions, public sector institutions, corporate clients and project funding include changes in external market indicators, changes in contractual terms, and changes in expert assessments. In respect of the retail portfolio, the qualitative criteria include forbearance and expert assessment.

Stage 3 includes financial assets for which there is objective evidence of impairment. Expected credit losses are recognised for these assets over their entire lifetime. Interest income is calculated on the basis of the net carrying amount of the assets. Since 1 January 2018, the category has included receivables with default.

#### **Purchased or originated credit-impaired financial assets (“POCI”)**

These assets include expected cash flows used in calculating the effective interest rate upon the initial recognition of the expected credit loss over the entire lifetime of the asset. Changes in expected credit losses are recognised as loss allowances along with the related gain or loss through the Group's profit or loss.

The calculation of expected credit losses is described in detail in note 45 (e).

#### **Modification of financial assets**

Financial assets are modified when there are between date of origination and maturity date new or else modified contractual terms related to cash flows from financial asset.

To determine whether there is significant or insignificant modification to the contractual terms, the Bank assesses changes in contractual cash flows from financial assets based on qualitative measures such as change in currency or type of the instrument, and quantitative criteria such as change in net present value. In the case of significant modification, the original financial asset is derecognised and a new financial asset is recognised (including new classification and new impairment stage determination) in fair value as at the date of modification. Insignificant modifications of contractual terms do not result in

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derecognition, but in a change in gross carrying amount of the financial asset calculated using original effective interest rate.

In assessing the significance of a change in quantitative criteria, the Bank calculates the change in the net present value (NPV) of past and present cash flows. If the change in NPV is significant (greater than 10%), a so-called substantial modification occurs. The existing financial asset is derecognised and a new financial asset is recognized. The difference in carrying amount between newly recognised and derecognised financial asset is recognized as a gain or loss on derecognition. The new financial asset (including the new classification and stage of impairment) is carried at fair value at the date of modification and with new effective interest rate. The date of modification is treated as the origination date of this financial asset, in particular to determine whether there has been a significant increase in credit risk. Insignificant modifications to the terms of contract (change in NPV less than 10%) do not lead to derecognition of the financial asset, but to adjustment of the gross carrying amount calculated on the basis of the original effective interest rate and the new discounted cash flows. The assessment of the significance of the modification does not depend on the portfolio to which the financial asset belongs. It is only affected by the change in financial flows.

It is assessed for each modification of contractual terms whether forbearance criteria are met to classify a financial asset as forborne. A loan is considered to be forborne if the customer was in financial difficulties as at the moment of the decision about the change in contractual terms. The Bank considers a situation as financial difficulties, if a customer or any of his exposures is in default, or if in the last three months the customer was 30 days past due, or if at least 20% of a customer's exposure has rating 4.0 or worse, or when financial difficulties of the customer are implied from collection discussions or request to change contractual terms. After a loan is classified as forborne, an assessment follows whether criteria are met to indicate the change as as forced restructuring under the regulations on the definition of default. Defaulted financial assets are classified as Stage 3 based on IFRS 9 approach, financial assets with forbearance mostly to Stage 2 based on IFRS 9 approach. Concrete rules are set for recoveries from default and for reclassification of financial assets with forbearance to performing exposures without forbearance.

#### **Restructuring of loans and advances to customers**

Restructuring of loans and advances means providing the customer with a relief because the Group concluded that it would likely incur a loss if it did not do so. For economic or legal reasons associated with the borrower's financial position the Bank therefore provided the borrower with a relief which would not have been available otherwise. For example, the relief may include rescheduling repayments, reducing the interest rate or waiving default interest. A restructured loan or advance (receivable) is not a loan or advance which originated as a result of the renewal of a short-term loan for current assets if the borrower fulfilled all of his payment and non-payment obligations arising from the loan agreement.

Furthermore, restructuring is not a change in the repayment schedule or in the form of the loan if these changes have been made for commercial reasons or on the grounds of changed financial needs of the borrower, and the anticipated development in the borrower's financial and economic situation does not give rise to doubt as to the full repayment of the receivable even without the change.

#### **Financial liabilities**

The Group classifies financial liabilities into two categories:

- financial liabilities at amortised cost;
- financial liabilities held for trading.

The Group derecognises a financial liability where related contractual obligations are fulfilled or cancelled or they cease to exist.

#### **Repo transactions**

Where debt or equity securities are sold under a concurrent commitment to repurchase them at a predetermined price, they remain at fair value or amortised cost within the relevant portfolio in the

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consolidated statement of financial position and the consideration received is recorded in "*Financial liabilities at amortised cost*" - "*Deposits from banks*" or "*Financial liabilities at amortised cost*" - "*Deposits from customers*". Conversely, debt or equity securities purchased under a concurrent commitment to resell are recorded off balance sheet where they are remeasured at fair value. The corresponding receivable from the provided loan is recorded in "*Financial assets at amortised cost*" - "*Loans and advances to banks*" or in "*Financial assets at amortised cost*" - "*Loans and advances to customers*" in the statement of financial position.

Securities borrowed are not reported in the consolidated financial statements unless they are assigned to third parties, in which case ("short sales") the sale is recognised as a liability, with the gain or loss included in "*Net gain on financial operations*".

The obligation to return them is recorded at fair value as a trading liability and presented in the statement of consolidated financial position line "*Other liabilities*".

Interest on debt securities transferred under repo transactions (repurchase transactions) is accrued while interest on debt securities received under reverse repurchase transactions is not accrued. Income or expenses arising from repo transactions or reverse repo transactions (reverse repurchase transactions) as the difference between the selling and purchase price are accrued over the term of the transaction and presented in the consolidated statement of comprehensive income as "*Interest income and similar income calculated using the effective interest rate method*" or "*Interest expense and similar expense*".

#### **Issued bonds**

Debt securities issued by the Group are stated at amortised costs using the effective interest rate method. Interest expense arising on the issue of the Group's own debt securities is reported in the consolidated statement of comprehensive income line "*Interest expense and similar expense*".

The Group's own debt securities repurchased by the Group are presented as a reduction of liabilities arising from securities issued. Upon initial recognition, the Group's own debt securities are stated at fair value. The difference between the cost of repurchased own debt securities and the amortised cost of issued securities is included in the consolidated statement of comprehensive income line "*Net gain on financial operations*" in the period of acquisition. Interest expense on issued debt securities are reduced to reflect the gradual increase in the value of the Group's own debt securities.

#### **Subordinated loan**

A subordinated loan is a loan where it has been contractually agreed that, in the event of liquidation, bankruptcy, forced settlement or settlement with the borrower, the loan will be repaid only after the full satisfaction of all other liabilities to the other creditors, the only exception being liabilities that carry the same or similar subordination condition.

The principal of the subordinated loan and relevant interest are recognised from the draw-down date to the maturity date of the subordinated loan. The subordinated loan including the accrued and not yet paid portion of the interest is reported in "*Financial liabilities at amortised cost*" - "*Subordinated liabilities and bonds*" in the consolidated statement of financial position. Interest expense on subordinated loan is reported in the consolidated statement of comprehensive income in "*Interest expense and similar expense*".

#### **Subordinated debt securities issued**

Subordinated debt securities issued are debt securities where it has been agreed that they will be settled only after the settlement of all other liabilities if the issuer is placed into liquidation or a resolution on the bankruptcy of the issuer is passed, except for liabilities that carry the same or similar subordination condition.

Subordinated debt securities issued are reported by the Group at amortised cost using the effective interest rate and are included in "*Financial liabilities at amortised cost - Subordinated liabilities and bonds*" in the consolidated statement of financial position. Interest expense arising on the issue of the Group's own

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debt securities is reported in the consolidated statement of comprehensive income line “*Interest expense and similar expense*”.

#### Financial derivatives

In the ordinary course of business, the Group realises transactions in financial derivatives. Financial derivatives include foreign currency and interest rate swaps, cross currency swaps, currency forwards, forward rate agreements, foreign currency, interest rate and commodity options (both purchased and sold), and other derivative financial instruments. The Group concludes various types of financial derivatives both for trading purposes and for the purpose of hedging foreign exchange and interest rate positions. It internally classifies all types of derivatives into the banking or trading portfolios. The banking portfolio additionally includes financial derivatives used as hedging instruments in fair value and cash flow hedging.

All financial derivatives are initially recognised at fair value in the consolidated statement of financial position and are subsequently remeasured and stated at fair value. Fair values of financial derivatives held for trading are reported in “*Financial assets held for trading – derivatives held for trading*” and “*Financial liabilities held for trading – derivatives held for trading*” in the consolidated statement of financial position. Fair values of financial derivatives for hedging are reported in the consolidated statement of financial position in “*Hedging derivatives with positive fair value*” and “*Hedging derivatives with negative fair value*” in the consolidated statement of financial position. Interest income and expense associated with financial derivatives used as hedging instruments when hedging fair values or cash flows are reported in “*Interest income calculated and similar income calculated using the effective interest rate method*” or “*Interest expense and similar expense*” in the consolidated statement of comprehensive income. In respect of financial derivatives in the trading portfolio, the relating interest income and interest expense are reported in “*Other interest income*”, or if appropriate in “*Interest expense and similar expense*”.

Realised and unrealised gains and losses are reported in the consolidated statement of comprehensive income in “*Net gain on financial operations*”. Fair values of financial derivatives are based on listed market prices or measurement models which take into account the market and contractual values of the underlying instruments, as well as the time value and yield curve or volatility factors relating to the relevant positions. The fair value of financial derivatives also includes credit and debit adjustments resulting from a derivative transaction counterparty’s credit risk.

#### Embedded derivatives

In some instances, a derivative may be part of a compound financial instrument, which includes both the host instrument and the derivative (embedded derivative) that influences the cash flow or otherwise modifies the characteristics of the host instrument.

Derivatives embedded in other financial instruments are treated as separate derivatives when:

- the host instrument is not an asset in compliance with IFRS 9;
- a separate host instrument is not remeasured at fair value through profit or loss (FVTPL);
- the terms of the embedded derivative would meet the definition of a derivative if these were part of a separate contract;
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host instrument.

Separate embedded derivatives are stated at fair value and changes in fair values are recognised in profit or loss if they are not part of hedging relationships within cash flow hedging or hedging of a net investment in a foreign operation.

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#### Hedge accounting

From 1 January 2018, the Group decided to continue to apply hedge accounting in accordance with IAS 39, and not in compliance with the current amendment in IFRS 9. Hedging derivatives are derivatives that the Group can use to hedge against its interest rate and currency risks. A hedging relationship qualifies for hedge accounting if, and only if, all of the following conditions are met:

- a) At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- b) The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship;
- c) For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss;
- d) The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured; and
- e) the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Hedging financial derivatives are accounted for according to the type of the hedging relationships which are as follows:

- a) Fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss;
- b) Cash flow hedge: a hedge of the exposure to variability in cash flows that:
  - i. Is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction; and,
  - ii. Could affect profit or loss.
- c) Hedge of a net investment in a foreign operation.

The Group applies fair value hedging to manage its market risks. Changes in the fair value of hedging derivatives classified as a fair value hedge are reported in the consolidated statement of comprehensive income line "*Net gain from hedge accounting*", and interest income and expense on these derivatives (i.e. both realised and accrued) are reported in the consolidated statement of comprehensive income line "*Interest income and similar income calculated using the effective interest rate method*" or "*Interest expense and similar expense*". A change in the fair value of the hedged item in relation to the fair value hedge of individual hedged items is recognised as part of the carrying amount of the hedged item in the consolidated statement of financial position and in line "*Net gain from hedge accounting*" in the consolidated statement of comprehensive income. In respect of the fair value hedge of the hedged items portfolio, the change in the fair value of hedged items is reported in the consolidated statement of financial position as "*Fair value remeasurement of portfolio-remeasured items*" and in "*Net gain from hedge accounting*" in the consolidated statement of comprehensive income.

The cash flow hedging is aimed at the elimination of uncertainty in future cash flows and the stabilisation of the net interest income. The effective part of the change in the fair value of hedging derivatives treated as cash flow hedges is reported in "*Revaluation of cash flow hedges*" in the consolidated statement of comprehensive income and cumulatively in "*Fair value reserve*" in the consolidated statement of financial position. The ineffective part of the change in the fair value of hedging derivatives treated as cash flow hedges is immediately presented in "*Net gain from hedge accounting*" in the consolidated statement of comprehensive income. The values that were reported in other comprehensive income are transferred to profit or loss in the period in which the hedged item affects gains or losses, specifically to "*Net gain from hedge accounting*" in the consolidated statement of comprehensive income.

The effectiveness of the hedge is regularly tested on a monthly basis, prospectively and retrospectively. Where the hedge ceases to meet the criteria for hedge accounting, the maturity of the hedging instrument expires, the hedging instrument is sold, terminated or exercised, the Group discontinues the hedging relationship and writes off the adjustments of the carrying amount of the hedged interest-bearing financial



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instruments through the consolidated statement of comprehensive income over the period to the maturity of the hedged item in respect of the fair value hedge, or the accumulated profit or loss from the hedging instrument, originally presented in other comprehensive income, remain in the statement of financial position in "Fair value reserve" until the transaction is realised in respect of cash flow hedges.

#### (g) Offsetting

Financial assets and liabilities may be offset and the net amount is reported in the consolidated statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be reported in the consolidated statement of financial position on a net basis. The Group does not offset any financial assets and financial liabilities.

#### (h) Other equity instruments

Other equity instruments principally include AT1 capital investment certificates that combine the elements of equity and debt securities and meet the criteria for inclusion in the Group's auxiliary Tier 1 capital. These instruments are reported at their nominal value in the consolidated statement of financial position line "Other equity instruments". The payment of interest income attributable to the certificate holders is governed by the relevant terms and conditions set out in the prospectus for the certificates and is made from the Bank's retained earnings following the approval of the profit distribution by the Bank's General meeting of shareholders. AT1 certificates includes no contractual obligation to deliver cash or another financial asset and obligation to exchange financial liabilities with another entity under conditions that are potentially unfavourable to the issuer. Certificates are not redeemable at the option of the holders and they will not otherwise be called or repurchased except at the option of the issuer. Issuer at its sole and full discretion, can at any time elect to cancel, in whole or in part, any payment of distributions. Based on these reasons are AT1 certificates classified as equity instruments.

#### (i) Property and equipment and intangible assets

Property and equipment comprise assets with a physical substance and with an estimated useful life exceeding one year and acquisition cost of more than CZK 40,000.

Intangible assets include assets without physical substance with an estimated useful life exceeding one year and acquisition cost of more than CZK 60,000.

Property and equipment and intangible assets are stated at acquisition cost less accumulated depreciation, amortisation and loss allowances and are depreciated or amortised when ready for use through the consolidated statement of comprehensive income line "Depreciation and amortisation of property and equipment and intangible assets" on a straight line basis over their estimated useful lives.

Depreciation periods and depreciation rates for individual categories of property and equipment and intangible assets are as follows:

	Depreciation period	Depreciation rate
Software (except for core banking systems)	4 years	25%
Buildings	30 years	3.33%
Other (cars, furniture and fixtures, office equipment and computers)	4 - 10 years	10 - 25%

Leasehold improvements are depreciated on a straight-line basis over the lease term, or if appropriate the depreciation period is extended by the term arising from an option arrangement where the Group believes that the option be used. Leasehold improvements under lease arrangements with no fixed expiry date are depreciated over 15 years.

Land and works of art (irrespective of their cost) and assets under construction are not depreciated.

The cost of internally generated intangible assets comprise all costs that can be allocated directly or by reference to a reasonable and consistent basis for generating and preparing an asset for its intended use.

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The Group periodically reviews the utilisation of its assets and adjusts the policy on their depreciation/amortisation as and when needed. A change in the depreciation period is not considered a change in accounting policies but a change in accounting estimates.

The Group's assets are regularly tested for impairment. Impairment of assets, if any, is reported in the consolidated statement of comprehensive income in "*General operating expenses*". The Group regularly reviews the anticipated future benefit from intangible assets; if no benefit can be expected, the relevant intangible assets are derecognised from the statement on financial position. The loss resulting from the derecognition is included in the statement of comprehensive income line "*Other operating expenses*".

Repairs and maintenance are charged directly to the statement of comprehensive income line "*General operating expenses*" in the year in which the expenses were incurred.

#### (j) Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the Group's share of the net assets (equity) of the consolidated company at the date of acquisition. Goodwill is reported in the consolidated statement of financial position as a component of "*Intangible assets*". Goodwill is not amortised and is tested for impairment at least on an annual basis.

Goodwill is impaired if its carrying amount is greater than its estimated recoverable amount. The recoverable amount is defined as the estimated future economic benefits arising from the acquisition of an equity investment. When impairment of goodwill is identified, the Group recognises the impairment through the consolidated statement of comprehensive income line "*General operating expenses*".

Negative goodwill represents the difference between the cost and fair value of the Group's interest in net assets of the acquiree at the acquisition date. Negative goodwill exceeding reliably measurable future losses and costs of the acquiree (which are not reflected in its identifiable assets and liabilities) and the fair value of their non-monetary assets are immediately released to income.

#### (k) Leases

Under IFRS 16, in assessing whether the contract contains a lease, the economic basis of the transaction is taken in to account, i.e. whether the contract conveys the right to control and to use an identified asset for a period of time in exchange for consideration.

##### The Group as lessee

A lessee recognises a right-of-use asset and a lease liability. A right-of-use asset is initially measured at cost and is subsequently depreciated until the end of its useful life or until the end of the lease contract term. Right-of-use assets are reported by the Group in the statement of financial position line "*Property and equipment*".

The lease liability is initially measured at the present value of the lease payments which have not been paid as at the effective date of the lease contract, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. Lease payments entering into the calculation of the lease liability measurement include fixed lease payments, variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option that the lessee is reasonably certain to exercise and payments for terminating the lease if the lease term reflects early termination.

Subsequently, the lease liability is measured at carrying amount plus the relevant interest and less lease payments made, and remeasured to take into account a modification or reassessment of the lease.

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Lease liabilities are reported in the statement of financial position line “*Other financial liabilities*”, which is included in the line “*Financial liabilities at amortised cost*”. Interest is reported in the statement of comprehensive income in “*Interest expense and similar expense*”.

In applying IFRS 16, the Group applies exemptions for lease terms of 12 months or less and not containing a purchase option (short-term leases) and exemptions for leases when the underlying asset has a low value when new. The Group set the low-value limit to EUR 5,000. In such cases, the right-of-use asset or the relating liability is not reported and the relevant payments are reported in the statement of comprehensive income in “*General operating expenses*”.

#### The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

In respect of assets leased under finance leases, the present value of lease payments is recognised as a receivable in the statement of financial position in “*Loans and advances to customers*”, which is part of “*Financial assets at amortised cost*”. The difference between the gross value of a receivable and its present value is reported as accrued interest income. The financial income from the lease is recognised in the statement of comprehensive income in “*Interest income and similar income calculated using the effective interest rate method*” over the lease term in order to produce a constant interest rate.

The Group presents assets that are the subject of an operating lease in the appropriate lines of the statement of financial position according to the nature of those assets and uses for them accounting policies applied to the relevant asset class. Lease payments received from operating leases are recognised as the Group’s income on a straight-line basis over the term of the relevant lease and presented in the statement of comprehensive income in “*Other operating income*”.

#### **(l) Investment property**

Investment property, that is, property held to earn rentals or for capital appreciation, is stated at cost and subsequently depreciated based on the determined useful life or agreed lease term to the expenses of the Group. Depreciation is presented in “*Depreciation/amortisation of property and equipment and intangible assets*”.

The Group’s investment property is regularly tested for impairment. When impairment of investment property is identified, the Group recognises the impairment through “*General operating expenses*”.

#### **(m) Assets and disposal groups held for sale**

Assets held for sale and assets that are part of a disposal group held for sale are reported in the consolidated statement of financial position line “*Assets held for sale*”. If the disposal group held for sale also includes liabilities, they are reported in the consolidated statement of financial position line “*Liabilities attributable to assets held for sale*”. Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less the sale-related costs.

#### **(n) Provisions**

A provision represents a probable cash outflow of uncertain timing or amount. The Group recognises a provision when, and only when:

- it has a present obligation (legal or constructive) as a result of a past event;

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- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- the amount of the obligation can be estimated reliably.

#### **Provisions for guarantees and other off balance sheet items**

The Group recognises potential commitments arising from issued guarantees, irrevocable credit commitments (undrawn portion), confirmed open letters of credit, etc. as part of off-balance sheet assets. Provisions for estimated losses on these commitments are made under the same principles as the loss allowances to financial assets. Changes in these provisions are recognised in “*Impairment losses on financial instruments*”.

#### **Provisions for payroll bonuses**

The Group accounts for provisions for long-term payroll bonuses (quarterly and annual bonuses). The recognition, use and release of the provision for payroll bonuses is reported in the consolidated statement of comprehensive income as “*Personnel expenses*”.

#### **Other provisions**

Creation, utilisation and release of the other provisions relating to banking activities (for untaken holidays, legal disputes, etc.) are reported in “*General operating expenses*”. If a provision does not relate to banking activities, the creation, utilisation and release of the other provisions are reported in “*Other operating income/Other operating expenses*”. Other provisions also include the provision for fines and penalties.

#### **(o) Current tax liability**

Current tax liability represents the tax liabilities for the current period less current income tax prepayments, adjusted for changes in prior year’s tax liability, if any. Tax liabilities are stated at the amount that is expected to be paid to the tax authority. In calculating the tax liabilities for the current period, the tax rates and tax legislation in force as at the reporting date will apply.

#### **(p) Non-controlling interests**

Non-controlling interests include the share in profits and losses and net assets that are not attributable to the owners of the parent company. These interests are reported in the consolidated statement of comprehensive income and in “*Equity*” in the consolidated statement of financial position separately from the equity attributable to the owners of the Bank. Non-controlling interests are reported using the method of a proportionate interest in net identifiable assets of an acquired entity not attributable to the owners of the parent company and are adjusted by the share in profits and losses of the acquired entity and share in dividends paid from the acquired entity not attributable to the owners of the parent company.

#### **(q) Transactions with securities undertaken on behalf of customers**

Securities taken by the Group into custody, administration or to be managed are kept off balance sheet at their market or nominal values if the market value is not available. “*Other liabilities*” in the consolidated statement of financial position comprise the deposits from customers arising from cash received to purchase securities or advance payments to be refunded to customers.

#### **(r) Contingent assets, contingent liabilities and off-balance sheet items**

A contingent asset/liability is a potential asset/liability that arises from past events and whose existence will be only confirmed by the occurrence or non-occurrence of one or more uncertain future events not fully under the entity’s control. Contingent assets/liabilities are recorded off balance sheet, with the Group regularly reviewing their development to specify whether an inflow/outflow of resources embodying economic benefits has become probable. Where the likelihood of an outflow of economic benefits is

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higher than 50%, the Group will recognise a provision. Where the likelihood of an inflow of economic benefits is virtually certain, the Group will recognise an asset and income.

Contingent liabilities also include existing liabilities if their settlement is unlikely to require an outflow of resources embodying economic benefits or if the amount of the liability cannot be reliably quantified. Contingent liabilities include for example: irrevocable credit commitments and commitments arising from bank guarantees and letters of credit.

Besides contingent assets and contingent liabilities, assets arising from activities consisting in management, administration and custody of valuables and securities are also recorded off balance sheet, including the related liabilities to return the relevant assets to customers.

Off-balance sheet items also include the nominal values of interest rate and foreign currency instruments, including forwards, swaps and options.

#### **(s) Segment reporting**

The Group reports information about segments in accordance with IFRS 8 Operating Segments. IFRS 8 requires that operating segments be identified based on internal reports regularly reviewed by the Bank's chief operating decision maker. Pursuant to these internal reports including the overview of the performance of the particular operating segment, it is possible to assess the performance of the segment, or if appropriate decide on the strategic development of the operating segment.

The basis for determining reportable segments is a report that the Group prepares for the board of directors which is considered to be the 'chief operating decision maker', i.e. a person/group of persons that allocates resources and assesses the performance of individual operating segments of the Group.

Information on reportable operating segments of the Group is disclosed in note 43.

#### **(t) Foreign currency translation**

Transactions denominated in foreign currencies are initially measured at the official exchange rate announced by CNB on the transaction date. Assets and liabilities denominated in foreign currencies are translated into the local currency at CNB's exchange rate prevailing as at the date of preparation of the consolidated statement of financial position. Realised and unrealised gains and losses on foreign currency translation are recognised in the consolidated statement of comprehensive income in "*Net gain on financial operations*", with the exception of foreign exchange rate differences on equity investments denominated in foreign currencies which are reported at the historical exchange rate, foreign exchange rate differences on equity securities included in the portfolio of financial assets at FVOCI which are reported as a component of a change in the fair value and foreign exchange rate differences on derivatives entered into to hedge the currency risk associated with assets or liabilities whose foreign exchange rate differences are a part of the change in the fair value.

#### **(u) Cash and cash equivalents**

The Group considers cash in hand, deposits with central banks, and deposits with other banks with one-day maturity to be cash equivalents. For the purpose of determining the balance of cash and cash equivalents, the mandatory minimum reserves with CNB are not included as a cash equivalent due to restrictions on its utilisation.

#### **(v) Employee benefits**

Every employee of the Group has access to a 'benefit purse' in which they obtain an annual one-off contribution depending on the number of years worked and their position. In drawing it, the employees have several options to choose from, including leisure, supplementary pension insurance and life assurance contributions, and meal contributions. The costs incurred in connection with the benefit purse contributions are reported on an accruals basis in "*Personnel expenses*" in the consolidated statement of

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comprehensive income. Employees receive bonuses on significant personal and work anniversaries. The costs incurred in connection with these benefits are reported in “*Personnel expenses*” in the consolidated statement of comprehensive income.

The amount of the bonuses depends on the fulfilment of the performance criteria. The bankers from the branch network, respectively mortgage network, receive monthly and quarterly bonuses. Branch managers and mortgage office managers receive quarterly bonuses. Call centres employees receive monthly bonuses. Employees from the division Operations with short-term goals receive monthly bonuses. Employees from Risk department with short-term goals receive monthly or quarterly bonuses. The other employees receive annual bonuses. Bonuses are reported on an accruals basis. At year-end, the liability is reported in “*Provisions for payroll bonuses*”. The recognition, use and release of the provision for payroll bonuses is reported in the consolidated statement of comprehensive income as “*Personnel expenses*”.

Members of the board of directors receive bonuses tied to their performance, depending on the fulfilment of financial and non-financial criteria approved by the supervisory board. 50% of the variable wage component of a member of the board of directors is calculated and paid out on the methodology Value in Use (ViU). This method is based on Dividend Discount Model (DDM) and is the sum of Net Present Value (NPV) of dividends in the following five years since the evaluation year and the ongoing value. This wage component is awarded based on this scheme: 60% is deferred by 18 months from the conclusion of the financial year for which it is awarded, the remaining 40% is paid out over next five years, with one fifth being paid each year. The other half of the variable wage component is awarded under the scheme: 60% non-delayed, the remaining 40% is paid out over next five years, with one fifth being paid each year. Deferred bonuses paid in cash, i.e. bonuses paid to members of the board of directors more than 12 months subsequent to the end of the reporting period during which they provided services to the Bank, are considered to be long-term employee benefits reported in “*Provision for payroll bonuses*” in the statement of financial position. The recognition, use and release of the provisions for payroll costs is reported in the consolidated statement of comprehensive income as “*Personnel expenses*”.

#### (w) Reclassification of information for 2019

##### Reporting of mandatory minimum provisions

During 2020, the Group started reporting the “*Mandatory minimum provisions*” under “*Other assets*” due to no option to use mandatory minimum provisions as “*Cash and Cash equivalents*”. In accordance with IAS 8, the Group reclassified this in the consolidated statement of financial position in the comparable period.

The table below shows the changes in the individual lines of the consolidated statement of financial position where the reclassification took place (only the affected lines).

CZK million	2019		2019
	Before adjustment	Reclassification	After adjustment
Cash in hand and other cash equivalents	14,135	(2,926)	11,209
Other assets	1,526	2,926	4,452

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#### Reporting of customer foreign currency transactions

In 2020, the Group performed an analysis of its foreign currency transactions. Based on this analysis, the Group concluded that customer foreign currency transactions are by nature fees and commissions. Based on that the Group began reporting “Customer foreign currency transactions” under “Fee and commission income”. In accordance with IAS 8, the Group reclassified this in the consolidated statement of comprehensive income for the comparable period.

The table below shows the changes in the individual lines of the consolidated statement of comprehensive income where the reclassification took place (only the affected lines).

CZK million	2019		2019
	Before adjustment	Reclassification	After adjustment
Net gain on financial operations	1,216	(1,406)	(190)
Fee and commission income	2,907	1,406	4,313

The table below show the changes in individual lines of the “Fee and commission income” note, which was reclassified.

CZK million	2019		2019
	Before adjustment	Reclassification	After adjustment
<b>Fee and commission income</b>			
Securities transactions	101	-	101
Clearing and settlement	68	-	68
Asset management	41	-	41
Administration, custody and safekeeping of values	47	-	47
Payments	1,758	-	1,758
Product distribution for customers	135	-	135
Loan administration	220	-	220
Fund management and distribution of units	350	-	350
Customer foreign currency transactions	-	1,406	1,406
Other	46	-	46
<b>Income from customer account fees</b>	<b>2,766</b>	<b>1,406</b>	<b>4,172</b>
Guarantees provided	141	-	141
<b>Total fee and commission income</b>	<b>2,907</b>	<b>1,406</b>	<b>4,313</b>
<b>Fee and commission expense</b>			
Clearing and settlement	(61)	-	(61)
Administration, custody and safekeeping of values	(3)	-	(3)
Payments	(743)	-	(743)
Guarantees received	(14)	-	(14)
Other	(171)	-	(171)
<b>Total fee and commission expense</b>	<b>(992)</b>	<b>-</b>	<b>(992)</b>
<b>Net fee and commission income</b>	<b>1,915</b>	<b>1,406</b>	<b>3,321</b>

The table below show the changes in individual lines of the “Net fee and commission income” note, which was reclassified.

CZK million	2019		2019
	Before adjustment	Reclassification	After adjustment
Interest rate and currency derivatives and FX spots	46	(374)	(328)
Profit/(loss) from foreign currency transactions	1,147	(1,032)	115
Gain/(loss) from transactions with securities held for trading	12	-	12
Liabilities from short sales transactions	-	-	-
Equity instruments held for trading	11	-	11
<b>Net fee and commission income</b>	<b>1,216</b>	<b>(1,406)</b>	<b>(190)</b>

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#### Reporting finance leases

During 2020, the Group started reporting the “*Finance leases*” item in the separate item “*Finance leases*” due to better presentation. In accordance with IAS 8, the Group reclassified this in the consolidated statement of financial position in the comparable period.

The table below shows the changes in the individual lines of the consolidated statement of financial position where the reclassification took place (only the affected lines).

CZK million	2019		2019
	Before adjustment	Reclassification	After adjustment
Financial assets at amortised cost	345,278	(8,626)	336,652
Loans and advances to banks	87,242	-	87,242
Loans and advances to customers	247,157	(8,626)	238,531
<i>of which: change in fair value of hedged items</i>	(1)	-	(1)
Debt securities	10,879	-	10,879
Finance leases	-	8,626	8,626

#### Income from finance leases

During 2020, the Group started reporting the “Income from finance leases” item in the separate item „*Other interest income* “ due to no option to use „*Interest income and similar income calculated using the effective interest rate method* “. In accordance with IAS 8, the Group reclassified this in the statement of comprehensive income in the comparable period.

The table below shows the changes in the individual lines of the consolidated statement of comprehensive income where the reclassification took place (only the affected lines).

CZK million	2019		2019
	Before adjustment	Reclassification	After adjustment
Interest income and similar income calculated using the effective interest rate method	13,604	(234)	13,370
Other interest income	2,479	234	2,713



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#### 6. CHANGES IN ACCOUNTING POLICIES IN 2020

(a) **Newly applied standards and interpretations the application of which had a significant impact on the consolidated financial statements**

In 2020, the Group did not start using any standards and interpretations which would have a significant impact on the consolidated financial statements.

(b) **Newly applied standards and interpretations the application of which had no significant impact on the consolidated financial statements**

During the year ended 31 December 2020, the following standards, interpretations and amended standards issued by the International Accounting Standards Board (IASB) and adopted by the EU were effective:

- Amendment to the Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020).
- **Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – definition of materiality** (effective for annual periods beginning on or after 1 January 2020);
- **Amendments to IFRS 9 Financial instruments, IAS 39 Financial instruments and IFRS 7 Financial instruments: Disclosures – Interest Rate Benchmark Reform** (effective for annual periods beginning on or after 1 January 2020);
- **Amendments to IFRS 16 Leases – COVID-19-Related Rent Concessions** ((Effective for annual periods beginning on or after 1 June 2020);
- **Amendments to IFRS 3 Business combinations – Definition of a Business** (effective for annual periods beginning on or after 1 January 2020);

The adoption of these amendments resulted in no changes in the Group's accounting policies.

(c) **Standards and interpretations issued by IASB but not yet effective**

- **Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)** - effective for annual periods beginning on or after 1 January 2021). The amendments address issues that might affect financial reporting as a result of the interest rate benchmark reform, including the effects of changes on contractual cash flows or hedging relationships arising from the replacement of a reference interest rate with an alternative interest rate (refer to Note 41).

(d) **Standards and interpretations issued by IASB but not yet adopted by the European Union**

At present, the version of standards adopted by the European Union does not significantly differ from the standards approved by IASB. The exception are the following standards, amendments and interpretations that were not adopted for use in the EU as at the date of approval of the financial statements (the effective dates listed below apply to the IFRS standards issued by the IASB).

- **Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current** (effective for annual periods beginning on or after 1 January 2022);

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- **Amendments to IAS 16 – Property, Plant and Equipment** – Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022);
- **Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets** – Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022);
- **Amendments to IFRS 3 Business combinations** – Reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022);
- **IFRS 17 Insurance Contracts** (effective for annual periods beginning on or after 1 January 2023; with prospective application and with early application permitted);
- **Amendments to IFRS 4 Insurance Contracts** (effective for annual periods beginning on or after 1 January 2021);
- **Amendments of various standards as part of “IFRS Improvements” (2018 – 2020) – amendments concern IFRS 1, IFRS 9, IFRS 16 and IAS 41 standards (effective for annual periods beginning on or after 1 January 2022);**
- **Amendments to IFRS 10 a IAS 28 (2018 – 2020)** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the European Commission has decided to postpone the approval indefinitely);

The Group anticipates that the adoption of the above stated standards, amendments to existing standards and interpretations in the period of their first-time adoption will have no significant impact on the Group's consolidated financial statements.

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#### 7. IMPACT OF THE COVID-19 PANDEMIC ON THE CONSOLIDATED FINANCIAL STATEMENTS

The outbreak of the COVID-19 pandemic in Europe in February 2020 had an impact on the operational and strategic objectives of the Group. In connection with the pandemic and the declared state of emergency all over the territory of the Czech Republic lasting from 12 March 2020 until 17 May 2020, the Group adopted various measures to protect the health of its employees and clients. The measures have been subjected to regular monitoring and reviews since then.

In the course of March, the Group started to offer to its clients the suspension of loan repayments for a period of three and six months, applicable to private individuals, entrepreneurs, and businesses. On 1 April 2020, the Czech government passed a bill on selected measures pertaining to the repayment of loans in relation to the COVID-19 pandemic, which allowed the introduction of a loan moratorium. Clients of the Group who applied for the government moratorium were granted deferrals of instalments according to the law, i.e. until 31 July or 31 October 2020. Part of this statutory loan moratorium on loan repayments was the setting of a maximum interest rate on consumer loans at 8% above the two-week repo rate announced by the CNB (0.25%). During this moratorium, the Group was not allowed to charge clients any penalty fees or interest on past due instalments. The Group allowed its clients who requested a statutory moratorium to defer payments for a period of three or six months. As at 31 October 2020 when the statutory moratoria ended, the resulting impact of both types of moratoria was more than 28 thousand approved applications with total loans of CZK 54.0 billion, of which households accounted for CZK 23.5 billion and companies for CZK 30.5 billion. Approximately 3,000 approved applications totalling CZK 17.4 billion related to voluntary moratoria; almost 25.5 thousand applications totalling CZK 36.6 billion were approved under the statutory moratorium. In the period from October to December 2020, subsequent forbearance of CZK 2.7 billion was approved for loans for which the Group granted a suspension of loan repayments due to a voluntary moratorium. Subsequent forbearance of CZK 1.8 billion was approved for loans with a granted statutory moratorium valid until the end of October 2020.

The Group launched its offer of credit facilities for corporate entities and businesses under the COVID guarantee programmes operated by Českomoravská záruční a rozvojová banka (ČMZRB), with COVID III and the European investment fund (EIF) being the most extensive programmes. As at 31 December 2020, the Group approved 182 applications totalling over CZK 2.5 billion.

The Group also continues to provide loans to clients in all segments. Clients are able to deal with the vast majority of their banking operations in a remote regime without having to visit a branch office.

Furthermore, the Group introduced a set of measures to protect the health of its employees and clients. One of such measures concerns increased supplies of necessary hygiene products for the Group's offices. The Group let nearly all its members of staff work from home in the long term. This required the implementation of the necessary communication means and securing of all required technical measures allowing for this regime of work in the long term. Also, the Group optimised the layout and number of workplaces at the Group's premises in combination with the support for long-term work from home for most employees.

The COVID-19 pandemic accelerated the Group's strategic priorities in connection with the optimisation of its branch network. In line with IAS 36 and IFRS 16 requirements, the Group assessed the indicators of any possible impairment of these assets. The Group identified significant impairments in respect of seven leased branch offices reported as rights of use. These branch offices were closed as of 31 December 2020. As at the date of these consolidated financial statements, the net book value of these rights of use was zero and the impairment of the right of use amounting to MCZK (5) was recognised in the consolidated statement of comprehensive income under "*Other operating expenses*". Lease liabilities arising out of the lease agreements are still recognised by the Group in the consolidated statement of financial position under "*Other financial liabilities*".

Pursuant to IFRS 9, a loan moratorium results in the modification of the contractual cash flow of a financial asset. The Group evaluated this modification as an immaterial modification of the financial asset not resulting in the derecognition of the original financial asset. The modification gain or loss equals the

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difference between the gross book value of the loan before modification and the net present value of the cash flows of the modified financial asset discounted at the original effective interest rate. The Group recognised the modification loss in the consolidated statement of comprehensive income under “*Other operating expenses*”. As at 31 December 2020, the modification loss caused by COVID-19 effects amounted to CZK 98 million.

In accordance with the EBA guidance, granting a private or public moratorium to a client is not automatically considered an indicator of a significant increase of credit risk leading to a worse stage of exposure. On the other hand, it may result in a worse stage for the client based on an individual assessment as part of extraordinary or regular monitoring or an annual assessment renewal. The Group's exposures under public or private moratoria are reported as forbore exposures, but do not automatically worsen the risk category. When evaluating significant increases of credit risk, the Group continues to apply a set of qualitative, quantitative and additional criteria. In connection with the COVID-19 pandemic, the Group created loss allowances of CZK 956.3 million, out of total loss allowances of CZK 1,724 million.

The Group regularly monitors the development of clients under loan repayment moratoria to (i) support the clients with targeted selected measures, (ii) set up the recovery personnel capacities for the anticipated wave of defaults after the end of the moratoria, (iii) estimate the future impacts on the profit and loss statement on a regular basis. The work and activities performed particularly consist of i) the dynamic monitoring of risk indicators, ii) client surveys, iii) the reasonable sizing of and seniority in expert teams focused on loan restructuring in the retail and corporate segments.

The Group closely monitors the sectors that are most affected by the COVID-19 pandemic (automotive industry, hotels and tourism, hospitality and entertainment, transport, etc.). Rules applicable to the assessment of risk categories were adjusted in respect of retail clients in these sectors, whereas in the corporate segment, individual assessments were used. The Group deems that the expected credit risk in these industries is included in the forward-looking components and in the staging algorithm used in IFRS 9 models; thus, the Group does not apply any additional portfolio adjustments to selected industries beyond the framework of the applicable IFRS 9 methodology.

For the time being, the economic outlook remains uncertain due to the COVID-19 pandemic. Following the evaluation of the current situation and possible future development scenarios, the Group's management expects the Group's business in the following periods to remain profitable. The economic results will be sufficient to cover the Group's capital needs and there is no significant uncertainty relating to events or circumstances that might substantially challenge the Group's ability to continue as a going concern.

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### 8. NET INTEREST INCOME

CZK million	2020	2019
<b>Interest income and similar income calculated using the effective interest rate method</b>		
<b>Financial assets measured at amortised cost</b>	<b>8,700</b>	<b>10,238</b>
from debt securities	400	228
from loans and advances to banks	870	1,929
from loans and advances to customers	7,430	8,081
<b>Financial assets other than held for trading mandatorily reported at fair value in profit or loss</b>	<b>6</b>	<b>-</b>
Debt securities	6	-
<b>Negative interest on financial liabilities measured at amortised cost</b>	<b>29</b>	<b>15</b>
<b>Hedging interest rate derivatives</b>	<b>2,481</b>	<b>3,117</b>
<b>Interest income and similar income calculated using the effective interest rate method</b>	<b>11,216</b>	<b>13,370</b>
<b>Other interest income</b>		
<b>Finance leases</b>	<b>229</b>	<b>234</b>
<b>Financial assets held for trading</b>	<b>2,315</b>	<b>2,479</b>
Derivatives held for trading	2,314	2,477
<i>of which derivatives in bank's portfolio</i>	9	50
Debt securities	1	2
<b>Other interest income</b>	<b>2,544</b>	<b>2,713</b>
<b>Interest expense</b>		
<b>Financial liabilities held for trading</b>	<b>(2,172)</b>	<b>(2,439)</b>
Derivatives held for trading	(2,172)	(2,439)
<i>of which derivatives in bank's portfolio</i>	(13)	(23)
Short sales	0	-
<b>Financial liabilities at amortised cost</b>	<b>(1,141)</b>	<b>(1,448)</b>
from deposits from banks	(126)	(259)
from deposits from customers	(814)	(973)
from securities issued	(68)	(105)
from subordinated liabilities	(133)	(111)
<b>From lease liabilities</b>	<b>(27)</b>	<b>(29)</b>
<b>From securitisation</b>	<b>-</b>	<b>(1)</b>
<b>Hedging interest rate derivatives</b>	<b>(2,564)</b>	<b>(3,113)</b>
<b>Negative interest on financial assets measured at amortised cost</b>	<b>(7)</b>	<b>(6)</b>
<b>Total interest expense and similar expense</b>	<b>(5,911)</b>	<b>(7,036)</b>
<b>Net interest income</b>	<b>7,849</b>	<b>9,047</b>

The items "Interest income and similar income calculated using the effective interest rate method"- "Hedging interest rate derivatives" and "Interest expense" - "Hedging interest rate derivatives" comprise net interest income from hedging financial derivatives upon a cash flow hedge of MCZK 74 (2019: net interest expense of MCZK (122), net interest expense from hedging financial derivatives upon a fair value hedge of mortgage loans of MCZK (126) (2019: net interest income of MCZK 777) and net interest expense from hedging financial derivatives upon a fair value hedge of term deposits and the portfolio of current and savings accounts of MCZK (31) (2019: MCZK 651).

Interest income additionally includes interest on impaired assets (primarily loans and advances to customers) of MCZK 135 (2019: MCZK 86).

In 2020, interest income from financial assets at amortised cost also includes interest on loans and advances to customers that were subject to the loan moratorium introduced in connection with the COVID-19 pandemic of MCZK 1,265.

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### 9. NET FEE AND COMMISSION INCOME

CZK million	2020				Total
	Corporate banking	Retail banking	Treasury	Other	
<b>Fee and commission income arising from</b>					
Securities transactions	22	84	1	-	107
Clearing and settlement	12	1	-	-	13
Asset management	1	45	-	-	46
Administration, custody and safekeeping of values	10	32	1	7	50
Payments	246	1,235	-	6	1,487
Product distribution for customers	3	186	-	-	189
Loan administration	87	108	-	-	195
Provided guarantees	-	334	-	-	334
Customer foreign currency transactions	616	761	-	-	1,377
Other	63	34	-	-	97
<b>Fee and commission income arising from client accounts</b>	<b>1,060</b>	<b>2,820</b>	<b>2</b>	<b>13</b>	<b>3,895</b>
Guarantees provided	147	-	-	-	147
<b>Total fee and commission income</b>	<b>1,207</b>	<b>2,820</b>	<b>2</b>	<b>13</b>	<b>4,042</b>
<b>Fee and commission expense</b>					
Clearing and settlement	(9)	(46)	(5)	-	(60)
Administration, custody and safekeeping of values	-	-	(3)	-	(3)
Payments	(16)	(632)	-	(1)	(649)
Guarantees received	(15)	-	-	-	(15)
Product distribution for customers	-	(13)	-	-	(13)
Other	(5)	(136)	(21)	(26)	(188)
<b>Total fee and commission expense</b>	<b>(45)</b>	<b>(827)</b>	<b>(29)</b>	<b>(27)</b>	<b>(928)</b>
<b>Net fee and commission income</b>	<b>1,162</b>	<b>1,993</b>	<b>(27)</b>	<b>(14)</b>	<b>3,114</b>

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CZK million	2019				Total
	Corporate banking	Retail banking	Treasury	Other	
<b>Fee and commission income arising from</b>					
Securities transactions	25	75	-	1	101
Clearing and settlement	65	3	-	-	68
Asset management	-	41	-	-	41
Administration, custody and safekeeping of values	12	31	2	2	47
Payments	302	1,452	-	4	1,758
Product distribution for customers	2	133	-	-	135
Loan administration	81	138	-	1	220
Provided guarantees	350	-	-	-	350
Customer foreign currency transactions	627	779	-	-	1,406
Other	11	34	-	1	46
<b>Fee and commission income arising from client accounts</b>	<b>1,475</b>	<b>2,686</b>	<b>2</b>	<b>9</b>	<b>4,172</b>
Guarantees provided	141	-	-	-	141
<b>Total fee and commission income</b>	<b>1,616</b>	<b>2,686</b>	<b>2</b>	<b>9</b>	<b>4,313</b>
<b>Fee and commission expense</b>					
Clearing and settlement	(11)	(44)	(6)	-	(61)
Administration, custody and safekeeping of values	-	-	(3)	-	(3)
Payments	(14)	(726)	-	(3)	(743)
Guarantees received	(14)	-	-	-	(14)
Product distribution for customers	-	-	-	-	-
Other	(15)	(111)	(28)	(17)	(171)
<b>Total fee and commission expense</b>	<b>(54)</b>	<b>(881)</b>	<b>(37)</b>	<b>(20)</b>	<b>(992)</b>
<b>Net fee and commission income</b>	<b>1,562</b>	<b>1,805</b>	<b>(35)</b>	<b>(11)</b>	<b>3,321</b>

The Group changed the presentation of customer foreign currency transactions in the statement of comprehensive income from “Net gain/(loss) from financial operations” to “Net fee and commission income”. See also note 3 (w).

### 10. NET LOSS ON FINANCIAL OPERATIONS

CZK million	2020	2019
Interest rate and currency derivatives and FX spots	(426)	(328)
Gain/(loss) from remeasurement of foreign currency positions	219	115
Gain/(loss) from transactions with securities held for trading	1	12
Liabilities from short sales transactions	1	-
Equity instruments held for trading	6	11
<b>Total</b>	<b>(199)</b>	<b>(190)</b>

### 11. NET GAIN ON FINANCIAL ASSETS OTHER THAN HELD FOR TRADING MANDATORILY REPORTED AT FAIR VALUE IN PROFIT OR LOSS

CZK million	2020	2019
Debt securities	38	-
<b>Total</b>	<b>38</b>	<b>-</b>

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### 12. NET PROFIT FROM HEDGE ACCOUNTING

	2020	2019
Change in the fair value of hedging derivatives upon fair value hedge	(873)	499
Change in the fair value of the hedged items upon fair value hedge	872	(492)
Profit/(loss) from hedge accounting upon a cash flow hedge – ineffective part	4	(1)
<b>Total</b>	<b>3</b>	<b>6</b>

### 13. DIVIDEND INCOME

In 2020, “Income from other shares and equity investments” amounted to MCZK 1 (2019: MCZK 42). The amount includes a dividend from Raiffeisen stavební spořitelna a.s. of MCZK 0 (2019: MCZK 30) and a dividend from Visa Inc. of MCZK 1 (2019: MCZK 1) and a dividend from Hermes Property, s.r.o. of MCZK 0 (2019: MCZK 10).

### 14. IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

CZK million	2020	2019
<b>Changes in loss allowances</b>		
Additions to loss allowances	(2,759)	(2,255)
Release of loss allowances	1,080	1,706
Use of loss allowances	506	1,056
Nominal value of assigned and written-off receivables	(506)	(1,056)
<i>of which: direct write-offs of receivables</i>	0	0
Income from written-off/sold receivables	40	55
<b>Total changes in loss allowances</b>	<b>(1,639)</b>	<b>(494)</b>
<b>Provisions for off-balance sheet credit risks</b>		
Establishment of provisions	(293)	(254)
Release of provisions	208	399
<b>Total changes in provisions for off-balance sheet credit risks</b>	<b>(85)</b>	<b>145</b>
<b>Total impairment losses on financial instruments</b>	<b>(1,724)</b>	<b>(349)</b>

### 15. GAIN OR LOSS (-) ARISING FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

CZK million	2020	2019
Gain/Loss from sales of financial assets measured at amortised cost	8	(3)
<b>Total</b>	<b>8</b>	<b>(3)</b>



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### 16. PERSONNEL EXPENSES

CZK million	2020	2019
Wages and salaries	(2,483)	(2,599)
Social and health insurance	(764)	(835)
Other personnel expenses	(152)	(135)
<b>Total</b>	<b>(3,399)</b>	<b>(3,569)</b>
<b>of which wages, salaries and remuneration paid to:</b>		
Members of the board of directors	(91)	(88)
Members of the supervisory board	(7)	(7)
<b>Total</b>	<b>(98)</b>	<b>(95)</b>

As at 31 December 2020 and 2019, the average number of the Group's employees was as follows:

	2020	2019
Employees	3,292	3,166
Members of the board of directors	7	7
Members of the supervisory board	12	12

The members of the board of directors and supervisory board in the above table represent the members of the Bank's board of directors and supervisory board.

The financial arrangements between the Group and members of the board of directors and supervisory board are disclosed in note 48.

### 17. GENERAL OPERATING EXPENSES

CZK million	2020	2019
Rent, repairs and other office management services	(234)	(189)
Marketing expenses	(365)	(522)
Costs of legal and advisory services	(444)	(389)
<i>of which: statutory audit of financial statements</i>	(9)	(6)
<i>other assurance services provided by the auditor</i>	(4)	(3)
IT support costs	(438)	(480)
Deposit and transaction insurance	(62)	(54)
Telecommunication, postal and other services	(85)	(83)
Security costs	(50)	(55)
Training costs	(25)	(38)
Office equipment	(20)	(27)
Travel costs	(9)	(24)
Fuel	(10)	(11)
Contribution to the crisis resolution fund	(273)	(222)
Other administrative expenses	(38)	(38)
Impairment loss on property and equipment (note 32)	-	(2)
Impairment loss on investment property (note 33)	(6)	-
<b>Total</b>	<b>(2,059)</b>	<b>(2,134)</b>

"Deposit and transaction insurance" includes the costs of the payment to the Deposit Insurance Fund ("DIF").

Except for the statutory audit, the auditor provided the Group with the following services in 2020:

- review of the interim Financial Information of Raiffeisenbank a.s., reporting package, prepared for consolidation purposes for the period from 1 January 2020 to 30 June 2020 in conformity with the instructions issued by group management of Raiffeisen Bank International;
- review of the consolidated and unconsolidated Financial Information Reporting of Raiffeisenbank a.s. as at 31 December 2020 to the Czech National Bank;

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- Preparation of report for Raiffeisenbank a.s. on adequacy of measures adopted for the purposes of protection of customers assets (MiFID) based on §12e (3) of decree no. 256/2004 to the Czech National Bank;
- Services related to release of comfort letter for issuing of debt securities by Raiffeisenbank a.s.;
- Tax related services for Raiffeisen stavební spořitelna a.s. and KONEVOVA s.r.o.;
- Training services in the area of regulation and loan analysis to Raiffeisenbank a.s., Raiffeisen stavební spořitelna a.s. and Raiffeisen investiční společnost a.s.

### 18. DEPRECIATION/AMORTISATION OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

CZK million	2020	2019
Amortisation of intangible assets	(643)	(785)
Depreciation of property and equipment	(773)	(709)
Depreciation of investment property	(7)	(11)
<b>Total</b>	<b>(1,423)</b>	<b>(1,505)</b>

### 19. OTHER OPERATING INCOME

CZK million	2020	2019
Change in operating provisions	13	129
Change in loss allowances to operating receivables	15	-
Income on sale of property and equipment and intangible assets	2	-
Income from re-invoicing	23	42
Contribution for marketing support of products	39	17
Income from operating leases	515	456
Modification gain	-	2
Other	382	387
<b>Total</b>	<b>989</b>	<b>1,033</b>

### 20. OTHER OPERATING EXPENSES

CZK million	2020	2019
Change in loss allowances to operating receivables	-	(20)
Loss on sale of property and equipment and intangible assets	-	(7)
Expenses on operating leases	(283)	(248)
Impairment of right-of-use assets	(5)	-
Modification loss	(101)	-
Other	(143)	(61)
<b>Total</b>	<b>(532)</b>	<b>(336)</b>

### 21. INCOME TAX

#### Income tax expense

CZK million	2020	2019
Current income tax	(418)	(1,064)
Adjustment to the tax payable/(additionally assessed tax) relating to the previous year	-	-
Release of previous year provision	94	219
(Expense)/income in respect of deferred tax	(201)	(20)
<b>Total income tax</b>	<b>(525)</b>	<b>(865)</b>

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The tax balance differs from the theoretical tax balance that would have been determined had the basic tax rate been used as follows:

CZK million	2020	2019
<b>Profit before tax (general tax base)</b>	<b>2,749</b>	<b>5,596</b>
<b>Total profit before tax</b>	<b>2,749</b>	<b>5,596</b>
<b>Tax calculated at the tax rate for the general tax base – 19% (2019: 19%)</b>	<b>(522)</b>	<b>(1,063)</b>
Non-taxable income (tax effect)	490	424
Non-tax deductible expenses (tax effect)	(587)	(457)
Tax relief and offsets	-	12
<b>Tax liability for the year</b>	<b>(619)</b>	<b>(1,084)</b>
Tax (underpayment)/overpayment from previous years, use of tax relief and offsets, including adjustment to the tax payable for previous years	-	-
Release of previous year provision	94	219
<b>Total income tax</b>	<b>(525)</b>	<b>(865)</b>
<b>Effective tax rate</b>	<b>19.10%</b>	<b>15.46%</b>

For additional details on the deferred tax, refer to note 29.

## 22. CASH IN HAND AND CASH EQUIVALENTS

CZK million	2020	2019
Cash in hand and other cash equivalents	2,313	2,703
Balances with central banks (including one-day deposits)	497	6,648
Other demand deposits	3,042	1,858
<b>Total</b>	<b>5,852</b>	<b>11,209</b>

## 23. FINANCIAL ASSETS HELD FOR TRADING

CZK million	2020	2019
<b>Derivatives</b>	<b>2,063</b>	<b>1,675</b>
Interest rate derivatives	1,754	1,419
Currency derivatives	309	256
<b>Debt securities</b>	<b>1,683</b>	<b>94</b>
Government institutions	1,683	93
Non-financial enterprises	-	1
<b>Total</b>	<b>3,746</b>	<b>1,769</b>

### Securities pledged as collateral

As at 31 December 2020 and 2019, the Group provided no pledge of securities as collateral as part of repo and similar transactions with other banks and customers.

## 24. FINANCIAL ASSETS OTHER THAN HELD FOR TRADING MANDATORILY REPORTED AT FAIR VALUE IN PROFIT OR LOSS

MCZK	2020	2019
<b>Debt securities</b>	<b>252</b>	-
Other financial institutions	123	-
Non-financial enterprises	129	-
<b>Loans and receivables</b>	<b>280</b>	-
Other financial institutions	280	-
<b>Total</b>	<b>532</b>	-

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### 25. FINANCIAL ASSETS MEASURED AT FVOCI

CZK million	2020	2019
<b>Equity instruments</b>	<b>1</b>	<b>735</b>
Shares	1	735
<b>Total</b>	<b>1</b>	<b>735</b>

“Financial assets measured at FVOCI” include the Group’s equity investment in SWIFT of MCZK 1 (2019: MCZK 1), equity investment in Raiffeisen stavební spořitelna a.s. of MCZK 0 (2019: MCZK 496) and its membership in Visa Inc. of MCZK 0 (2019: MCZK 238). For more details on the membership in Visa Inc. see note 44 (c).

### 26. FINANCIAL ASSETS AT AMORTISED COST

#### (a) Financial assets at amortised cost by segment

CZK million	2020		Net carrying amount
	Gross carrying amount	Loss allowances	
<b>Debt securities</b>	<b>38,967</b>	<b>(9)</b>	<b>38,958</b>
Credit institutions	205	-	205
Government institutions	36,788	(6)	36,782
Other financial institutions	167	-	167
Non-financial enterprises	1,807	(3)	1,804
<b>Loans and advances to banks</b>	<b>107,619</b>	<b>-</b>	<b>107,619</b>
Central banks	106,637	-	106,637
Credit institutions	982	-	982
<b>Loans and advances to customers</b>	<b>304,681</b>	<b>(5,922)</b>	<b>298,759</b>
Government institutions	1,006	-	1,006
Other financial institutions	13,398	(24)	13,374
Non-financial enterprises	114,982	(2,205)	112,777
Households	175,295	(3,693)	171,602
<b>Total</b>	<b>451,267</b>	<b>(5,931)</b>	<b>445,336</b>

CZK million	2019		Net carrying amount
	Gross carrying amount	Loss allowances	
<b>Debt securities</b>	<b>10,883</b>	<b>(4)</b>	<b>10,879</b>
Government institutions	9,476	-	9,476
Non-financial enterprises	1,407	(4)	1,403
<b>Loans and advances to banks</b>	<b>87,242</b>	<b>-</b>	<b>87,242</b>
Central banks	86,140	-	86,140
Credit institutions	1,102	-	1,102
<b>Loans and advances to customers</b>	<b>242,380</b>	<b>(3,849)</b>	<b>238,531</b>
Government institutions	1,515	-	1,515
Other financial institutions	9,782	(11)	9,771
Non-financial enterprises	110,125	(1,329)	108,796
Households	120,958	(2,509)	118,449
<b>Total</b>	<b>340,505</b>	<b>(3,853)</b>	<b>336,652</b>

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### (b) Financial assets at amortised cost by category

CZK million	2020	2019
<b>Debt securities</b>		
Debt securities	38,967	10,883
<b>Debt securities - gross</b>	<b>38,967</b>	<b>10,883</b>
Loss allowances	(9)	(4)
<b>Debt securities - net</b>	<b>38,958</b>	<b>10,879</b>
<b>Loans and advances to banks</b>		
Term deposits	966	1,096
Factoring	16	6
Reverse repo transactions with Czech National Bank	106,637	86,140
<b>Loans and advances to banks - gross</b>	<b>107,619</b>	<b>87,242</b>
Loss allowances	-	-
<b>Loans and advances to banks - net</b>	<b>107,619</b>	<b>87,242</b>
<b>Loans and advances to customers</b>		
Current account overdrafts	2,770	3,983
Term loans	196,756	135,512
Mortgage loans	96,094	95,242
Reverse repo transactions	260	91
Credit card receivables	3,077	3,698
Other	5,724	3,854
<b>Loans and advances to customers - gross</b>	<b>304,681</b>	<b>242,380</b>
Loss allowances	(5,922)	(3,849)
<b>Loans and advances to customers - net</b>	<b>298,759</b>	<b>238,531</b>
<b>Total financial assets at amortised cost</b>	<b>445,336</b>	<b>336,652</b>

The Group has applied hedge accounting upon the fair value hedge of the portfolio of receivables from mortgage loans. As at 31 December 2020, the remeasurement of the hedged items amounted to: MCZK 1,253 (2019: MCZK (1,153)).

### (c) Reverse repo transactions

Loans advanced by the Group to the Czech National Bank as part of reverse repo transactions totalled MCZK 106,637 (2019: MCZK 86,140). Reverse repo transactions with the Czech National Bank are collateralised by securities with the fair value of MCZK 104,893 (2019: MCZK 85,527).

Loans advanced to customers under reverse repo transaction totalled MCZK 260 (2019: MCZK 91). Reverse repo transactions with customers are collateralised by securities with the fair value of MCZK 350 (2019: MCZK 120).

### (d) Syndicated loans

Pursuant to concluded syndicated loan agreements, the Group acted as the arranger of syndicated loans in the original amount of aggregate credit limits of MCZK 7,347 as at 31 December 2020 (2019: MCZK 6,618), of which the proportion of the Group amounted to MCZK 2,355 (2019: MCZK 2,495) and the proportion of other syndicate members was CZK 4,992 (2019: MCZK 4,123).

As at 31 December 2020, the aggregate amount of outstanding receivables under the syndicated loan facilities was MCZK 5,403 (2019: MCZK 4,507), of which the proportion of the Group amounted to MCZK 1,520 (2019: MCZK 1,595) and the proportion of other syndicate members was MCZK 3,883 (2019: MCZK 2,912).

The risks and interest arising from these syndicated loans are shared by all participating syndicate members in proportion to their aggregate exposure.

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### 27. FINANCE LEASES

Time structure of receivables from finance leases is as follows:

<b>CZK million</b>	<b>2020</b>	<b>2019</b>
<b>Gross investments in finance leases</b>	<b>8,700</b>	<b>9,284</b>
- up to 3 months	859	701
- 3 months to 1 year	2,124	2,189
- 1 year to 2 years	2,243	5,920
- 2 years to 3 years	1,573	1,756
- 3 years to 4 years	971	1,112
- 4 years to 5 years	445	514
- more than 5 years	485	474
<b>Unrealised financial income</b>	<b>(447)</b>	<b>(543)</b>
<b>Net investments in finance leases – gross</b>	<b>8,253</b>	<b>8,741</b>
Loss allowances	(162)	(115)
<b>Net investments in finance leases – net</b>	<b>8,091</b>	<b>8,626</b>

The assets that the Group leases under finance lease have the following structure:

<b>CZK million</b>	<b>2020</b>	<b>2019</b>
Lease of motor vehicles	6,120	6,434
Lease of real estate	130	151
Lease of equipment	2,003	2,156
<b>Total</b>	<b>8,253</b>	<b>8,741</b>

### 28. HEDGING DERIVATIVES WITH POSITIVE FAIR VALUE

<b>CZK million</b>	<b>2020</b>	<b>2019</b>
<b>Portfolio hedge derivatives</b>	<b>2,030</b>	<b>2,546</b>
Cash flow hedge	147	178
Fair value hedge	1,883	2,368
<b>Total</b>	<b>2,030</b>	<b>2,546</b>

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### 29. DEFERRED TAX ASSET/LIABILITY

Deferred tax is calculated on all temporary differences under the liability method using the basic income tax rate of 19% (the tax rate for 2020).

Deferred tax asset comprises the following items:

CZK million	Balance at	Movement	Movement	Balance at 31/12/2020		
	01/01/2020	for the year	for the year	Deferred	Deferred tax	Net
	Net deferred	(expense)/in	against	tax	asset	deferred tax
	tax asset /	(expense)/in	equity	liability		asset /
	(liability)	come				(liability)
Outstanding social security and health insurance and bonuses	112	(14)	-	-	98	98
Other provisions	94	25	-	-	119	119
Outstanding vacation days	5	1	-	-	6	6
Fair value reserve - cash flow hedge	(15)	-	5	(10)	-	(10)
Differences between book and tax value of property and equipment and intangible assets	(154)	(148)	-	(302)	-	(302)
Movement in fair value reserve in equity from remeasurement of financial assets at FVOCI	(27)	-	27	-	-	-
Differences in book and tax values - leases	(177)	(149)	-	(326)	-	(326)
Tax losses from previous years	-	84	-	-	84	84
<b>Deferred tax asset/ (liability)</b>	<b>(162)</b>	<b>(201)</b>	<b>32</b>	<b>(638)</b>	<b>307</b>	<b>(331)</b>

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CZK million	Balance at	Movement for the year - (expense)/in come	Movement for the year against equity	Balance at 31/12/2019		
	01/01/2019			Deferred tax liability	Deferred tax asset	Net deferred tax asset / (liability)
Outstanding social security and health insurance and bonuses	96	16	-	-	112	112
Other provisions	117	(23)	-	-	94	94
Outstanding vacation days	4	1	-	-	5	5
Fair value reserve - cash flow hedge	(9)	-	(6)	(15)	-	(15)
Differences between book and tax value of property and equipment and intangible assets	(208)	54	-	(154)	-	(154)
Movement in fair value reserve in equity from remeasurement of financial assets at FVOCI	(11)	-	(16)	(27)	-	(27)
Differences in book and tax values - leases	(109)	(68)	-	(177)	-	(177)
Fair value reserve - cash flow hedge	(2)	-	2	-	-	-
<b>Deferred tax asset/ (liability)</b>	<b>(122)</b>	<b>(20)</b>	<b>20</b>	<b>(373)</b>	<b>211</b>	<b>(162)</b>

CZK million	2020	2019
Deferred tax asset reported in the balance sheet	6	11
Deferred tax liability reported in the balance sheet	(337)	(173)
<b>Net deferred tax (liability)/asset</b>	<b>(331)</b>	<b>(162)</b>

### 30. OTHER ASSETS

CZK million	2020	2019
Indirect tax receivables	14	37
Receivables arising from non-banking activities	366	308
Accrued expenses and deferred income	1,066	350
Receivables from securities trading	191	124
Settlement of cash transactions with other banks	372	436
Mandatory minimum reserves	4,668	2,926
Other	210	271
<b>Total</b>	<b>6,887</b>	<b>4,452</b>

“Other“ includes contributions to the share capital of non-consolidated uncontrolled entities of Raiffeisen Leasing, s.r.o. (see note 3(e) ) of MCZK 55 (2019: MCZK 57).



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### 31. INTANGIBLE ASSETS

CZK million	Software	Other intangible assets	Intangible assets under construction	Total
<b>Acquisition cost</b>				
At 1 January 2019	5,702	380	598	6,680
Additions	327	-	514	841
Disposals	(11)	-	-	(11)
Other changes (transfers)	453	-	(453)	-
<b>At 31 December 2019</b>	<b>6,471</b>	<b>380</b>	<b>659</b>	<b>7,510</b>
Changes in the consolidated group	807	28	17	852
Additions	398	-	557	955
Disposals	(458)	-	-	(458)
Other changes (transfers)	621	-	(621)	-
<b>At 31 December 2020</b>	<b>7,839</b>	<b>408</b>	<b>612</b>	<b>8,859</b>
<b>Accumulated amortisation</b>				
At 1 January 2019	(3,705)	(252)	-	(3,957)
Additions – annual amortisation charges	(664)	(120)	-	(784)
Disposals	4	-	-	4
<b>At 31 December 2019</b>	<b>(4,365)</b>	<b>(372)</b>		<b>(4,736)</b>
Changes in the consolidated group	(616)	(21)	-	(637)
Additions – annual amortisation charges	(690)	(6)	-	(696)
Disposals	458	-	-	458
<b>At 31 December 2020</b>	<b>(5,213)</b>	<b>(399)</b>		<b>(5,612)</b>
<b>Net book value</b>				
<b>At 31 December 2019</b>	<b>2,106</b>	<b>8</b>	<b>659</b>	<b>2,773</b>
<b>At 31 December 2020</b>	<b>2,626</b>	<b>9</b>	<b>612</b>	<b>3,247</b>

Additions to software predominantly represent the putting into use of technical improvements on data warehouses and other software used by the Group. Internal costs (primarily personnel expenses and rental costs) which are required to generate these assets are capitalised. In 2020, internal costs totalling MCZK 200 (2019: MCZK 172) were capitalised.

Other additions to intangible assets under construction include purchases from external entities. In this category, the Group does not report or record additions acquired through business combinations.

“Other changes (transfers)” include capitalisation of completed investments.

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### 32. PROPERTY AND EQUIPMENT

#### (a) Movements in property and equipment

CZK million	Land, buildings and technical improvements on buildings	Fixtures and fittings	Machinery and equipment	Property and equipment under construction	Total
<b>Acquisition cost</b>					
At 1 January 2019	3,674	212	1,918	385	6,189
Additions	333	8	624	144	1,109
Disposals	(12)	(25)	(414)	(86)	(537)
Other changes (transfers)	32	8	45	(85)	-
<b>At 31 December 2019</b>	<b>4,027</b>	<b>203</b>	<b>2,173</b>	<b>358</b>	<b>6,761</b>
Changes in the consolidated group	506	-	190	10	706
Additions	306	5	471	72	854
Disposals	(235)	(9)	(298)	(120)	(662)
Other changes (transfers)	26	6	64	(96)	-
<b>At 31 December 2020</b>	<b>4,630</b>	<b>205</b>	<b>2,600</b>	<b>223</b>	<b>7,658</b>
<b>Accumulated depreciation</b>					
At 1 January 2019	(1,060)	(167)	(824)	(97)	(2,147)
Additions	(419)	(11)	(279)	-	(709)
Disposals	3	23	235	-	262
<b>At 31 December 2019</b>	<b>(1,476)</b>	<b>(154)</b>	<b>(867)</b>	<b>(97)</b>	<b>(2,594)</b>
Changes in the consolidated group	(230)	-	(169)	-	(399)
Additions	(444)	(13)	(340)	-	(797)
Disposals	57	9	167	-	233
<b>At 31 December 2020</b>	<b>(2,093)</b>	<b>(158)</b>	<b>(1,209)</b>	<b>(97)</b>	<b>(3,557)</b>
<b>Loss allowances</b>					
At 1 January 2019	-	-	-	-	-
Additions	-	-	(3)	-	(3)
<b>At 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>(3)</b>
Additions	-	-	-	-	-
<b>At 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>(3)</b>
<b>Net book value</b>					
<b>At 31 December 2019</b>	<b>2,551</b>	<b>49</b>	<b>1,303</b>	<b>261</b>	<b>4,164</b>
<b>At 31 December 2020</b>	<b>2,537</b>	<b>47</b>	<b>1,388</b>	<b>126</b>	<b>4,098</b>

The figures presented under “*Other changes (transfers)*” represent the reclassification of assets from assets under construction to individual categories and a change in the classification of selected classes of assets.

As at 31 December 2020, the carrying amount of right-of-use assets was CZK 1,709 million (at 31/12/2019: CZK 1,940 million) – see note 46.

#### (b) Property and equipment acquired under finance lease

The Group recorded no property and equipment under finance leases in the years ended 31 December 2020 and 2019.

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### 33. INVESTMENT PROPERTY

CZK million	2020	2019
<b>Acquisition cost</b>		
At 1 January	556	870
Additions	62	4
Disposals	-	-
Effect from the change in the consolidation scope	(179)	(318)
<b>Acquisition cost at 31 December</b>	<b>439</b>	<b>556</b>
<b>Accumulated depreciation and loss allowances</b>		
At 1 January	(142)	(271)
Annual depreciation	(7)	(11)
Disposals	-	-
Loss allowance	(6)	-
Effect from the change in the consolidation scope	39	140
<b>Accumulated depreciation and loss allowances at 31 December</b>	<b>(116)</b>	<b>(142)</b>
<b>Net book value at 31 December</b>	<b>323</b>	<b>414</b>

The rental income from investment property as at 31 December 2020 amounted to MCZK 24 (31 December 2019: MCZK 39). Expense related to the rental of the investment property as at 31 December 2020 amounted to MCZK 2 (31 December 2019: MCZK 3).

The fair value of investment property as at 31 December 2020 amounted to MCZK 378 (31 December 2019: MCZK 473). The fair value is measured based on the appraisals of internal experts with appropriate professional qualification, using one of the following valuation methods or the combination of the valuation methods: valuation based on the acquisition costs, yield methods and residual value of the land plots. The Group makes the assessment of the fair value of the investment property at least on a yearly basis.

### 34. FINANCIAL LIABILITIES HELD FOR TRADING

CZK million	2020	2019
<b>Derivatives</b>	<b>2,616</b>	<b>1,799</b>
Interest rate derivatives	1,762	1,297
Currency derivatives	854	502
<b>Total</b>	<b>2,616</b>	<b>1,799</b>

### 35. FINANCIAL LIABILITIES AT AMORTISED COST

#### (a) Deposits from banks

CZK million	2020	2019
Current accounts/One-day deposits	1,148	651
Term deposits of banks	8,454	16,910
Repo transactions	2,599	4,400
<b>Total</b>	<b>12,201</b>	<b>21,961</b>

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### (b) Deposits from customers

#### Liabilities to customers by type

CZK million	2020	2019
Current accounts/One-day deposits	336,583	257,938
Term deposits	36,278	25,033
Deposits with notice	29,915	7,175
Change in the fair value of hedged items upon fair value hedge	-	42
<b>Total</b>	<b>402,776</b>	<b>290,188</b>

The Group has applied hedge accounting upon the fair value hedge of term deposits.

The Group has applied hedge accounting upon the fair value hedge of the portfolio of current and savings accounts. As at 31 December 2020, the remeasurement of the hedged items amounted to: MCZK 262 (31 December 2019: MCZK (1,270)).

#### Analysis of deposits from customers by sector

CZK million	2020	2019
Government institutions	8,398	8,848
Other financial institutions	7,768	12,634
Non-financial enterprises	125,617	101,748
Households	260,993	166,958
<b>Total</b>	<b>402,776</b>	<b>290,188</b>

#### Repo transactions

As at 31 December 2020 and 2019, the Group received no loans from customers as part of repo transactions.

### (c) Debt securities issued

#### Analysis of issued debt securities by type

CZK million	2020	2019
Mortgage bonds	13,053	12,672
Deposit certificates and depository bills of exchange	-	20
<b>Total</b>	<b>13,053</b>	<b>12,692</b>

#### Analysis of mortgage bonds

CZK million							
Issue date	Maturity date	ISIN	Currency	Nominal value		Net carrying amount	
				2020	2019	2020	2019
08/03/2017	08/03/2021	XS1574150261	EUR	5,511	5,336	5,532	5,352
08/03/2017	08/03/2023	XS1574150857	EUR	3,149	3,049	3,216	3,132
08/03/2017	08/03/2024	XS1574151236	EUR	4,199	4,066	4,305	4,188
08/03/2017	08/04/2022	XS1574149842	EUR	-	-	-	-
15/07/2020	15/07/2030	CZ0002007057	CZK	-	-	-	-
<b>TOTAL</b>				<b>12,859</b>	<b>12,451</b>	<b>13,053</b>	<b>12,672</b>

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ISIN	Interest rate
XS1574150261	0.50%
XS1574150857	0.88%
XS1574151236	1.13%
XS1574149842	0.63%
CZ0002007057	1.00%

In 2020, no mortgage bonds issued by the Bank reached maturity. On 15 July 2020, the Group issued new crown issue totalling MCZK 1,000 which remained completely in the Group's own books.

As at 31 December 2020, the Bank held issued EUR-denominated mortgage bonds totalling MEUR 510 (31 December 2019: MEUR 460), which can be used as collateral in repo transactions with the European Central Bank, and issued CZK-denominated mortgage bonds totalling MCZK 1,000, which can be used as collateral in repo transactions with the Czech National Bank.

In addition, the Group used EUR-denominated mortgage bonds of MEUR 200 (31 December 2019: MEUR 250) as collateral as part of repo transactions on the interbank market.

### (d) Subordinated liabilities and bonds

#### Subordinated loan

CZK million	2020	2019
Raiffeisen Bank International AG (parent company)	3,194	2,482
Raiffeisenlandesbank Oberösterreich AG	1,065	827
Raiffeisen Bausparkassen Holding GmbH	302	-
<b>Total</b>	<b>4,561</b>	<b>3,309</b>

In November 2020, the Group obtained another subordinated loan of MEUR 32, of which MEUR 24 was from Raiffeisen Bank International AG, and MEUR 8 from Raiffeisenlandesbank Oberösterreich AG. The subordinated loan bears the interest of a 12-month EURIBOR and a margin of 3.8 per cent p.a., with 10 years maturity via balloon payment with an option of early repayment after 5 years for the Group. In November 2020, the Group obtained another subordinated loan of MCZK 300 from Raiffeisen Bausparkassen Holding GmbH. The subordinated loan bears the interest of 5.0 per cent p.a., with annual interest payment and with maturity on 8 November 2029.

In June 2019, the Bank obtained a subordinated loan of MEUR 30, of which MEUR 22.5 was from Raiffeisen Bank International AG, and MEUR 7.5 from Raiffeisenlandesbank Oberösterreich AG. The subordinated loan bears the interest of a 12-month EURIBOR and a margin of 3.7 per cent p.a., with 10 years maturity via balloon payment with an option of early repayment after 5 years for the Group.

### (e) Other financial liabilities

CZK million	2020	2019
Liabilities from securities trading	67	87
Liabilities from non-banking activities	344	197
Settlement and suspense clearing accounts	1,723	1,809
Lease liabilities	1,744	1,928
<b>Total</b>	<b>3,878</b>	<b>4,021</b>

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### 36. HEDGING DERIVATIVES WITH NEGATIVE FAIR VALUE

CZK million	2020	2019
<b>Positive fair value of portfolio hedge derivatives</b>	<b>3,209</b>	<b>2,668</b>
Cash flow hedge	110	57
Fair value hedge	3,099	2,611
<b>Total</b>	<b>3,209</b>	<b>2,668</b>

### 37. PROVISIONS

CZK million	2020	2019
<b>Provisions for commitments and financial guarantees provided</b>	<b>505</b>	<b>404</b>
<b>Other provisions</b>	<b>667</b>	<b>718</b>
Provisions for legal disputes	39	10
Provision for outstanding vacation days	31	24
Provisions for payroll bonuses	514	589
Provision for restructuring	12	10
Other	71	85
<b>Total</b>	<b>1,172</b>	<b>1,122</b>

The Group recognises provisions for credit risks arising from off-balance sheet items in respect of irrevocable credit commitments, guarantees and letters of credit provided to customers. The purpose of this provision is to cover credit risks associated with off-balance sheet receivables. Provisions are made for estimated credit losses on these potential receivables on the basis of the same principles as loss allowances for financial assets. The movement in provisions for commitments and financial guarantees provided is part of Section 45 “Financial instruments – credit risk”.

#### Overview of other provisions

CZK million	Provisions for legal disputes	Provision for outstanding vacation days	Provisions for salary bonuses	Provision for restructuring	Other provisions	Total
<b>1 January 2019</b>	<b>1</b>	<b>21</b>	<b>507</b>	<b>14</b>	<b>269</b>	<b>812</b>
Establishment of provisions	9	19	589	-	55	672
Use of provisions	-	(16)	(434)	(3)	(39)	(492)
Release of redundant provisions	-	-	(73)	(1)	(200)	(274)
<b>31 December 2019</b>	<b>10</b>	<b>24</b>	<b>589</b>	<b>10</b>	<b>85</b>	<b>718</b>
Establishment of provisions	25	25	514	5	33	602
Use of provisions	(6)	(2)	(568)	(3)	(2)	(581)
Release of redundant provisions	(1)	(16)	(26)	-	(44)	(87)
Changes in the consolidated group	11	-	5	-	-	16
<b>31 December 2020</b>	<b>39</b>	<b>31</b>	<b>514</b>	<b>12</b>	<b>72</b>	<b>668</b>

The Group recognises provisions for legal disputes on the basis of an internal expert assessment of the current legal disputes conducted against the Group. If there is a risk of possible loss in the legal dispute, the internal division issues an instruction for a provision to be recognised. If the legal dispute discontinues or the likelihood of a loss is reduced, the provision is released due to redundancy.

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“Other provisions” include provisions for future potential payments arising from compensation for armed robberies, bonuses for customers, etc. For all types of other provisions, the Group assesses the risk and probability of performance. This item includes the effect of changes in foreign currency rates on provisions denominated in foreign currencies.

Provisions are recognised when it is possible to estimate the amount of future performance. For most types of risk, the Group establishes a provision equal to 100% of the anticipated repayments and payments.

### 38. OTHER LIABILITIES

<b>CZK million</b>	<b>2020</b>	<b>2019</b>
Estimated payables for payroll expenses	251	261
Accrued expenses and deferred income	80	75
Estimated payables – uninvoiced receipts for services/goods	545	587
Other	219	107
<b>Total</b>	<b>1,095</b>	<b>1,030</b>

### 39. EQUITY

#### (a) Share capital

The Bank’s shareholder structure as at 31 December 2020:

<b>Name</b>	<b>Registered office</b>	<b>Number of ordinary shares</b>	<b>Nominal value (CZK million)</b>	<b>Ownership percentage* (in %)</b>
Raiffeisen CEE Region Holding GmbH	Austria	829,560	8,296	75
RLB OÖ Sektorholding GmbH	Austria	276,520	2,765	25
		<b>1,106,080</b>	<b>11,061</b>	<b>100</b>

\* Direct investment in the share capital

The share capital is fully paid. The ordinary shares are in accordance with Act No. 90/2012 Coll. on Business Corporations and Cooperatives and no special rights are associated with them. The shareholder is entitled to a share of the Bank's profit (dividend), which the general meeting had approved for distribution according to the Bank's economic results. The Bank has not issued any convertible bonds or priority bonds within the meaning of Section 286 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives. In 2019 and 2018, the Bank did not hold any of their own shares or issue any interim certificates.

On 29 April 2020, the Bank’s general meeting approved the following allocation of the profit from individual financial statements as at 2019:

<b>Net profit for 2019</b>	<b>4,188</b>
Approved allocation:	
Allocation to reserve funds	-
Allocation to retained earnings	4,188
Dividends paid to shareholders*	-
<i>of which: Raiffeisen CEE Region Holding GmbH</i>	-
<i>RLB OÖ Sektorholding GmbH</i>	-

During 2020, the share capital of the Bank was not increased.

Following the stabilisation measures adopted by the Czech National Bank on 16 March 2020 in relation to the COVID-19 outbreak, it was decided not to pay out dividends for 2019 to shareholders.

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In 2020, the dividend per share amounted to CZK 0 (2019: CZK 881).

**(b) Other equity instruments**

Other equity instruments include subordinated unsecured AT1 capital investment certificates issued by the Group that combine the elements of equity and debt securities and meet the criteria for inclusion in the Group's Tier 1 capital. In 2020, the Group placed another issue of AT1 capital investment certificates of MCZK 786 (in 2019: MCZK 767). As at 31 December 2020, the issue totalled MCZK 4,169 (31 December 2019: MCZK 3,383). The Czech National Bank approved the inclusion of AT1 certificates in the Bank's auxiliary Tier 1 capital. In 2020, the Group paid out a coupon of MCZK 211 (2019: MCZK 177) from retained earnings to the holders of these certificates.

**(c) Fair value reserve**

**Arising from cash flow hedges**

<b>CZK million</b>	<b>2020</b>	<b>2019</b>
Fair value of the effective part of cash flow hedges at 1 January	80	57
Deferred tax asset/(liability) arising from fair value reserve at 1 January	(15)	(11)
<b>Total balance at 1 January</b>	<b>65</b>	<b>46</b>
Net gains/(losses) from cash flow hedge for the year		
Cross currency swaps	3	13
Interest rate swaps	(29)	10
Tax effect of cash flow hedges for the year	5	(4)
Fair value of the effective part of cash flow hedges at 31 December	54	80
Deferred tax asset/(liability) arising from fair value reserve at 31 December	(10)	(15)
<b>Total balance at 31 December</b>	<b>44</b>	<b>65</b>

**From remeasurement of equity securities at FVOCI**

<b>CZK million</b>	<b>2020</b>	<b>2019</b>
Fair value reserve from remeasurement of equity securities at FVOCI at 1 January	333	227
Deferred tax asset/(liability) arising from fair value reserve at 1 January	(27)	(11)
<b>Total balance at 1 January</b>	<b>306</b>	<b>216</b>
Net gain/(loss) from remeasurement of equity securities at FVOCI	(74)	106
Transfer from fair value reserve to retained earnings	(259)	
Tax effect of remeasurement of equity securities at FVOCI for the year	27	(16)
Fair value reserve from remeasurement of equity securities at FVOCI at 31 December	-	333
Deferred tax asset/(liability) arising from fair value reserve at 31 December	-	(27)
<b>Total balance at 31 December</b>	<b>-</b>	<b>306</b>



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### 40. CONTINGENT LIABILITIES

#### (a) Legal disputes

The Group conducted a review of legal proceedings outstanding against it as at 31 December 2020. Pursuant to the review of individual legal disputes in terms of the risk of potential losses and the probability of payment, the Group recognised a provision (see note 37) for significant litigations of MCZK 39 in 2020 (2019: MCZK 10).

#### (b) Commitments and guarantees provided and letters of credit issued

CZK million	2020	2019
<b>Banks</b>		
Commitments provided (irrevocable)		-
Guarantees provided	618	248
Letters of credit issued	65	106
<b>Total</b>	<b>683</b>	<b>354</b>
<b>Customers</b>		
Commitments provided (irrevocable)	31,694	31,348
Guarantees provided	15,584	15,400
Letters of credit issued	422	162
<b>Total</b>	<b>47,700</b>	<b>46,910</b>
<b>Total</b>	<b>48,383</b>	<b>47,264</b>

In addition, the Group provides the customers with revocable credit commitments and guarantee commitments.

#### (c) Uncommitted credit commitments and guarantee commitments

CZK million	2020	2019
Banks	2,185	1,927
Customers	76,265	59,701
<b>Total</b>	<b>78,450</b>	<b>61,628</b>

### 41. FINANCIAL DERIVATIVES

#### (a) Trading derivatives – overview of fair value and nominal value

CZK million	Fair value – assets	Fair value – liabilities	Nominal value
<b>At 31 December 2020</b>			
<b>Interest rate</b>			
Interest rate swaps	1,753	1,762	163,667
Interest rate forwards	1	-	2,000
<b>Interest rate</b>	<b>1,754</b>	<b>1,762</b>	<b>165,667</b>
Cross currency swaps	-	-	-
Currency forwards and swaps	198	742	62,059
Currency options	111	112	10,928
<b>Foreign exchange</b>	<b>309</b>	<b>854</b>	<b>72,987</b>
<b>Total</b>	<b>2,063</b>	<b>2,616</b>	<b>238,654</b>

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CZK million	Fair value – assets	Fair value – liabilities	Nominal value
<b>At 31 December 2019</b>			
<b>Interest rate</b>			
Interest rate swaps	1,412	1,293	173,933
Interest rate forwards	7	4	18,000
<b>Interest rate</b>	<b>1,419</b>	<b>1,297</b>	<b>191,933</b>
Cross currency swaps		1	510
Currency forwards and swaps	218	462	70,096
Currency options	38	39	12,651
<b>Foreign exchange</b>	<b>256</b>	<b>502</b>	<b>83,257</b>
<b>Total</b>	<b>1,675</b>	<b>1,799</b>	<b>275,190</b>

### (b) Trading derivatives – residual maturity of contracted amount (nominal value)

CZK million	Up to 1 year	From 1 to 5 years	Over 5 years	Total
<b>At 31 December 2020</b>				
<b>Interest rate</b>				
Interest rate swaps	49,010	87,578	27,079	163,667
Interest rate forwards	2,000	-	-	2,000
<b>Interest rate</b>	<b>51,010</b>	<b>87,578</b>	<b>27,079</b>	<b>165,667</b>
<b>Foreign exchange</b>				
Cross currency swaps				
Currency forwards and swaps	59,364	2,695	-	62,059
Currency options	7,340	3,588	-	10,928
<b>Foreign exchange</b>	<b>66,704</b>	<b>6,283</b>	<b>-</b>	<b>72,987</b>
<b>Total financial derivatives</b>	<b>117,714</b>	<b>93,861</b>	<b>27,079</b>	<b>238,654</b>

CZK million	Up to 1 year	1 to 5 years	Over 5 years	Total
<b>At 31 December 2019</b>				
<b>Interest rate</b>				
Interest rate swaps	64,545	88,101	21,287	173,933
Interest rate forwards	18,000	-	-	18,000
<b>Interest rate</b>	<b>82,545</b>	<b>88,101</b>	<b>21,287</b>	<b>191,933</b>
<b>Foreign exchange</b>				
Cross currency swaps	509	-	-	509
Currency forwards and swaps	66,746	3,350	-	70,096
Currency options	11,556	1,095	-	12,651
<b>Foreign exchange</b>	<b>78,811</b>	<b>4,445</b>	<b>-</b>	<b>83,256</b>
<b>Total financial derivatives</b>	<b>161,356</b>	<b>92,546</b>	<b>21,287</b>	<b>275,189</b>

### (c) Hedging derivatives – overview of fair and nominal value

The Group uses interest rate swaps (IRS) to hedge the fair value of assets and liabilities in CZK, EUR and USD with a fixed interest rate and cross currency swaps (CCS) to hedge basis risk between assets denominated in CZK and liabilities denominated in EUR linked to reference rates PRIBOR and EURIBOR.

During the year ended 31 December 2020, the Group reported the following hedging arrangements that meet the criteria for hedge accounting under IAS 39.

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#### Fair value hedge:

- fair value hedge of the portfolio of mortgage loan receivables denominated in CZK
- fair value hedge of the portfolio of purchased government bonds denominated in CZK
- fair value hedge of the current and savings account portfolio, denominated in CZK, EUR and USD

Interest rate swaps (IRS) are the hedging instruments used in hedge accounting upon a fair value hedge.

#### Portfolio cash flow hedge:

- cash flow hedge of the portfolio of assets denominated in CZK and liabilities denominated in EUR linked to variable interest rate
- cash flow hedge of the portfolio of assets denominated in EUR linked to variable interest rate

Cross currency swaps (CCS) and interest rate swaps (IRS) are the hedging instruments used in cash flow hedging.

A hedge is regarded as highly effective if both of the following conditions are met:

- at the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;
- the tests are performed on a cumulative basis; the hedge is highly effective when the actual results of the hedge are within a range of 80-125%.

Hedge ineffectiveness (less than 5%) is caused by insignificant differences between the maturity of hedging derivatives and the remeasurement of the hedged item. The Group did not identify any other sources of hedge ineffectiveness.

#### Impact of IBOR reform on hedge accounting

The reform of interbank offered rates (IBOR) means that for main reference rates such as PRIBOR, LIBOR and EURIBOR, the methodology of setting is changed, and some of them may entirely cease to exist. At the same time, new alternatives arise or are more often used e. g. ESTR for EUR, SOFR for USD, and SONIA for GBP.

The main impacts of the change in reference rates on the Group include the effect on the measurement of financial instruments, the necessity of the identification of and subsequent changes in contractual documentation which is based on the rates being terminated, and technical solutions of the implementation of this change in the individual transaction systems of the Group. The Group takes into account various possible scenarios of the implementation with respect to the complexity arising from the form in which the new standards for setting reference rates for individual currencies will be adopted. A working group in the Bank is in charge of an impact analysis of this reform, including its effects on products, processes, changes in contractual documentation and overall system implementation of this change. This working group regularly reports to the management of the Group on the status of overall readiness.

The Group has exposures in hedge accounting denominated in CZK, EUR and USD.

CZK million	PRIBOR (in CZK)	EURIBOR (in EUR)	LIBOR (in USD)
Exposure due to hedge accounting	187,032	1,685	426

The reference rates PRIBOR and EURIBOR have already been reformed. They meet the requirements of the regulation and have been approved as authorised reference rates; their termination and its impact on hedge accounting is not expected. The change of EONIA to ESTER has been evaluated as immaterial for hedging effectiveness as the Group has no hedging derivatives with such reference rates.

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The change in USD-LIBOR bears the highest risk for the Group as the final solution for the USD reference rate is not known. Considering the fact that the new standard for the USD reference rate is not yet known, it is currently not possible to estimate precisely the overall financial impact of this change on the hedge accounting of the Group.

<b>CZK million</b>	<b>Fair value – assets</b>	<b>Fair value – liabilities</b>	<b>Nominal value</b>
<b>At 31 December 2020</b>			
<b>Portfolio hedge derivatives</b>			
Interest rate swaps to hedge cash flow	146	1	17,374
Cross currency swaps to hedge cash flow	-	109	2,639
Interest rate swaps to hedge fair value	1,884	3,099	220,347
<b>Total</b>	<b>2,030</b>	<b>3,209</b>	<b>240,360</b>

<b>CZK million</b>	<b>Fair value – assets</b>	<b>Fair value – liabilities</b>	<b>Nominal value</b>
<b>At 31 December 2019</b>			
<b>Portfolio hedge derivatives</b>			
Interest rate swaps to hedge cash flow	178	-	20,125
Cross currency swaps to hedge cash flow	-	56	3,653
Interest rate swaps to hedge fair value	2,368	2,611	198,794
<b>Total</b>	<b>2,546</b>	<b>2,667</b>	<b>222,572</b>

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### (d) Hedging derivatives – residual maturity of contractual amount (nominal value)

CZK million	Up to 1 year	From 1 to 5 years	Over 5 years	Total
<b>At 31 December 2020</b>				
<b>Interest rate risk</b>				
<b>Portfolio hedge derivatives</b>				
Interest rate swaps to hedge cash flow	8,398	8,792	184	<b>17,374</b>
Average interest rate	(0.20)%	(0.06)%	0.99%	(0.10)%
Cross currency swaps to hedge cash flow	2,639	-	-	<b>2,639</b>
Average interest rate	(0.33)%	-	-	(0.33)
Average exchange rate CZK/EUR	27.30	-	-	27.30
Interest rate swaps to hedge fair value	42,729	136,576	41,042	<b>220,347</b>
Average interest rate	0.77%	1.07%	0.83%	0.97%
<b>Total financial derivatives</b>	<b>53,766</b>	<b>145,368</b>	<b>41,226</b>	<b>240,360</b>

CZK million	Up to 1 year	From 1 to 5 years	Over 5 years	Total
<b>At 31 December 2019</b>				
<b>Interest rate risk</b>				
<b>Portfolio hedge derivatives</b>				
Interest rate swaps to hedge cash flow	3,303	16,644	178	<b>20,125</b>
Average interest rate	1.60%	(0.09)%	0.99%	<b>0.19%</b>
Cross currency swaps to hedge cash flow	943	2,710	-	<b>3,653</b>
Average interest rate	(0.51)%	(0.33)%	-	<b>(0.38)%</b>
Average exchange rate CZK/EUR	25.51	25.74	-	<b>25,68</b>
Interest rate swaps to hedge fair value	31,286	131,122	36,385	<b>198,793</b>
Average interest rate	0.79%	1.10%	1.02%	<b>1.04%</b>
<b>Total financial derivatives</b>	<b>35,532</b>	<b>150,476</b>	<b>36,563</b>	<b>222,571</b>

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### (e) Fair value hedge

#### Hedging instruments

CZK million	Nominal value	Fair value		Line item in the statement of financial position that includes the hedging instrument	Changes in fair value used to calculate hedge ineffectiveness	Line item in the statement of comprehensive income that includes hedge ineffectiveness
		Assets	Liabilities			
<b>Interest rate risk</b>						
<b>Fair value hedge derivatives</b>						
Interest rate swaps	-	-	-	Hedge derivatives with positive fair value	-	Net income from hedge accounting
<b>Portfolio hedge derivatives</b>						
Interest rate swaps	220,347	1,884	3,099	Hedge derivatives with positive/negative fair value	(873)	Net income from hedge accounting

CZK million	Nominal value	Fair value		Line item in the statement of financial position that includes the hedging instrument	Changes in fair value used to calculate hedge ineffectiveness	Line item in the statement of comprehensive income that includes hedge ineffectiveness
		Assets	Liabilities			
<b>Interest rate risk</b>						
<b>Fair value hedge derivatives</b>						
Interest rate swaps	-	-	-	Hedge derivatives with positive fair value	-	Net gain from hedge accounting
<b>Portfolio hedge derivatives</b>						
Interest rate swaps	198,794	2,368	2,611	Hedge derivatives with positive/negative fair value	499	Net gain from hedge accounting

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### Hedged items

CZK million	2020					
	Carrying amount		Accumulated amount of remeasurement of the hedged items		Line item in the statement of financial position that includes the hedged item	Changes in fair value used to calculate hedge ineffectiveness
	Assets	Liabilities	Assets	Liabilities		
<b>Interest rate risk</b>						
Debt securities	15,301	-	231	-	Financial assets at amortised cost	106
Loans and advances to customers	75,121	-	1,022	-	Financial assets at amortised cost	2,299
Deposits from customers	-	(88,120)	-	262	Financial liabilities at amortised cost	(1,532)

CZK million	2019					
	Carrying amount		Accumulated amount of remeasurement of the hedged items		Line item in the statement of financial position that includes the hedged item	Changes in fair value used to calculate hedge ineffectiveness
	Assets	Liabilities	Assets	Liabilities		
<b>Interest rate risk</b>						
Debt securities	6,021	-	125	-	Financial assets at amortised cost	31
Loans and advances to customers	81,805	-	(1,278)	-	Financial assets at amortised cost	(38)
Deposits from customers	-	65,026	-	(1,228)	Financial liabilities at amortised cost	(485)

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### (f) Cash flow hedge

#### Hedging instruments

CZK million	2020									
	Nominal value	Fair value		Line item in the statement of financial position that includes the hedging instrument	Changes in fair value used to calculate hedge ineffectiveness	Changes in the value of the hedging instrument recognised in OCI	Ineffectiveness reported in the consolidated comprehensive income	Line item in the statement of comprehensive income that includes hedge ineffectiveness	Amount reclassified from the hedge reserve to profit or loss	Line item in the statement of comprehensive income affected by the reclassification
		Assets	Liabilities							
<b>Interest rate risk</b>										
Interest rate swaps	17,374	146	1	Hedging derivatives with positive/negative fair value	(26)	(29)	4	Net gain from hedge accounting	4	Net gain from hedge accounting
Cross currency swaps	2,639	-	109	Hedging derivatives with positive/negative fair value	3	3	-	Net gain from hedge accounting	-	Net gain from hedge accounting
CZK million	2019									
	Nominal value	Fair value		Line item in the statement of financial position that includes the hedging instrument	Changes in fair value used to calculate hedge ineffectiveness	Changes in the value of the hedging instrument recognised in OCI	Ineffectiveness reported in the consolidated comprehensive income	Line item in the statement of comprehensive income that includes hedge ineffectiveness	Amount reclassified from the hedge reserve to profit or loss	Line item in the statement of comprehensive income affected by the reclassification
		Assets	Liabilities							
<b>Interest rate risk</b>										
<b>Interest rate swaps to hedge cash flow</b>										
Interest rate swaps	-	-	-	-	(12)	(12)	-	Net gain from hedge accounting	-	Net gain from hedge accounting
<b>Portfolio hedge derivatives</b>										
Interest rate swaps	20,125	178	-	Hedging derivatives with positive/negative fair value	8	10	(1)	Net gain from hedge accounting	(1)	Net gain from hedge accounting
Cross currency swaps	3,653	-	56	Hedging derivatives with positive/negative fair value	24	24	-	Net gain from hedge accounting	-	Net gain from hedge accounting



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Hedged items				
CZK million	2020		2019	
	Line item in the statement of financial position that includes the hedged item	Changes in fair value used to calculate hedge ineffectiveness	Line item in the statement of financial position that includes the hedged item	Changes in fair value used to calculate hedge ineffectiveness
<b>Interest rate risk</b>				
Loans and advances to customers	Financial assets at amortised cost	(21)	Financial assets at amortised cost	(54)
Deposits from customers	Financial liabilities at amortised cost		Financial liabilities at -amortised cost	(3)
Debt securities issued	Financial liabilities at amortised cost		Financial liabilities at -amortised cost	(21)

## 42. OTHER OFF-BALANCE SHEET ITEMS

### (a) Assets placed under management, into administration and deposit

In the years ended 31 December 2020 and 2019, the Group placed no assets under management, into administration or deposit.

### (b) Assets accepted for management, administration and deposit

CZK million	2020	2019
Assets accepted for management	31,621	28,404
Assets accepted for administration	37,201	39,716
Assets accepted for deposit	-	1
<b>Total</b>	<b>68,822</b>	<b>68,121</b>

## 43. SEGMENT ANALYSIS

The base for the segment analysis according to IFRS 8 are internal reports of the Group which are based on management accounts and serve as the principal financial information for decision-making of the Group's management.

Management accounts are maintained on a margin basis. For this reason, the interest income and expense and fee and commission income and expense of individual operating segments are not reported separately, but on a net basis.

Operating segments are represented as follows:

- Corporate banking;
- Retail banking;
- Treasury and ALM;
- Other.

The corporate banking segment involves transactions with corporate clients, public sector institutions and financial institutions.

The retail banking segment generally includes all private individuals including VIP clients, individuals - entrepreneurs and the Group's own employees.

The treasury segment includes interbank transactions, trading with financial instruments, securities and ALM.

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The “Other” segment mainly includes equity investments and other non-interest bearing assets and liabilities of the Group that cannot be allocated to segments referred to above, i.e. capital, subordinated deposit, assets, other assets/liabilities, capital investments.

The Group monitors amounts of net interest income and net fee and commission income, net gain/(loss) from financial operations, movements in loss allowances, general operating expenses, income tax, and volume of client and non-client assets and liabilities by segment. Other items are not monitored by segment.

A predominant part of the Group’s income is generated in the Czech Republic from transactions with customers who have their permanent residence or place of business in the Czech Republic or from trading with financial instruments issued by Czech entities. The income generated outside the Czech Republic is immaterial for the Group.

The Group has no customer or group of related parties for which income from transactions exceeds 10% of the Group’s total income.

#### Selected items by segment (2020)

At 31 December 2020	Corporate entities	Retail customers	Treasury and ALM	Other	Reconciliation to the statement of comprehensive income	Total
<b>CZK million</b>						
<b>Income statement:</b>						
Net interest income	2,640	4,829	157	224	(1)	7,849
Net fee and commission income	1,162	1,993	(27)	(14)	-	3,114
Net gain/(loss) from financial operations	(14)	-	(190)	5	-	(199)
Net gain on financial assets other than held for trading mandatorily reported at fair value in profit or loss	(17)	-	-	55	-	38
Net gain from hedge accounting	-	-	3	-	-	3
Impairment losses on financial instruments	(1,047)	(677)	-	-	-	(1,724)
Gain or loss (-) arising from derecognition of financial assets measured at amortised cost	8	-	-	-	-	8
Other operating expenses	(1,608)	(4,664)	(229)	77	-	(6,424)
Dividend income	-	-	-	-	1	1
Gains/(losses) from disposal of subsidiaries and joint ventures	-	-	-	30	-	30
Gains/(losses) from non-current assets and disposal groups	-	-	-	53	-	53
<b>Profit before tax</b>	<b>1,124</b>	<b>1,481</b>	<b>(286)</b>	<b>430</b>	<b>-</b>	<b>2,749</b>
Income tax	(166)	(276)	76	(159)	-	(525)
<b>Profit after tax</b>	<b>958</b>	<b>1,205</b>	<b>(210)</b>	<b>271</b>	<b>-</b>	<b>2,224</b>
<b>Assets and liabilities:</b>						
<b>Total assets</b>	<b>95,955</b>	<b>189,198</b>	<b>178,185</b>	<b>18,662</b>	<b>-</b>	<b>482,000</b>
<b>Total liabilities</b>	<b>92,478</b>	<b>291,888</b>	<b>51,650</b>	<b>9,170</b>	<b>-</b>	<b>445,186</b>

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### Selected items by segment (2019)

At 31 December 2019	Corporate entities	Retail customers	Treasury and ALM	Other	Reconciliation to the statement of comprehensive income	Total
<b>Income statement:</b>						
Net interest income	2,822	5,376	319	572	(42)	9,047
Net fee and commission income	1,225	2,147	(40)	(11)	-	3,321
Net gain/(loss) from financial operations	(4)	-	(179)	(7)	-	(190)
Net gain from hedge accounting	-	-	6	-	-	6
Impairment losses on financial instruments	99	(448)	-	-	-	(349)
Gain or loss (-) arising from derecognition of financial assets measured at amortised cost	(3)	-	-	-	-	(3)
Other operating expenses	(1,581)	(4,861)	(213)	144	-	(6,511)
Dividend income	-	-	-	-	42	42
Gains/(losses) from disposal of subsidiaries and joint ventures	-	-	-	222	-	222
Gains/(losses) from non-current assets and disposal groups	-	-	-	11	-	11
<b>Profit before tax</b>	<b>2,558</b>	<b>2,214</b>	<b>(107)</b>	<b>931</b>	<b>-</b>	<b>5,596</b>
Income tax	(440)	(451)	47	(21)	-	(865)
<b>Profit after tax</b>	<b>2,118</b>	<b>1,763</b>	<b>(60)</b>	<b>910</b>	<b>-</b>	<b>4,731</b>
<b>Assets and liabilities:</b>						
<b>Total assets</b>	<b>97,927</b>	<b>132,437</b>	<b>129,618</b>	<b>12,244</b>	<b>-</b>	<b>372,226</b>
<b>Total liabilities</b>	<b>80,485</b>	<b>191,985</b>	<b>57,222</b>	<b>8,179</b>	<b>-</b>	<b>337,871</b>

### Differences between individual lines of the segment analysis and information in the consolidated statement of comprehensive income and the statement of financial position

The difference in “*Net interest income*” primarily arises from the different presentation of dividend income.

In “*Net interest income*” in the “*Other*” segment, the Group reports a positive compensation of capital costs that are allocated to individual client segments.

“*Other operating expenses*” includes “*Other operating expenses*”, “*Other operating income*”, “*Personnel expenses*”, “*Depreciation and amortisation of property and equipment and intangible assets*” and “*General operating expenses*” presented in the consolidated statement of comprehensive income in separate lines.

The differences referred to above between the segment analysis and the statement of comprehensive income arise from the different classification of selected profit and loss items in the Group’s management accounting.

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#### **44. FINANCIAL INSTRUMENTS – MARKET RISK**

The Group is exposed to market risks arising from the open positions of transactions with interest rate, equity and currency instruments that are sensitive to changes in financial market conditions.

##### **(a) Trading**

The Group holds trading positions in certain financial instruments including financial derivatives.

These positions are also held for the purpose of speculation on the expected future development of financial markets and thus represent speculation on this development. The majority of the Group's trading activities are conducted based on the requirements of the Group's customers.

The Group maintains the admission to financial markets through the quoting of bid and ask prices and by trading with other market makers. The Group's business strategy is thus affected by the speculative expectation and market making and its goal is to maximise net income from trading.

The Group manages risks associated with its trading activities on the level of individual risks and types of financial instruments. The key risk management tools are the limits for individual transaction volumes and individual position volumes, stop loss limits and value at risk (VaR) limits. The quantitative methods applied to market risk management are described in "Risk management methods" in note 44 (d).

##### **(b) Risk management**

The selected risks exposures resulting from the Group's activities, management of positions arising from these activities and its risk management approach are described below. More detailed policies applied in measuring and managing these risks are included in "Risk management methods" in note 46 (d).

##### ***Liquidity risk***

Liquidity risk is the risk of losing the Group's ability to meet its financial obligations as they fall due, or the risk of losing the Group's ability to finance an increase in assets. Liquidity risk arises from the time mismatch between cash inflows and outflows. It includes both the risk of inability to raise funds to cover the Group's assets using instruments with appropriate maturity and the Group's ability to sell assets at a reasonable price within a reasonable time frame. The liquidity position of the Group is regularly monitored by the Czech National Bank.

The Group has access to diversified sources of funding, which comprise deposits and other savings, issued securities, loans accepted including subordinated loans, and also the Group's equity. This diversification makes the Group flexible and reduces its dependency on one source of funding. The Group regularly evaluates its liquidity exposures, in particular by monitoring the changes in the structure of financing and comparing these changes with the Group's liquidity risk management strategy, which has been approved by the Group's board of directors. According to the liquidity risk management strategy, the Group has set limits for basic liquidity indicators LCR, NSFR, liquidity position calculated from cumulative cash inflows and outflows for stress scenarios so as to correspond to the Group's appetite risk and safely comply with regulatory regulations. The Group also monitors LCR and NSFR indicators for all major currencies, i.e. CZK, EUR and USD.

As part of its liquidity risk management strategy, the Group also holds a portion of its assets in highly liquid funds, such as Czech government bonds and deposits with the Czech National Bank (repo transactions/deposit facilities). The Group uses internal statistical models for modelling from deposits without a contractual maturity. These models are reassessed on a regular basis. In order to manage liquidity in extraordinary circumstances, the Group has prepared a contingency plan, which contains measures to restore liquidity. The ALM department performs regular reviews of the contingency plan and submits it to the Assets and Liabilities Committee (ALCO) for approval.

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#### Financing management

The liquidity Coverage Ratio (LCR) measures the volume of liquid assets against the expected net cash outflows over the next 30 days. Liquidity risk is the risk of losing the ability to meet its financial obligations as they fall due, or the risk of losing the ability to finance an increase in assets under severe crisis conditions. The LCR indicator developed as follows in 2020 and 2019:

LCR (%)	2020	2019
31.3.	220.7	191.3
30.6.	184.5	206.6
30.9.	178.2	214.7
31.12.	231.8	192.4

#### Strategic liquidity management

The NSFR (Net Stable Funding Ratio) indicator is defined as the ratio of available stable funding and required stable funding. The NSFR indicator developed as follows in 2020 and 2019:

NSFR (%)	2020	2019
31.3.	120.7	117.5
30.6.	126.7	121.9
30.9.	128.4	121.1
31.12.	137.3	123.3

Both LCR and NSFR indicators are monitored on a regular basis and are regularly reported to the Group's management.

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The following table shows the remaining maturity of contractual cash flows arising from financial liabilities. Contractual cash flows from derivatives are analysed in the tables in notes 44 (b) and 44 (d).

#### Analysis of financial liabilities according to remaining maturity (undiscounted cash flows)

2020 CZK million	Carrying amount	Total contractual liability	0 - 3 months	3 - 12 months	3 - 5 years	Over 5 years
Deposits from banks	12,201	12,204	6,255	3,841	2,108	-
Deposits from customers	402,776	402,779	371,129	6,098	23,194	2,358
Debt securities issued	13,053	13,357	5,698	-	7,659	-
Subordinated liabilities and bonds	4,561	6,044	7	135	571	5,331
Other financial liabilities	3,878	3,950	1,941	538	1,071	400
Other liabilities	1,094	1,094	1,094	-	-	-
Off-balance sheet items	48,383	48,383	48,383	-	-	-
<b>Total</b>	<b>485,946</b>	<b>487,811</b>	<b>434,507</b>	<b>10,612</b>	<b>34,603</b>	<b>8,089</b>

2019 CZK million	Carrying amount	Total contractual liability	0 - 3 months	3 - 12 months	3 - 5 years	Over 5 years
Deposits from banks	21,961	21,975	13,267	3,611	5,097	-
Deposits from customers	290,188	290,314	284,558	5,580	137	39
Debt securities issued	12,692	13,087	202	-	12,885	-
Subordinated liabilities and bonds	3,309	4,430	-	6	609	3,815
Other financial liabilities	4,021	4,116	2,183	238	1,114	581
Other liabilities	1,031	1,031	1,031	-	-	-
Off-balance sheet items	47,264	47,264	47,264	-	-	-
<b>Total</b>	<b>380,466</b>	<b>382,217</b>	<b>348,505</b>	<b>9,435</b>	<b>19,842</b>	<b>4,435</b>

Off-balance sheet items include all irrevocable credit commitments provided to the Group's customers, guarantee commitments, and guarantees and letters of credit provided to customers.

#### *Foreign currency risk*

The foreign currency risk is the risk arising from currency markets. The source of this risk is the Group's foreign currency position which arises from the mismatch of the Group's assets and liabilities, including the currency-sensitive off-balance sheet items. The majority of foreign currency gains or losses is due to changes in foreign currency rates in currency positions of the Group denominated in EUR and USD. More detailed policies applied in managing this risk are included in "Risk management methods" in note 44 (d).

#### *Interest rate risk*

The Group is exposed to interest rate risk since the interest-bearing assets and liabilities have different maturity dates, periods of interest rate changes/adjustments and volumes during these periods. In the case of variable interest rates, the Group is exposed to a basis risk arising from the difference in the mechanism of adjusting individual types of interest rates, such as PRIBOR, announced interest on deposits, etc. The interest rate risk of the Group is primarily impacted by the development in interbank interest rates, including the negative rates (the impact of negative interest rates is disclosed in note 8). The Group's interest rate risk management activities are aimed at optimising the Group's net interest income in

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accordance with its strategy approved by the board of directors. In managing the interest rate risk, the Group uses (as in the case of liquidity management) statistical models for distribution of those items where it is unable to determine the exact moment of repricing of interest rates or liquidity maturity (for example on current accounts).

The Group mostly uses interest rate derivatives to manage the mismatch between the rate-sensitivity of assets and liabilities. These derivative transactions are entered into in accordance with the asset and liability management strategy as approved by the Group's board of directors.

Part of the Group's income is generated through a targeted mismatch between rate-sensitive assets and rate-sensitive liabilities. In managing the interest rate risk, the carrying amounts of these assets and liabilities and the nominal (notional) values of interest rate derivatives are recorded either in the year in which they are due or in which the interest rate changes, whichever occurs first. Due to the anticipated preliminary repayment or undefined maturity dates, certain assets or liabilities are allocated to individual periods based on an expert estimate.

#### ***Equity risk***

Equity risk is the risk of fluctuations of the prices of equity instruments held in the Group's portfolio and financial derivatives related to these instruments. As the Group does not trade shares on its own account, it is exposed to indirect equity risk arising from the shares held by the Group as collateral for customer loans. Equity risk is managed by trading limits. The equity risk management methods are described in "Risk management methods" in note 44 (d).

#### **(c) Fair values of financial assets and liabilities**

The Group used the following methods and estimates in determining the fair values of financial assets and liabilities.

##### **i) Cash and balances with central banks**

The reported amounts of cash and short-term instruments are essentially equivalent to their fair value.

##### **ii) Loans and advances to banks**

The reported amounts of loans and advances to banks due within one year are essentially equivalent to their fair values. The fair values of other loans and advances to financial institutions are estimated based on cash flows discounted at standard rates for similar types of investments (market rates adjusted for credit risk). The fair values of delinquent loans to financial institutions are estimated based on discounted cash flows; for loss loans, fair values are equivalent to the amount of the respective collateral.

##### **iii) Loans and advances to customers**

For variable-rate loans that are often remeasured or loans with the final maturity within one year, and for which credit risk changes are immaterial, the fair values are essentially equivalent to the reported amounts. The fair values of fixed-rate loans are estimated based on discounted cash flows using the interest rate that is standard for loans with similar conditions and maturity dates and provided to borrowers with a similar risk profile, including the impact of collateral (the discounted rate technique according to IFRS 13). The fair values of loans and advances to customers and banks were calculated as discounted future cash flows, taking into account the effect of interest and credit spreads, including the possible realization of collateral. Interest rates are affected by movements in market interest rates, while changes in the credit spread are derived from the probabilities of default (PD) and LGD used, which are used to calculate credit risk. To calculate fair value, loans and advances were grouped into homogeneous portfolios based on the rating method, rating grade, maturity and country where they were provided.

##### **iv) Debt securities at amortised cost**

The fair values of securities at amortised cost are estimated based on discounted cash flows using the interest rate common as at the reporting date, unless they are traded on an active market.

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### v) Deposits from banks and customers

The fair values of deposits repayable on demand at the reporting date are equal to the amounts repayable on demand (i.e. their carrying amounts). The carrying amounts of variable-rate term deposits are essentially equivalent to their fair values at the reporting date. The fair values of fixed-rate deposits are estimated based on discounted cash flows using market interest rates and taking into account the Group's liquidity costs. The fair value of deposits at amortized cost is calculated taking into account the current interest rate environment and own credit risk.

### vi) Bonds issued

The fair values of bonds issued by the Group are determined based on current market prices. If market prices are not available, the fair values are the Group's estimates where the fair value is estimated based on discounted cash flows using market interest rates and taking into account the Group's liquidity costs.

### vii) Subordinated liabilities and bonds

The fair values of subordinated loans are estimated based on discounted cash flows using market interest rates and taking into account the Group's liquidity costs. The fair values of subordinated bonds issued by the Group are determined based on current market prices.

The following table summarises the estimated amounts and fair values of financial assets and liabilities that are not recognised at fair value in the consolidated statement of financial position:

2020	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
<b>Assets</b>						
Cash in hand and other cash equivalents	-	-	5,852	5,852	5,852	-
Loans and advances to banks*	-	-	107,619	107,619	107,619	-
Loans and advances to customers*	-	-	299,856	299,856	298,759	1,097
Debt securities at amortised cost*	39,664	-	378	40,043	38,958	1,085
<b>Liabilities</b>						
Deposits from banks	-	-	12,204	12,204	12,201	3
Deposits from customers	-	-	402,838	402,838	402,776	62
Debt securities issued	-	-	13,350	13,350	13,053	297
Subordinated liabilities and bonds	-	-	4,869	4,869	4,561	308
Other financial liabilities**	-	-	2,133	2,133	2,133	-

\*including loss allowances

\*\*excluding lease liabilities



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2019	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
<b>Assets</b>						
Cash in hand and other cash equivalents	-	-	11,209	11,209	11,209	-
Loans and advances to banks*	-	-	87,242	87,242	87,242	-
Loans and advances to customers*	-	-	244,602	253,228	238,531	6,071
Debt securities at amortised cost*	10,300	-	845	11,146	10,879	266
<b>Liabilities</b>						
Deposits from banks	-	-	21,977	21,977	21,961	15
Deposits from customers	-	-	290,182	290,182	290,188	(5)
Debt securities issued	-	-	12,981	12,981	12,692	288
Subordinated liabilities and bonds	-	-	3,489	3,489	3,309	180
Other financial liabilities**	-	-	2,093	2,093	2,093	-

\*including loss allowances

\*\*excluding lease liabilities

### Financial instruments at fair value

CZK million	Fair value at 31 December 2020			Fair value at 31 December 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Positive fair value of trading derivatives	-	2,063	-	-	1,675	-
Securities held for trading	1,683	-	-	93	-	1
Positive fair value of hedging derivatives	-	2,030	-	-	2,546	-
Financial assets other than held for trading mandatorily reported at fair value in profit or loss	129	123	280	-	-	-
Financial assets at FVOCI	-	-	1	-	-	735
<b>Total</b>	<b>1,812</b>	<b>4,216</b>	<b>281</b>	<b>93</b>	<b>4,221</b>	<b>736</b>

CZK million	Fair value at 31 December 2020			Fair value at 31 December 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Negative fair value of trading derivatives	-	2,616	-	-	1,799	-
Negative fair value of hedging derivatives	-	3,209	-	-	2,668	-
<b>Total</b>	<b>-</b>	<b>5,825</b>	<b>-</b>	<b>-</b>	<b>4,467</b>	<b>-</b>

Level 1 category is the category of financial instruments measured at fair value determined based on the price quoted on an active market.

Level 2 category is the category of financial instruments measured at fair value determined based on prices derived from market data. For financial derivatives, the fair values are determined based on discounted future cash flows that are estimated according to market interest rate and currency forward curves and contractual interest rates and currency rates according to individual contracts. The discount factor is derived from market rates. For securities at FVTPL, the fair value is calculated on the basis of discounted future cash flows. The discount factor is derived from market rates.

Level 3 category is the category of financial instruments measured at fair value determined using the techniques based on the input information, not built upon the data observable on the market.

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The reconciliation of financial instruments measured at fair value determined using the techniques based on the input information, not built upon the data observable on the market (Level 3 instruments).

#### 2020

	Financial assets held for trading (debt securities)	Financial assets other than held for trading mandatorily reported at fair value in profit or loss	Financial assets at FVOCI	Total
<b>CZK million</b>				
<b>Balance at the beginning of the year</b>	1	-	735	736
Transfer to Level 3				
Purchases	-	280	-	280
Comprehensive income/(loss)	-	-	(333)	(333)
- in the income statement	-	-	-	-
- in equity (note 36)	-	-	(333)	(333)
Sales/settlement/transfer	(1)	-	(401)	(402)
Transfer from Level 3	-	-	-	-
<b>Balance at the end of the year</b>	-	280	1	281

#### 2019

	Financial assets held for trading (debt securities)	Financial assets at FVOCI	Total
<b>CZK million</b>			
<b>Balance at the beginning of the year</b>	-	629	629
Transfer to Level 3	-	-	-
Purchases	1	-	1
Comprehensive income/(loss)	-	106	106
- in the income statement	-	-	-
- in equity (note 33)	-	106	106
Sales/settlement	-	-	-
Transfer from Level 3	-	-	-
<b>Balance at the end of the year</b>	1	735	736

The Group measures financial assets held for trading and financial assets measured at FVOCI using the technique of discounted future cash flows. This valuation technique adjusts future amounts (i.e. cash flows, income and expense) to the present (discounted) value. The fair value is determined based on the value acquired from the current market expectation of the future value. In respect of securities that fall into the Level 3 category, the Group uses the discount factor for the calculation that is derived from the internal price for liquidity determined by the Group and concurrently reflects the credit risk of the security issuer. The price of the Group for liquidity and credit risk of the security issuer are inputs that are not observable from the data available on the market. The price of the Group for liquidity determined in the calculation is based on the resolution of the Group's ALCO Committee and reflects the level of available sources of the Group's financing and their price. In the event of a negative development of the Group's liquidity position or changes in the interbank market, the price for liquidity may increase and consequently the price of the financial instrument may decline. The credit risk of the issuer is determined based on the rating of the securities issuer in the Group's rating scale. If the issuer was attributed a worse rating, the price of the financial instrument could decline by 0-10%.

The amount in Level 3, item "Financial assets at FVOCI" comprises an investment in SWIFT of MCZK 1 (2019: MCZK 1), the Group's membership in Visa Inc. of MCZK 0 (2019: MCZK 238), and equity investment in Raiffeisen stavební spořitelna a.s. of MCZK 0 (2019: MCZK 496). See note 25 (a).

As at 31 December 2019, the Group recognised an investment in Visa Inc. of MCZK 238, which represents the amount of the Group's expected share in the cash settlement in the sale of Visa Europe Ltd. to Visa Inc. In accordance with the final form of the merger, the purchase price is settled in the following

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tranches: cash and transfer of Visa Series C Convertible Participating Preferred Stock (“Visa C”) in June 2016 and additional cash on the anniversaries of this transactions, which leads to a gradual conversion of Visa C to Visa Series A Convertible Participating Preferred Stock (“Visa A”). In connection with this transaction, in June 2016 the Group received 5,104 pieces of Visa C with a fair value of MUSD 4.4 and cash of MEUR 14. In 2016, the Group reported the result of this transaction as a profit of MCZK 519 (MEUR 20.1) in “*Net profit from financial operations*”. The anniversaries of this transaction are set for the following years: 2020 (4th anniversary), 2022 (6th anniversary), 2024 (8th anniversary), 2026 and 2028 (10th anniversary).

#### 4th anniversary – September 2020

On 24 September 2020, the Group received 350 pieces of Visa A. Subsequently, on 6 November 2020, these Visa Series A Convertible Participating Preferred Stocks were exchanged for 35,000 pieces of Visa Class A Common Stock with a fair value of MUSD 7. These instruments were presented under “*Financial assets at fair value through other comprehensive income*”. In this context, the fair value of Visa C decreased to MUSD 5.2. The total gain from this Visa conversion of MUSD 1.7 was presented in other comprehensive income, in September 2020.

In 2020, the Group decided to change the presentation of Visa C. As at 31 December 2019, the Group presented Visa C in “*Financial assets at fair value through other comprehensive income*”. The cumulative change in fair value in other comprehensive income from June 2016 to September 2020 was MUSD 6.1 and the fair value of Visa C was MUSD 10.5 in September 2020. In 2020, the Group changed the presentation of Visa C to debt financial instruments of MCZK 123, which are in 2020 reported in “*Financial assets other than held for trading mandatorily measured at fair value in profit or loss*”. In connection with this change in the presentation of Visa C, the Group reported a revaluation of these stocks to fair value of MCZK 132 from June 2016 to December 2019 in the statement of changes in equity under “*Retained earnings*” and remeasurement of MCZK 55 from January 2020 to December 2020 in the statement of comprehensive income under “*Net gain on financial assets other than held for trading mandatorily measured at fair value in profit or loss*”.

On 11 November 2020, the Group decided to sell 35,000 pieces of Visa Class A Common Stock. The total gain from the sale of Visa Class A Common Stock of MCZK 9 is presented in the consolidated statement of changes in equity in “*Allocation from fair value reserve*”.

#### (d) Risk management methods

The Group uses a set of limits for individual positions and portfolios as part of the appropriate methodologies to facilitate effective market risk management. The set of limits is based on limits determined by appropriate regulators which are complemented by the limits set by the parent company in a standardised way for the entire CEE region. In some cases, the set of limits is complemented by other internal limits and methods that reflect the specifications of local markets that the Group is exposed to.

The Group monitors both aggregate and individual market risks using the value at risk method. Value at risk represents the potential loss arising from an adverse movement of market rates within a certain time period with a certain confidence level. Value at risk is measured based on a one-day holding period with a 99% confidence level. The calculation reflects mutual correlations of individual risk factors (currency rates, interest rates, market spreads and equity market prices).

CZK million	At 31 December 2020	Average 2020	At 31 December 2019	Average 2019
Total market risk VaR	192	214	73	91

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### *Interest rate risk*

The Group manages interest rate risk of the banking book and the trading book separately, on the level of individual currencies. The interest rate position is monitored based on the sensitivity of the position to the shift in the interest rate curve (BPV). The BPV (basis point value) method involves determining the change in the present value (both in total and individual time periods) of the portfolio when interest rates shift by one basis point (0.01%). This method is complemented by monitoring the interest rate risk using Value at risk.

CZK million	At 31 December 2020	Average 2020	At 31 December 2019	Average 2019
<b>Total interest rate position VaR</b>	<b>14</b>	<b>12</b>	<b>7</b>	<b>8</b>
Interest rate position VaR - banking book	17	13	9	9
Interest rate position VaR - trading book	3	5	2	5

### *Foreign currency risk*

The Group uses a set of limits established based on the standards of the Group. The limits are set for individual currencies and for the overall currency position. Internal currency position limits fully respect the limits set by the local regulator. Moreover, these limits are complemented by monitoring foreign currency risk using Value at risk.

CZK million	At 31 December 2020	Average 2020	At 31 December 2019	Average 2019
<b>Foreign currency position VaR</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>1</b>

### *Market spread risk*

To determine the risk of change in market spreads for forward exchange contracts (in the trading portfolio) and for its own positions in debt instruments (state and corporate), the Group also uses the Value at Risk method.

CZK million	At 31 December 2020	Average 2020	At 31 December 2019	Average 2019
<b>Total market risk VaR</b>	<b>204</b>	<b>214</b>	<b>76</b>	<b>93</b>
Market spread VaR - debt instruments	202	213	76	93
Market spread VaR - currency positions	5	3	8	4

### *Equity risk*

Market risks arising from the Group's equity trading activities are managed using the limits of maximum open positions in equity instruments together with the value at risk method. At the end of 2013, the Group suspended trading with equity instruments in the banking book.

### *Stress testing*

The Group performs regular stress testing of interest rate risk inherent in the banking and trading portfolios, the foreign currency risk, option risk, market spread risk and liquidity risk. The results of stress tests are submitted to the Assets and Liabilities Committee (ALCO) on a regular basis.

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**(e) Operational risk**

In accordance with the applicable legislation, operational risk is defined as the risk of loss arising from the inappropriateness or failure of internal processes, human errors or failures of systems or the risk of loss arising from external events. The Group monitors, tracks and assesses these risks on a regular basis and undertakes measures aimed at minimising losses. In respect of the operational risk, the Group applies the standardised approach to calculating capital adequacy. In the future, it intends to implement the advanced (AMA) approach. At present, changes are being implemented so that the advanced approach could be applied. The Group is planning to file the application for the regulator's approval of this approach in coordination with the parent company Raiffeisen Bank International AG.

The basic principle is the responsibility of each employee for the identification and escalation of the operational risk and for timely and accurate reporting of incidents. The Group has a central operational risk management function in place, which is responsible for the setting of the methodology, measurements or analyses and which provides methodical support to managers.

Operational risk management primarily draws upon the following:

- event data collection;
- general ledger analysis;
- risk assessment;
- scenario analysis;
- early warning indicators;
- mitigation plans.

The objective of collecting data on the losses arising from operational risk events is not only to accumulate information but predominantly to analyse them. More serious cases are presented to and discussed by the Operational Risk Management Committee. Through the Operational Risk Management Committee, the Bank also presents, discusses and approves measures aimed at minimising or fully eliminating further occurrence of similar events. Specific responsibilities are determined for the implementation of proposed changes and their fulfilment is reviewed by the Operational Risk Management Committee. Other cases are dealt with by the relevant departments.

The general ledger analysis provides reconciliation between the reported loss and its recognition in the books.

The risk assessment is used to raise awareness of operational risks, clarify individual processes and mitigate the operational risks identified. The risk assessment determines the risk of individual processes, organisational units or activities. The risk level is a relevant value for taking measures within qualitative risk management.

The scenario analysis is a process used by the Group to consider the impact of extreme but probable events on its activities, assess the probability of occurrence and estimate significance of the impact on a scale of possible results. The scenario analysis aims at: (i) providing a potential method to record a specific event that occurred in a specific organisation; (ii) increasing awareness and educating management by providing insight into various types of risks and managing the plan of remedies and investments.

EWIs are used for the ongoing monitoring and reporting of the risk exposure to operational risk. They provide early warning to take possible steps or make changes in the risk profile, which may initiate management measures. The monitored EWIs include for example the number of dismissed employees, the supplier's financial dependence on the Group, deposit outflows in the retail portfolio, complex projects, and major projects exceeding two years.

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The Group defines and reviews the risk appetite on a regular basis. In using the above-specified instruments, the Bank compares the identified risks with the appetite and prepares mitigation plans for the risks that exceed the appetite.

All instruments are used in a regular annual cycle.

#### **(f) Capital management**

In the EU, banking regulation requirements are stipulated by the Basel III regulatory framework through Regulation EU No. 575/2013/EU on prudential requirements for credit institutions and investment firms (CRR – Capital Requirements Regulation), as amended, and Directive EU No. 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV – Capital Requirements Directive). CRD IV was transposed to the Czech legal system by means of an amendment to the Act on Banks and by adopting the Czech National Bank's Decree No. 163/2014 Coll. The new regulation primarily governs capital indicators, imposing stricter requirements namely in respect of regulatory capital, liquidity and risk-weighted exposure.

Since 2014, CRD IV has made it possible for member states to require that the Group create and maintain three types of buffers: capital conservation buffer, systemic risk buffer and countercyclical capital buffer. As for the capital conservation buffer, the CNB has decided to apply it from the very beginning to all institutions in the full amount of 2.5% of the Tier 1 capital. In 2020, the systemic risk buffer was only applied to five institutions, including Raiffeisenbank (set at 1% for Raiffesenbank). As for the countercyclical capital buffer, the CNB decided to set the initial buffer amount to zero at the end of 2014; the Group was to apply it over the two subsequent years. In December 2015, the CNB set the countercyclical capital buffer to 0.5% from 1 January 2017 and subsequently to 1.0% from 1 July 2018, to 1.25% from 1 January 2019, to 1.5% from 1 July 2019, to 1.75% from 1 January 2020 and to 2.0% from 1 July 2020.

In relation to the measures adopted due to the COVID-19 outbreak in 2020, the CNB first cancelled the July increase of the countercyclical provision by 0.25%, and subsequently reduced the countercyclical provision by 0.75% to 1% beginning in April, and starting from 1 July 2020, the Czech National Bank set this provision at 0.5%.

The Group manages its capital adequacy with a view to ensuring its sufficient amount after the natural growth in the volume of sales has been accounted for, taking into account the potential macroeconomic development and the environment of changing regulatory requirements. The Group monitors changes in regulatory requirements on an ongoing basis, assessing their impact as part of the capital planning process.

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### Information about regulatory capital

CZK million	2020	2019
<b>Total equity</b>	<b>36 814</b>	<b>34,355</b>
Deductions of common Tier 1 capital:		
Unusable profit	(793)	(2,696)
Intangible assets	(3 078)	(2,773)
Deferred tax liabilities related to other intangible assets	20	-
Provision shortage for IRB positions	(6)	(264)
Additional valuation adjustment (AVA) according to CRR	(80)	(50)
Fair value reserve	(44)	(371)
Retained earnings/accumulated losses adjustment	(285)	(135)
Reserve fund adjustment	(1)	-
Other equity instruments	(4 169)	(3,383)
<b>Total common Tier 1 capital (after deductions)</b>	<b>28 378</b>	<b>24,683</b>
Other equity instruments	4 169	3,383
<b>Total Tier 1 capital (after deductions)</b>	<b>32 547</b>	<b>28,066</b>
Subordinated debt	4 552	3,303
IRB excess of provisions over expected losses eligible	818	327
<b>Total Tier 2 capital</b>	<b>5 370</b>	<b>3,630</b>
<b>Total regulatory capital</b>	<b>37 917</b>	<b>31,696</b>

As a local supervisory authority, the CNB monitors whether the Group complies with capital adequacy on a separate as well as consolidated basis. In 2020, the Group met all regulatory requirements.

### Internal capital adequacy assessment process

In line with Pillar 2 of Basel II, the Group creates its own internal capital system (“the ICS”). The process ensures that the Group is able to:

- identify, quantify, manage and monitor all risks to a sufficient degree;
- secure and maintain the necessary amount of capital to cover all material risks; and
- set up reliable management of the risks, and develop and perfect it on an ongoing basis.

As part of the ICS, the Group proceeds in line with the applicable methodology, which is updated on an annual basis following developments in the ICS. The methodology is based on key parameters defined in line with the Group’s general nature, size and risk profile. The key parameters are based on the Group’s target rating<sup>i</sup>, according to which the applied reliability level (99.9%), the time frame for calculating economic capital (1 year) and the planning time frame (3 years) are determined.

The Group determines the risk appetite, which represents the acceptable level of risk and is one of the basic starting points for the Group’s strategic management. The Group’s risk appetite is defined through internal and regulatory capital adequacy limits and serves as an instrument for ensuring sufficiently high values of the Tier 1 and CET1 capital ratios under both expected and stress conditions.

On a monthly basis, the Group monitors internal capital adequacy, which is defined as a ratio of aggregated economic capital (EC) and internal capital, whose structure is based on regulatory capital (Pillar 1). In calculating EC for risks defined under Pillar 1, the Group applies methods derived from those used in determining capital regulatory requirements. For other risks, the economic capital is calculated

<sup>i</sup>In 2017, the Bank received public rating from Moody’s rating agency. However, as part of the ICS methodology, the Bank uses target rating as the key parameter, which is higher than public rating (the conservative approach; we work with higher applied level of creditworthiness based on this approach).

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using internal methods based on risk significance. In addition, the Group recognises a “capital mark-up” on total EC.

The risk limit for the risk undertaken (i.e. the amount of economic capital) is determined as 75% of the internal capital. The unallocated portion of internal capital serves as a buffer. If limits defined under the risk appetite are exceeded, the Group’s ALCO committee and board of directors is immediately notified and corrective measures are taken.

As part of the ICS process, all relevant risks to which the Group is or may be exposed in the future are assessed and mapped. Based on the resulting assessment, it determines the risks for which it defines the management system, calculates economic capital and performs stress testing as part of Pillar 2 with the aim of verifying the Group’s ability to overcome even highly adverse future developments.

The ICS forms part of financial planning (in the form of risk appetite). The creation of the financial plan is reflected in regular monthly stress tests in the form of capital prediction and development planning. The Group’s ALCO committee receives a report on ISC every month. The Group applies the ICS both on a local (monthly) and a consolidated basis (quarterly).

#### **45. FINANCIAL INSTRUMENTS – CREDIT RISK**

The Group takes on exposure to credit risks resulting from its trading activities, provision of loans, hedging transactions, investment activities and agency services.

Credit risks associated with trading and investment activities are managed using the methods and instruments applied by the Group in managing its credit risk exposures.

##### **(a) Collateral assessment**

Generally, the Group requires collateral for loans granted to certain debtors prior to the issuance of the loan. The Group considers the following types of collateral as eligible collateral:

- cash;
- real estate;
- first-class receivables;
- bank guarantees;
- guarantee provided by a reputable third party;
- machinery and equipment - movable assets;
- first-class securities; and
- commodities.

To determine the realisable value of collateral of immovable and movable assets, the Group refers to estimates of usual prices revised by a specialised department of the Group or internal assessments prepared by this department of the Group. In other types of hedging instruments, their value including the recalculated value is determined in line with the internal standards of the Group. The realisable value of collateral is subsequently determined by discounting the appraised value using a correction coefficient which reflects the Group’s ability to realise the collateral as and when required. The Group regularly reviews and updates collateral values depending on the type and quality of the collateral, usually no later than on an annual basis.

##### **(b) Credit risk measurement methods**

The principal credit risk management methods in retail include in particular rating based on the application and behavioural scoring. The risks are managed on a portfolio level through the portfolio management approach, through the management of the approval process based on the regular monitoring of the portfolio quality development, and prediction of potential future loss development.



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In the corporate segment, the Group measures the credit risk through rating scales (see below) and each rating category is allocated a certain risk rate (probability of default and a coefficient for determining risk weighted assets); the risk measured using this method can be mitigated through collateral according to effective regulations of the Czech National Bank.

#### **(c) Concentration of credit risk**

The Group maintains a system of internal limits for individual countries, sectors and clients (or groups of economically connected clients) in order to be able to manage risks connected with significant concentration of credit risk. As at the reporting date, the Group recorded no significant credit risk concentration exposure to an individual client or an economically connected group of clients that would exceed the limits set by the Czech National Bank.

The credit risk concentration analysis by sector/industry and concentration by geographical areas is provided in notes 45 (l) and 45 (m).

#### **(d) Recovery of receivables**

The Group has special functions in place which are responsible for the recovery and administration of distressed receivables. These functions undertake legal steps, perform the restructuring of receivables, communicate with problematic clients, etc. in order to achieve maximum recovery, including collateral recovery, and representing the Group in creditors' committees under insolvency proceedings.

#### **(e) Expected credit losses**

The measurement of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of the money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### **General approach**

The measurement of the impairment of financial assets due to expected credit losses is an area that requires the use of complex models and significant assumptions about future economic conditions and payment behaviour. Significant judgements are required in applying the accounting requirements for measuring expected credit losses, inter alia:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit losses;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses;
- Establishing groups of similar financial assets for the purposes of measuring expected credit losses.

For Raiffeisen Bank International Group (RBI), credit risk comes from the risk of suffering financial loss should any of its customers, clients or market counterparties fail to fulfil their contractual obligations. Credit risk arises mainly from interbank, commercial and personal loans, and loan commitments arising from such lending activities, but can also arise from financial guarantees given, such as, credit guarantees, letters of credit, and acceptances (note: for risk management purposes, the Group applies the rules according to the RBI methodologies).

The Group is also exposed to other credit risks arising from investments in debt securities and from its trading activities (trading credit risks) including trade in non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

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The estimation of the credit risk for risk management purposes is complex and requires the use of models, as the risk varies with changes in market conditions, expected cash flows and the passage of time. The assessment of the credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, the associated default ratios and the default correlations between counterparties. The Group measures credit risks using the probability of default (“PD”), exposure at default (“EAD”) and loss given default (“LGD”). This is the predominant approach used for the purposes of measuring expected credit losses under IFRS 9.

IFRS 9 prescribes a three-stage model for impairment based on changes in credit quality from the point of initial recognition. Under this model, a financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored. If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired. If the financial instrument is deemed credit-impaired, it is then moved to Stage 3.

Financial instruments in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next twelve months. Instruments in Stages 2 or 3 have their expected credit losses measured based on expected credit losses on a lifetime basis. According to IFRS 9, when measuring expected credit losses, it is necessary to consider forward-looking information. Purchased or originated credit-impaired financial assets (“POCI”) are those financial assets that are credit-impaired on initial recognition. Their expected credit loss is always measured on a lifetime basis (Stage 3)..

#### **Significant increase in credit risk**

According to the definition of the RBI Group (note: this methodology is implemented by the Group), RBI considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

#### **Quantitative criteria**

The RBI Group uses quantitative criteria as the primary indicator of significant increase in credit risk for all material portfolios plus additionally qualitative criteria like 30 days past due or forbearance measures for a particular facility as backstop. For quantitative staging, the RBI Group compares the lifetime PD curve at reporting date with the forward lifetime PD curve at the date of initial recognition. Given the different nature of products between non-retail and retail, the methods for assessing potential significant increases also slightly differ.

For non-retail risk to make the two curves comparable the PDs are scaled down to annualized PDs. A significant increase in credit risk is considered to have occurred if the PD increase was 250% or greater. For longer maturities the threshold of 250% is reduced to account for a maturity effect.

For retail exposures on the other hand, the remaining cumulative PDs are compared as the logit difference between “Lifetime PD at reporting date” and “Lifetime PD at origination conditional to survival up to the reporting date”. A significant increase in credit risk is considered to have occurred once this logit difference is above a certain threshold. The threshold levels are calculated separately for each portfolio which is covered by individual rating-based lifetime PD models. Based on historical data, the thresholds are estimated as the 50th quantile of the distribution of the above-mentioned logit differences for the worsening portfolio. This way, 50% of the worsening in the lifetime PDs with the highest magnitude is deemed significant. That usually translates to PD increase between 150 and up to 300 per cent, dependent on the default behaviour of the different portfolios.

With regard to the threshold at which a financial instrument must be transferred to Stage 2, RBI has decided on the aforementioned thresholds based on the current market practice.

#### **Qualitative criteria**

The RBI Group uses qualitative criteria as a secondary indicator of a significant increase in credit risk for all material portfolios. A movement to Stage 2 takes place when the criteria below are met.

For sovereign, bank, corporate and project finance portfolios, if the borrower meets one or more of the following criteria:

- External market indicators

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- Changes in contract terms
- Changes to management approach
- Expert judgement.

The assessment of a significant increase in credit risk incorporates forward-looking information and is performed on a quarterly basis at an individual transaction level for all sovereign, bank, corporate customer and project finance portfolios held by RBI.

For retail portfolios, if the borrower meets one or more of the following criteria:

- Forbearance
- Default of another exposure of the same customer (PI segment);
- Holistic approach – applicable for cases where new forward-looking information becomes available for a segment or portion of the portfolio and this information is not yet captured in the rating system. Upon identifying such cases, the Management shall measure this portfolio with lifetime expected credit losses (as collective assessment).
- The assessment of significant increase in credit risk incorporates forward-looking information and is performed on a monthly basis at an individual transaction level for all retail portfolios held by RBI.

#### **Backstop**

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days overdue on its contractual payments.

#### **Low credit risk exemption**

In selected cases, especially for sovereign debt securities, the RBI Group makes use of the low credit risk exemption. All securities which are presented as low credit risk have a rating equivalent to investment grade or better i.e. minimum S&P BBB-, Moody's Baa3 or Fitch BBB-. The Group has not used the low credit risk exemption for any lending business.

#### **Definition of default and credit-impaired assets**

In 2016, the European Banking Authority published guidelines on the application of the definition of default (EBA/GL/2016/ 07), which include a long list of clarifications and changes to default triggers, materiality thresholds and related topics including days past due criteria, indications of unlikelihood to repay, conditions for a return to non-default status and restructuring. The new definition of default represents a material change in the IRB approach, further requiring banks to revise their models and submit them to supervisory authorities for approval (as per Delegated Regulation EU 529/2014) prior to their implementation.

The definition of default used to calculate expected credit losses is the same definition of default used for internal credit risk management practices. Default is assessed by referring to quantitative and qualitative triggers. Firstly, a borrower is considered to be defaulted if they are assessed to be more than 90 days past due on a material credit obligation. No attempt is made to rebut the presumption that financial assets which are more than 90 days past due are to be shown in Stage 3. Secondly, a borrower is considered to be defaulted if they meet the unlikelihood to pay criteria, which indicate that the borrower is in significant financial difficulty and unlikely to repay any credit obligation in full. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout RBI Group's expected loss calculations. A credit obligation is considered to no longer be in default after a probation period of minimum 3 months (12 months after a distressed restructuring in retail), where during the probation period the customer demonstrated good payment discipline and no other indication of unlikelihood to pay was observed.

#### **Explanation of inputs, assumptions and estimation techniques**

The expected credit loss is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Expected credit losses

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are the discounted product of the probability of default (PD), loss given default (LGD), exposure at default (EAD) and discount factor (D).

#### **Probability of default**

The probability of default represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months or over the remaining lifetime of the obligation. In general the lifetime probability of default is calculated using the regulatory 12 month probability of default, stripped of any margin of conservatism, as a starting point. Thereafter various statistical methods are used to generate an estimate of how the default profile will develop from the point of initial recognition throughout the lifetime of the loan or portfolio of loans. The profile is based on historical observed data and parametric functions.

Different models have been used to estimate the default profile of outstanding lending amounts and these can be grouped into the following categories:

- Sovereign, local and regional governments, insurance companies and collective investment undertakings the default profile is generated using a transition matrix approach. Forward looking information is incorporated into the probability of default using the Vasicek one factor model.
- Corporate customers, project finance and financial institutions the default profile is generated using a parametric survival regression (Weibull) approach. Forward looking information is incorporated into the probability of default using the Vasicek one factor model. The default rate calibration is based on Kaplan Maier methodology with withdrawal adjustment.
- Retail mortgages and other retail lending the default profile is generated using parametric survival regression in competing risk frameworks. Forward looking information is incorporated into the probability of default using satellite models.

In the limited circumstances where some inputs are not fully available grouping, averaging and benchmarking of inputs is used for the calculation.

#### **Loss given default**

Loss given default represents RBI's expectation of the extent of loss on a defaulted exposure. Loss given default varies by type of counterparty and product. Loss given default is expressed as a percentage loss per unit of exposure at the time of default. Loss given default is calculated on a 12-month or lifetime basis, where 12-month loss given default is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime loss given default is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

Different models have been used to estimate the loss given default of outstanding lending amounts and these can be grouped into the following categories:

- The loss given default for sovereigns is determined by using market implied sources.
- Corporate customers, project finance, financial institutions, local and regional governments, insurance companies the loss given default is generated by discounting cash flows collected during the workout process. Forward looking information is incorporated into the loss given default using the Vasicek model.
- Retail mortgages and other retail lending the loss given default is generated by stripping the downturn adjustments and other margins of conservatism from the regulatory loss given default. Forward looking information is incorporated into the loss given default using various satellite models.

In the limited circumstances where some inputs are not fully available alternative recovery models, benchmarking of inputs and expert judgement is used for the calculation.

#### **Exposure at default**

Exposure at default is based on the amounts RBI expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For amortising products and bullet

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repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. Where relevant early repayment/refinance assumptions are also considered in the calculation.

For revolving products, the exposure at default is predicted by taking current drawn balance and adding a credit conversion factor which allows for the expected drawdown of the remaining limit by the time of default. The prudential regulatory margins are removed from the credit conversion factor. In the limited circumstances where some inputs are not fully available benchmarking of inputs is used for the calculation.

#### **Discount factor**

In general for on balance sheet exposure which is not leasing or POCI the discount rate used in the expected credit loss calculation is the effective interest rate or an approximation thereof.

#### **Calculation**

The expected credit loss is the product of PD, LGD and EAD times the probability not to default prior to the considered time period. The latter is expressed by the survivorship function S. This effectively calculates future values of expected credit losses, which are then discounted back to the reporting date and summed. The calculated values of expected credit losses are then weighted by forward looking scenario.

Different models have been used to estimate the provisions of outstanding lending amounts and these can be grouped into the following categories:

- For sovereign, corporate customers, project finance, financial institutions, local and regional governments, insurance companies and collective investment undertakings, the Stage 3 loss allowances are calculated individually based on scenarios prepared by workout managers, where expected cash flows are discounted by the appropriate effective interest rate;
- For retail loans, the Stage 3 loss allowances are generated by calculating the statistically derived best estimate of the expected loss.

In the limited circumstances where some inputs are not fully available alternative recovery models, benchmarking of inputs and expert judgement are used for the calculation.

#### **Shared credit risk characteristics**

Almost all of the loss allowances under IFRS 9 are measured collectively. Only in the case of non-retail Stage 3 exposures, most of the loss allowances are assessed individually. For expected credit losses provisions modelled on a portfolio basis, a grouping of exposures is performed on the basis of shared credit risk characteristics so that the exposures within each group are similar. Retail exposure characteristics are grouped at country level, customer classification (households and SMEs), product level (e.g. mortgages, personal loans, overdraft facilities or credit cards), PD rating grades and LGD pools. For each combination of the above characteristics, an individual model was developed. Non-retail exposure characteristics are grouped at country and product level and are used as LGD and EAD parameters.

#### **Forward looking information**

The assessment of significant increase in credit risk and the calculation of expected credit losses both incorporate forward-looking information. RBI has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the probability of default, loss given default and exposure at default vary by category type. Forecasts of these economic variables (the base economic scenario) are provided by Raiffeisen Research on a quarterly basis and provide the best estimate view of the economy over the next three years. The set of forward-looking information also includes the currently assumed state of the credit cycle (in the form of the so called 'credit clock') and the derived outlook of the credit cycle development. After three years, to project the economic variables for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that

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economic variables tend to either a long-term average rate or a long-term average growth rate until maturity. The impact of these economic variables on the probability of default, loss given default and exposure at default has been determined by performing statistical regression to understand the impact changes in these variables have had historically on default rates and on the components of loss given default and exposure at default.

In addition to the base economic scenario, Raiffeisen Research also estimates an optimistic and a pessimistic scenario to ensure non-linearities are captured. RBI has concluded that three scenarios appropriately captured non-linearity. Expert judgment on idiosyncratic risks has also been applied in this process on the level of Raiffeisen Research in coordination with RBI Group risk management, resulting in selective adjustments to the to the optimistic and pessimistic scenarios. In case of a potential negative or positive forecast bias of selected macroeconomic indicators a potential bias correction might be performed on a single country level. In this respect, all possible outcomes that are presented by each individual scenario are taken into account. The probability-weighted expected credit losses are determined by running each scenario through the relevant expected credit loss (ECL) model and multiplying it by the appropriate scenario weighting.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The RBI Group considers these forecasts to represent its best estimate of the future outcomes and cover any potential non-linearities and asymmetries within the RBI Group's different portfolios.

The most significant assumptions used as a starting point for the expected credit loss estimates at year-end 2020 are shown below (Source: Raiffeisen Research, 30 November 2020):

Real GDP	Scenario	2021	2022	2023
Czech Republic	Optimistic	2.8%	7.4%	2.7%
	Base	1.0%	6.0%	1.8%
	Pessimistic	(1.5)%	4.1%	0.5%

Unemployment	Scenario	2021	2022	2023
Czech Republic	Optimistic	5.1%	5.2%	4.7%
	Base	6.4%	6.2%	5.4%
	Pessimistic	8.2%	7.6%	6.3%

Lifetime Bond Rate	Scenario	2021	2022	2023
Czech Republic	Optimistic	0.4%	0.8%	1.4%
	Base	1.1%	1.4%	1.7%
	Pessimistic	3.0%	2.8%	2.7%

The most significant assumptions used as a starting point for the expected credit loss estimates at year-end 2019 are shown below (Source: Raiffeisen Research, 30 November 2019):

Real GDP	Scenario	2020	2021	2022
Czech Republic	Optimistic	3.0%	2.9%	3.1%
	Base	0.1%	(0.1)%	0.3%
	Pessimistic	0.1%	(0.6)%	0.2%

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Unemployment	Scenario	2020	2021	2022
Czech Republic	Optimistic	2.3%	2.5%	3.0%
	Base	2.3%	2.5%	3.0%
	Pessimistic	4.7%	5.5%	5.4%

Lifetime Bond Rate	Scenario	2020	2021	2022
Czech Republic	Optimistic	(0.1)%	0.0%	0.8%
	Base	0.5%	0.8%	1.4%
	Pessimistic	2.8%	3.4%	3.6%

The weightings assigned to each scenario at quarter end are as follows: 25 per cent optimistic, 50 per cent base and 25 per cent pessimistic scenarios.

In the base scenario, it is assumed that the introduction of COVID-19 vaccinations will improve the economic outlook over 2021, with risks of setbacks still in the first half of 2021, but more stability and growth in the second half of the year, when the vaccinations are more widely available and a degree of normalization of economic life can be achieved. However, the 2021 growth only partly compensates for the slump in 2020, and for most countries, pre-crisis levels will be only reached during 2022 in the base scenario.

For the pessimistic and optimistic scenarios, the methodology has been adapted due to the COVID 19 pandemic. We removed an additional adjustment for the position in the business cycle, as this adjustment would imply an even stronger recovery in 2021. In terms of interest rates, a return to previously higher rate levels looks unlikely, given continuously expansionary monetary policies. Therefore, interest rates increase less in pessimistic scenario as well. The deviation of the pessimistic scenario from the base scenario for GDP has been increased in comparison to the deviation of the optimistic scenario to reflect downside risks.

### Post-model adjustments

Post-model adjustments to expected credit loss allowance estimates are adjustments which are used in circumstances where existing inputs, assumptions and model techniques do not capture all relevant risk factors. Existing inputs, assumptions and model techniques might not capture all relevant risk factors due to transient circumstances, insufficient time to appropriately incorporate relevant new information into the rating or re-segmentation of portfolios, and situations when individual lending exposures within a group of lending exposures react to factors or events differently than initially expected. This includes for example the emergence of new macroeconomic, microeconomic or political events, along with expected changes to parameters, models or data that are not incorporated in current parameters, internal risk rating migrations or forward-looking information. In general, RBI Group units use post-model adjustments to loss allowances for expected credit losses only as an interim solution. In order to reduce the potential for bias, post model adjustments are of a temporary nature and in general not longer than 1-2 years. All material adjustments are authorised by the Group Risk Committee (GRM). From an accounting point of view, all post-model adjustments are based on collective assessment, but do not necessarily result in a change in expected credit losses between stages.

Due to the complexity of the expected credit loss calculation and the dependency of variables on one another, the table below represents the best estimate of the included post-model-adjustments in the accumulated expected credit loss amounts in Stage 1 and 2 (balance sheet items and off-balance sheet items).

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### 2020 – Accumulated impairment (Stage 1 & 2)

CZK million	Modelled ECL	Post-model adjustments	Total
Retail exposures	1,374	433	1,807
Non-retail exposures	763	160	923
<b>Total</b>	<b>2,137</b>	<b>593</b>	<b>2,730</b>

COVID-19 related post-model adjustments are based on the collective impact on tourism and related industries as well as automotive, air travel, oil and gas, real estate and some consumer goods industries as a result of the demand shock, supply chain disruptions and the containment measures. The adjustments were necessary as models cannot fully capture the speed of change and the depth of the economic impact of the outbreak. Going forward, it might take some time until a complete picture of the impact of COVID-19 outbreak and subsequent measures on individual customers emerges. The related post-model adjustments involve qualitative assessment of exposures for the expected significant increase in credit risk and their subsequent transfer from Stage 1 to Stage 2.

For retail customer exposure, post-model adjustments are necessary in order to compensate for the reduced ability of the macro-models to cope with the drastic change of forecasts compared to pre-COVID-19 period, i.e. forecasts with a drastic decline and subsequent recovery. Relevant macro-economic models were mostly able to catch the recovery part of the forecast, without fully taking into account the preceding worsening trend. This together with the impact of the public and private moratoriums on the behavioural data used for determining the credit rating led to the conclusion that the current IFRS 9 model set-up does not fully reflect the depth and speed of economic forecasts on loss expectations. The related post-model adjustments involve qualitative assessment of exposures for the expected significant increase in credit risk and their subsequent transfer from Stage 1 to Stage 2. The criteria for identification of such exposures were predominantly based on the above listed industries of activities (for SMEs) and employment (for households) and further refined, where relevant, with information related to the application of the specific moratorium measures.

### Sensitivity analysis

The most significant assumptions affecting the sensitivity of the expected credit loss allowance are as follows:

- gross domestic product (all portfolios),
- unemployment rate (all portfolios),
- long-term government bond rate (non-retail portfolios especially),
- real estate prices (retail portfolios especially).

The table below provides a comparison between the reported accumulated impairment for expected credit losses for financial assets in Stage 1 and 2 (weighted by 25 per cent optimistic, 50 per cent base and 25 per cent pessimistic scenarios) and then each scenario weighted by 100% on their own. The optimistic and pessimistic scenarios do not reflect extreme cases, but the average of the scenarios which are distributed in these cases.

### 2020 – Accumulated impairment (Stage 1 & 2)

CZK million	Reported	Optimistic	Base	Pessimistic
Retail exposures	1,807	1,522	1,766	2,179
Non-retail exposures	923	878	913	989
<b>Total</b>	<b>2,730</b>	<b>2,400</b>	<b>2,679</b>	<b>3,168</b>



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### 2019 – Accumulated impairment (Stage 1 & 2)

CZK million	Reported	Optimistic	Base	Pessimistic
Retail exposures	756	646	695	988
Non-retail exposures	518	487	511	562
<b>Total</b>	<b>1,274</b>	<b>1,133</b>	<b>1,206</b>	<b>1,550</b>

The table below shows the impact of staging on the RBI Group's accumulated impairment for financial assets by comparing the reported amounts accumulated for all performing assets subject to impairment with the special case where all accumulated impairment is measured based on 12-month expected losses (Stage 1).

### 2020 – Accumulated impairment (Stage 1 & 2)

CZK million	Reported	Accumulated impairment losses (Stage 1)	Impact of staging
Retail exposures	1,807	985	822
Non-retail exposures	923	513	410
<b>Total</b>	<b>2,730</b>	<b>1,498</b>	<b>1,232</b>

### 2019 – Accumulated impairment (Stage 1 & 2)

CZK million	Reported	Accumulated impairment losses (Stage 1)	Impact of staging
Retail exposures	756	226	530
Non-retail exposures	518	420	98
<b>Total</b>	<b>1,274</b>	<b>646</b>	<b>628</b>

The table below shows the impact of staging on the RBI Group's accumulated impairment for financial assets by comparing the reported amounts accumulated for all performing assets subject to impairment with the special case where all accumulated impairment is measured based on lifetime expected losses (Stage 2). As there are no historical data on the use of stages, it is impossible to estimate adequate increase at present. However, we do not expect the share of assets in Stage 2 to ever reach 100%.

### 2020 – Accumulated impairment (Stage 1 & 2)

CZK million	Reported	Accumulated impairment losses (Stage 2)	Impact of staging
Retail exposures	1,807	3,198	(1,391)
Non-retail exposures	923	1,587	(664)
<b>Total</b>	<b>2,730</b>	<b>4,785</b>	<b>(2,055)</b>

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### 2019 – Accumulated impairment (Stage 1 & 2)

CZK million	Reported	Accumulated impairment losses (Stage 2)	Impact of staging
Retail exposures	756	1,856	(1,100)
Non-retail exposures	518	1,583	(1,065)
<b>Total</b>	<b>1,274</b>	<b>3,439</b>	<b>(2,165)</b>

### Write-Offs

Loans and debt securities are written-off (either partially or fully) where there is no reasonable expectation of recovery. This happens when the borrower does not have income from operations any more and collateral values cannot generate sufficient cash flows to repay amounts subject to the write-off. For corporate exposures in bankruptcy cases, loans are written down to the value of the collateral if the company no longer generates any cash flows from operations. Qualitative factors are considered for retail exposures. If no payment has been made for one year, the outstanding amounts are derecognised whereby the written-off assets can continue to be subject to enforcement activities.

For corporate exposures in gone concern cases, loans are written down to the value of collateral if the company no longer generates any cash flows from operations. Qualitative factors are considered for retail exposures. If no payment has been made for one year, the outstanding amounts are written off.

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity amounts to CZK 122 million (2019: CZK 133 million).

### (f) Financial assets at amortised cost and provisions for commitments and financial guarantees provided based on the stages of impairment

#### Financial assets measured at amortised cost

CZK million	31/12/2020				
	Gross carrying amount				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Debt securities</b>	<b>38,967</b>	-	-	-	<b>38,967</b>
Credit institutions	205	-	-	-	205
Government institutions	36,788	-	-	-	36,788
Other financial institutions	167	-	-	-	167
Non-financial enterprises	1,807	-	-	-	1,807
<b>Loans and advances to banks</b>	<b>107,619</b>	-	-	-	<b>107,619</b>
Central banks	106,637	-	-	-	106,637
Credit institutions	982	-	-	-	982
<b>Loans and advances to customers</b>	<b>227,372</b>	<b>70,337</b>	<b>6,608</b>	<b>364</b>	<b>304,681</b>
Government institutions	934	72	0	0	1,006
Other financial institutions	13,047	215	136	0	13,398
Non-financial enterprises	80,826	31,314	2,753	89	114,982
Households	132,565	38,736	3,719	275	175,295
<b>Total</b>	<b>373,958</b>	<b>70,337</b>	<b>6,608</b>	<b>364</b>	<b>451,267</b>

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CZK million	31/12/2019				
	Gross carrying amount				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Debt securities</b>	<b>10,883</b>	-	-	-	<b>10,883</b>
Government institutions	9,476	-	-	-	9,476
Non-financial enterprises	1,407	-	-	-	1,407
<b>Loans and advances to banks</b>	<b>87,242</b>	-	-	-	<b>87,242</b>
Central banks	86,140	-	-	-	86,140
Credit institutions	1,102	-	-	-	1,102
<b>Loans and advances to customers</b>	<b>191,373</b>	<b>46,383</b>	<b>4,288</b>	<b>336</b>	<b>242,380</b>
Government institutions	1,514	1	-	-	1,515
Other financial institutions	9,524	256	2	-	9,782
Non-financial enterprises	99,724	8,485	1,807	109	110,125
Households	80,611	37,641	2,479	227	120,958
<b>Total</b>	<b>289,498</b>	<b>46,383</b>	<b>4,288</b>	<b>336</b>	<b>340,505</b>

### Breakdown of loss allowances for financial assets at amortised cost and provisions for commitments and financial guarantees provided based on segments and stages of impairment

CZK million	31/12/2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Debt securities</b>	<b>(9)</b>	-	-	-	<b>(9)</b>
Government institutions	(6)	-	-	-	(6)
Non-financial enterprises	(3)	-	-	-	(3)
<b>Loans and advances to banks</b>	-	-	-	-	-
Central banks	-	-	-	-	-
Credit institutions	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>(587)</b>	<b>(1,722)</b>	<b>(3,649)</b>	<b>36</b>	<b>(5,922)</b>
Government institutions	-	-	-	-	-
Other financial institutions	(14)	(7)	(4)	-	(24)
Non-financial enterprises	(166)	(529)	(1,520)	10	(2,205)
Households	(407)	(1,186)	(2,125)	26	(3,693)
<b>Total loss allowances for financial assets at amortised cost</b>	<b>(596)</b>	<b>(1,722)</b>	<b>(3,649)</b>	<b>36</b>	<b>(5,931)</b>
<b>Provisions for off-balance sheet items</b>	<b>(186)</b>	<b>(155)</b>	<b>(164)</b>	-	<b>(505)</b>
<b>Total</b>	<b>(782)</b>	<b>(1,877)</b>	<b>(3,813)</b>	<b>36</b>	<b>(6,436)</b>

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CZK million	31/12/2019				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Debt securities</b>	(4)	-	-	-	(4)
Government institutions	-	-	-	-	-
Non-financial enterprises	(4)	-	-	-	(4)
<b>Loans and advances to banks</b>	-	-	-	-	-
Central banks	-	-	-	-	-
Credit institutions	-	-	-	-	-
<b>Loans and advances to customers</b>	(267)	(785)	(2,824)	27	(3,849)
Government institutions	-	-	-	-	-
Other financial institutions	(5)	(4)	(2)	-	(11)
Non-financial enterprises	(166)	(129)	(1,064)	30	(1,329)
Households	(96)	(652)	(1,758)	(3)	(2,509)
<b>Total loss allowances for financial assets at amortised cost</b>	(271)	(785)	(2,824)	27	(3,853)
<b>Provisions for off-balance sheet items</b>	(147)	(45)	(212)	-	(404)
<b>Total</b>	(417)	(830)	(3,036)	27	(4,256)

### (g) Finance leases

CZK million	31/12/2020				
	Gross carrying amount				
	Stage 1	Stage 2	Stage 3	POCI	Total
Government institutions	3	-	-	-	3
Other financial institutions	7	1	-	-	8
Non-financial enterprises	5,358	2,249	211	-	7,818
Households	227	151	46	-	424
<b>Total</b>	<b>5,595</b>	<b>2,401</b>	<b>257</b>	<b>-</b>	<b>8,253</b>

CZK million	31/12/2019				
	Gross carrying amount				
	Stage 1	Stage 2	Stage 3	POCI	Total
Government institutions	-	-	-	-	-
Other financial institutions	5	-	-	-	5
Non-financial enterprises	7,313	619	256	-	8,188
Households	475	10	63	-	548
<b>Total</b>	<b>7,793</b>	<b>629</b>	<b>319</b>	<b>-</b>	<b>8,741</b>

### Breakdown of loss allowances for finance leases based on segments and stages of impairment

CZK million	31/12/2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Government institutions	-	-	-	-	-
Other financial institutions	-	-	-	-	-
Non-financial enterprises	(16)	(50)	(73)	-	(139)
Households	-	(5)	(18)	-	(23)
<b>Total</b>	<b>(16)</b>	<b>(55)</b>	<b>(91)</b>	<b>-</b>	<b>(162)</b>

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CZK million	31/12/2019				Total
	Stage 1	Stage 2	Stage 3	POCI	
Government institutions	-	-	-	-	-
Other financial institutions	-	-	-	-	-
Non-financial enterprises	(16)	(10)	(72)	-	(98)
Households	-	-	(17)	-	(17)
<b>Total</b>	<b>(16)</b>	<b>(10)</b>	<b>(89)</b>	<b>-</b>	<b>(115)</b>

### (h) Changes in gross carrying amount and changes in loss allowances

CZK million	31/12/2020				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Gross carrying amount – Loans and advances to banks</b>					
<b>Balance at 01/01/2020</b>	<b>87,043</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,043</b>
Transfer to/(from) Stage 1	-	-	-	-	-
Transfer to/(from) Stage 2	-	-	-	-	-
Transfer to/(from) Stage 3	-	-	-	-	-
Transfer to POCI	-	-	-	-	-
Increase due to origination and acquisition	102,722	-	-	-	102,722
Decrease due to derecognition and total repayment	(86,549)	-	-	-	(86,549)
Decrease in allowance due to write-offs	-	-	-	-	-
Partial repayment	-	-	-	-	-
Changes in the consolidated group	4,403	-	-	-	4,403
Adjustments by foreign exchange gains/losses	-	-	-	-	-
<b>Balance at 31/12/2020</b>	<b>107,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,619</b>

CZK million	31/12/2019				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Gross carrying amount – Loans and advances to banks</b>					
<b>Balance at 01/01/2019</b>	<b>98,741</b>	<b>618</b>	<b>-</b>	<b>-</b>	<b>99,359</b>
Transfer to/(from) Stage 1	101	(101)	-	-	-
Transfer to/(from) Stage 2	-	-	-	-	-
Transfer to/(from) Stage 3	-	-	-	-	-
Transfer to POCI	-	-	-	-	-
Increase due to origination and acquisition	86,942	-	-	-	86,942
Decrease due to derecognition and total repayment	(98,741)	(517)	-	-	(99,258)
Decrease in allowance due to write-offs	-	-	-	-	-
Partial repayment	-	-	-	-	-
Adjustments by foreign exchange gains/losses	-	-	-	-	-
<b>Balance at 31/12/2019</b>	<b>87,043</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,043</b>

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CZK million	31/12/2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount – Debt securities</b>					
<b>Balance at 01/01/2020</b>	<b>10,883</b>	-	-	-	<b>10,883</b>
Transfer to/(from) Stage 1	-	-	-	-	-
Transfer to/(from) Stage 2	-	-	-	-	-
Transfer to/(from) Stage 3	-	-	-	-	-
Transfer to POCI	-	-	-	-	-
Increase due to origination and acquisition	19,922	-	-	-	<b>19,922</b>
Decrease due to derecognition and total repayment	(2,827)	-	-	-	<b>(2,827)</b>
Decrease in allowance due to write-offs	-	-	-	-	-
Partial repayment	-	-	-	-	-
Changes in the consolidated group	10,994	-	-	-	<b>10,994</b>
Adjustments by foreign exchange gains/losses	(5)	-	-	-	<b>(5)</b>
<b>Balance at 31/12/2020</b>	<b>38,967</b>	-	-	-	<b>38,967</b>

CZK million	31/12/2019				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount – Debt securities</b>					
<b>Balance at 01/01/2019</b>	<b>6,868</b>	-	-	-	<b>6,868</b>
Transfer to/(from) Stage 1	-	-	-	-	-
Transfer to/(from) Stage 2	-	-	-	-	-
Transfer to/(from) Stage 3	-	-	-	-	-
Transfer to POCI	-	-	-	-	-
Increase due to origination and acquisition	3,590	-	-	-	<b>3,590</b>
Decrease due to derecognition and total repayment	-	-	-	-	-
Decrease in allowance due to write-offs	-	-	-	-	-
Partial repayment	428	-	-	-	<b>428</b>
Adjustments by foreign exchange gains/losses	(3)	-	-	-	<b>(3)</b>
<b>Balance at 31/12/2019</b>	<b>10,883</b>	-	-	-	<b>10,883</b>

CZK million	31/12/2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount – Non-retail exposures</b>					
<b>Balance at 01/01/2020</b>	<b>104,215</b>	<b>8,559</b>	<b>1,403</b>	<b>17</b>	<b>114,194</b>
Transfer to/(from) Stage 1	534	(534)	-	-	-
Transfer to/(from) Stage 2	(20,924)	20,929	(5)	-	-
Transfer to/(from) Stage 3	(1,470)	(215)	1,685	-	-
Transfer to POCI	-	-	-	-	-
Increase due to origination and acquisition	59,871	136	5	2	<b>60,014</b>
Decrease due to derecognition and total repayment	(44,634)	(1,795)	(381)	(9)	<b>(46,819)</b>
Decrease in allowance due to write-offs	-	-	(218)	-	<b>(218)</b>
Partial repayment	(9,650)	(987)	(114)	(3)	<b>(10,754)</b>
Changes in the consolidated group	150	-	-	-	<b>150</b>
Adjustments by foreign exchange gains/losses	(143)	(60)	(9)	-	<b>(212)</b>
<b>Balance at 31/12/2020</b>	<b>87,949</b>	<b>26,033</b>	<b>2,366</b>	<b>7</b>	<b>116,355</b>

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CZK million	31/12/2019				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount – Non-retail exposures</b>					
<b>Balance at 01/01/2019</b>	<b>97,294</b>	<b>11,726</b>	<b>1,576</b>	<b>4</b>	<b>110,600</b>
Transfer to/(from) Stage 1	2,764	(2,764)	-	-	-
Transfer to/(from) Stage 2	(5,156)	5,156	-	-	-
Transfer to/(from) Stage 3	(729)	(458)	1,187	-	-
Transfer to POCI	-	-	(22)	22	-
Increase due to origination and acquisition	56,182	96	16	-	56,294
Decrease due to derecognition and total repayment	(37,112)	(4,077)	(1,073)	(4)	(42,266)
Decrease in allowance due to write-offs	-	-	(105)	-	(105)
Partial repayment	(8,740)	(1,120)	(176)	(5)	(10,041)
Adjustments by foreign exchange gains/losses	(288)	-	-	-	(288)
<b>Balance at 31/12/2019</b>	<b>104,215</b>	<b>8,559</b>	<b>1,403</b>	<b>17</b>	<b>114,194</b>

CZK million	31/12/2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount – Retail exposures</b>					
<b>Balance at 01/01/2020</b>	<b>87,158</b>	<b>37,824</b>	<b>2,885</b>	<b>319</b>	<b>128,186</b>
Transfer to/(from) Stage 1	12,871	(12,691)	(180)	-	-
Transfer to/(from) Stage 2	(23,265)	23,538	(273)	-	-
Transfer to/(from) Stage 3	(1,030)	(897)	1,927	-	-
Transfer to POCI	-	-	(48)	48	-
Increase due to origination and acquisition	29,396	132	13	111	29,652
Decrease due to derecognition and total repayment	(11,518)	(5,465)	(772)	(34)	(17,789)
Decrease in allowance due to write-offs	-	-	(132)	(19)	(151)
Partial repayment	(4,829)	(1,585)	(169)	(68)	(6,651)
Changes in the consolidated group	50,634	3,446	991	-	55,071
Adjustments by foreign exchange gains/losses	6	2	-	-	8
<b>Balance at 31/12/2020</b>	<b>139,423</b>	<b>44,304</b>	<b>4,242</b>	<b>357</b>	<b>188,326</b>

CZK million	31/12/2019				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount – Retail exposures</b>					
<b>Balance at 01/01/2019</b>	<b>75,789</b>	<b>43,810</b>	<b>2,435</b>	<b>303</b>	<b>122,337</b>
Transfer to/(from) Stage 1	8,244	(8,221)	(23)	0	-
Transfer to/(from) Stage 2	(8,973)	9,073	(100)	-	-
Transfer to/(from) Stage 3	(698)	(1,031)	1,729	-	-
Transfer to POCI	0	0	(22)	22	-
Increase due to origination and acquisition	25,148	45	32	240	25,465
Decrease due to derecognition and total repayment	(8,537)	(4,446)	(681)	(54)	(13,718)
Decrease in allowance due to write-offs	-	-	(249)	(116)	(365)
Partial repayment	(3,812)	(1,406)	(236)	(76)	(5,530)
Adjustments by foreign exchange gains/losses	(3)	-	-	-	(3)
<b>Balance at 31/12/2019</b>	<b>87,158</b>	<b>37,824</b>	<b>2,885</b>	<b>319</b>	<b>128,186</b>

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CZK million	31/12/2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount – Finance leases</b>					
<b>Balance at 01/01/2020</b>	<b>7,793</b>	<b>629</b>	<b>319</b>	<b>-</b>	<b>8,741</b>
Transfer to/(from) Stage 1	93	(83)	(10)	-	-
Transfer to/(from) Stage 2	(2,158)	2,211	(53)	-	-
Transfer to/(from) Stage 3	(67)	(66)	133	-	-
Transfer to POCI	-	-	-	-	-
Increase due to origination and acquisition	1,664	318	1	-	1,983
Decrease due to derecognition and total repayment	(429)	(89)	(29)	-	(547)
Decrease in allowance due to write-offs	(1)	-	(20)	-	(21)
Partial repayment	(1,380)	(550)	(89)	-	(2,019)
Adjustments by foreign exchange gains/losses	81	30	5	-	116
<b>Balance at 31/12/2020</b>	<b>5,596</b>	<b>2,400</b>	<b>257</b>	<b>-</b>	<b>8,253</b>

CZK million	31/12/2019				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount – Finance leases</b>					
<b>Balance at 01/01/2019</b>	<b>6,987</b>	<b>755</b>	<b>274</b>	<b>-</b>	<b>8,016</b>
Transfer to/(from) Stage 1	235	(226)	(9)	-	-
Transfer to/(from) Stage 2	(404)	405	(1)	-	-
Transfer to/(from) Stage 3	(184)	(34)	218	-	-
Transfer to POCI	-	-	-	-	-
Increase due to origination and acquisition	3,165	44	17	-	3,226
Decrease due to derecognition and total repayment	(259)	(77)	(25)	-	(361)
Decrease in allowance due to write-offs	-	-	(14)	-	(14)
Partial repayment	(1,703)	(234)	(140)	-	(2,077)
Adjustments by foreign exchange gains/losses	(44)	(4)	(1)	-	(49)
<b>Balance at 31/12/2019</b>	<b>7,793</b>	<b>629</b>	<b>319</b>	<b>-</b>	<b>8,741</b>

CZK million	31/12/2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances – debt securities</b>					
<b>Balance at 1 January 2020</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4)</b>
Changes due to change in credit risk (net)	(5)	-	-	-	(5)
<b>Balance at 31 December 2020</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9)</b>

CZK million	31/12/2019				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances – debt securities</b>					
<b>Balance at 1 January 2019</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3)</b>
Changes due to change in credit risk (net)	(1)	-	-	-	(1)
Adjustment for FX differences	-	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4)</b>



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CZK million	31/12/2020				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Loss allowances – Non-retail exposures</b>					
<b>Balance as at 1 January 2020</b>	<b>(156)</b>	<b>(107)</b>	<b>(757)</b>	<b>-</b>	<b>(1,020)</b>
Transfers to/(from) Stage 1	(36)	36	-	-	-
Transfers to/(from) Stage 2	38	(38)	-	-	-
Transfers to/(from) Stage 3	2	5	(7)	-	-
Transfers to POCI	-	-	-	-	-
Increase due to origination and acquisition	(45)	(2)	(1)	-	(48)
Decrease due to derecognition	3	23	95	-	121
Changes due to the change in credit risk (net)	20	(314)	(738)	-	(1,032)
Changes due to the change in methodology	-	-	-	-	(0)
Decrease in loss allowances due to write-offs	-	-	219	-	219
Impact of unwind	-	-	-	-	(0)
Adjustment by foreign exchange gains/losses	3	8	18	-	29
<b>Balance at 31 December 2020</b>	<b>(171)</b>	<b>(389)</b>	<b>(1 171)</b>	<b>-</b>	<b>(1,731)</b>

CZK million	31/12/2019				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Loss allowances – Non-retail exposures</b>					
<b>Balance as at 1 January 2019</b>	<b>(210)</b>	<b>(166)</b>	<b>(996)</b>	<b>-</b>	<b>(1,372)</b>
Transfers to/(from) Stage 1	(41)	41	-	-	-
Transfers to/(from) Stage 2	23	(23)	-	-	-
Transfers to/(from) Stage 3	1	8	(9)	-	-
Transfers to POCI	-	-	-	-	-
Increase due to origination and acquisition	(41)	(1)	-	-	(42)
Decrease due to derecognition	4	35	535	-	574
Changes due to the change in credit risk (net)	115	3	(359)	-	(241)
Changes due to the change in methodology	-	-	-	-	-
Decrease in loss allowances due to write-offs	-	-	100	-	100
Impact of unwind	-	-	-	-	-
Adjustment by foreign exchange gains/losses	(7)	(4)	(28)	-	(39)
<b>Balance at 31 December 2019</b>	<b>(156)</b>	<b>(107)</b>	<b>(757)</b>	<b>-</b>	<b>(1,020)</b>

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CZK million	31/12/2020				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Loss allowances – Retail exposures</b>					
<b>Balance as at 1 January 2020</b>	<b>(111)</b>	<b>(678)</b>	<b>(2,067)</b>	<b>27</b>	<b>(2,829)</b>
Transfers to/(from) Stage 1	(171)	145	26	-	-
Transfers to/(from) Stage 2	242	(327)	85	-	-
Transfers to/(from) Stage 3	69	77	(146)	-	-
Transfers to POCI	(0)	(0)	13	(13)	-
Increase due to origination and acquisition	(69)	(9)	(2)	-	<b>(80)</b>
Decrease due to derecognition	24	113	328	13	<b>477</b>
Changes due to the change in credit risk (net)	(217)	(600)	(99)	(10)	<b>(926)</b>
Changes due to the change in methodology	-	-	-	-	-
Decrease in loss allowances due to write-offs	2	20	109	19	<b>150</b>
Impact of unwind	(0)	(0)	(13)	-	<b>(13)</b>
Changes in the consolidated group	(185)	(74)	(714)	-	<b>(973)</b>
Adjustment by foreign exchange gains/losses	-	-	2	-	<b>2</b>
<b>Balance at 31 December 2020</b>	<b>(416)</b>	<b>(1,333)</b>	<b>(2,478)</b>	<b>36</b>	<b>(4,191)</b>

CZK million	31/12/2019				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Loss allowances – Retail exposures</b>					
<b>Balance as at 1 January 2019</b>	<b>(110)</b>	<b>(858)</b>	<b>(1,941)</b>	<b>(31)</b>	<b>(2,940)</b>
Transfers to/(from) Stage 1	(180)	170	10	-	-
Transfers to/(from) Stage 2	15	(64)	49	-	-
Transfers to/(from) Stage 3	4	81	(85)	-	-
Transfers to POCI	-	-	16	(16)	-
Increase due to origination and acquisition	(30)	-	(1)	-	<b>(31)</b>
Decrease due to derecognition	85	109	158	35	<b>387</b>
Changes due to the change in credit risk (net)	105	-	55	(10)	<b>150</b>
Changes due to the change in methodology	(9)	(159)	(524)	(66)	<b>(758)</b>
Decrease in loss allowances due to write-offs	9	43	204	115	<b>371</b>
Impact of unwind	-	-	(4)	-	<b>(4)</b>
Adjustment by foreign exchange gains/losses	-	-	(4)	-	<b>(4)</b>
<b>Balance at 31 December 2019</b>	<b>(111)</b>	<b>(678)</b>	<b>(2,067)</b>	<b>27</b>	<b>(2,829)</b>

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CZK million	31/12/2020				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Loss allowances – Finance leases</b>					
<b>Balance as at 1 January 2020</b>	<b>(16)</b>	<b>(10)</b>	<b>(89)</b>	-	<b>(115)</b>
Transfers to/(from) Stage 1	(3)	1	2	-	-
Transfers to/(from) Stage 2	5	(27)	22	-	-
Transfers to/(from) Stage 3	-	3	(3)	-	-
Transfers to POCI	-	-	-	-	-
Increase due to origination and acquisition	(4)	(6)	-	-	(10)
Decrease due to derecognition	1	3	5	-	9
Changes due to the change in credit risk (net)	1	(18)	(47)	-	(64)
Changes due to the change in methodology	-	-	-	-	-
Decrease in loss allowances due to write-offs	-	-	20	-	20
Impact of unwind	-	-	-	-	-
Adjustment by foreign exchange gains/losses	-	(1)	(1)	-	(2)
<b>Balance at 31 December 2020</b>	<b>(16)</b>	<b>(55)</b>	<b>(91)</b>	-	<b>(162)</b>

CZK million	31/12/2019				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Loss allowances – Finance leases</b>					
<b>Balance as at 1 January 2019</b>	<b>(20)</b>	<b>(15)</b>	<b>(105)</b>	-	<b>(140)</b>
Transfers to/(from) Stage 1	(10)	6	4	-	-
Transfers to/(from) Stage 2	1	(1)	-	-	-
Transfers to/(from) Stage 3	1	1	(2)	-	-
Transfers to POCI	(0)	(0)	-	-	-
Increase due to origination and acquisition	(7)	(1)	(1)	-	(9)
Decrease due to derecognition	1	1	18	-	20
Changes due to the change in credit risk (net)	18	(1)	(18)	-	(1)
Changes due to the change in methodology	-	-	-	-	-
Decrease in loss allowances due to write-offs	-	-	14	-	14
Impact of unwind	-	-	-	-	-
Adjustment by foreign exchange gains/losses	-	-	1	-	1
<b>Balance at 31 December 2019</b>	<b>(16)</b>	<b>(10)</b>	<b>(89)</b>	-	<b>(115)</b>

CZK million	31/12/2020				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Provisions for off-balance sheet items</b>					
<b>Balance at 1 January 2020</b>	<b>(147)</b>	<b>(45)</b>	<b>(210)</b>	-	<b>(402)</b>
Increase due to origination and acquisition	(100)	(52)	(1)	-	(153)
Decrease due to derecognition	4	11	63	-	78
Changes due to the change in credit risk (net)	63	(71)	(18)	-	(26)
Changes in the consolidated group	(8)	-	-	-	(8)
Adjustment by foreign exchange gains/losses	2	2	2	-	6
<b>Balance at 31 December 2020</b>	<b>(186)</b>	<b>(155)</b>	<b>(164)</b>	-	<b>(505)</b>

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CZK million	31/12/2019				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Provisions for off-balance sheet items</b>					
<b>Balance at 1 January 2019</b>	<b>(127)</b>	<b>(98)</b>	<b>(319)</b>	<b>-</b>	<b>(544)</b>
Increase due to origination and acquisition	(76)	(22)	(1)	(1)	(101)
Decrease due to derecognition	47	61	156	-	264
Changes due to the change in credit risk (net)	15	15	(42)	1	(11)
Adjustment by foreign exchange gains/losses	(6)	(1)	(4)	-	(11)
<b>Balance at 31 December 2019</b>	<b>(147)</b>	<b>(45)</b>	<b>(210)</b>	<b>-</b>	<b>(402)</b>

**(i) Allocation of financial assets at amortised cost and credit commitments and financial guarantees based on internal rating and stage of impairment**

The Group allocates each exposure to a credit risk grade in conformity with a rating model corresponding with the borrower's segment and type of exposure.

Rating models and credit risk grades are defined based on statistical models and techniques. The allocated credit risk grade is a result of a combination of qualitative and quantitative parameters which indicate the probability of default of the credit exposure.

Each credit exposure must be allocated to a credit risk grade. Exposures and borrowers are subject to ongoing monitoring, which may result in their being moved to a different credit risk grade. The exposures and the borrower can thus be transferred to another credit risk grade during the relationship with the Group. The allocation of a credit risk grade is typically based on the following data:

- Information obtained from a borrower – funding request, audited financial statements, management accounts, financial budget and projections, structure of areas of particular focus such as sales revenues, customers, receivables, costs, suppliers and liabilities, bank account structure, intragroup relations, competitors, management etc.;
- Internally collected data – overdue status, fulfilment of financial covenants, internal monitoring of the credit exposure and periodic review of the borrower's files;
- Data from credit reference agencies, press articles, changes in external credit ratings;
- Quoted securities prices for the borrower where available;
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.

The credit risk rating grades for the retail exposures are subject to ongoing monthly monitoring which typically involves use of the available information.

Rating grades for retail and non-retail portfolio:

Rating	Probability of default (in %)
Excellent	0.0000 – 0.0300
Strong	0.0310 - 0.1878
Good	0.1879 - 1.1735
Satisfactory	1.1736 - 7.3344
Substandard	7.3345 - 99.999
Credit-impaired	100

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### Financial assets at amortised cost

#### Loans and advances to banks

CZK million	2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Excellent	106,638	-	-	-	106,638
Strong	7	-	-	-	7
Good	966	-	-	-	966
Satisfactory	8	-	-	-	8
Substandard	-	-	-	-	-
Credit-impaired	-	-	-	-	-
<b>Total</b>	<b>107,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,619</b>

CZK million	2019				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Excellent	86,140	-	-	-	86,140
Strong	903	-	-	-	903
Good	-	-	-	-	-
Satisfactory	-	-	-	-	-
Substandard	-	-	-	-	-
Credit-impaired	-	-	-	-	-
<b>Total</b>	<b>87,043</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,043</b>

#### Debt securities

CZK million	2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Excellent	36,788	-	-	-	36,788
Strong	1,614	-	-	-	1,614
Good	126	-	-	-	126
Satisfactory	438	-	-	-	438
Substandard	-	-	-	-	-
Credit-impaired	-	-	-	-	-
<b>Total</b>	<b>38,967</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,967</b>

CZK million	2019				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Excellent	9,475	-	-	-	9,475
Strong	381	-	-	-	381
Good	454	-	-	-	454
Satisfactory	573	-	-	-	573
Substandard	-	-	-	-	-
Credit-impaired	-	-	-	-	-
<b>Total</b>	<b>10,883</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,883</b>

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### Loans and advances to customers – non retail

CZK million		2020				
Gross carrying amount	Stage 1	Stage 2	Stage 3	POCI	Total	
Excellent	-	-	-	-	-	
Strong	12,585	17	-	-	12,602	
Good	39,436	7,801	-	-	47,237	
Satisfactory	34,332	16,819	-	-	51,151	
Substandard	1,596	1,393	-	-	2,989	
Credit-impaired	-	-	2,366	7	2,373	
No rating	-	3	-	-	3	
<b>Total</b>	<b>87,949</b>	<b>26,033</b>	<b>2,366</b>	<b>7</b>	<b>116,355</b>	

CZK million		2019				
Gross carrying amount	Stage 1	Stage 2	Stage 3	POCI	Total	
Excellent	-	-	-	-	-	
Strong	12,731	1	-	-	12,732	
Good	45,070	1,368	-	-	46,438	
Satisfactory	44,395	4,417	-	-	48,812	
Substandard	1,995	2,743	-	-	4,738	
Credit-impaired	-	-	1,403	17	1,420	
No rating	24	30	-	-	54	
<b>Total</b>	<b>104,215</b>	<b>8,559</b>	<b>1,403</b>	<b>17</b>	<b>114,194</b>	

### Loans and advances to customers – retail

CZK million		2020				
Gross carrying amount	Stage 1	Stage 2	Stage 3	POCI	Total	
Excellent	-	-	-	-	-	
Strong	34,504	8,678	-	-	43,182	
Good	45,714	20,385	-	-	66,099	
Satisfactory	11,343	11,720	-	-	23,063	
Substandard	293	2,605	-	-	2,898	
Credit-impaired	-	-	4,242	357	4,599	
No rating	47,569	916	-	-	48,485	
<b>Total</b>	<b>139,423</b>	<b>44,304</b>	<b>4,242</b>	<b>357</b>	<b>188,326</b>	

Loans and receivables from clients for which no rating is reported represent the retail portfolio of Raiffeisen stavební spořitelna a.s. Expected credit losses for retail financial instruments at Stages 1, 2, and 3 and for non-retail financial instruments at Stage 3 are calculated by Raiffeisen stavební spořitelna a.s. The qualitative component is applied to assess a significant increase in credit risk for retail financial assets. Expected credit losses on these exposures are calculated using PD curves estimated at Stages 1 to 3, not rating. The Group expects to use a rating for these exposures in the following accounting period. The risk-weighted assets of these exposures are calculated using the STA method.

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CZK million	2019				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>					
Excellent	-	-	-	-	-
Strong	27,388	13,856	-	-	41,244
Good	45,767	16,183	-	-	61,950
Satisfactory	12,948	5,528	-	-	18,476
Substandard	1,055	2,257	-	-	3,312
Credit-impaired	-	-	2,885	319	3,204
No rating	-	-	-	-	-
<b>Total</b>	<b>87,158</b>	<b>37,824</b>	<b>2,885</b>	<b>319</b>	<b>128,186</b>

### Finance leases

CZK million	2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>					
Excellent	-	-	-	-	-
Strong	248	-	-	-	248
Good	3,217	434	-	-	3,651
Satisfactory	2,101	1,645	-	-	3,746
Substandard	27	290	-	-	317
Credit-impaired	-	-	257	-	257
No rating	3	31	-	-	34
<b>Total</b>	<b>5,596</b>	<b>2,400</b>	<b>257</b>	<b>-</b>	<b>8,253</b>

CZK million	2019				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>					
Excellent	-	-	-	-	-
Strong	705	1	-	-	706
Good	4,568	149	-	-	4,717
Satisfactory	2,479	287	-	-	2,766
Substandard	39	148	-	-	187
Credit-impaired	-	-	319	-	319
No rating	2	44	0	-	46
<b>Total</b>	<b>7,793</b>	<b>629</b>	<b>319</b>	<b>-</b>	<b>8,741</b>

### Loan commitments and financial guarantees

CZK million	2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>					
Excellent	700	-	-	-	700
Strong	33,361	827	-	-	34,188
Good	44,783	14,709	-	-	59,492
Satisfactory	20,906	6,073	-	-	26,979
Substandard	1,314	671	-	-	1,985
Credit-impaired	-	-	411	-	411
No rating	(3,075)	(3)	-	-	(3,078)
<b>Total</b>	<b>104,139</b>	<b>22,283</b>	<b>411</b>	<b>-</b>	<b>123,603</b>

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CZK million	2019				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>					
Excellent	62	16	-	-	78
Strong	29,517	804	-	-	30,321
Good	40,629	9,311	-	-	49,940
Satisfactory	23,883	2,440	-	-	26,323
Substandard	1,488	271	-	-	1,759
Credit-impaired	-	-	470	1	471
No rating	-	-	-	-	-
<b>Total</b>	<b>95,579</b>	<b>12,842</b>	<b>470</b>	<b>1</b>	<b>108,892</b>

### (j) Modified contractual cash flows

The following table provides information on financial assets that were modified while they had loss allowances measured at an amount equal to lifetime ECL:

CZK million	2020	2019
<b>Financial assets modified during the year</b>		
Amortised cost before the modification of contractual cash flows	38 989	257
Net modification profit/(loss)	(101)	2
<b>Financial assets modified since initial recognition</b>		
Gross carrying amount at the reporting date relating to financial assets for which loss allowance has changed to 12-month ECL during the year	82	11

### (k) Quantitative information on collateral for credit-impaired financial assets (Stage 3)

CZK million	2020		2019	
	Gross carrying amount	Collateral	Gross carrying amount	Collateral
Financial assets at amortised cost (Stage 3)	6,608	2,474	4,606	949

The principal type of collateral for credit-impaired financial assets is the pledge of real estate, movable property and company guarantees.



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### (l) Concentration of credit risk by location

#### Loans and advances to customers

<b>CZK million</b>	<b>2020</b>	<b>2019</b>
Czech Republic	284,314	223,019
Slovakia	4,998	5,097
Other EU member countries	11,573	10,265
Other	3,796	3,999
<b>Total gross carrying amount</b>	<b>304,681</b>	<b>242,380</b>

#### Loan commitments and financial guarantees

<b>CZK million</b>	<b>2020</b>	<b>2019</b>
Czech Republic	117,639	101,853
Slovakia	1,666	590
Other EU member countries	5,756	4,827
Other	1,772	1,622
<b>Total gross carrying amount</b>	<b>126,833</b>	<b>108,892</b>

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### (m) Analysis of loans and advances to customers and finance lease receivables by sector and type of collateral

2020	Cash collateral	State guarantees	Bank guarantees	Real estate	Company guarantees	Other collateral	Movable assets	Total collateral
Administrative and support activities	947	100	1,349	10,853	2,082	4,134	664	<b>20,129</b>
Activities of households	41	-	28	66	-	466	2,007	<b>2,608</b>
Real estate	221	584	229	5,571	-	1,016	104	<b>7,725</b>
Transport and storage	360	-	438	3,190	1	3,401	-	<b>7,390</b>
Information and communication activities	41	-	4,875	2,439	835	1,024	-	<b>9,214</b>
Arts, entertainment and recreation	45	-	186	1,468	-	178	32	<b>1,909</b>
Other activities	473	688	55	2,624	106	224	-	<b>4,170</b>
Banking and insurance	163	-	126	951	125	427	-	<b>1,792</b>
Professional, scientific and technical activities	-	81	14	-	-	363	-	<b>458</b>
Construction	464	-	17	2,986	-	824	2	<b>4,293</b>
Mining and quarrying	100	282	1	384	8	74	-	<b>849</b>
Hotels and restaurants	236	-	54	17,197	-	181	18	<b>17,686</b>
Wholesale and retail trade; repair and maintenance of motor vehicles	646	-	21	4,436	-	1,330	-	<b>6,433</b>
Public administration and defence; compulsory social security	303	-	-	96,271	-	21	-	<b>96,595</b>
Electricity, gas, water and air conditioning supply	124	-	48	940	400	452	52	<b>2,016</b>
Education	197	-	27	1,176	-	111	37	<b>1,548</b>
Water supply, sewerage, waste management and remediation activities	23	1,285	265	1,147	267	768	31	<b>3,786</b>
Health and social work	302	-	33	1,567	-	174	15	<b>2,091</b>
Agriculture, forestry and fishing	126	10	1,220	4,416	318	4,203	381	<b>10,674</b>
Manufacturing	826	-	146	6,510	-	1,830	31	<b>9,343</b>
<b>Total</b>	<b>5,638</b>	<b>3,030</b>	<b>9,132</b>	<b>164,192</b>	<b>4,142</b>	<b>21,201</b>	<b>3,374</b>	<b>210,709</b>

For the purposes of reporting loans and advances to customers by sector and type of collateral, the Group uses the collateral in discounted value decreased to the current balance of the collateralised exposure.

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2019	Cash collateral	State guarantees	Bank guarantees	Real estate	Company guarantees	Other collateral	Movable assets	Total collateral
Administrative and support activities	2	-	37	195	350	811	63	1,458
Activities of households	-	-	-	93,769	-	273	-	94,042
Real estate	60	-	46	25,360	-	567	11	26,044
Transport and storage	-	-	141	1,372	137	4,207	125	5,982
Information and communication activities	2	-	77	164	223	425	-	891
Arts, entertainment and recreation	-	-	8	37	-	30	-	75
Other activities	-	-	30	188	-	145	22	385
Banking and insurance	-	-	3,079	585	1,016	476	-	5,156
Professional, scientific and technical activities	1	1,481	189	720	443	1,145	45	4,024
Construction	11	-	293	1,645	130	1,390	3	3,472
Mining and quarrying	-	-	2	-	-	78	-	80
Hotels and restaurants	1	-	126	2,342	-	109	29	2,607
Wholesale and retail trade; repair and maintenance of motor vehicles	20	7	743	3,512	406	5,532	373	10,593
Public administration and defence; compulsory social security	-	424	-	1	24	3	-	452
Electricity, gas, water and air conditioning supply	45	-	2	96	65	101	2,309	2,618
Education	-	-	8	33	-	14	-	55
Water supply, sewerage, waste management and remediation activities	-	-	20	108	10	278	7	423
Health and social work	-	1,052	38	244	129	199	-	1,662
Agriculture, forestry and fishing	2	-	104	1,270	41	709	14	2,140
Manufacturing	29	97	561	6,195	2,258	5,708	847	15,695
<b>Total</b>	<b>173</b>	<b>3,061</b>	<b>5,504</b>	<b>137,836</b>	<b>5,232</b>	<b>22,200</b>	<b>3,848</b>	<b>177,854</b>

For the purposes of reporting loans and advances to customers by sector and type of collateral, the Group uses the collateral in discounted value decreased to the current balance of the collateralised exposure.

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### (n) Analysis of loans provided to customers and finance lease by days overdue

CZK million	Before due date	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
<b>2020</b>							
<b>Loans and advances to customers and finance leases</b>							
Stage 1	230,987	1,967	3	-	4	6	232,967
Stage 2	70,259	2,026	352	93	5	3	72,738
Stage 3	3,373	364	305	453	295	2,075	6,865
POCI	241	43	13	5	6	56	364
<b>Gross</b>	<b>304,860</b>	<b>4,400</b>	<b>673</b>	<b>551</b>	<b>310</b>	<b>2,140</b>	<b>312,934</b>
Loss allowances	(3,078)	(286)	(228)	(357)	(214)	(1 921)	(6,084)
<b>Net</b>	<b>301,782</b>	<b>4,114</b>	<b>445</b>	<b>194</b>	<b>96</b>	<b>219</b>	<b>306,850</b>
<b>2019</b>							
<b>Loans and advances to customers and finance leases</b>							
Stage 1	195,499	3,667	-	-	-	-	199,166
Stage 2	45,488	1,275	250	-	-	-	47,013
Stage 3	1,672	377	194	381	247	1,736	4,607
POCI	206	41	13	8	11	57	336
<b>Gross</b>	<b>242,865</b>	<b>5,360</b>	<b>457</b>	<b>389</b>	<b>258</b>	<b>1 793</b>	<b>251,122</b>
Loss allowances	(1,486)	(272)	(154)	(205)	(171)	(1,676)	(3,964)
<b>Net</b>	<b>241,379</b>	<b>5,088</b>	<b>303</b>	<b>184</b>	<b>87</b>	<b>117</b>	<b>247,158</b>

The proportion of loans and advances with default increased year-on-year to 2.3 % from 2.0 % of the total loan portfolio. The coverage by individual loss allowances for loans with default fell to 50.0 % at the end of 2020 from 58.4 % in 2019 due to a higher year-on-year growth rate of receivables from clients in Stage 3 compared to a year-on-year increase in loss allowances for receivables from clients in Stage 3.

### (o) Forbearance and non-performing exposures

In compliance with the EBA's Implementing Technical Standard (ITS) on supervisory reporting (forbearance and non-performing exposures), the Group introduced a new definition of forbearance and non-performing exposures in 2014 that do not necessarily represent default under the CNB's regulation.

The key criterion in treating an exposure as forborne is a customer's financial health as at the date on which contractual conditions are adjusted. Receivables are defined as forborne if a customer has financial difficulties at the time of a change in contractual conditions (taking into account the client's internal rating or other circumstances known at that time) and if the adjustment of the contractual conditions is considered a payment relief provided in order to divert the client's unfavourable financial situation. If such an adjustment of contractual conditions results in subsequent forbearance or default exceeding 30 days, the exposure is considered non-performing irrespective of the conditions of the CNB's regulation being met or not.

If a forborne exposure is classified as non-performing (after the forbearance is provided) it remains in this category for a period of at least 12 months. After the lapse of this period, the exposure is reclassified as performing forbearance provided the predefined conditions are met. Subsequently, the exposure is monitored on a regular basis during a probation period of at least 24 months. If the predefined conditions are met after the expiry of the probation period, the exposure ceases to be classified as forborne.

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Within the defined processes, the Group's customers having financial difficulties and being provided with forbearance are assessed, rated and monitored according to specific algorithms in line with the relevant regulations. In practice, this means that all customers with financial difficulties who were provided with forbearance, or for whom forbearance is considered, are at least subject to the early warning system, or in case of default, they are treated by the workout or collection teams. The algorithms applied are in compliance with the parent group's requirements for individual segments of the Group. The above-specified processes have an impact on the classification of receivables under individual stages according to IFRS 9 and, consequently, on the assessment of the amount of individual and portfolio allowances.

### Credit risk analysis of loans and advances to forborne customers under IFRS 7

CZK million	Loans and advances to forborne customers			Loss allowances	Collateral
	Performing exposure	Non-performing exposure	Total with forbearance		
<b>31/12/2020</b>					
Other financial institutions	39	3	42	(1)	-
Non-financial enterprises	3,823	597	4,420	(312)	258
Households	449	1,502	1,951	(617)	768
<b>Total</b>	<b>4,311</b>	<b>2,102</b>	<b>6,413</b>	<b>(930)</b>	<b>1,026</b>

CZK million	Loans and advances to forborne customers			Loss allowances	Collateral
	Performing exposure	Non-performing exposure	Total with forbearance		
<b>31/12/2019</b>					
Other financial institutions	13	-	13	-	13
Non-financial enterprises	1,031	541	1,572	(200)	1,333
Households	503	760	1,263	(505)	577
<b>Total</b>	<b>1,547</b>	<b>1,301</b>	<b>2,848</b>	<b>(705)</b>	<b>1,923</b>

The Group recognises no forborne loans and advances to banks.

The Group's interest income includes interest on loans and advances to forborne customers of CZK 56 million (2019: CZK 25 million).

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### Development of loans and advances to forborne customers

CZK million	Other financial institutions	Non-financial enterprises	Households	Total
<b>2020</b>				
Balance at 1 January	13	1 572	1 263	2 848
Changes in consolidatoin	-	-	69	69
Additions (+)	3	3 097	1 562	4 662
Disposals (-)	(0)	(161)	(554)	(715)
Movements in exposures (+/-)	26	(88)	(389)	(451)
<b>At 31 December</b>	<b>42</b>	<b>4 420</b>	<b>1 951</b>	<b>6 413</b>

CZK million	Other financial institutions	Non-financial enterprises	Households	Total
<b>2019</b>				
Balance at 1 January	-	2,005	1,683	3,688
Additions (+)	12	90	172	274
Disposals (-)	-	(295)	(289)	(584)
Movements in exposures (+/-)	1	(228)	(303)	(530)
<b>At 31 December</b>	<b>13</b>	<b>1,572</b>	<b>1,263</b>	<b>2,848</b>

### Carrying amount of loans and advances to forborne customers compared to the total loans and advances to customers

CZK million	Loans and advances to customers	Finance leases	Total loans and receivables	Loans and advances to forborne	Percentage of forborne loans and advances
<b>2020</b>					
Government institutions	1,006	3	1,009	-	-
Other financial institutions	13,398	7	13,405	42	0,3%
Non-financial enterprises	114,982	7,818	122,800	4,420	3,6%
Households	175,295	424	175,719	1,951	1,1%
<b>Total at 31 December 2020</b>	<b>304,681</b>	<b>8,252</b>	<b>312,933</b>	<b>6,413</b>	<b>2,0%</b>

CZK million	Loans and advances to customers	Finance leases	Total loans and receivables	Loans and advances to forborne	Percentage of forborne loans and advances
<b>2019</b>					
Government institutions	1,515	-	1,516	-	-
Other financial institutions	9,782	5	9,786	13	0,1%
Non-financial enterprises	110,125	8,188	118,313	1,572	1,3%
Households	120,958	548	121,506	1,263	1,0%
<b>Total at 31 December 2019</b>	<b>242,380</b>	<b>8,741</b>	<b>251,121</b>	<b>2,848</b>	<b>1,1%</b>

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### (p) Maximum exposure to credit risk

2020	On-balance sheet exposure (carrying amount)	Off-balance sheet exposure (carrying amount)	Aggregate exposure (carrying amount)	Allocated collateral – balance sheet	Allocated collateral – off-balance sheet	Aggregate allocated collateral
<b>CZK million</b>						
Cash in hand and other cash equivalents	5,852	-	5,852	-	-	-
Loans and advances to banks*	107,619	683	108,302	8,774	-	8,774
Loans and advances to customers and finance lease*	306,850	47,700	354,550	210,709	12,605	223,314
Debt securities*	38,958	-	38,958	-	-	0
Positive fair values of financial derivatives	4,093	-	4,093	9	-	9
Securities held for trading	1,683	-	1,683	-	-	-
Financial assets other than held for trading mandatorily reported at fair value in profit or loss	532	-	532	-	-	-
Financial assets at FVOCI	1	-	1	-	-	-
Tax receivables	598	-	598	-	-	-
Other assets	6,887	-	6,887	-	-	-

\*including loss allowances and provisions

2019	On-balance sheet exposure (carrying amount)	Off-balance sheet exposure (carrying amount)	Aggregate exposure (carrying amount)	Allocated collateral – balance sheet	Allocated collateral – off-balance sheet	Aggregate allocated collateral
<b>CZK million</b>						
Cash in hand and other cash equivalents	11 209	-	11 209	-	-	-
Loans and advances to banks*	87,242	354	87,509	896	-	896
Loans and advances to customers and finance lease*	247,157	45,664	291,307	177,854	16,443	194,297
Debt securities*	10,879	-	10,879	-	-	-
Positive fair values of financial derivatives	4,221	-	4,221	362	-	362
Securities held for trading	94	-	94	-	-	-
Financial assets at FVOCI	735	-	735	-	-	-
Tax receivables	28	-	28	-	-	-
Other assets	4,450	-	4,452	-	-	-

\*including loss allowances and provisions

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### (q) Offsetting financial assets and financial liabilities

The following table shows the impact of master netting agreements on assets and liabilities that are not offset in the consolidated statement of financial position.

2020		Related amount not offset in the consolidated statement of financial position				
CZK million	Amount of an asset/liability in the consolidated statement of financial position	Amount of an asset/liability offset in the consolidated statement of financial position	Net amount presented in the consolidated statement of financial position	Financial instrument	Cash collateral received	Total
<b>Assets</b>						
	Positive fair values of financial derivatives	-	3 579	3 568	9	2
	Reverse repo	-	106 897	105 243	-	1 654
	<b>Total assets</b>	-	<b>110 476</b>	<b>108 811</b>	<b>9</b>	<b>1 656</b>
<b>Liabilities</b>						
	Negative fair values of financial derivatives	-	5 446	3 568	1 861	17
	Repo transactions	-	2 599	2 558	-	41
	<b>Total liabilities</b>	-	<b>8 045</b>	<b>6 126</b>	<b>1 861</b>	<b>58</b>
2019		Related amount not offset in the consolidated statement of financial position				
CZK million	Amount of an asset/liability in the consolidated statement of financial position	Amount of an asset/liability offset in the consolidated statement of financial position	Net amount presented in the consolidated statement of financial position	Financial instrument	Cash collateral received	Total
<b>Assets</b>						
	Positive fair values of financial derivatives	-	3,946	3,579	362	5
	Reverse repo	-	86,232	85,647	-	585
	<b>Total assets</b>	-	<b>90,178</b>	<b>89,226</b>	<b>362</b>	<b>590</b>
<b>Liabilities</b>						
	Negative fair values of financial derivatives	-	4,104	3,579	458	67
	Repo transactions	-	4,400	4,371	-	29
	<b>Total liabilities</b>	-	<b>8,504</b>	<b>7,950</b>	<b>458</b>	<b>96</b>



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### 46. LEASES

#### (a) Right-of-use assets

Right-of-use assets relate to the lease of immovable and movable assets which are part of property and equipment – see note 32.

CZK million	Real estate	Total
<b>Acquisition cost</b>		
At 1 January 2019	1,974	1,974
Additions	296	296
Disposals	(10)	(10)
<b>At 31 December 2019</b>	<b>2,260</b>	<b>2,260</b>
Changes in the consolidated group	6	6
Additions	275	275
Disposals	(227)	(227)
<b>At 31 December 2020</b>	<b>2,314</b>	<b>2,314</b>
<b>Accumulated depreciation</b>		
At 1 January 2019	-	-
Additions – annual depreciation charges	(322)	(322)
Disposals	2	2
<b>At 31 December 2019</b>	<b>(320)</b>	<b>(320)</b>
Changes in the consolidated group	(1)	(1)
Additions – annual depreciation charges	(333)	(333)
Disposals	49	49
<b>At 31 December 2020</b>	<b>(605)</b>	<b>(605)</b>
<b>Net book value</b>		
At 31 December 2019	1,940	1,940
At 31 December 2020	1,709	1,709

#### (b) Analysis of financial liabilities from leases according to remaining maturity (undiscounted cash flows)

2020 CZK million	Carrying amount	Total contractual liability	0 - 3 months	3 - 12 months	3 - 5 years	Over 5 years
Lease liabilities	1,744	1,814	91	252	1,071	400

2029 CZK million	Carrying amount	Total contractual liability	0 - 3 months	3 - 12 months	3 - 5 years	Over 5 years
Lease liabilities	1,928	2,023	90	238	1,114	581

#### (c) Values recognised in the consolidated statement of comprehensive income

CZK million	2020	2019
Interest expense from lease liabilities	(27)	(29)
Depreciation of right-of-use assets	(333)	(322)
Short-term lease expense	(2)	(1)

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### 47. CHANGES IN THE CONSOLIDATED GROUP

#### (a) Newly consolidated entities in 2020

In 2020, the Group acquired Raiffeisen stavební spořitelna a.s. and KONEVOVA s.r.o., which are included in the consolidation by using the full method. Details of assets and liabilities of these companies at the date of acquisition are given in the following overview.

CZK million	Book values as at date of inclusion into consolidation group		
	Raiffeisen stavební spořitelna a.s.	KONEVOVA s.r.o.	Total
Cash and cash equivalents	9	59	68
Financial assets at amortised cost	72,024	-	72,024
Loans and advances to banks	6,200	-	6,200
Loans and advances to customers	57,032	-	57,032
Debt securities	8,792	-	8,792
Income tax receivable	24	2	26
Other assets	368	1	369
Investments in subsidiaries	257	-	257
Property, plant and equipment	217	-	217
Intangible assets	341	249	590
Financial liabilities at amortised cost	(67,954)	(9)	(67,963)
Provisions	(40)	-	(40)
Deferred tax liability	(11)	(22)	(33)
Other liabilities	(12)	(125)	(137)
<b>Net assets acquired at book values (incl. investment in subsidiaries)</b>	<b>5,223</b>	<b>155</b>	<b>5,378</b>
Less: investment in subsidiary	-	-	(257)
<b>Net assets acquired at book values</b>	<b>-</b>	<b>-</b>	<b>5,121</b>
Goodwill	-	-	-
<b>Acquisition price of investment</b>	<b>-</b>	<b>-</b>	<b>5,393</b>
<i>of which: cash consideration</i>	-	-	5,232
<i>of which: FV of 10% share already held at acquisition date</i>	-	-	(280)
<i>of which: contingent consideration due from Raiffeisen Bausparkassen Holding GmbH</i>	-	-	441
Impact of acquisition on equity	-	-	(272)
Cash and cash equivalents acquired	-	-	68
Cash inflow/outflow from acquisition	-	-	(5,164)
Net profit from the acquisition date to 31 December 2020	(1)	(2)	(3)
Net profit from 1 January to 31 December 2020	217	10	227

#### (b) Newly consolidated entities in 2019

In 2019, the Group did not make any acquisitions of the company, which would be included in the consolidation by using the full consolidation method or the equity method.

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### (c) Disposals for the year ended 31 December 2020

In 2020, Gaia Property, s.r.o. was sold.

<b>CZK million</b>	<b>Book value as at the date of disposal</b>
Value of investment as at the date of disposal	(3)
Selling price of the equity investment	27
Profit/(loss) arising from the disposal	30
<b>Cash inflow arising from the disposal</b>	<b>27</b>

### (d) Disposals for the year ended 31 December 2019

In 2019, the subsidiary PZ Projekt a.s. and joint ventures Karlín Park a.s. and Nordica Office, s.r.o. were sold.

Disposal of PZ Projekt a.s.

<b>CZK million</b>	<b>Book value as at the date of disposal</b>
Value of investment as at the date of disposal	(109)
Selling price of the equity investment	42
Profit/(loss) arising from the disposal	151
<b>Cash inflow arising from the disposal</b>	<b>42</b>

Disposal of Karlín Park a.s.

<b>CZK million</b>	<b>Book value as at the date of disposal</b>
Value of investment as at the date of disposal	10
Selling price of the equity investment	5
Profit/(loss) arising from the disposal	(5)
<b>Cash inflow arising from the disposal</b>	<b>5</b>

Disposal of Nordica Office, s.r.o.

<b>CZK million</b>	<b>Book value as at the date of disposal</b>
Value of investment as at the date of disposal	36
Selling price of the equity investment	112
Profit/(loss) arising from the disposal	76
<b>Cash inflow arising from the disposal</b>	<b>112</b>

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### 48. TRANSACTIONS WITH RELATED ENTITIES

At 31 December 2020

For related party transaction reporting purposes, the Group considers Raiffeisen CEE Region Holding GmbH (direct parent company) and Raiffeisen Bank International AG (entity with controlling influence on the Group exercised indirectly) to be its parent companies. Transactions with related parties are concluded under standard business terms and arm's length prices.

CZK million	Parent companies	Companies with significant influence over the Group	Joint ventures	Board of directors, supervisory board and other key management personell*	Other related parties	Total
Receivables	1,895	-	-	176	511	2,582
Positive fair values of financial derivatives	3,214	-	-	-	-	3,214
Liabilities	3,835	11	-	94	14,119	18,059
Negative fair values of financial derivatives	4,705	-	-	-	2	4,707
Other equity instruments	4,169	-	-	-	-	4,169
Subordinated liabilities and bonds	3,194	-	-	-	1,367	4,561
Guarantees issued	401	-	-	-	81	482
Guarantees received	186	-	-	-	1,878	2,064
Nominal values of financial derivatives (off-balance sheet receivables)	372,495	-	-	-	139	372,634
Nominal values of financial derivatives (off-balance sheet liabilities)	372,871	-	-	-	141	373,012
Irrevocable credit commitments provided	-	-	-	17	0	17
Interest income	3,533	1	-	3	15	3,552
Interest expense	(3,763)	-	-	-	(198)	(3,961)
Fee and commission income	20	-	-	-	17	37
Fee and commission expense	(11)	-	-	-	(112)	(123)
Net gain or loss from financial operations	(794)	-	-	-	(17)	(811)
Net gain or loss from hedge accounting	(509)	-	-	-	0	(509)
General operating expenses	(235)	-	-	(224)	(29)	(488)
Other operating income, net	11	-	-	-	2	13

\*Other key management personell are the managers of the Bank of level B-1

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The **receivables** are principally composed of the following:

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) of CZK 1,895 million.

Nominal values of financial derivatives - off-balance sheet receivables:

- Raiffeisen Bank International AG (parent company) of CZK 372,495 million.
- Raiffeisen Leasing, s.r.o. (subsidiary) of CZK 227 million.
- Raiffeisenbank AO (Russia), (affiliated company) of CZK 115 million.
- Raiffeisen Bank Zrt. (affiliated company) of CZK 25 million.

The **liabilities** are principally composed of the following:

Credit balances on the current account of the Group from:

- Raiffeisen Bank International AG (parent company) of CZK 339 million.

Term deposits:

- Raiffeisenbank (Bulgaria) EAD (affiliated company) of CZK 2,053 million.

Repo transactions:

- Tatra Banka, a.s. (affiliated company) of CZK 2,599 million.

Debt securities of the Group issued:

- Raiffeisenbank Hungary (affiliated company) of CZK 2,607 million.
- Raiffeisenbank (Bulgaria) EAD (affiliated company) of CZK 377 million.
- Raiffeisen Bank International AG (parent company) of CZK 3,490 million.
- Raiffeisen Bank Albania (affiliated company) of CZK 941 million.

Nominal values of financial derivatives - off-balance sheet liabilities:

- Raiffeisen Bank International AG (parent company) of CZK 372,871 million.
- Raiffeisen Leasing, s.r.o. (subsidiary) of CZK 227 million.

Subordinated debt from:

- Raiffeisen Bank International AG (parent company) of CZK 3 194 million.
- Raiffeisenlandesbank Oberösterreich Aktiengesellschaft of CZK 1 065 million.
- Raiffeisen Bausparkassen Holding GmbH of CZK 302 million.

Other equity instruments - subordinated unsecured AT1 capital investment certificates purchased:

- Raiffeisen Bank International AG (parent company) of CZK 4 169 million.

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At 31 December 2019

For related party transaction reporting purposes, the Group considers Raiffeisen CEE Region Holding GmbH (direct parent company) and Raiffeisen Bank International AG (entity with controlling influence on the Group exercised indirectly) to be its parent companies. Transactions with related parties are concluded under standard business terms and arm's length prices.

CZK million	Parent companies	Companies with significant influence over the Group	Joint ventures	Board of directors, supervisory board and other key management personell*	Other related parties	Total
Receivables	997	-	-	162	45	1,204
Positive fair values of financial derivatives	3,129	-	-	-	3	3,132
Liabilities	3,932	21	-	68	22,668	26,689
Negative fair values of financial derivatives	3,571	-	-	-	1	3,572
Other equity instruments	3,383	-	-	-	-	3,383
Subordinated liabilities and bonds	2,482	-	-	-	827	3,309
Guarantees issued	86	-	-	-	92	178
Guarantees received	243	-	-	-	1,462	1,705
Nominal values of financial derivatives (off-balance sheet receivables)	380,167	-	-	-	1,548	381,715
Nominal values of financial derivatives (off-balance sheet liabilities)	380,104	-	-	-	1,546	381,650
Irrevocable credit commitments provided	-	-	-	12	-	12
Interest income	4,083	2	-	3	8	4,096
Interest expense	(4,243)	-	-	-	(246)	(4,489)
Fee and commission income	21	-	-	-	29	50
Fee and commission expense	(8)	-	-	-	(88)	(96)
Net gain or loss from financial operations	(89)	-	-	-	53	(36)
Net gain or loss from hedge accounting	508	-	-	-	-	508
General operating expenses	(210)	-	-	(215)	(18)	(443)
Other operating income, net	13	-	-	-	2	15

\*Other key management personell are the managers of the Bank of level B-1

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The receivables are principally composed of the following:

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) of MCZK 997.

Nominal values of financial derivatives - off-balance sheet receivables:

- Raiffeisen Bank International AG (parent company) of MCZK 380,167.
- Raiffeisenbank AO (Russia), (affiliated company) of MCZK 134.
- Tatra Banka, a.s. (affiliated company) of MCZK 1,274.
- Raiffeisen Bank Zrt. (affiliated company) of MCZK 135.

The liabilities are principally composed of the following:

Credit balances on the current account of the Group from:

- Raiffeisen Bank International AG (parent company) of MCZK 260.

Term deposits:

- UNIQA Österreich Versicherungen AG (associated company to the parent company Raiffeisen Bank International AG) of MCZK 2,087.
- UNIQA pojišťovna, a.s. (associated company to the parent company Raiffeisen Bank International AG) of MCZK 764.
- Raiffeisenbank (Bulgaria) EAD (affiliated company) of MCZK 2,231.
- Raiffeisen Bank Zrt. (affiliated company) of MCZK 2,547.

Repo transactions:

- Tatra Banka, a.s. (affiliated company) of MCZK 4,400.

Debt securities of the Group issued:

- Raiffeisenbank Hungary (affiliated company) of MCZK 2,525.
- Raiffeisenbank (Bulgaria) EAD (affiliated company) of MCZK 364.
- Raiffeisen Bank International AG (parent company) of MCZK 3,383.
- Raiffeisen Bank Albania (affiliated company) of MCZK 910.

Nominal values of financial derivatives - off-balance sheet liabilities:

- Raiffeisen Bank International AG (parent company) of MCZK 380,104.

Subordinated debt from:

- Raiffeisen Bank International AG (parent company) of MCZK 2,482.
- Raiffeisenlandesbank Oberösterreich Aktiengesellschaft of MCZK 828.

Other equity instruments - subordinated unsecured AT1 capital investment certificates purchased:

- Raiffeisen Bank International AG (parent company) of MCZK 3,383.

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### **49. SUBSEQUENT EVENTS**

On 6 February 2021, the Group's management agreed to purchase 100% of the shares in Equa bank (Equa bank a.s. and Equa Sales and Distribution s.r.o.) from AnaCap Financial Partners (AnaCap). This transaction had not been approved by the regulatory authorities as at the reporting date. This transaction had no impact on the consolidated financial statements as at 31 December 2020.

On 15 February 2021, the Group's management agreed to purchase 30% of the shares in Akcenta CZ a.s. from AKCENTA GROUP SE. This transaction had not been approved by the regulatory authorities as at the reporting date. This transaction had no impact on the consolidated financial statements as at 31 December 2020.

On 18 February, the Group agreed on an exclusive cooperation with ING Bank N.V. In this context, ING Bank N.V. will recommend Raiffeisenbank a.s. to its retail clients as a partner, as it considers Raiffeisenbank a.s. to be the best choice in terms of appreciating their savings and investments. This transaction had not been approved by the regulatory authorities as at the reporting date.

No other events occurred subsequent to the reporting date that would have a material impact on the consolidated financial statements as at 31 December 2020.





**KPMG Česká republika Audit, s.r.o.**

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

**Independent Auditor's Report to the Shareholders of  
Raiffeisenbank a.s.**

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of Raiffeisenbank a.s. ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

***Basis for Opinion***

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



### **Key Audit Matters**

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

#### **Loss allowance for loans and advances to customers**

<b>Key audit matter</b>	<b>How the audit matter was addressed</b>
<p>We focused on this matter because of the highly subjective and complex judgements made by the Company's management in determining the necessity for, and then estimating the size of, loss allowances for loans and advances to customers (further only as "loans").</p> <p>Loss allowance for loans to customers at CZK 4,705 million as at 31 December 2020 represents an estimate of the expected credit losses for loans at the reporting date.</p> <p>The loans are segmented into corporate and retail portfolios and within them further by type of product. In order to calculate loss allowances, the individual loans are allocated to one of three stages or Purchased or Originated Credit-Impaired ("POCI") category in line with IFRS 9 Financial instruments.</p> <p>Stage 1 and Stage 2 loans are performing loans. Stage 2 loans are loans where a significant increase in credit risk since origination has been observed. Stage 3 loans are non-performing, i.e. credit-impaired loans.</p> <p>The calculation of loss allowances for Stage 1 and Stage 2 loans is based on statistical models, which estimate inputs into the calculation primarily from Company's historical data.</p> <p>Loss allowances for retail and corporate Stage 3 loans are calculated differently for individually and portfolio managed exposures.</p> <p>Loss allowances for Stage 3 portfolio managed exposures are determined</p>	<p>We performed, among others, the procedures outlined below to address this key audit matter:</p> <p>Applying our knowledge, experience and market standards in the industry, we critically assessed and challenged the Company's credit and accounting policies and evaluated the processes related to calculation of expected credit losses by involving our credit risk specialists.</p> <p>We tested the design, implementation and operating effectiveness of system-based and manual controls over identification of significant increase in credit risk and identification of default and appropriate allocation of loans to stages. The tested controls also comprise tests over calculation of days past due of loans and re-calculation of ECL calculated by the system in order to check accuracy of the data captured in the accounting records. We tested these controls by inquiry in combination with the observation, inspection and review of underlying documentation, and selected recalculations.</p> <p>We obtained the relevant forward-looking information and macroeconomic projections used in the scenarios developed by the Company and also probabilities assigned to those scenarios. We assessed independently the information using our knowledge of the Company, our industry experience, our understanding of the effects of the COVID-19 pandemic and also inspecting publicly available information.</p>



Key audit matter	How the audit matter was addressed
<p>based on the statistical models using primarily Company's historical data.</p> <p>Loss allowances for stage 3 corporate loans are determined by estimating the probability-weighted discounted future cash flows for each exposure. The key judgements and assumptions are future cash repayment scenarios and assigned probabilities to these scenarios taking into account the estimated value and timing of cash flows including estimating the recoverable value of underlying collateral.</p> <p>Key inputs, assumptions and judgments relevant for the calculation of loss allowances based on statistical models comprise:</p> <ul style="list-style-type: none"> <li>- definition of default, definition of significant increase in credit risk (SICR) and estimation of probability of default (PD),</li> <li>- estimation of loss given default (LGD),</li> <li>- estimation of exposure at default (EAD) including prepayments and utilizations at default,</li> <li>- forward-looking information (FLI) based on three scenarios of expected development of selected macroeconomic indicators.</li> </ul> <p>In the current year development of scenarios and allocation of probabilities to such scenarios is associated with significantly higher uncertainty due to disruptions in the economy, disruptions experienced by the bank and its borrowers, including complete lock-down of certain industries, reduced demand for various products and services and expected additional lock-downs in the economy as a result of the COVID-19 pandemic. Management reflected this increased uncertainty through post model adjustments and such adjustments are inherently very subjective.</p> <p>Due to the above factors, coupled with the significantly higher estimation uncertainty stemming from the business disruption</p>	<p>For mortgage portfolio, in collaboration with credit risk specialists, we critically assessed the appropriateness of PD models and also recalculated the impact of forward-looking information used in the statistical models on the ECL estimate. We also critically assessed LGD and EAD used in the statistical models by reference to historical experience of the Company as well as forward looking information.</p> <p>Furthermore, we recalculated ECL on the complete portfolio of the mortgage loans and complete portfolio of consumer loans using data analytics approach that was based on inputs generated by the Company's statistical models and compared our results with balances recognized in the financial statements.</p> <p>On a sample of corporate loans, we evaluated whether examined loans were allocated to appropriate stages. For credit-impaired loans we examined the estimated cash flow scenarios as prepared by the credit risk department of the Company. In particular, we challenged the key assumptions in relation to both the amount and timing of estimated cash flows. During our assessment we considered also the latest developments in relation to the borrower, including the impact of COVID-19 on the borrower. Finally, we recalculated specific allowances calculated by the loan recovery department of the Company in order to check the accuracy of data captured in the accounting records.</p> <p>Using data analytics tools, we performed data quality check on the whole credit portfolio on consistency of staging across the individual borrower's exposures.</p> <p>We evaluated historical accuracy of the statistical models used in estimation of ECL.</p>



Key audit matter	How the audit matter was addressed
<p>impact of the COVID-19 global pandemic, estimation of expected credit losses and the related disclosures have been considered by us as a key audit matter.</p> <p>Refer to further information in the note 3f (Summary of significant accounting policies), note 24 (Financial assets at amortized cost) and note 42 (Financial instruments - credit risk) to the financial statements.</p>	<p>We also critically evaluated the post model adjustments reflecting certain aspects of COVID-19 pandemic and its impact on ability of the Company's clients to repay the loans.</p> <p>We assessed the adequacy of the Company's disclosures on the loss allowances and credit risk management in the notes to the financial statements.</p>

### **Other Information**

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

As described in Note 2 to the financial statements, Raiffeisenbank a.s. has not prepared an annual report as at 31 December 2020, as it plans to include the respective information in the consolidated annual report. Consequently, this auditor's report does not include our statement on the other information.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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



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

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

### *Appointment of Auditor and Period of Engagement*

We were appointed as the auditors of Raiffeisenbank a.s. by the General Meeting of Shareholders on 2 October 2017 and our uninterrupted engagement has lasted for 3 years.

### *Consistency with Additional Report to Audit Committee*

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of Raiffeisenbank a.s., which we issued on 2 March 2021 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

### *Provision of Non-audit Services*

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

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

### **Statutory Auditor Responsible for the Engagement**

Jindřich Vašina is the statutory auditor responsible for the audit of the financial statements of Raiffeisenbank a.s. as at 31 December 2020, based on which this independent auditor's report has been prepared.

Prague  
2 March 2021

KPMG Česká republika Audit

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

Ondřej Fikrle  
Partner

Jindřich Vašina  
Partner  
Registration number 2059

# **Raiffeisenbank a.s.**

**Separate financial statements  
Prepared in accordance with International Financial  
Reporting Standards as  
Adopted by the European Union  
For the Year Ended 31 December 2020**

**Components of the Financial Statements**

**Statement of Comprehensive Income**



**Statement of Financial Position**

**Statement of Changes in Equity**

**Cash Flow Statement**

**Notes to the Financial Statements**

**These financial statements have been prepared by the Bank and approved by the Board of Directors of the Bank on 2 March 2021.**

<b>Statutory body of the entity</b>	<b>Signature</b>
Igor Vida Chairman of the board of directors	
Tomáš Jelínek Member of the board of directors	

# Raiffeisenbank a.s.

## Separate financial statements

prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2020

### Statement of Comprehensive Income

For the Year Ended 31 December 2020

MCZK	Note	2020	2019 (restated)*
Interest income calculated using the effective interest rate method	6	10,758	13,095
Other interest income	6	2,317	2,474
Interest expense and similar expense	6	(5,836)	(7,030)
<b>Net interest income</b>		<b>7,239</b>	<b>8,539</b>
Fee and commission income	7	3,792	4,049
Fee and commission expense	7	(872)	(954)
<b>Net fee and commission income</b>		<b>2,920</b>	<b>3,095</b>
Net gain on financial operations	8	(190)	(198)
Net gain on financial assets other than held for trading mandatorily measured at fair value in profit or loss	9	38	-
Net gain from hedge accounting	10	3	6
Dividend income	11	323	257
Impairment losses on financial assets	12	(1,552)	(330)
Gain/(loss) from derecognition of financial assets measured at amortised cost	13	8	(3)
Personnel expenses	14	(3,094)	(3,290)
General operating expenses	15	(1,966)	(2,053)
Depreciation and amortisation	16	(1,217)	(1,319)
Other operating income	17	171	259
Other operating expenses	18	(120)	(48)
<b>Profit before tax</b>		<b>2,563</b>	<b>4,915</b>
Income tax	19	(423)	(727)
<b>Net profit for the year attributable to the Bank's shareholders</b>		<b>2,140</b>	<b>4,188</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss in future:</b>			
Net gain/(loss) from remeasurement of equity securities at FVOCI	36	(333)	106
Deferred tax relating to items that will not be reclassified to profit or loss in following periods	36	27	(16)
<b>Items that will be reclassified to profit or loss in future:</b>			
Revaluation of cash flow hedges	36	(26)	34
Deferred tax relating to items that will be reclassified to profit or loss in following periods	36	5	(6)
<b>Total other comprehensive income</b>		<b>(327)</b>	<b>118</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,813</b>	<b>4,306</b>

The accompanying notes are an integral part of these financial statements.

\*Detailed information on changes in reporting are described in Note 3 (u)



# Raiffeisenbank a.s.

## Separate financial statements

prepared in accordance with International Financial Reporting Standards  
as adopted by the European Union for the year ended 31 December 2020

### Statement of Financial Position

As at 31 December 2020

MCZK	Note	31 Dec 2020	31 Dec 2019 (restated)*
<b>ASSETS</b>			
Cash and cash equivalents	20	5,746	11,114
Financial assets held for trading	21	3,746	1,763
Trading derivatives	21, 38	2,063	1,669
Securities held for trading	21	1,683	94
Financial assets other than held for trading mandatorily measured at fair value in profit or loss	22	532	-
Financial assets at FVOCI	23	1	735
Financial assets at amortised cost	24	379,470	344,566
Loans and advances to banks	24	99,684	87,043
Loans and advances to customers	24	249,083	246,644
Debt securities	24	30,703	10,879
Fair value remeasurement of portfolio-remeasured items (loans to customers and debt securities)	38	1,253	(1,153)
Hedging derivatives with positive fair value	25	2,030	2,546
Income tax receivable	19	519	-
Equity investments in subsidiaries	28	6,888	1,496
Intangible assets	29	2,950	2,718
Property, plant and equipment	30	2,601	2,836
Other assets	27	5,320	4,094
<b>TOTAL ASSETS</b>		<b>411,056</b>	<b>370,715</b>

**The accompanying notes are an integral part of these financial statements.**

\*Detailed information on changes in reporting are described in Note 3 (u)

# Raiffeisenbank a.s.

## Separate financial statements

prepared in accordance with International Financial Reporting Standards  
as adopted by the European Union for the year ended 31 December 2020

MCZK	Note	31 Dec 2020	31 Dec 2019
<b>LIABILITIES AND EQUITY</b>			
Financial liabilities held for trading	31	2,618	1,801
Trading derivatives	31	2,618	1,801
Financial liabilities at amortised cost	32	367,593	332,656
Deposits from banks	32	12,194	21,900
Deposits from customers	32	334,673	290,691
<i>of which: change in fair value of hedged items</i>	32	-	42
Debt securities issued	32	13,053	12,692
Subordinated liabilities and bonds	32	4,259	3,309
Other financial liabilities	32	3,414	4,064
Fair value remeasurement of portfolio-remeasured items (deposits from customers)	38	262	(1,270)
Hedging derivatives with negative fair value	33	3,209	2,668
Provisions	34	1,054	1,059
Current tax liability	19	-	147
Deferred tax liability	26	83	13
Other liabilities	35	886	937
<b>TOTAL LIABILITIES</b>		<b>375,705</b>	<b>338,011</b>
<b>EQUITY</b>			
Share capital	36	11,061	11,061
Reserve fund		694	694
Fair value reserve	36	44	371
Retained earnings		17,243	13,007
Other equity instruments	36	4,169	3,383
Profit for the year		2,140	4,188
<b>Total equity</b>		<b>35,351</b>	<b>32,704</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>411,056</b>	<b>370,715</b>

The accompanying notes are an integral part of these financial statements.

# Raiffeisenbank a.s.

## Separate financial statements

prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2020

### Statement of Changes in Equity

For the Year Ended 31 December 2020

<i>(MCZK)</i>	Share capital	Reserve fund	Fair value reserve	Retained earnings	Other equity instruments	Net profit for the year	Total equity
<b>At 1 Jan 2019</b>	<b>11,061</b>	<b>694</b>	<b>253</b>	<b>10,794</b>	<b>2,616</b>	<b>3,365</b>	<b>28,783</b>
Increase in other equity instruments	-	-	-	-	767	-	767
Dividends	-	-	-	-	-	(975)	(975)
Payment of coupon on other equity instruments	-	-	-	(177)	-	-	(177)
Allocation to retained earnings	-	-	-	2,390	-	(2,390)	-
Net profit for the year	-	-	-	-	-	4,188	4,188
Other comprehensive income, net	-	-	118	-	-	-	118
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>118</b>	<b>-</b>	<b>-</b>	<b>4,188</b>	<b>4,306</b>
<b>At 31 December 2019</b>	<b>11,061</b>	<b>694</b>	<b>371</b>	<b>13,007</b>	<b>3,383</b>	<b>4,188</b>	<b>32,704</b>
Increase in other equity instruments	-	-	-	-	786	-	786
Dividends	-	-	-	-	-	-	-
Payment of coupon on other equity instruments	-	-	-	(211)	-	-	(211)
Allocation to retained earnings	-	-	-	4,188	-	(4,188)	-
Allocation from fair value reserve	-	-	-	259	-	-	259
Net profit for the year	-	-	-	-	-	2,140	2,140
Other comprehensive income, net	-	-	(327)	-	-	-	(327)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(327)</b>	<b>-</b>	<b>-</b>	<b>2,140</b>	<b>1,813</b>
<b>At 31 December 2020</b>	<b>11,061</b>	<b>694</b>	<b>44</b>	<b>17,243</b>	<b>4,169</b>	<b>2,140</b>	<b>35,351</b>

The accompanying notes are an integral part of these financial statements.

# Raiffeisenbank a.s.

## Separate financial statements

prepared in accordance with International Financial Reporting Standards  
as adopted by the European Union for the year ended 31 December 2020

### Cash Flow Statement

For the Year Ended 31 December 2020

<b>(MCZK)</b>	<b>2020</b>	<b>2019</b>
<b>Profit before tax</b>	<b>2,563</b>	<b>4,915</b>
<b>Adjustments for non-cash transactions</b>		
Creation of loss allowances and provisions for credit risks	1,552	330
Depreciation/amortisation expense	1,217	1,319
Loss on impairment of tangible assets	5	-
Creation of other provisions	(87)	(105)
Change in fair value of derivatives	(1,453)	(506)
Unrealised losses/(gains) on remeasurement of securities	(40)	1
Gain/(loss) on sale of property and equipment and intangible assets	-	11
Change in the remeasurement of hedged items upon fair value hedge	(915)	419
Remeasurement of foreign currency positions	(185)	(147)
Other non-cash changes	(795)	(923)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>1,862</b>	<b>5,314</b>
<b>Operating cash flow</b>		
<i>(Increase)/decrease in operating assets</i>		
Mandatory minimum reserves with the Czech National Bank (CNB)	(1,193)	(1,111)
Loans and advances to banks	(12,679)	12,321
Loans and advances to customers	(812)	(13,075)
Debt securities held at amortised cost	(19,642)	(4,010)
Securities held for trading	(1,570)	162
Other assets	(34)	(31)
<i>(Increase)/decrease in operating liabilities</i>		
Deposits from banks	(9,891)	(9,979)
Deposits from customers	45,255	19,994
Other financial liabilities	(481)	(921)
Other liabilities	(51)	108
<b>Net operating cash flow before tax</b>	<b>764</b>	<b>8,772</b>
Income tax paid	(1,015)	(791)
<b>Net operating cash flow</b>	<b>(251)</b>	<b>7,981</b>
<b>Cash flows from investing activities</b>		
Sale/(acquisition) of equity investments	(5,232)	218
Sale of financial assets at FVOCI	9	-
Acquisition of property and equipment and intangible assets	(1,195)	(838)
Proceeds from sale of non-current assets	1	1
Dividends received	323	257
<b>Net cash flow from investing activity</b>	<b>(6,094)</b>	<b>(362)</b>
<b>Cash flows from financing activities</b>		
Dividends paid and paid coupons on other equity instruments	(211)	(1,152)
Increase in other equity instruments	786	767
Debt securities issued	-	5,829
Repayment of debt securities issued	(54)	(12,581)
Proceeds from issue of subordinated debt	813	772
Lease liabilities	(379)	(374)
<b>Net cash flow from financing activities</b>	<b>955</b>	<b>(6,739)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,390)</b>	<b>880</b>
Cash and cash equivalents at the beginning of the year (note 20)	11,114	10,191
Foreign exchange gains/losses on cash and cash equivalents at the beginning of the year	22	43
<b>Cash and cash equivalents at the end of the year (note 20)</b>	<b>5,746</b>	<b>11,114</b>
Interest received	13,006	16,114
Interest paid	(5,900)	(7,153)

The accompanying notes are an integral part of these financial statements.

# Raiffeisenbank a.s.

## Separate financial statements

prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2020

### Reconciliation of liabilities arising from funding, including changes arising from cash flows and non-cash changes

	At 1 Jan 2020	Cash flows		Non-cash changes		At 31 Dec 2020
		Inflow	Outflow	Remeasurement of foreign currency positions	Other non-cash changes	
Debt securities issued	12,692	-	(54)	415	-	13,053
Subordinated debt	3,309	813	-	136	1	4,259

	At 1 Jan 2019	Cash flows		Non-cash changes		At 31 Dec 2019
		Inflow	Outflow	Remeasurement of foreign currency positions	Other non-cash changes	
Debt securities issued	19,600	5,829	(12,581)	(158)	2	12,692
Subordinated debt	2,577	772		(41)	1	3,309

# **Raiffeisenbank a.s.**

## **Separate financial statements**

**prepared in accordance with International Financial Reporting Standards  
as adopted by the European Union for the year ended 31 December 2020**

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#### **1. INFORMATION ABOUT THE COMPANY**

Raiffeisenbank a.s. (“the Bank”), with its registered office at Hvězdova 1716/2b, Praha 4, post code 140 78, identification number 49240901, was founded as a joint stock company in the Czech Republic. The Bank was recorded in the Commercial Register maintained by the Municipal Court in Prague on 25 June 1993, Section B, File 2051.

#### Principal activities of the Bank according to the banking licence granted by the Czech National Bank (CNB):

- acceptance of deposits from the public;
- provision of loans;
- investing in securities on its own account;
- finance leases - at present, the Bank does not carry out this activity directly;
- payments and clearing;
- issuance and maintenance of payment facilities;
- provision of guarantees;
- opening of letters of credit;
- direct debit services;
- provision of investment services;
  - principal investment services under Section 4 (2) (a), (b), (c), (d), (e), (g), and (h) of Act No. 256/2004 Coll., as amended;
  - additional investment services under Section 4 (3) (a) – (f) of Act No. 256/2004 Coll., as amended;
- issuance of mortgage bonds;
- financial brokerage;
- depositary activities;
- foreign exchange services (foreign currency purchases);
- provision of banking information;
- proprietary or client-oriented trading with foreign currency assets;
- rental of safe-deposit boxes;
- activities directly relating to the activities listed in the banking licence; and
- mediation of supplementary pension schemes.

#### In addition to the licence to pursue bank operations, the Bank:

- was granted a securities broker licence; and
- has been listed by the Ministry of Finance of the Czech Republic as a limited insurance provider.

During the year ended 31 December 2020, the performance or provision of the Bank’s activities and services were not restricted or suspended by the Czech National Bank.

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#### **2. BASIS OF PREPARATION**

These statutory financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union (IFRS EU).

The financial statements include a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a cash flow statement and notes to the financial statements containing accounting policies and explanatory notes.

The financial statements are prepared on the accrual basis of accounting whereby the effects of transactions and other events are recognised when they occur and reported in the financial statements for the periods to which they relate in terms of substance and time, and further on the going concern basis.

These financial statements have been prepared under the historical cost convention (including any impairment), except for financial assets and financial liabilities measured at fair value through profit or loss (FVTPL) (including all non-hedging derivatives and hedging derivatives in a fair value hedge), financial assets measured at fair value through other comprehensive income (FVOCI), and hedging derivatives upon a cash flow hedge remeasured at fair value through other comprehensive income. Recognised financial assets and financial liabilities designated as hedged items in qualifying fair value hedging relationships, which if not included in the hedging relationship, would be measured at amortized cost, are adjusted for changes in fair value that arise from the hedged risk under hedging relationship.

These financial statements and notes thereto are non-consolidated and do not include the accounts and results of those companies over which the Bank has control or significant influence and joint ventures. The policies of accounting for equity investments are disclosed in note 3 (i).

The Bank prepares the separate financial statements in accordance with Act No. 563/1991 Coll., on Accounting, as amended.

The Bank also prepares consolidated financial statements in accordance with IFRS and interpretations approved by the IASB as adopted by the European Union which present the results of the Bank's financial group.

The Company does not prepare annual report as at the date of these individual financial statements, as all information will be included in the consolidated annual report.

Unless otherwise indicated, all amounts are shown in millions of Czech crowns (MCZK). Numbers in brackets represent negative amounts.

#### **Use of estimates**

The presentation of separate financial statements in compliance with IFRS EU requires the Bank's management to make estimates and assumptions that affect the amounts of assets and liabilities reported as at the reporting date, disclosure of contingent assets and liabilities and the amounts of revenues and expenses for the accounting period. These estimates, which primarily relate to the determination of fair values of financial instruments (where no active market exists), measurement of intangible assets, impairment of assets and provisions, are based on the information available at the balance sheet date. The actual future results may differ from these estimates.

As disclosed in note 42, in calculating the expected credit losses the Bank uses estimates concerning the financial condition of the borrowers and their ability to repay the credit, the value and recoverability of the security, and future macroeconomic information.

The value of recognised provisions is based on the management's judgement and represents the best estimate of expenses required to settle liabilities of uncertain timing or amount. For additional information on provisions refer to note 34.

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As disclosed in note 3 (f), classification of financial assets requires assessment of business model within which the assets are held and assessment of whether the financial meets the criteria of cash flows (so called „SPPI test“).

### 3. SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

#### (a) Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income lines “*Interest income calculated using the effective interest rate method*”, “*Other interest income*” and “*Interest expense and similar expense*” when earned or incurred, on an accrual basis. The Bank accounts for the accruals of interest using the effective interest rate method. The effective interest rate method is an approach to calculating the amortised cost of a financial asset or financial liability using the effective interest rate. The effective interest rate is used to discount estimated future cash payments or receipts as at the maturity date to the present value. Interest income (expense) also includes interest expense (income) arising from negative interest rates carried by the relevant assets (liabilities) of the Bank.

#### (b) Fees and commissions

Fees and commissions that are deemed to be an integral part of the effective interest rate are included in the calculation of effective interest rate. The effective interest rate includes fees directly relating to the granting of loans such as the fee for the origination of loans, loan application processing, paid commissions, etc. Fees for services provided over a certain period of time are accrued over such a period of time. These fees include, for example, fees for guarantees and letters of credit, internal and external commissions and fees for transactions with securities. Revenues from fees and commissions received for concluding a transaction for a third party or for participating in such a transaction, such as payment transactions through bank accounts or ATMs, and fees relating to clients’ foreign currency translations are recognised at the moment the transaction is completed.

#### (c) Dividends

Income from dividends on securities and equity investments is recorded as declared and included as a receivable in the statement of financial position line “*Other assets*” and in “*Dividend income*” in the statement of comprehensive income. Upon receipt of the dividend, the receivable is offset against the collected cash.

Dividends paid reduce retained earnings in the period in which their payment is approved by the annual General meeting.

#### (d) Other income and expenses reported in the statement of comprehensive income

Other income and expenses presented in the statement of comprehensive income are recognised under the accrual basis of accounting, i.e. in the period to which they relate in terms of substance and time irrespective of the moment of their payment or receipt.

Other operating expenses and income that do not directly relate to banking activities are presented in “*Other operating expenses*” or “*Other operating income*”.

#### (e) Taxation

The final amount of tax presented in the statement of comprehensive income comprises the current tax for the accounting period adjusted for changes in prior years’ tax liabilities, if any, and deferred tax. Current tax for the year is calculated based on the taxable income, using the tax rate enacted and the tax legislation in force as at the reporting date.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The principal temporary differences arise from certain non-tax deductible provisions and loss allowances, differences between depreciation/amortisation expense for accounting and tax purposes, and remeasurement of financial assets at FVOCI.

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Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available to allow the asset to be utilised.

Deferred tax is calculated using the tax rate expected to apply in the period in which the tax asset is utilised or the tax liability is settled. The effect of changes in tax rates on deferred tax is recognised directly in the statement of comprehensive income except where such changes relate to items charged directly to equity.

#### **(f) Financial assets and liabilities**

##### **Date of recognition and derecognition of financial instruments in/from the statement of financial position**

Financial assets with regular delivery terms, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, are recognised using settlement date accounting.

The settlement (collection) date is the day on which the financial instrument is delivered (on which cash is paid). When settlement date accounting is applied, the financial asset is recognised on the day of receipt of a financial instrument (remittance of cash) and derecognised on the day of its provision (collection of cash).

All loans and receivables are recognised when funds are provided to customers. Loans and receivables are derecognised when repaid by the borrower. Assigned receivables are derecognised when payment is collected from the assignee, and receivables which the Bank decided to write off are derecognised as at the write-off date.

For financial assets and liabilities at fair value through profit or loss, the Bank uses the trade date accounting where the trade date is the date when the entity undertakes to buy or sell the financial asset.

The substance of trade date accounting is as follows:

- recognition of an asset that the entity shall receive as at the trade date; and
- derecognition of a sold asset and recognition of the gain or loss upon disposal and recognition of a receivable from the buyer as at the trade date.

The interest on the asset and the relating liability is accrued from the settlement date when the ownership rights are transferred. The premium/discount is amortised from the purchase settlement date to the sale settlement date.

The Bank remeasures derivative instruments at fair value from the trade date to the settlement date, that is, delivery of the last related cash flow.

The Bank derecognises a financial liability when its contractual obligations are discharged, or cancelled, or expire.

##### **Day one gain/loss**

In the event that the transaction price differs from the fair value of a financial asset or financial liability measured at fair value, the difference between these values (gain or loss) is reported in the statement of comprehensive income. The Bank typically does not conduct this type of transaction.

##### **Fair value measurement principles**

The fair value of financial assets and financial liabilities is based on their listed market price as at the reporting date without any deduction for transaction costs. If a listed market price is not available, the fair value of the instrument is determined using the appropriate measurement models or discounted cash flow method.

Where the discounted cash flow method is used, estimated future cash flows are based on the management's best estimates and the discount rate is derived from the market rate as at the reporting date

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for instruments with similar terms and conditions. Where measurement models are used, inputs are based on market values as at the reporting date.

The fair value of derivatives that are not exchange-traded is determined as the amount that the Bank would receive or pay to terminate the contract as at the reporting date, taking into account current market conditions and the current creditworthiness of the counterparties.

The remeasurement of debt securities in the Bank's portfolio is carried out on a daily basis, using available market rates listed by the market participants by means of Bloomberg services. A group of contributors who provide reliable and regular debt security measurement is selected for each debt security. The credit spread of the debt security is calculated from individual contributions and discount curves.

If there are sufficient current market contributions available in respect of a given debt security, the remeasurement is calculated as their average value. To prevent possible errors of particular contributions, a comparison of daily changes is made at the same time.

If there is no market price available as a source of remeasurement or the number of actual contributions is not sufficient, the Bank will carry out the remeasurement based on a risk-free interest rate swap rate, to which the last verified credit spread is applied. The Bank continues to apply this method until:

- market quotations are again available;
- the credit spread of a particular debt security is adjusted based on a comparison of credit spreads of similar debt securities;
- the Bank obtains another signal to change the credit spread applied;
- the issuer's credit rating changes (change in internal and/or external rating, signals from the market that creditworthiness is worsening); and
- the liquidity of the specific security has deteriorated significantly.

Subsequently, the Bank will carry out the remeasurement comprising new aspects of the market price, including an assessment of possible impairment losses.

The Bank's management believes that the fair value of the assets and liabilities presented in these financial statements can be measured reliably.

#### **Classification and measurement**

IFRS 9 contains a new classification approach for financial assets that reflects the cash flow characteristics ("SPPI test") and business model in which assets are managed. Based on these criteria, the Bank classifies financial instruments into the following categories:

- financial assets measured at amortised cost ("AC");
- financial assets measured at fair value through other comprehensive income ("FVOCI");
- financial assets measured at fair value through profit or loss ("FVTPL").

#### Financial assets measured at amortised cost (AC)

A financial asset is measured at amortised cost if it is held in a business model whose objective is to hold financial assets to collect contractual cash flows and the cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding.

In the statement of financial position, financial assets at amortised cost are recognised in "*Financial assets at amortised cost*" and include loans and advances to banks and customers and debt securities.

The amortised cost is the cost minus repayments of principal, plus accrued interest, increased or decreased by amortisation of discount or premium, if any, and decreased by expected credit losses using a loss allowance. The amortised cost is calculated using the effective interest rate method. An integral part of the effective interest rate are fees and the related transaction costs. All loans and advances are recognised when cash is advanced to borrowers (or banks). Interest income from financial assets at amortised cost is reported in the statement of comprehensive income in "*Interest income calculated using the effective*

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*interest rate method*". Impairment losses are reported in the statement of comprehensive income in *"Impairment losses on financial instruments"*.

#### Financial assets measured at fair value through other comprehensive income ("FVOCI")

Debt instruments can be measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and at the same time the cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding. Unrealised gains and losses on debt securities are recognised directly in other comprehensive income. Upon sale, cumulated gains and losses are reclassified from other comprehensive income to profit or loss. Currently, the Bank does not measure any debt instrument at fair value through other comprehensive income.

On initial recognition of an equity security not held for trading, the Bank can elect to present subsequent changes in fair value in equity. This classification is irrevocable. The Bank uses this option in respect of equity investments, if bank's holding does not exceed 20%. In the statement of financial position, these equity securities are recognised in *"Financial assets measured at FVOCI"*. Gains or losses from a change in their fair value are reported in the statement of comprehensive income in *"Gains/(losses) from remeasurement of equity securities at FVOCI"*. Gain or loss accumulated in equity cannot be reclassified to profit or loss when the security is sold. Dividends received from these equity instruments are reported in the statement of comprehensive income in *"Dividend income"*.

#### Financial assets measured at fair value through profit or loss ("FVTPL")

Financial assets is measured at fair value through profit or loss if the cash flows do not meet the conditions of the contractual cash flow characteristics test or present a part of the business model whose objective is to hold financial assets to realise their value through sale.

In addition, the Bank may, on initial recognition, irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Bank currently does not use this option.

Debt financial instruments measured at fair value through profit or loss are reported in the statement of financial position in *"Securities held for trading"* which is a part of *"Financial assets held for trading"*.

Equity instruments which are classified by the Bank as held for trading or for which it does not apply the option to recognise fair value movements in other comprehensive income are measured at fair value through profit or loss.

Changes in net fair value of financial assets at FVTPL are reported in the statement of comprehensive income in *"Net gain on financial operations"*. The interest income and interest expense is reported in the statement of comprehensive income in *"Other interest income"* or *"Interest expense and similar expense"*.

Financial assets where the cash flows do not meet the conditions of the contractual cash flow characteristics test or present a part of the business model are reported in the statement of financial position in *"Financial assets other than held for trading mandatorily reported at fair value through profit or loss"*.

Changes in net fair value of financial assets other than held for trading measured mandatorily at FVTPL are reported in the statement of comprehensive income in *"Net gain on financial assets other than held for trading"*. The interest income and interest expense are reported in the statement of comprehensive income in *"Interest income and similar income calculated using the effective interest rate method"* or *"Interest expense and similar expense"*.

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#### Analysis of contractual cash flow characteristics

As part of the analysis of contractual cash flow characteristics, the Bank assesses whether the contractual cash flows from loans and debt securities represent solely payments of principal and interest (SPPI) on the principal amount outstanding. Principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic and lending risks and costs, as well as a profit margin.

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

- contingent events that would change the amount and timing of contractual cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the entity's claim to cash flows from specified assets; and
- features that modify consideration for the time value of money.

#### Business model

The definition of the Bank's business models reflects how groups of financial assets are managed together to achieve a particular business objective. In assessing the objective of a business model, the Bank primarily considers the following information:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, the Bank considers whether the management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the business model is evaluated and reported to the Bank's key management personnel;
- the risks that affect the performance of the business model and financial assets held within this business model, and how those risks are managed;
- how managers of the entity are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the entity's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Bank classifies financial assets into the following business model categories:

- (i) "Held for trading",
- (ii) "Hold, collect contractual cash flows and sell";
- (iii) "Hold and collect contractual cash flows";
- (iv) "Held for strategic reasons"; or
- (v) "Derivatives held for risk management purposes"

- (i) "Held for trading"

Debt securities and loans classified by the Bank as "held for trading" are held to generate cash flows through their sale. The Bank makes decisions based on the assets' fair values and manages their trading based on revenues from the realisation of these fair values. The "held for trading" business model category includes all debt securities and loans that are not included in the "hold and collect contractual cash flows" and "hold, collect contractual cash flows and sell" categories. The Bank classifies as "held for trading" all derivative transactions that do not fall into the "derivatives held for risk management purposes" category.

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(ii) “Hold, collect contractual cash flows and sell”

Loans and debt securities in the “hold, collect contractual cash flows and sell” category are held for the purpose of acquiring contractual cash flows and selling financial assets. To acquire contractual cash flows and sell financial assets form an essential part of the model’s business objective, which is to manage the Bank’s liquidity needs. The Bank expects that, upon the structural deficit of assets, it will sell these loans and securities to cover the deficit of liquid assets.

Within the “hold, collect contractual cash flows and sell” business model, the Bank categorises all denominated government bonds that are part of a liquidity provision and, potentially, all other debt securities that are held and could be sold before their maturity if market conditions are favourable.

(iii) “Hold and collect contractual cash flows”

In the “hold and collect contractual cash flows” category the Bank holds all loans and debt securities for the purpose of acquiring contractual cash flows over the entire useful lives of instruments. The Bank expects and has intention and ability to hold these loans and debt securities to maturity. When determining whether cash flows will be generated by collecting financial assets’ contractual cash flows, the Bank assesses the frequency, value and timeline of sales in previous periods as well as reasons why these sales were carried out and expectations regarding the future selling activities within the given portfolio.

The Bank considers the following sales to be consistent with the “hold and collect contractual cash flows” business model:

- a sale as a result of an increase in the credit risk associated with a financial instrument, irrespective of the frequency and value;
- a sale carried out to manage credit risk concentration if this sale is unique (even if material in terms of its value) or immaterial in terms of value but frequent.

(iv) “Held for strategic reasons”

Equity securities falling into the “held for strategic reasons” category are held to acquire cash flows – dividends on a long-term basis. The Bank classifies its ownership interests in non-consolidated companies as “held for strategic reasons”.

(v) “Derivatives held for risk management purposes”

Derivative transactions categorised as falling in the “derivatives held for risk management purposes” category represent hedging derivatives intended to manage the Bank’s interest rate and currency risks. Hedging derivatives are used according to the type of hedging relationship, i.e. fair value hedges or cash flow hedges.

#### **Impairment of financial assets**

IFRS 9 has introduced a new expected-loss impairment model that will require more timely recognition of expected credit losses (“ECL”) relating to an increase in the borrower's credit risk.

The Bank determines impairment of financial assets using the ECL model in respect of the following financial assets:

- Financial assets at amortised cost;
- Debt financial instruments measured at FVOCI;
- Financial guarantees and loan commitments.

For the purpose of calculating loss allowances, IFRS 9 requires using a three-stage model that evaluates changes in portfolio quality since initial recognition as at the reporting date.

Stage 1 includes financial assets the credit risk of which has not increased significantly since initial recognition and assets with low credit risk as at the reporting date. The 12-month expected credit losses are recognised for all assets in this category. Interest income is calculated on the basis of the gross carrying amount of financial assets.

Stage 2 includes financial assets the credit risk of which has increased significantly since initial recognition but for which there is no objective evidence of impairment. Expected credit losses are



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recognised for these assets over their lifetime. Interest income is calculated on the basis of the gross carrying amount of financial assets.

According to the Bank's methodology, credit risk significantly increases if one or more of the quantitative or qualitative criteria defined by the Bank are met. The quantitative criteria are based on changes in the values of the probability of default. The qualitative criteria for assessing changes in the credit risk in respect of exposures to financial institutions, public sector institutions, corporate clients and project funding include changes in external market indicators, changes in contractual terms, and changes in expert assessments. In respect of the retail portfolio, the qualitative criteria include forbearance and expert assessment.

Stage 3 includes financial assets for which there is objective evidence of impairment. Expected credit losses are recognised for these assets over their entire lifetime. Interest income is calculated on the basis of the net carrying amount of the assets.

#### Purchased or originated credit-impaired financial assets ("POCI")

These assets include expected cash flows used in calculating the effective interest rate upon the initial recognition of the expected credit loss over the entire lifetime of the asset. Changes in expected credit losses are recognised as loss allowances along with the related gain or loss through the Bank's profit or loss.

The calculation of expected credit losses is described in detail in note 42 (e).

#### **Modification of financial assets**

Financial assets are modified when there are new or else modified contractual terms related to cash flows from financial asset agreed between the date of origination and the maturity date.

To determine whether there is a significant or insignificant modification to the contractual terms, the Bank assesses changes in contractual cash flows from financial assets based on qualitative measures such as change in currency or type of the instrument, and quantitative criteria such as change in net present value. In case of significant modification, the original financial asset is derecognised and a new financial asset is recognised (including new classification and new impairment stage determination) in fair value as at the date of modification. Insignificant modifications of contractual terms do not result in derecognition, but to change in gross carrying amount of the financial asset calculated using original effective interest rate.

In assessing the significance of a change in quantitative criteria, the Bank calculates the change in the net present value (NPV) of past and present cash flows. If the change in NPV is significant (greater than 10 %), a so-called substantial modification occurs. The existing financial asset is derecognised and new financial assets is recognized. The difference in carrying amount between newly recognised and derecognised financial asset is recognized as a gain or loss on derecognition. The new financial asset (including the new classification and stage of impairment) is carried at fair value at the date of modification and with new effective interest rate. The date of modification is treated as the origination date of this financial asset, in particular to determine whether there has been a significant increase in credit risk. Nonsignificant modifications to the terms of contract (change in NPV less than 10 %) do not lead to derecognition of financial asset, but to adjustment of the gross carrying amount calculated on the basis of the original effective interest rate and the new discounted cash flows. The assessment of the significance of the modification does not depend on the portfolio to which financial assets belongs, it is only affected by the change in financial flows.

In case of each modification of contractual terms there is an assessment whether forbearance criteria are met for classification of financial assets as forborne. Financial asset is considered to be forborne if the customer was in financial difficulties as at the moment of decision about change of contractual terms. The Bank considers financial difficulties as the situation, when customer or any of his exposures is in default, when in last three months the customer was 30 days past due, when at least 20% of customer's exposure has rating 4.0 or worse, or when financial difficulties of the customer are implied from collection

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discussions or request to change contractual terms. After classification of financial assets with forbearance there is assessment, whether criteria for change indication as forced restructuring are met, following rules of definition of default. Defaulted financial assets are classified as Stage 3 based on IFRS 9 approach, financial assets with forbearance mostly to Stage 2 based on IFRS 9 approach. Concrete rules are set for recoveries from default and for reclassification of financial assets with forbearance to performing exposures without forbearance.

#### **Restructuring of loans and advances to customers**

Restructuring of loans and advances means providing the customer with a relief because the Bank concluded that it would likely incur a loss if it did not do so. For economic or legal reasons associated with the borrower's financial position the Bank therefore provided the borrower with a relief which would not have been available otherwise. For example, the relief may include rescheduling repayments, reducing the interest rate or waiving default interest. A restructured loan or advance (receivable) is not a loan or advance which originated as a result of the renewal of a short-term loan for current assets if the borrower fulfilled all of his payment and non-payment obligations arising from the loan agreement.

Furthermore, a change in the repayment schedule or in the form of the loan is not considered to be restructuring if these changes have been made for commercial reasons or on the grounds of changed financial needs of the borrower, and the anticipated development in the borrower's financial and economic situation does not give rise to doubt as to the full repayment of the receivable even without the change.

#### **Financial liabilities**

The Bank classifies financial liabilities into two categories:

- financial liabilities at amortised cost;
- financial liabilities held for trading.

The Bank derecognises a financial liability where related contractual obligations are fulfilled or cancelled or they cease to exist.

#### **Repurchase transactions**

Where debt or equity securities are sold under a concurrent commitment to repurchase them at a predetermined price, they remain at fair value or amortised cost within the relevant portfolio in the statement of financial position and the consideration received is recorded in "*Financial liabilities at amortised cost*" - "*Deposits from banks*" or "*Financial liabilities at amortised cost*" - "*Deposits from customers*". Conversely, debt or equity securities purchased under a concurrent commitment to resell are recorded off balance sheet where they are remeasured at fair value. The corresponding receivable from the provided loan is recorded in "*Financial assets at amortised cost – Loans and advances to banks*" or in "*Financial assets at amortised cost – Loans and advances to customers*".

Securities borrowed are not reported in the financial statements unless they are assigned to third parties, in which case ("short sales") the purchase and sale are recognised as a liability with the gain or loss included in "*Net gain on financial operations*".

The obligation to return them is recorded at fair value as a trading liability and presented in the statement of financial position line "*Other liabilities*".

Interest on debt securities transferred under repo transactions (repurchase transactions) is accrued while interest on debt securities received under reverse repurchase transactions is not accrued. Income or expenses arising from repo transactions or reverse repo transactions (reverse repurchase transactions) as the difference between the selling and purchase price are accrued over the term of the transaction and presented in the statement of comprehensive income as "*Interest income calculated using the effective interest rate method*" or "*Interest expense and similar expense*".

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#### **Issued bonds**

Debt securities issued by the Bank are stated at amortised costs using the effective interest rate method. Interest expense arising on the issue of the Bank's own debt securities is reported in the statement of comprehensive income line "*Interest expense and similar expense*".

The Bank's own debt securities repurchased by the Bank are presented as a reduction of liabilities arising from securities issued. Upon initial recognition, the Bank's own debt securities are stated at fair value. The difference between the cost of repurchased own debt securities and the amortised cost of issued securities is included in the statement of comprehensive income line "*Net gain on financial operations*" in the period of acquisition. Interest expense on issued debt securities are reduced to reflect the gradual increase in the value of the Bank's own debt securities.

#### **Subordinated loan**

A subordinated loan is a loan where it has been contractually agreed that, in the event of liquidation, bankruptcy, forced settlement or settlement with the borrower, the loan will be repaid only after the full satisfaction of all other liabilities to the other creditors, the only exception being liabilities that carry the same or similar subordination condition.

The principal of the subordinated loan and relevant interest are recognised from the draw-down date to the maturity date of the subordinated loan. The subordinated loan including the accrued and not yet paid portion of the interest is reported in "*Financial liabilities at amortised cost*" - "*Subordinated liabilities and bonds*" in the statement of financial position. Interest expense on subordinated loan is reported in the statement of comprehensive income in "*Interest expense and similar expense*".

#### **Subordinated debt securities issued**

Subordinated debt securities issued are debt securities where it has been agreed that they will be settled only after the settlement of all other liabilities if the issuer is placed into liquidation or a resolution on the bankruptcy of the issuer is passed, except for liabilities that carry the same or similar subordination condition.

Subordinated debt securities issued are reported by the Bank at amortised cost using the effective interest rate and are included in "*Financial liabilities at amortised cost – Subordinated liabilities and bonds*" in the statement of financial position. Interest expense arising on the issue of the Bank's own debt securities is reported in the statement of comprehensive income line "*Interest expense and similar expense*".

#### **Financial derivative instruments**

In the normal course of business, the Bank enters into contracts for derivative financial instruments. Financial derivatives include foreign currency and interest rate swaps, cross currency swaps, currency forwards, forward rate agreements, foreign currency, interest rate and commodity options (both purchased and sold), and other derivative financial instruments. The Bank uses various types of derivative instruments in respect of both its trading and hedging activities of currency and interest rate positions. The Bank internally includes all types of derivatives in the banking or trading portfolios. The banking portfolio additionally includes financial derivatives used as hedging instruments in fair value and cash flow hedging.

All financial derivative instruments are initially recognised at fair value in the statement of financial position and are subsequently remeasured and stated at fair value. The fair values of financial derivatives held for trading are reported in "*Financial assets held for trading – derivatives held for trading*" and "*Financial liabilities held for trading – derivatives held for trading*" in the statement of financial position. The fair values of hedging financial derivatives are reported in "*Hedging derivatives with positive fair value*" and "*Hedging derivatives with negative fair value*" in the statement of financial position. Interest income and expense associated with financial derivatives used as hedging instruments when hedging fair values or cash flows is reported in "*Interest income calculated using the effective interest rate method*" or "*Interest expense and similar expense*" in the statement of comprehensive income. Interest income and

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expense relating to financial derivatives in the trading portfolio is reported in “*Other interest income*” or “*Interest expense and similar expense*”.

Realised and unrealised gains and losses are recognised in the statement of comprehensive income line “*Net profit on financial operations*”. Fair values of derivatives are based upon quoted market prices or pricing models which take into account current market and contractual prices of the underlying instruments, as well as the time value and yield curve or volatility factors underlying the positions. The fair value of derivative instruments also includes credit and debit adjustments resulting from a derivative transaction counterparty's credit risk.

#### **Embedded derivatives**

In some instances, a derivative may be part of a compound financial instrument, which includes both the host instrument and the derivative (embedded derivative) that influences the cash flow or otherwise modifies the characteristics of the host instrument.

Derivatives embedded in other financial instruments are treated as separate derivatives when:

- the host instrument is not a financial asset in compliance with IFRS 9;
- a separate host instrument is not remeasured at fair value through profit or loss (FVTPL);
- the terms of the embedded derivative would meet the definition of a derivative if these were part of a separate contract;
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host instrument.

Separate embedded derivatives are stated at fair value and changes in fair values are recognised in profit or loss if they are not part of hedging relationships within cash flow hedging or hedging of a net investment in a foreign operation.

#### **Hedge accounting**

From 1 January 2018, the Bank decided to continue to apply hedge accounting in accordance with IAS 39, and not in compliance with the current amendment in IFRS 9. Hedging derivatives are derivatives that the Bank can use to hedge against its interest rate and currency risks. A hedging relationship qualifies for hedge accounting if, and only if, all of the following conditions are met:

- a) At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- b) The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship;
- c) For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss;
- d) The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured; and
- e) The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Hedging financial derivatives are accounted for according to the type of the hedging relationships which are as follows:

- a) Fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss;

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- b) Cash flow hedge: a hedge of the exposure to variability in cash flows that:
  - i. Is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction; and,
  - ii. Could affect profit or loss.
- c) Hedge of a net investment in a foreign operation.

The Bank applies fair value hedging to manage its market risks. Changes in the fair value of hedging derivatives classified as a fair value hedge are reported in the statement of comprehensive income line “*Net gain from hedge accounting*”, interest income and expense on these derivatives (i.e. both realised and accrued) are reported in the statement of comprehensive income line “*Interest income calculated using the effective interest rate method*” or “*Interest expense and similar expense*”. A change in the fair value of the hedged item in relation to the fair value hedge of individual hedged items is recognised as part of the carrying amount of the hedged item in the statement of financial position and in line “*Net gain from hedge accounting*” in the statement of comprehensive income. In respect of the fair value hedge of the hedged items portfolio, the change in the fair value of hedged items is reported in the statement of financial position as “*Fair value remeasurement of portfolio-remeasured items*” in relevant items and in line “*Net gain from hedge accounting*” in the statement of comprehensive income.

The cash flow hedging is aimed at the elimination of uncertainty in future cash flows and the stabilisation of the net interest income. The effective part of the change in the fair value of hedging derivatives treated as cash flow hedges is reported in “*Revaluation of cash flow hedges*” in the statement of comprehensive income and cumulatively in “*Fair value reserve*” in the statement of financial position. The ineffective part of the change in the fair value of hedging derivatives treated as cash flow hedges is immediately presented in “*Net gain from hedge accounting*” in the statement of comprehensive income. The values that were reported in other comprehensive income are reallocated in gain or loss in the period in which the hedged item affects gains or losses in “*Net gain from hedge accounting*” in the statement of comprehensive income.

The effectiveness of the hedge is regularly tested on a monthly basis, prospectively and retrospectively. Where the hedge ceases to meet the criteria for hedge accounting, the maturity of the hedging instrument expires, the hedging instrument is sold, terminated or exercised, the Bank discontinues the hedging relationship and writes off the adjustments of the carrying amount of the hedged interest-bearing financial instruments through statement of comprehensive income over the period to the maturity of the hedged item in respect of the fair value hedge, or the accumulated profit or loss from the hedging instrument, originally presented in other comprehensive income, remain in the statement of financial position in “*Fair value reserve*” until the transaction is realised in respect of cash flow hedges.

#### (g) **Offsetting**

Financial assets and liabilities may be offset and the net amount is reported in the statement of financial position when the Bank has a legally enforceable right to set off the recognised amounts and the transactions are intended to be reported in the statement of financial position on a net basis. The Bank does not offset any financial assets and financial liabilities.

#### (h) **Other equity instruments**

Other equity instruments principally include AT1 capital investment certificates that combine the elements of equity and debt securities and meet the criteria for inclusion in the Bank’s auxiliary Tier 1 capital. These instruments are reported at their nominal value in the statement of financial position line “*Other equity instruments*”. The payment of interest income attributable to the certificate holders is governed by the relevant terms and conditions set out in the prospectus for the certificates and is made from the Bank’s retained earnings following the approval of the profit distribution by the Bank’s General meeting of shareholders.

AT1 certificates includes no contractual obligation to deliver cash or another financial asset and obligation to exchange financial liabilities with another entity under conditions that are potentially unfavourable to the issuer. Certificates are not redeemable at the option of the holders and they will not otherwise be called or repurchased except at the option of the issuer. Issuer at its sole and full discretion,

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can at any time elect to cancel, in whole or in part, any payment of distributions. Based on these reasons are AT1 certificates classified as equity instruments.

**(i) Equity investments**

Equity investments in subsidiaries and associated companies and joint ventures are recognised at acquisition cost including transaction costs, less loss allowances for any temporary impairment, or less write-downs due to permanent impairment of their value.

At the reporting date, the Bank assesses equity investments in subsidiaries and associated companies and joint ventures for impairment. The impairment of an equity investment is identified as the difference between the carrying amount and recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use determined as a sum of discounted expected cash flows. Impairment of equity investments in subsidiaries and associated companies is reported in the statement of comprehensive income in "*Impairment losses on equity investments*".

Equity investments where the Bank holds a share in registered capital lower than 20 percent are reported as "*Financial assets measured at FVOCI*".

**(j) Property and equipment and intangible assets**

Property and equipment comprise assets with a physical substance and with an estimated useful life exceeding one year and acquisition cost of more than CZK 40,000.

Intangible assets include assets without physical substance with an estimated useful life exceeding one year and acquisition cost of more than CZK 60,000.

Property and equipment and intangible assets are stated at acquisition cost less accumulated depreciation, amortisation and loss allowances and are depreciated or amortised when ready for use through the statement of comprehensive income line "*Depreciation and amortisation of property and equipment and intangible assets*" on a straight line basis over their estimated useful lives.

Depreciation periods and depreciation rates for individual categories of property and equipment and intangible assets are as follows:

	<b>Depreciation period</b>	<b>Depreciation rate</b>
Software (except for core banking systems)	4 years	25%
Buildings	30 years	3.33%
Other (cars, furniture and fixtures, office equipment and computers)	4 - 10 years	10 - 25%

Leasehold improvements are depreciated on a straight-line basis over the lease term, or if appropriate the depreciation period is extended by the term arising from an option arrangement. Leasehold improvements under lease arrangements with no fixed expiry date are depreciated over 15 years.

Land and works of art (irrespective of their cost) and assets under construction are not depreciated.

The cost of internally generated intangible assets comprise all costs that can be allocated directly or by reference to a reasonable and consistent basis for generating and preparing an asset for its intended use.

The Bank periodically reviews the utilisation of its assets and adjusts the policy on their depreciation/amortisation as and when needed. A change in the depreciation period is not considered a change in accounting policies but a change in accounting estimates.

The Bank's assets are regularly tested for impairment. Impairment of assets, if any, is reported in the statement of comprehensive income in "*Other operating expenses*". The Bank regularly reviews the anticipated future benefit from intangible assets; if no benefit can be expected, the relevant intangible assets are derecognised from the statement on financial position. The loss resulting from the derecognition is included in the statement of comprehensive income line "*Other operating expenses*".

Repairs and maintenance are charged directly to the statement of comprehensive income line "*General operating expenses*" in the year in which the expenses were incurred.

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**(k) Leases**

Under IFRS 16, in assessing whether the contract contains a lease. The contract is, or contains a lease if, the contract conveys the right to control and to use an identified asset for a period of time in exchange for consideration.

A lessee recognises a right-of-use asset and a lease liability. A right-of-use asset is initially measured at cost and is subsequently depreciated until the end of its useful life or until the end of the lease contract term. Right-of-use assets are reported by the Bank in the statement of financial position line "*Property and equipment*".

The lease liability is initially measured at the present value of the lease payments which have not been paid as at the commencement date of the lease contract, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. Lease payments entering into the calculation of the lease liability measurement include fixed lease payments, variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option that the lessee is reasonably certain to exercise and payments for terminating the lease if the lease term reflects early termination.

Subsequently, the lease liability is measured at carrying amount plus the relevant interest and less lease payments made, and remeasured to take into account a modification or reassessment of the lease.

Lease liabilities are reported in the statement of financial position line "*Other financial liabilities*", which is included in the line "*Financial liabilities at amortised cost*". Interest is reported in the statement of comprehensive income in "*Interest expense and similar expense*".

In applying IFRS 16, the Bank applies exemptions for lease terms of 12 months or less and not containing a purchase option (short-term leases) and exemptions for leases when the underlying asset has a low value when new. The Bank set the low-value limit to TCZK 100. In such cases, the right-of-use asset or the relating liability is not reported and the relevant payments are reported in the statement of comprehensive income in "*General operating expenses*".

In applying IFRS 16, the Bank is the lessee. Cases where the Bank would be the lessor are currently not expected. The exception is a sublease where the Bank acts as an intermediate lessor. In this case, the Bank accounts for a leases and a sublease as about two separate contracts. All subleases are classified as operating leases.

**(l) Assets and disposal groups held for sale**

Assets held for sale and assets that are part of a disposal group held for sale are reported in the statement of financial position line "*Assets held for sale*". If the disposal group held for sale also includes liabilities, they are reported in the statement of financial position line "*Liabilities attributable to assets held for sale*". Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less the sale-related costs.

**(m) Provisions**

A provision represents a probable cash outflow of uncertain timing or amount. The Bank recognises a provision when, and only when:

- it has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- the amount of the obligation can be estimated reliably.

**Provisions for guarantees and other off balance sheet items**

The Bank recognises potential commitments arising from issued guarantees, irrevocable credit commitments (undrawn portion), confirmed open letters of credit, etc. as part of off-balance sheet assets. Provisions for estimated losses on these commitments are made under the same principles as the loss

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allowances to financial assets. Changes in these provisions are recognised in “*Impairment losses on financial instruments*”.

#### **Provisions for payroll bonuses**

The Bank accounts for provisions for long-term payroll bonuses (quarterly and annual bonuses). Creation, utilisation and release of the provisions for payroll bonuses are reported in the statement of comprehensive income in “*Personnel expenses*”.

#### **Other provisions**

Creation, utilisation and release of the other provisions relating to banking activities (legal disputes, etc.) are reported in “*General operating expenses*”. If a provision does not relate to banking activities, the creation, utilisation and release of the other provisions are reported in “*Other operating income/Other operating expenses*”. Other provisions also include the provision for fines and penalties.

#### **(n) Current tax liability**

Current tax liability represents the tax liabilities for the current period less current income tax prepayments, adjusted for changes in prior year’s tax liability, if any. Tax liabilities are stated at the amount that is expected to be paid to the tax authority. In calculating the tax liabilities for the current period, the tax rates and tax legislation in force as at the reporting date will apply.

#### **(o) Transactions with securities undertaken on behalf of customers**

Securities taken by the Bank into custody, administration or to be managed are kept off balance sheet at their market or nominal values if the market value is not available. “*Other liabilities*” in the statement of financial position comprise the Bank’s payables to customers (Deposits from customers) arising from cash received to purchase securities or advance payments to be refunded to customers.

#### **(p) Contingent assets, contingent liabilities and off-balance sheet items**

A contingent asset/liability is a potential asset/liability that arises from past events and whose existence will be only confirmed by the occurrence or non-occurrence of one or more uncertain future events not fully under the entity's control. Contingent assets/liabilities are recorded off balance sheet, with the Bank regularly reviewing their development to specify whether an inflow/outflow of resources embodying economic benefits has become probable. Where the likelihood of an outflow of economic benefits is higher than 50%, the Bank will recognise a provision. Where the likelihood of an inflow of economic benefits is virtually certain, the Bank will recognise an asset and income.

Contingent liabilities also include existing liabilities if their settlement is unlikely to require an outflow of resources embodying economic benefits or if the amount of the liability cannot be reliably quantified. Contingent liabilities include for example: irrevocable credit commitments and commitments arising from bank guarantees and letters of credit.

Besides contingent assets and contingent liabilities, assets arising from activities consisting in management, administration and custody of valuables and securities are also recorded off balance sheet, including the related liabilities to return the relevant assets to customers.

Off-balance sheet items also include the nominal values of interest rate and foreign currency instruments, including forwards, swaps and options.

#### **(q) Segment reporting**

The Bank reports information about segments in accordance with IFRS 8 Operating Segments. IFRS 8 requires that operating segments be identified based on internal reports regularly reviewed by the Bank’s chief operating decision maker. Pursuant to these internal reports including the overview of the performance of the particular operating segment, it is possible to assess the performance of the segment, or if appropriate decide on the strategic development of the operating segment.

The basis for determining reportable segments is a report that the Bank prepares for the board of directors which is considered to be the ‘chief operating decision maker’, i.e. a person/group of persons that allocates resources and assesses the performance of individual operating segments of the Bank.



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Information on reportable operating segments of the Bank is disclosed in note 40.

**(r) Foreign currency translation**

Transactions denominated in foreign currencies are initially measured at the official exchange rate announced by CNB on the transaction date. Assets and liabilities denominated in foreign currencies are translated into the local currency at CNB's exchange rate prevailing as at the reporting date. Realised and unrealised gains and losses on foreign currency translation are recognised in the statement of comprehensive income in "*Net gain on financial operations*", with the exception of foreign exchange rate differences on equity investments denominated in foreign currencies which are reported at the historical exchange rate, foreign exchange rate differences on equity securities included in the portfolio of financial assets at FVOCI which are reported as a component of a change in the fair value and foreign exchange rate differences on derivatives entered into to hedge the currency risk associated with assets or liabilities whose foreign exchange rate differences are a part of the change in the fair value.

**(s) Cash and cash equivalents**

The Bank considers cash in hand, deposits with central banks, and deposits with other banks with one-day maturity to be cash equivalents. For the purpose of determining the balance of cash and cash equivalents, the mandatory minimum reserves with CNB are not included as a cash equivalent due to restrictions on its utilisation.

**(t) Employee benefits**

Every employee of the Bank has access to a 'benefit purse' in which they obtain an annual one-off contribution depending on the number of years worked and their position. In drawing it, the employees have several options to choose from, including leisure, supplementary pension insurance and life assurance contributions, and meal contributions. The costs incurred in connection with the benefit purse contributions are reported on an accruals basis in "*Personnel expenses*" in the statement of comprehensive income. Employees receive bonuses on significant personal and work anniversaries. The costs incurred in connection with these benefits are reported in "*Personnel expenses*" in the statement of comprehensive income.

The amount of the bonuses depends on the fulfilment of the performance criteria. The bankers from the branch network, respectively mortgage network, receive monthly and quarterly bonuses; branch managers and mortgage office managers receive quarterly bonuses. Call centre employees receive monthly bonuses. Employees from the Operations division with short-term goals receive monthly bonuses. Employees from Risk department with short-term goals receive monthly or quarterly bonuses. Other employees receive annual bonuses. Bonuses are reported on an accruals basis. At year-end, the liability is reported in "*Provisions for payroll bonuses*". Creation, utilisation and release of the provisions for payroll bonuses are reported in the statement of comprehensive income in "*Personnel expenses*".

Members of the board of directors receive bonuses tied to their performance, depending on the fulfilment of financial and non-financial criteria approved by the supervisory board. 50% of the variable wage component of a member of the Board of Directors is calculated and paid out on the methodology Value in Use ("ViU"). This method is based on Dividend Discount Model (DDM) and is the sum of Net Present Value (NPV) of dividends in the following five years since the evaluation year and the ongoing value. This wage component is awarded based on this scheme: 60% is deferred by 18 months from the conclusion of the financial year for which it is awarded; the remaining 40% is paid out over next five years, with one fifth being paid each year. The other half of the variable wage component is awarded under the following scheme: 60% non-delayed; the remaining 40% is paid out over next five years, with one fifth being paid each year. Deferred bonuses paid in cash, i.e. bonuses paid to members of the Board of Directors more than 12 months subsequent to the end of the reporting period during which they provided services to the Bank, are considered to be long-term employee benefits reported in "*Provision for payroll bonuses*" in the statement of financial position. Creation, utilisation and release of the provisions for payroll expenses are reported in the statement of comprehensive income in "*Personnel expenses*".

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### (u) Reclassification of data for 2019

#### Reporting of required minimum reserves

During 2020, the Bank started reporting the “Mandatory minimum reserves” in the “Other assets” due to no option to use mandatory minimum reserves as “Cash and Cash equivalents”. In accordance with IAS 8, the Bank reclassified this in the statement of financial position in the comparable period.

MCZK	2019		2019
	Before reclassification	Reclassification	After reclassification
Cash and cash equivalents	14,040	(2,926)	11,114
Other assets	1,168	2,926	4,094

#### Reporting of client foreign exchange operations

During 2020 the Bank performed an analysis of its foreign exchange operations. Based on this analysis the Bank concluded that Client foreign exchange operations are by nature fees and commissions. Based on that the Bank began reporting “Client foreign exchange operations” in the “Fee and commission income”. In accordance with IAS 8, the Bank reclassified this in the statement of comprehensive income for the comparable period.

The table below shows the changes in the individual lines of comprehensive income where the reclassification took place (only the affected lines).

MCZK	2019		2019
	Before reclassification	Reclassification	After reclassification
Net profit from financial operations	1,208	(1,406)	(198)
Fee and commission income	2,643	1,406	4,049

The table below shows the changes in the individual lines of the “Net fee and commission income” of the result where the reclassification took place.

MCZK	2019		2019
	Before reclassification	Reclassification	After reclassification
<b>Fee and commission income</b>			
From securities operations	210	-	210
Clearing and settlement	70	-	70
Asset Management	40	-	40
Management, storage and storage of values	46	-	46
Payments	1,759	-	1,759
Distribution of products for customers	136	-	136
Credit management	220	-	220
Client foreign exchange operations	-	1,406	1,406
Other	21	-	21
<b>Fee income from client accounts</b>	<b>2,502</b>	<b>1,406</b>	<b>3,908</b>
Guarantees provided	141	-	141
<b>Total fee and commission income</b>	<b>2,643</b>	<b>1,406</b>	<b>4,049</b>
<b>Fee and commission expense</b>			
Clearing and settlement	(61)	-	(61)
Management, storage and storage of values	(3)	-	(3)
Payments	(742)	-	(742)
Guarantees received	(14)	-	(14)
Other	(134)	-	(134)
<b>Total fees and commissions</b>	<b>(954)</b>	<b>-</b>	<b>(954)</b>
<b>Net fee and commission income</b>	<b>1,689</b>	<b>1,406</b>	<b>3,095</b>

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The table below shows the changes in the individual lines of the “*Net profit from financial operations*” of the result where the reclassification took place.

<b>MCZK</b>	<b>2019 Before reclassification</b>	<b>Reclassification</b>	<b>2019 After reclassification</b>
<b>Interest rate and currency derivatives and currency spots</b>	38	(374)	(336)
Profit/(loss) from FX operations	1,147	(1,032)	115
Profit/(loss) from transactions in securities held for trading	12	-	12
Trade payables	-	-	-
Equity instruments for trading	11	-	11
<b>Net fee and commission income</b>	<b>1,208</b>	<b>(1,406)</b>	<b>(198)</b>

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#### 4. CHANGES IN ACCOUNTING POLICIES IN 2020

(a) **Newly applied standards and interpretations the application of which had a significant impact on the financial statements**

In 2020, the Bank did not start using any standards and interpretations which would have a significant impact on the separate financial statements.

(b) **Newly applied standards and interpretations the application of which had no significant impact on the financial statements**

The following standards, interpretations, and amendments to current standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period:

- **Amendment to the Conceptual Framework for Financial Reporting** (effective for annual periods beginning on or after 1 January 2020).
- **Amendments to IAS 1 – Presentation of Financial Statements, and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – definition of materiality** (effective for annual periods beginning on or after 1 January 2020);
- **Amendments to IFRS 9 Financial instruments, IAS 39 Financial instruments, and IFRS 7 Financial instruments: Disclosures – Interest Rate Benchmark Reform** (effective for annual periods beginning on or after 1 January 2020);
- **Amendments to IFRS 16 Leases – COVID-19-Related Rent Concessions** ((Effective for annual periods beginning on or after 1 June 2020);
- **Amendments to IFRS 3 Business combinations – Definition of a Business** (effective for annual periods beginning on or after 1 January 2020);

The adoption of these amendments resulted in no changes in the Bank's accounting policies.

(c) **Standards and interpretations issued by IASB, but not effective yet**

- **Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16** - effective for annual periods beginning on or after 1 January 2021). The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

(d) **Standards and interpretation issued by IASB, but not yet adopted by the European Union**

At present, the version of standards adopted by the European Union does not significantly differ from the standards approved by IASB. The exception are the following standards, amendments and interpretations that were not adopted for use in the EU as at the date of approval of the financial statements (the effective dates listed below apply to the IFRS standards issued by the IASB).

- **Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current** (effective for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use** (effective for annual periods beginning on or after 1 January 2022);
- **Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract** (effective for annual periods beginning on or after 1 January 2022);

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- **Amendments to IFRS 3 – Business combinations** – Reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022);
- **IFRS 17 Insurance Contracts** (effective for annual periods beginning on or after 1 January 2023; with prospective application. Earlier application permitted.)
- **Amendments to IFRS 4 Insurance Contracts** (effective for annual periods beginning on or after 1 January 2021);
- **Amendments to various standards “Improvement of IFRS” (2018-2020 cycle)** – the amendments concern IFRS 1, IFRS 9, IFRS 16 and IAS 41 (effective for annual periods beginning on or after 1 January 2022).
- **Amendments to IFRS 10 a IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture** (The European Commission decided to defer the endorsement indefinitely).

The Bank anticipates that the adoption of the above stated standards, amendments to existing standards and interpretations in the period of their first-time adoption will have no significant impact on the Bank’s financial statements.

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#### **5. IMPACT OF THE COVID-19 PANDEMIC ON THE SEPARATE FINANCIAL STATEMENTS**

The outbreak of the COVID-19 pandemic in Europe in February 2020 had an impact on the operational and strategic objectives of the Bank. In connection with the pandemic and the declared state of emergency all over the territory of the Czech Republic lasting from 12 March 2020 until 17 May 2020, the Bank adopted various measures to protect the health of its employees and clients. The measures have been subjected to regular monitoring and reviews since then.

In the course of March, the Bank started to offer to its clients the suspension of credit repayments for up to one year, applicable to private individuals, entrepreneurs, as well as businesses. On 1 April 2020, the Czech government passed a bill on selected measures pertaining to the repayment of loans in relation to the COVID-19 pandemic, which allowed the introduction of a loan moratorium. Clients of the Bank who applied for the government moratorium were granted deferrals of instalments according to the law, i.e. until 31 July or 31 October 2020. Part of this statutory credit moratorium on deferral of loan repayments was the setting of a maximum interest rate on consumer loans at 8 % above the two-week repo rate announced by the CNB (0.25 %). During this moratorium, banks were not allowed to charge clients any penalty fees or interest on past due installments. Bank allowed its clients who requested a statutory moratorium to defer payments for a period of three or six months. As at 31 October 2020 when the moratorium ended, the resulting impact of the both moratoriums was more than 22 thousand approved applications with a total amount of loans more than CZK 47.7 billion of which households account for CZK 17.2 billion, companies for CZK 30.5 billion. Approximately 500 approved applications in total amount of CZK 14.8 billion relate to voluntary moratoriums and almost 22 thousand application in the total amount of CZK 32.9 billion were approved under the statutory moratorium. In the period from October to December 2020, subsequent forbearance of CZK 2.5 billion was approved for loans for which the Bank granted a suspension of loan repayment due to a voluntary moratorium and subsequent forbearance of CZK 1.8 billion for loans with granted a statutory moratorium which was valid until end of October 2020.

The Bank launched its offer of credit facilities for corporate entities and businesses under the COVID guarantee programmes operated by Českomoravská záruční a rozvojová banka (ČMZRB), COVID III and European investment fund (EIF), being the most extensive programmes. As at 31 December 2020, Bank approved 182 applications in the total amount more than CZK 2.5 billion.

Also, the Bank continues to provide loans to clients in all segments. Clients are able to deal with the vast majority of their banking operations in a remote regime without having to visit a branch office.

Furthermore, the Bank introduced a set of measures to protect the health of its employees and clients. One of such measures concerns increased supplies of necessary hygiene products for the Bank's offices. The Bank enabled long-term work from home for nearly all its members of staff. This required the implementation of the necessary communication means and securing of all required technical measures allowing for this regime of work in the long term. Also, the Bank optimised the layout and number of workplaces in the Bank's premises in combination with the support for long-term work from home for most employees.

The COVID-19 pandemic accelerated the Bank's strategic priorities in connection with the optimisation of its branch network. In line with IAS 36 and IFRS 16 requirements, the Bank assessed the indicators of any possible impairment of these assets. The Bank identified significant impairments in respect of seven leased branch offices reported as rights of use. These branch offices were closed as of 31 December 2020. As at the date of these separate financial statements, the net book value of these rights of use was zero and the impairment of the right of use amounting to MCZK (5) was recognised in the statement of comprehensive income under "*Other operating cost*". Lease liabilities arising out of the lease agreements are still recognised by the Bank in the statement of financial position under "*Other financial liabilities*".

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Pursuant to IFRS 9, a loan moratorium results in the modification of the contractual cash flow of a financial asset. The Bank evaluated this modification as an immaterial modification of the financial asset not resulting in the derecognition of the original financial asset. The modification gain or loss equals the difference between the gross book value of the loan before modification and the net present value of the cash flows of the modified financial asset discounted at the original effective interest rate. The Bank recognised the modification loss in the separate statement of comprehensive income under “*Other operating cost*”. As at 31 December 2020, the modification loss caused by COVID-19 effects amounted to MCZK 98.

In accordance with EBA guidance, granting a private or public moratorium to a client is not automatically considered an indicator of a significant increase of credit risk leading to a worse staging of exposure. On the other hand, it may result in a worse staging of the client based on an individual assessment as part of extraordinary or regular monitoring or annual assessment renewal. The Bank's exposures under a public or private moratorium are reported as forbore exposures, however without automatically worsening the risk category. When evaluating significant increases of credit risk, the Bank continues to apply a set of qualitative, quantitative and additional criteria. In connection with the COVID-19 pandemic, the Bank created loss allowances in the amount of MCZK 872.3, out of total loss allowances in the amount of MCZK 1,552.

The Bank regularly monitors the development of the clients under loan repayment moratoria to (i) support the clients with targeted selected measures, (ii) set up the recovery personnel capacities for the anticipated wave of defaults after the end of moratoria, (iii) estimate the future impacts on the profit and loss statement on a regular basis. The work and activities performed particularly consist of i) the dynamic monitoring of risk indicators, ii) client surveys, iii) the reasonable sizing of and seniority in expert teams focused on loan restructuring in the retail and corporate segments.

The Bank closely monitors the sectors that are most affected by the COVID-19 pandemic (automotive industry, hotels and tourism, hospitality and entertainment, transport, etc.). Rules applicable to the assessment of risk categories were adjusted in respect of retail clients in these sectors. In the corporate segment, individual assessment was used to review the entire portfolio in the affected segment and to evaluate the risk associated with particular clients under different stress scenarios of effects of the pandemic. The Bank deems that the expected credit risk in these industries is included in the forward-looking components and in the staging algorithm used in IFRS 9 models; thus, the Bank does not apply any additional portfolio adjustments to selected industries beyond the framework of the applicable IFRS 9 methodology.

For the time being, the economic outlook remains uncertain due to the risk of the second wave of the COVID-19 pandemic. Following the evaluation of the current situation and possible scenarios of future development, the Bank's management expects the Bank's business in the following periods to remain profitable; the economic results will be sufficient to cover the Bank's capital needs and there is no significant uncertainty relating to events or circumstances that might crucially challenge the Bank's ability to continue as a going concern.

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### 6. NET INTEREST INCOME

MCZK	2020	2019
<b>Interest income and similar income calculated using the effective interest rate method</b>		
<b>Financial assets at amortised cost</b>	<b>8,242</b>	<b>9,964</b>
from debt securities	386	228
from loans and advances to banks	866	1,926
from loans and advances to customers	6,990	7,810
<b>Financial assets other than held for trading mandatorily reported at fair value in profit or loss</b>	<b>6</b>	<b>-</b>
debt securities	6	-
<b>Negative interest from financial liabilities measured at amortised cost</b>	<b>29</b>	<b>15</b>
<b>Hedging interest rate derivatives</b>	<b>2,481</b>	<b>3,116</b>
<b>Interest income calculated using the effective interest rate</b>	<b>10,758</b>	<b>13,095</b>
<b>Other interest income</b>		
<b>Financial assets held for trading</b>	<b>2,317</b>	<b>2,474</b>
trading derivatives	2,315	2,472
<i>of which derivatives in bank's portfolio</i>	9	50
debt securities	2	2
<b>Other interest income</b>	<b>2,317</b>	<b>2,474</b>
<b>Interest expense</b>		
<b>Financial liabilities held for trading</b>	<b>(2,178)</b>	<b>(2,443)</b>
trading derivatives	(2,178)	(2,443)
<i>of which derivatives in bank's portfolio</i>	(13)	(23)
<b>Financial liabilities at amortised cost</b>	<b>(1,059)</b>	<b>(1,437)</b>
from deposits from banks	(124)	(247)
from Deposits from customers	(736)	(974)
from debt securities issued	(68)	(105)
subordinated liabilities	(131)	(111)
<b>From lease liabilities</b>	<b>(28)</b>	<b>(30)</b>
<b>From securitisation</b>	<b>-</b>	<b>(1)</b>
<b>Hedging interest rate derivatives</b>	<b>(2,564)</b>	<b>(3,113)</b>
<b>Negative interest from financial assets measured at amortised cost</b>	<b>(7)</b>	<b>(6)</b>
<b>Total interest expense and similar expense</b>	<b>(5,836)</b>	<b>(7,030)</b>
<b>Net interest income</b>	<b>7,239</b>	<b>8,539</b>

The items "Interest income calculated using the effective interest rate method" – "Hedging interest rate derivatives" and "Interest expense" – "Hedging interest rate derivatives" comprise net interest income from hedging financial derivatives upon a cash flow hedge of MCZK 74 (2019: net interest expense MCZK (123)), net interest expense from hedging financial derivatives upon a fair value hedge of mortgage loans of MCZK (126) (2019: net interest income MCZK 777), net interest expense from hedging financial derivatives upon a fair value hedge of term deposits and the portfolio of current and savings accounts of MCZK (31) (2019: MCZK (651)).

Interest income additionally includes interest on impaired assets (primarily loans and advances to customers) of MCZK 104 (2019: MCZK 63).

Interest income from financial assets at amortised cost includes in 2020 interest from loans and advances to customers which were subject to loan moratorium introduced due to the COVID-19 outbreak, of MCZK 1,155.



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### 7. NET FEE AND COMMISSION INCOME

MCZK	2020				Total
	Corporate companies	Retail clients	Treasury	Other	
<b>Fee and commission income</b>					
Securities transactions	22	231	1	-	254
Clearing and settlement	12	1	-	-	13
Asset management	1	45	-	-	46
Administration, custody and safekeeping of values	10	32	1	7	50
Payments	246	1,218	-	6	1,470
Product distribution for customers	3	180	-	-	183
Loan administration	87	103	-	-	190
Customer foreign currency operations	616	761	-	-	1,377
Other	45	17	-	-	62
<b>Total fee from customers' accounts</b>	<b>1,042</b>	<b>2,588</b>	<b>2</b>	<b>13</b>	<b>3,645</b>
Provided guarantees	147	-	-	-	147
<b>Total fee and commission income</b>	<b>1,189</b>	<b>2,588</b>	<b>2</b>	<b>13</b>	<b>3,792</b>
<b>Fee and commission expense</b>					
Clearing and settlement	(9)	(40)	(5)	-	(54)
Administration, custody and safekeeping of values	-	-	(3)	-	(3)
Payments	(16)	(632)	-	(1)	(649)
Guarantees received	(15)	-	-	-	(15)
Other	(5)	(103)	(17)	(26)	(151)
<b>Total fee and commission expense</b>	<b>(45)</b>	<b>(775)</b>	<b>(25)</b>	<b>(27)</b>	<b>(872)</b>
<b>Net fee and commission income</b>	<b>1,144</b>	<b>1,813</b>	<b>(23)</b>	<b>(14)</b>	<b>2,920</b>

MCZK	2019				Total
	Corporate companies	Retail clients	Treasury	Other	
<b>Fee and commission income</b>					
Securities transactions	25	184	-	1	210
Clearing and settlement	67	3	-	-	70
Asset management	-	40	-	-	40
Administration, custody and safekeeping of values	12	30	2	2	46
Payments	302	1,453	-	4	1,759
Product distribution for customers	2	134	-	-	136
Loan administration	81	138	-	1	220
Customer foreign currency operations	627	779	-	-	1,406
Other	11	9	-	1	21
<b>Total fee from customers' accounts</b>	<b>1,127</b>	<b>2,770</b>	<b>2</b>	<b>9</b>	<b>3,908</b>
Provided guarantees	141	-	-	-	141
<b>Total fee and commission income</b>	<b>1,268</b>	<b>2,770</b>	<b>2</b>	<b>9</b>	<b>4,049</b>
<b>Fee and commission expense</b>					
Clearing and settlement	(11)	(44)	(6)	-	(61)
Administration, custody and safekeeping of values	-	-	(3)	-	(3)
Payments	(14)	(725)	-	(3)	(742)
Guarantees received	(14)	-	-	-	(14)
Other	(15)	(74)	(28)	(17)	(134)
<b>Total fee and commission expense</b>	<b>(54)</b>	<b>(843)</b>	<b>(37)</b>	<b>(20)</b>	<b>(954)</b>
<b>Net fee and commission income</b>	<b>1,214</b>	<b>1,927</b>	<b>(35)</b>	<b>(11)</b>	<b>3,095</b>

The Bank changed its presentation of customer foreign currency operations in the statement of comprehensive income from "Net gain/(loss) from financial operations" to "Net fee and commission income" for more detail refer to Note 3 (u).

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### 8. NET LOSS ON FINANCIAL OPERATIONS

MCZK	2020	2019
Interest rate and currency derivatives and FX spots	(416)	(336)
Profit/(loss) from revaluation of foreign currency position	218	115
Gain/(loss) from transactions with securities held for trading	1	12
Liabilities from short sales transactions	1	-
Equity instruments held for trading	6	11
<b>Total</b>	<b>(190)</b>	<b>(198)</b>

### 9. NET GAIN ON FINANCIAL ASSETS OTHER THAN HELD FOR TRADING MANDATORILY REPORTED AT FAIR VALUE IN PROFIT OR LOSS

MCZK	2020	2019
Debt securities	38	-
<b>Total</b>	<b>38</b>	<b>-</b>

### 10. NET PROFIT FROM HEDGE ACCOUNTING

MCZK	2020	2019
Change in the fair value of hedging derivatives upon fair value hedge	(873)	499
Change in the fair value of hedged items upon fair value hedge	872	(492)
Gains/ (losses) from cash flow hedges – ineffective part	4	(1)
<b>Total</b>	<b>3</b>	<b>6</b>

### 11. DIVIDEND INCOME

In 2020, “Income from other shares and equity investments” amounted to MCZK 323 (2019: MCZK 257). The amount includes a dividend from Raiffeisen – Leasing, s.r.o., of MCZK 257 (2019: MCZK 175), a dividend from Raiffeisen investiční společnost a.s., of MCZK 65 (2019: MCZK 0), a dividend from Raiffeisen stavební spořitelna a.s. of MCZK 0 (2019: MCZK 30), a dividend from CREF B.V., of MCZK 0 (2019: MCZK 51), and a dividend from Visa Inc., of MCZK 1 (2019: MCZK 1).

### 12. IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

MCZK	2020	2019
<b>Changes in loss allowances</b>		
Additions to loss allowances	(2,528)	(2,043)
Release of loss allowances	1,029	1,532
Use of loss allowances	506	1,056
Gross book value of assigned and written-off receivables	(506)	(1,057)
of which: direct write-offs of receivables	-	-
Income from written-off/sold receivables	28	37
<b>Total changes in loss allowances</b>	<b>(1,471)</b>	<b>(475)</b>
<b>Provisions for off-balance sheet credit risks</b>		
Establishment of provisions	(290)	(254)
Release	209	399
<b>Total changes in provisions for off-balance sheet credit risks</b>	<b>(81)</b>	<b>145</b>
<b>Total impairment losses on financial instruments</b>	<b>(1,552)</b>	<b>(330)</b>

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### 13. GAIN OR LOSS (-) ARISING FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

MCZK	2020	2019
Gain/(loss) from sales of financial assets measured at amortised cost	8	(3)
<b>Total</b>	<b>8</b>	<b>(3)</b>

### 14. PERSONNEL EXPENSES

MCZK	2020	2019
Wages and salaries	(2,254)	(2,391)
Social and health insurance	(692)	(771)
Other personnel expenses	(148)	(128)
<b>Total</b>	<b>(3,094)</b>	<b>(3,290)</b>
<b>of which wages, salaries and remuneration paid to:</b>		
Members of the board of directors	(91)	(88)
Members of the supervisory board	(7)	(7)
<b>Total</b>	<b>(98)</b>	<b>(95)</b>

As at 31 December 2020 and 2019, the recalculated average number of the Bank's employees was as follows:

	2020	2019
Employees	2,819	2,972
Members of the Bank's board of directors	7	7
Members of the supervisory board	12	12

The financial arrangements between the Bank and members of the board of directors and supervisory board are disclosed in note 44.

### 15. GENERAL OPERATING EXPENSES

MCZK	2020	2019
Rent, repairs and other office management services	(231)	(194)
Marketing expenses	(345)	(507)
Costs of legal and advisory services	(418)	(367)
of which: <i>statutory audit of financial statements</i>	(5)	(5)
<i>other assurance services provided by the auditor</i>	(3)	(4)
IT support costs	(423)	(460)
Deposit and transaction insurance	(62)	(54)
Telecommunication, postal and other services	(81)	(79)
Security costs	(50)	(55)
Cost of training	(24)	(36)
Office equipment	(18)	(23)
Travel expenses	(8)	(23)
Costs of company cars operation	(6)	(8)
Contribution to the crisis resolution fund	(273)	(222)
Other administrative expenses	(27)	(25)
<b>Total</b>	<b>(1,966)</b>	<b>(2,053)</b>

"Deposit and transaction insurance" includes the costs of the payment to the Deposit Insurance Fund (henceforth the "FPV").

Except for the statutory audit, the auditor provided the Bank with the following services in 2020:

- Review of the Financial Information for consolidation purposes prepared in conformity with the accounting instructions issued by group management of Raiffeisen Bank International for the period from 1 January 2020 to 30 June 2020;

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- Review of the consolidated and unconsolidated Financial Information Reporting of Raiffeisenbank a.s. as at 31 December 2020 to the Czech National Bank;
- Preparation of report on adequacy of measures adopted for the purposes of protection of customers assets (MiFID) based on §12e (3) of decree no. 256/2004 to the Czech National Bank;
- Services related to release of comfort letter for issuing of debt securities;
- Training services in the area of regulation and loan analysis.

Except for the statutory audit, the auditor provided the entities the Bank controls with the following services in 2020:

- Tax related services;
- Training services in the area of accounting, regulation and loan analysis.

#### 16. DEPRECIATION AND AMORTISATION OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

MCZK	2020	2019
Depreciation expense	(224)	(193)
Amortisation expense	(629)	(780)
Depreciation of right-of-use assets	(364)	(346)
<b>Total</b>	<b>(1,217)</b>	<b>(1,319)</b>

#### 17. OTHER OPERATING INCOME

MCZK	2020	2019
Change in operating provisions	25	131
Change in loss allowances to operating receivables	15	-
Income from re-invoicing	23	42
Income related to banking products	39	17
Modification gain	-	2
Other	69	67
<b>Total</b>	<b>171</b>	<b>259</b>

#### 18. OTHER OPERATING EXPENSES

MCZK	2020	2019
Change in loss allowances to operating receivables	-	(20)
Loss on sale of property and equipment and intangible assets	-	(11)
Impairment of right-of-use assets	(5)	-
Modification loss	(101)	-
Other	(14)	(17)
<b>Total</b>	<b>(120)</b>	<b>(48)</b>

As at 31 December 2020, the modification loss caused by COVID-19 effects amounted to MCZK (98).

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### 19. INCOME TAX

#### Income tax expense

MCZK	2020	2019
Current income tax	(415)	(991)
Release of previous year provision	94	219
(Expense)/income in respect of deferred tax	(102)	45
<b>Total income tax</b>	<b>(423)</b>	<b>(727)</b>

The tax balance differs from the theoretical tax balance that would have been determined had the basic tax rate been used as follows:

MCZK	2020	2019
<b>Profit before tax (general tax base)</b>	<b>2,563</b>	<b>4,914</b>
<b>Total profit before tax</b>	<b>2,563</b>	<b>4,914</b>
<b>Tax calculated at the tax rate for the general tax base – 19% (2019: 19%)</b>	<b>(487)</b>	<b>(934)</b>
Non-taxable income (tax effect)	442	449
Non-tax deductible expenses (tax effect)	(472)	(473)
Tax relief and offsets	-	12
<b>Tax liability for the year</b>	<b>(517)</b>	<b>(946)</b>
Release of previous year provision	94	219
<b>Total income tax</b>	<b>(423)</b>	<b>(727)</b>
<b>Effective tax rate</b>	<b>16.51 %</b>	<b>14.79 %</b>

For additional details on the deferred tax, refer to note 26.

### 20. CASH AND CASH EQUIVALENTS

MCZK	2020	2019
Cash and cash equivalents	2,298	2,702
Balances with central banks (including one-day deposits)	497	6,648
Other demand deposits	2,951	1,764
<b>Total</b>	<b>5,746</b>	<b>11,114</b>

### 21. FINANCIAL ASSETS HELD FOR TRADING

MCZK	2020	2019
<b>Derivatives</b>	<b>2,063</b>	<b>1,669</b>
Interest rate derivatives	1,754	1,413
Currency derivatives	309	256
<b>Debt securities</b>	<b>1,683</b>	<b>94</b>
Government institutions	1,683	93
Other non-financial enterprises	-	1
<b>Total</b>	<b>3,746</b>	<b>1,763</b>

#### Securities pledged as collateral

As at 31 December 2020 and 2019, the Bank provided no pledge of securities as collateral as part of repurchase and similar transactions with other banks and customers.

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### 22. FINANCIAL ASSETS OTHER THAN HELD FOR TRADING MANDATORILY REPORTED AT FAIR VALUE IN PROFIT OR LOSS

MCZK	2020	2019
<b>Debt securities</b>	<b>252</b>	-
Other financial institutions	123	-
Non-financial enterprises	129	-
<b>Loans and receivables</b>	<b>280</b>	-
Other financial institutions	280	-
<b>Total</b>	<b>532</b>	-

### 23. FINANCIAL ASSETS MEASURED AT FVOCI

MCZK	2020	2019
<b>Equity instruments</b>	<b>1</b>	<b>735</b>
Shares	1	735
<b>Total</b>	<b>1</b>	<b>735</b>

“Financial assets measured at FVOCI” include the Bank’s equity investment in SWIFT of MCZK 1 (2019: MCZK 1), equity investment in Raiffeisen stavební spořitelna a.s. of MCZK 0 (2019: MCZK 496), and its membership in Visa Inc. of MCZK 0 (2019: MCZK 238). For more detail on the revaluation of Visa Inc. membership refer to note 41 (c).

### 24. FINANCIAL ASSETS AT AMORTISED COST

#### (a) Financial assets at amortised cost by segment

MCZK	2020		
	Gross carrying amount	Loss allowances	Net carrying amount
<b>Debt securities</b>	<b>30,711</b>	<b>(8)</b>	<b>30,703</b>
Government institutions	28,737	(5)	28,732
Other financial institutions	167	-	167
Non-financial enterprises	1,807	(3)	1,804
<b>Loans and advances to banks</b>	<b>99,684</b>	-	<b>99,684</b>
Central banks	98,703	-	98,703
Credit institutions	981	-	981
<b>Loans and advances to customers</b>	<b>253,788</b>	<b>(4,705)</b>	<b>249,083</b>
Government institutions	989	-	989
Other financial institutions	33,645	(19)	33,626
Non-financial enterprises	98,283	(2,057)	96,226
Households	120,871	(2,629)	118,242
<b>Total</b>	<b>384,183</b>	<b>(4,713)</b>	<b>379,470</b>

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MCZK	2019		Net carrying amount
	Gross carrying amount	Loss allowances	
<b>Debt securities</b>	<b>10,883</b>	<b>(4)</b>	<b>10,879</b>
Government institutions	9,476	-	9,476
Non-financial enterprises	1,407	(4)	1,403
<b>Loans and advances to banks</b>	<b>87,043</b>	-	<b>87,043</b>
Central banks	86,140	-	86,140
Credit institutions	903	-	903
<b>Loans and advances to customers</b>	<b>250,396</b>	<b>(3,752)</b>	<b>246,644</b>
Government institutions	1,514	-	1,514
Other financial institutions	29,765	(8)	29,757
Non-financial enterprises	99,809	(1,246)	98,563
Households	119,308	(2,498)	116,810
<b>Total</b>	<b>348,322</b>	<b>(3,756)</b>	<b>344,566</b>

### (b) Financial assets at amortised cost by category

MCZK	2020	2019
<b>Debt securities</b>		
Debt securities	30,711	10,883
<b>Debt securities - gross</b>	<b>30,711</b>	<b>10,883</b>
Loss allowances	(8)	(4)
<b>Debt securities - net</b>	<b>30,703</b>	<b>10,879</b>
<b>Loans and advances to banks</b>		
Term deposits	965	897
Factoring	16	6
Reverse repurchase transactions with Czech National Bank	98,703	86,140
<b>Loans and advances to banks - gross</b>	<b>99,684</b>	<b>87,043</b>
Loss allowances	-	-
<b>Loans and advances to banks - net</b>	<b>99,684</b>	<b>87,043</b>
<b>Loans and advances to customers</b>		
Current account overdrafts	2,770	3,983
Term loans	145,991	143,531
Mortgage loans	96,094	95,242
Reverse repurchase	260	91
Credit card receivables	3,077	3,698
Other	5,596	3 851
<b>Loans and advances to customers - gross</b>	<b>253,788</b>	<b>250,396</b>
Loss allowances	(4,705)	(3,752)
<b>Loans and advances to customers - net</b>	<b>249,083</b>	<b>246,644</b>
<b>Total financial assets at amortised cost</b>	<b>379,470</b>	<b>344,566</b>

The Bank has applied hedge accounting upon the fair value hedge of the portfolio of receivables from mortgage loans. As at 31 December 2020, the remeasurement of the hedged items amounted to MCZK 1,253 (2019: MCZK (1,153))

### (c) Reverse repurchase transactions

The Bank advanced loans to the Czech National Bank in the aggregate amount of MCZK 98,703 (2019: MCZK 86,140) under reverse repo transactions. Reverse repo transactions with the Czech National Bank are collateralised by securities with the fair value of MCZK 97,104 (2019: MCZK 85,527).

Aggregate amount of loans advanced to customers under reverse repo transaction was MCZK 260 (2019: MCZK 91). Reverse repo transactions with customers are collateralised by securities with the fair value of MCZK 350 (2019: MCZK 120).

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#### (d) Syndicated loans

Pursuant to concluded syndicated loan agreements as at 31 December 2020, the Bank acted as the arranger of syndicated loans in the original amount of aggregate credit limits of MCZK 7,347 (2019: MCZK 6,618), of which the proportion of the Bank amounted to MCZK 2,355 (2019: MCZK 2,495), and the proportion of other syndicate members amounted to MCZK 4,992 (2019: MCZK 4,123).

As at 31 December 2020, the aggregate amount of outstanding receivables under the syndicated loan facilities was MCZK 5,403 (2019: MCZK 4,507) of which the proportion of the Bank was MCZK 1,520 (2019: MCZK 1,595), and the proportion of other syndicate members was MCZK 3,883 (2019: MCZK 2,912).

The risks and interest arising from these syndicated loans are shared by all participating syndicate members in proportion to their aggregate exposure.

#### 25. HEDGING DERIVATIVES WITH POSITIVE FAIR VALUE

MCZK	2020	2019
<b>Portfolio hedge derivatives</b>	<b>2,030</b>	<b>2,546</b>
Cash flow hedge	147	178
Fair value hedge	1,883	2,368
<b>Total</b>	<b>2,030</b>	<b>2,546</b>

#### 26. DEFERRED TAX ASSET/LIABILITY

Deferred tax is calculated on all temporary differences under the liability method using the basic income tax rate of 19% (the tax rate for 2020 and 2019).

Deferred tax asset comprises the following items:

MCZK	Balance as at 1 Jan 2020	Movement for the year (expense)/in come	Movement for the year against equity	Balance at 31 Dec 2020		
				Deferred tax liability	Deferred tax asset	Net deferred tax asset / (liability)
Provision for salary bonuses	104	(15)	-	-	89	89
Other provisions	89	18	-	-	107	107
Outstanding vacation days	3	1	-	-	4	4
Fair value reserve - cash flow hedge	(15)	-	5	(10)	-	(10)
Differences between accounting and tax carrying amounts of property and equipment and intangible assets	(167)	(106)	-	(273)	-	(273)
Movement in fair value reserve in equity from remeasurement of financial assets at FVOCI	(27)	-	27	-	-	-
<b>Deferred tax asset/(liability)</b>	<b>(13)</b>	<b>(102)</b>	<b>32</b>	<b>(632)</b>	<b>549</b>	<b>(83)</b>



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MCZK	Balance as at	Movement for the year	Movement for the year	Balance at 31 Dec 2019		
	1 Jan 2019			against equity	Deferred tax liability	Deferred tax asset
	Net deferred tax asset / (liability)	(expense)/income				
Provision for salary bonuses	90	14	-	-	104	104
Other provisions	112	(23)	-	-	89	89
Outstanding vacation days	3	-	-	-	3	3
Fair value reserve - cash flow hedge	(9)	-	(6)	(15)	-	(15)
Differences between accounting and tax carrying amounts of property and equipment and intangible assets	(221)	54	-	(167)	-	(167)
Movement in fair value reserve in equity from remeasurement of financial assets at FVOCI	(11)	-	(16)	(27)	-	(27)
<b>Deferred tax asset/(liability)</b>	<b>(36)</b>	<b>45</b>	<b>(22)</b>	<b>(209)</b>	<b>196</b>	<b>(13)</b>

## 27. OTHER ASSETS

MCZK	2020	2019
Indirect tax receivables	4	5
Receivables arising from non-banking activities	302	293
Deferred expenses and accrued income	193	170
Receivables from securities trading	191	124
Settlement of cash transactions with other banks	372	436
Mandatory minimum reserves	4,119	2,926
Other	139	140
<b>Total</b>	<b>5,320</b>	<b>4,094</b>

During 2020, the Bank started reporting the “Mandatory minimum reserves” in the position “Other assets”. In accordance with IAS 8, the Bank reclassified this position in the statements of financial position in the comparable period – see Note 3 (u).

Mandatory minimum reserves include deposits, the amount of which is determined based on the regulation declared by the Czech National Bank and the drawing of which is limited. The Bank may draw an amount from mandatory minimum reserves which exceeds the actual average amount of the mandatory minimum reserves for the particular period calculated according to the Czech National Bank’s regulation.

## 28. EQUITY INVESTMENTS IN SUBSIDIARIES

### (a) Equity investments

MCZK	2020	2019
Balance at 1 January	1,496	1,713
Acquisition/addition to equity investments	5,392	-
Derecognition/liquidation of equity investments	-	(217)
<b>At 31 December</b>	<b>6,888</b>	<b>1,496</b>

The Bank regularly tests equity investments for impairment. No impairment of equity investments was identified in 2020 and 2019.

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On 9 September 2020, the Bank's management decided to purchase a 90% investment in Raiffeisen stavební spořitelna a.s. from Raiffeisen Bausparkassen Holding GmbH. This transaction took effect on November 30, 2020. The total amount of the acquisition was MCZK 5,232. No intangible assets were created in connection with this transaction. At the same time, as at 30 November 2020, the Bank changed the method of reporting a 10% stake in Raiffeisen stavební spořitelna a.s. from the "Financial assets at fair value through other comprehensive income" to "Investments in subsidiaries" and the revaluation difference of MCZK 145 was reclassified in the statement of changes in equity from "Fair value reserve" to "Retained earnings".

In June 2019, Raiffeisen Direct Investments CZ s.r.o. returned the additional charge to the registered capital of MCZK 217 to the Bank.

On 1 August 2019, Kairos Property, s.r.o. as the successor company merged with Raiffeisen Direct Investments CZ s.r.o. as the dissolving company in connection with the merger by acquisition. Due to the merger the dissolving company Raiffeisen Direct Investments CZ s.r.o. ceased to exist without liquidation and its corporate assets and liabilities were transferred to the successor company Kairos Property, s.r.o. Subsequently, Kairos Property, s.r.o. was renamed to Raiffeisen Direct Investments CZ s.r.o. Raiffeisen – Leasing, s.r.o. became the direct owner of the new company Raiffeisen Direct Investments CZ s.r.o. This fact resulted in the derecognition of the Bank's investment in Raiffeisen Direct Investments CZ s.r.o. The impact of the derecognition of this investment on the statement of comprehensive income amounted to (MCZK 0.21).

**(b) Subsidiaries (equity investments with controlling influence)**

MCZK	Registered office	Equity	Of which: Share capital	Share of the share capital	Share of voting power	Carrying amount
Corporate name						
Raiffeisen-Leasing, s.r.o.	Praha 4, Hvězdova 1716/2b	2,358	450	100%	100%	1,456
Raiffeisen investiční společnost a.s.	Praha 4, Hvězdova 1716/2b	307	40	100%	100%	40
Raiffeisen stavební spořitelna a.s.	Praha 3, Koněvova 2747/99	5,221	650	100%	100%	5,392
<b>Total at 31 December 2020</b>						<b>6,888</b>
Raiffeisen-Leasing, s.r.o.	Praha 4, Hvězdova 1716/2b	2,235	450	100%	100%	1,456
Raiffeisen investiční společnost a.s.	Praha 4, Hvězdova 1716/2b	300	40	100%	100%	40
<b>Total at 31 December 2019</b>						<b>1,496</b>

Raiffeisen-Leasing, s.r.o. – principal activities:

- lease of movable and immovable assets;
- valuation of immovable assets;
- agency activities related to trade and services;
- accounting advisory, bookkeeping, tax records; and
- provision of loans and credits from own resources.

Raiffeisen investiční společnost a.s. – principal activities:

- offer of investment products; and
- administration of investment and participation funds.

Raiffeisen stavební spořitelna a.s.

- building society savings operation
- provision of loans to participants in building society savings

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- accepting deposits in CZK from banks, foreign banks, foreign bank branches, financial institutions, foreign institutions, and branches of foreign financial institutions
- provision of guarantees for building society savings loans

### 29. INTANGIBLE ASSETS

MCZK	Software	Other intangible assets	Intangible assets under construction	Total
<b>Acquisition cost</b>				
At 1 January 2019	5,602	380	598	6,580
Additions	299	-	513	812
Disposals	(10)	-	-	(10)
Other changes (transfers)	453	-	(453)	-
<b>At 31 December 2019</b>	<b>6,344</b>	<b>380</b>	<b>658</b>	<b>7,382</b>
Additions	367	-	494	861
Disposals	(306)	-	-	(306)
Other changes (transfers)	551	-	(551)	-
<b>At 31 December 2020</b>	<b>6,956</b>	<b>380</b>	<b>601</b>	<b>7,937</b>
<b>Accumulated amortisation</b>				
At 1 January 2019	(3,636)	(252)	-	(3,888)
Additions – annual amortisation charges	(660)	(121)	-	(781)
Disposals	5	-	-	5
<b>At 31 December 2019</b>	<b>(4,291)</b>	<b>(373)</b>	<b>-</b>	<b>(4,664)</b>
Additions – annual amortisation charges	(627)	(2)	-	(629)
Disposals	306	-	-	306
<b>At 31 December 2020</b>	<b>(4,612)</b>	<b>(375)</b>	<b>-</b>	<b>(4,987)</b>
<b>Net book value</b>				
<b>At 31 December 2019</b>	<b>2,053</b>	<b>7</b>	<b>658</b>	<b>2,718</b>
<b>At 31 December 2020</b>	<b>2,344</b>	<b>5</b>	<b>601</b>	<b>2,950</b>

Additions to software predominantly represent the putting into use of technical improvements on data warehouses and other software used by the Bank. Internal costs (primarily personnel expenses and rental costs) which are required to generate these assets are capitalised. In 2020, internal costs totalling MCZK 200 (2019: MCZK 172) were capitalised.

Other additions to intangible assets under construction include purchases from external entities. In this category, the Bank does not report or record additions acquired through business combinations.

“Other changes (transfers)” includes capitalisation of completed investments.

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### 30. PROPERTY AND EQUIPMENT

#### (a) Movements in property and equipment

MCZK	Land, buildings and technical improvements on buildings	Fixtures and fittings	Machinery and equipment	Property and equipment under construction	Total
<b>Acquisition cost</b>					
At 1 January 2019	3,201	212	961	105	4,479
Additions	348	8	87	82	525
Disposals	(12)	(25)	(190)	-	(227)
Other changes (transfers)	32	8	46	(86)	-
<b>At 31 December 2019</b>	<b>3,569</b>	<b>203</b>	<b>904</b>	<b>101</b>	<b>4,777</b>
<b>At 1 January 2020</b>					
Additions	307	5	185	37	534
Disposals	(233)	(9)	(36)	-	(278)
Other changes (transfers)	26	6	64	(96)	-
<b>At 31 December 2020</b>	<b>3,669</b>	<b>205</b>	<b>1,117</b>	<b>42</b>	<b>5,033</b>
<b>Accumulated depreciation</b>					
At 1 January 2019	(853)	(166)	(594)	-	(1,613)
Additions	(403)	(11)	(124)	-	(538)
Disposals	3	23	184	-	210
<b>At 31 December 2019</b>	<b>(1,253)</b>	<b>(154)</b>	<b>(534)</b>	<b>-</b>	<b>(1,941)</b>
Additions	(417)	(12)	(159)	-	(588)
Disposals	56	8	33	-	97
<b>At 31 December 2020</b>	<b>(1,614)</b>	<b>(158)</b>	<b>(660)</b>	<b>-</b>	<b>(2,432)</b>
<b>Net book value</b>					
<b>At 31 December 2019</b>	<b>2,316</b>	<b>49</b>	<b>370</b>	<b>101</b>	<b>2,836</b>
<b>At 31 December 2020</b>	<b>2,055</b>	<b>47</b>	<b>457</b>	<b>42</b>	<b>2,601</b>

The figures presented under “*Other changes (transfers)*” represent the reclassification of assets from assets under construction to individual categories and a change in the classification of selected classes of assets.

As at 31 December 2020, the carrying amount of right-of-use assets was MCZK 1,837 (at 31 December 2019: MCZK 2,053) – see note 43.

#### (b) Property and equipment acquired under finance lease

The Bank recorded no property and equipment under finance leases in the years ended 31 December 2020 and 2019.

### 31. FINANCIAL LIABILITIES HELD FOR TRADING

MCZK	2020	2019
<b>Derivatives</b>	<b>2,618</b>	<b>1,801</b>
Interest rate derivatives	1,764	1,296
Currency derivatives	854	505
<b>Total</b>	<b>2,618</b>	<b>1,801</b>

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### 32. FINANCIAL LIABILITIES AT AMORTISED COST

#### (a) Deposits from banks

MCZK	2020	2019
Current accounts/One-day deposits	1,152	651
Term deposits of banks	8,443	16,849
Repurchase transactions	2,599	4,400
<b>Total</b>	<b>12,194</b>	<b>21,900</b>

#### (b) Deposits from customers

##### Liabilities to customers by type

MCZK	2020	2019
Current accounts/One-day deposits	328,225	258,451
Term deposits	2,549	25,023
Term deposits with maturity	3,899	7,175
Change in the fair value of hedged items upon fair value hedge	-	42
<b>Total</b>	<b>334,673</b>	<b>290,691</b>

The Bank has applied hedge accounting upon the fair value hedge of term deposits.

The Bank has applied hedge accounting upon the fair value hedge of the portfolio of current and savings accounts. As at 31 December 2020, the remeasurement of the hedged items amounted to MCZK 262 (2019: loss MCZK (1,270)).

##### Analysis of deposits from customers by sector

MCZK	2020	2019
Government institutions	8,277	8,847
Other financial institutions	8,613	13,057
Non-financial enterprises	125,534	101,829
Households	192,249	166,958
<b>Total</b>	<b>334,673</b>	<b>290,691</b>

##### Repo transactions

As at 31 December 2020 and 2019, the Bank received no loans from customers as part of repo transactions.

#### (c) Debt securities issued

##### Analysis of issued debt securities by type

MCZK	2020	2019
Mortgage bonds	13,053	12,672
Deposit certificates and depository bills of exchange	-	20
<b>Total</b>	<b>13,053</b>	<b>12,692</b>

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Analysis of mortgage bonds

<b>MCZK</b>							
Issue date	Maturity date	ISIN	Currency	Nominal value		Net carrying amount	
				2020	2019	2020	2019
08/03/2017	08/03/2021	XS1574150261	EUR	5,511	5,336	5,532	5,352
08/03/2017	08/03/2023	XS1574150857	EUR	3,149	3,049	3,216	3,132
08/03/2017	08/03/2024	XS1574151236	EUR	4,199	4,066	4,305	4,188
08/03/2017	08/04/2022	XS1574149842	EUR	-	-	-	-
15/07/2020	15/07/2030	CZ0002007057	CZK	-	-	-	-
<b>TOTAL</b>				<b>12,859</b>	<b>12,451</b>	<b>13,053</b>	<b>12,672</b>

ISIN	Interest rate
XS1574150261	0.50%
XS1574150857	0.88%
XS1574151236	1.13%
XS1574149842	0.63%
CZ0002007057	1.00%

In 2020, no mortgage bonds issued by the Bank reached maturity. On 15 July 2020, the Bank issued new crown issue totalling MCZK 1,000 which remained completely in the Bank's own books.

As at 31 December 2020, the Bank held issued EUR-denominated mortgage bonds totalling MEUR 510 (at 31 December 2019: MEUR 460), which can be used as collateral in repurchase transactions with the European Central Bank, and issued CZK-denominated mortgage bonds totalling MCZK 1,000, which can be used as collateral in repo transactions with the Czech National Bank.

Apart from this, the Bank used issued EUR-denominated mortgage bonds of MEUR 200 (as at 31 December 2019: MEUR 250) as collateral in repurchase transactions on the inter-banking market.

**(d) Subordinated liabilities and bonds**

Subordinated loan

MCZK	2020	2019
Raiffeisen Bank International AG (parent company)	3,194	2,482
Raiffeisenlandesbank Oberösterreich AG	1,065	827
<b>Total</b>	<b>4,259</b>	<b>3,309</b>

In November 2020, the Bank obtained another subordinated loan of MEUR 32, out of which MEUR 24 was from Raiffeisen Bank International AG, and MEUR 8 from Raiffeisenlandesbank Oberösterreich AG. The subordinated loan bears the interest of a 12-month EURIBOR and a margin of 3.8 per cent p.a., with 10 years maturity via balloon payment with option for the Bank of early repayment after 5 years.

In June 2019, the Bank obtained subordinated loan of MEUR 30, out of which MEUR 22.5 was from Raiffeisen Bank International AG, and MEUR 7.5 from Raiffeisenlandesbank Oberösterreich AG. The subordinated loan bears the interest of a 12-month EURIBOR and a margin of 3.7 per cent p.a., with 10 years maturity via balloon payment with option for the Bank of early repayment after 5 years.

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### (e) Other financial liabilities

MCZK	2020	2019
Liabilities from trading with securities	67	87
Liabilities from non-banking activities	61	127
Settlement and suspense clearing accounts	1,415	1,809
Lease liabilities	1,871	2,041
<b>Total</b>	<b>3,414</b>	<b>4,064</b>

### 33. HEDGING DERIVATIVES WITH NEGATIVE FAIR VALUE

MCZK	2020	2019
<b>Positive fair value of portfolio hedge derivatives</b>	<b>3,209</b>	<b>2,668</b>
Cash flow hedge	110	56
Fair value hedge	3,099	2,612
<b>Total</b>	<b>3,209</b>	<b>2,668</b>

### 34. PROVISIONS

MCZK	2020	2019
<b>Provisions for commitments and financial guarantees provided</b>	<b>483</b>	<b>401</b>
<b>Other provisions</b>	<b>571</b>	<b>658</b>
Provisions for legal disputes	10	11
Provision for untaken holidays	25	17
Provisions for payroll bonuses	467	548
Provision for restructuring	7	10
Other	62	72
<b>Total</b>	<b>1,054</b>	<b>1,059</b>

The Bank recognises provisions for credit risks arising from off-balance sheet items in respect of irrevocable credit commitments, guarantees and letters of credit provided to customers. The purpose of this provision is to cover credit risks associated with off-balance sheet receivables. Provisions are made for estimated credit losses on these potential receivables on the basis of the same principles as loss allowances for financial assets. The movement in provisions for commitments and financial guarantees provided is part of Section 42 “Financial instruments – credit risk”.

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### Overview of other provisions

MCZK	Provisions for legal disputes	Provision for outstanding vacation days	Provisions for salary bonuses	Provision for restructuring	Other provisions	Total
<b>1 January 2019</b>	<b>1</b>	<b>16</b>	<b>476</b>	<b>15</b>	<b>256</b>	<b>764</b>
Additions	10	17	548		49	624
Utilisation	-	(16)	(417)	(4)	(39)	(476)
Release of redundant provisions	-	-	(59)	(1)	(194)	(254)
<b>31 December 2019</b>	<b>11</b>	<b>17</b>	<b>548</b>	<b>10</b>	<b>72</b>	<b>658</b>
Additions	-	25	468	-	34	527
Utilisation	-	-	(531)	(3)	-	(534)
Release of redundant provisions	(1)	(17)	(18)	-	44	(80)
<b>31 December 2020</b>	<b>10</b>	<b>25</b>	<b>467</b>	<b>7</b>	<b>62</b>	<b>571</b>

The Bank recognises provisions for legal disputes based on an internal expert assessment of the current legal disputes conducted against the Bank. If there is a risk of possible loss in the legal dispute, the internal division issues an instruction for a provision to be recognised. If the legal dispute discontinues or the likelihood of a loss is reduced, the provision is released due to redundancy.

“Other provisions” includes provisions for future potential payments arising from compensation for armed robberies, bonuses for customers, etc. For all types of other provisions, the Bank assesses the risk and probability of performance. This item includes the effect of changes in foreign currency rates on provisions denominated in foreign currencies.

Provisions are recognised when it is possible to estimate the amount of future performance. In most types of risk, the Bank established a provision equal to 100% of the anticipated repayments and payments.

## 35. OTHER LIABILITIES

MCZK	2020	2019
Estimated payables – payroll costs	251	260
Accrued expenses and deferred income	65	72
Estimated payables – uninvoiced receipts for services/goods	532	552
Other	38	53
<b>Total</b>	<b>886</b>	<b>937</b>

## 36. EQUITY

### (a) Share capital

The Bank's shareholder structure as at 31 December 2020:

Name	Registered office	Number of ordinary shares	Nominal value (MCZK)	Ownership percentage* (in %)
Raiffeisen CEE Region Holding GmbH	Austria	829,560	8,296	75
RLB OÖ Sektorholding GmbH	Austria	276,520	2,765	25
		<b>1,106,080</b>	<b>11,061</b>	<b>100</b>

\* Direct investment in the share capital

The registered capital has been fully paid. The ordinary shares are in accordance with Act No. 90/2012 Coll. on Business Corporations and Cooperatives, and there are no special rights associated with them. The shareholder is entitled to a share of the Bank's profit (dividend), which the General Meeting had approved for distribution according to the Bank's economic results. The Bank has not issued any



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convertible bonds or priority bonds within the meaning of Section 286 of Act No. 90/2012 Coll., On Business Corporations and Cooperatives. In 2020 and 2019, the Bank did not hold any of its own shares or issue any interim certificates.

On 28 April 2020, the Bank's general meeting approved the following allocation of the profit from individual financial statements as at 2019:

<b>Net profit for 2019</b>	<b>4,188</b>
Approved allocation:	
Allocation to reserve funds	-
Allocation to retained earnings	4,188
Dividends paid to shareholders*	-
<i>Of which: Raiffeisen CEE Region Holding GmbH</i>	-
<i>RLB OÖ Sektorholding GmbH</i>	-

During 2020, the share capital of the Bank was not increased.

Following the stabilisation measures adopted by the Czech National Bank as at 16 March 2020 in relation to the COVID-19 outbreak, it was decided not to pay out dividends for 2019 to shareholders.

In 2020, the dividend per share amounted to: CZK 0 (2019: CZK 881).

#### (b) Other equity instruments

Other equity instruments include subordinated unsecured AT1 capital investment certificates issued by the Bank that combine the elements of equity and debt securities and meet the criteria for inclusion in the Bank's Tier 1 capital. In 2020, the Bank placed another issue of AT1 capital investment certificates of MCZK 786 (2019: MCZK 767). As at 31 December 2020, the issue totalled MCZK 4,169 (at 31 December 2019: MCZK 3,383). The Czech National Bank approved the inclusion of AT1 certificates in the Bank's auxiliary Tier 1 capital. In 2020, the Bank paid out a coupon of MCZK 211 (2019: MCZK 177) from retained earnings to the holders of these certificates.

#### (c) Fair value reserve Arising from cash flow hedges

MCZK	2020	2019
Fair value of the effective part of cash flow hedges at 1 January	80	46
Deferred tax asset/(liability) arising from fair value reserve at 1 January	(15)	(9)
<b>Total balance at 1 January</b>	<b>65</b>	<b>37</b>
Net gains/(losses) from cash flow hedge for the year		
Cross currency swaps	3	25
Interest rate swaps	(29)	10
Tax effect of cash flow hedges for the year	5	(6)
Fair value of the effective part of cash flow hedges at 31 December	54	80
Deferred tax asset/(liability) arising from fair value reserve at 31 December	(10)	(15)
<b>Total balance at 31 December</b>	<b>44</b>	<b>65</b>

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### From remeasurement of equity securities at FVOCI

MCZK	2020	2019
Fair value reserve from remeasurement of equity securities at FVOCI at 1 January	333	227
Deferred tax asset/(liability) arising from fair value reserve at 1 January	(27)	(11)
<b>Total balance at 1 January</b>	<b>306</b>	<b>216</b>
Net gain/(loss) from remeasurement of equity securities at FVOCI	(74)	106
Transfer from OCI to Retained Earnings	(259)	
Tax effect of remeasurement of equity securities at FVOCI for the year	27	(16)
Fair value reserve from remeasurement of equity securities at FVOCI at 31 December	-	333
Deferred tax asset/(liability) arising from fair value reserve at 31 December	-	(27)
<b>Total balance at 31 December</b>	<b>-</b>	<b>306</b>

## 37. CONTINGENT LIABILITIES

### (a) Legal disputes

As at 31 December 2020, the Bank conducted a review of legal disputes outstanding against it. Pursuant to the review of individual legal disputes in terms of the risk of potential losses and the probability of payment, in 2020, the Bank recognised a provision (see note 34) for significant litigations in the aggregate amount of MCZK 10 (2019: MCZK 11).

### (b) Commitments and guarantees provided and letters of credit issued

MCZK	2020	2019
<b>Banks</b>		
Provided guarantees	618	248
Letters of credit issued	65	106
<b>Total</b>	<b>683</b>	<b>354</b>
<b>Customers</b>		
Commitments provided (irrevocable)	34,418	30,689
Provided guarantees	15,431	15,214
Letters of credit issued	422	162
<b>Total</b>	<b>50,271</b>	<b>46,065</b>
<b>Total</b>	<b>50,954</b>	<b>46,419</b>

### (c) Uncommitted credit commitments and guarantee commitments

MCZK	2020	2019
Banks	2,185	1,927
Customers	76,265	66,401
<b>Total</b>	<b>78,450</b>	<b>68,328</b>

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### 38. FINANCIAL DERIVATIVES

#### (a) Trading derivatives – overview of fair value and nominal value

MCZK	Fair value – assets	Fair value – liabilities	Nominal value
<b>At 31 December 2020</b>			
<b>Interest rate</b>			
Interest rate swaps	1,753	1,763	163,454
Interest rate forwards	1	-	2,000
<b>Interest rate</b>	<b>1,754</b>	<b>1,763</b>	<b>165,454</b>
Cross currency swaps			
Currency forwards and swaps	198	743	62,059
Currency options	111	112	10,928
<b>Foreign exchange</b>	<b>309</b>	<b>855</b>	<b>72,987</b>
<b>Total</b>	<b>2,063</b>	<b>2,618</b>	<b>238,441</b>

MCZK	Fair value – assets	Fair value – liabilities	Nominal value
<b>At 31 December 2019</b>			
<b>Interest rate</b>			
Interest rate swaps	1,406	1,293	173,521
Interest rate forwards	7	4	18,000
<b>Interest rate</b>	<b>1,413</b>	<b>1,297</b>	<b>191,521</b>
Cross currency swaps	1	1	510
Currency forwards and swaps	217	464	70,096
Currency options	38	39	12,651
<b>Foreign exchange</b>	<b>256</b>	<b>504</b>	<b>83,257</b>
<b>Total</b>	<b>1,669</b>	<b>1,801</b>	<b>274,778</b>

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### (b) Trading derivatives – residual maturity of contracted amount (nominal value)

MCZK	1 year or less	From 1 to 5 years	Over 5 years	Total
<b>At 31 December 2020</b>				
<b>Interest rate</b>				
Interest rate swaps	48,797	87,578	27,079	163,454
Interest rate forwards	2,000	-	-	2,000
<b>Interest rate</b>	<b>50,797</b>	<b>87,578</b>	<b>27,079</b>	<b>165,454</b>
<b>Foreign exchange</b>				
Cross currency swaps	-	-	-	-
Currency forwards and swaps	59,364	2,695	-	62,059
Currency options	7,340	3,588	-	10,928
<b>Foreign exchange</b>	<b>66,704</b>	<b>6,283</b>	<b>-</b>	<b>72,987</b>
<b>Total trading derivatives</b>	<b>117,501</b>	<b>93,861</b>	<b>27,079</b>	<b>238,441</b>

MCZK	1 year or less	From 1 to 5 years	Over 5 years	Total
<b>At 31 December 2019</b>				
<b>Interest rate</b>				
Interest rate swaps	64,133	88,101	21,287	173,521
Interest rate forwards	18,000	-	-	18,000
<b>Interest rate</b>	<b>82,133</b>	<b>88,101</b>	<b>21,287</b>	<b>191,521</b>
<b>Foreign exchange</b>				
Cross currency swaps	510	-	-	510
Currency forwards and swaps	66,746	3,350	-	70,096
Currency options	11,555	1,096	-	12,651
<b>Foreign exchange</b>	<b>78,811</b>	<b>4,446</b>	<b>-</b>	<b>83,257</b>
<b>Total trading derivatives</b>	<b>160,944</b>	<b>92,547</b>	<b>21,287</b>	<b>274,778</b>

### (c) Hedging derivatives – overview of fair and nominal value

The Bank uses interest rate swaps (IRS) to hedge the fair value of assets and liabilities in CZK, EUR and USD with a fixed interest rate and cross currency swaps (CCS) to hedge basis risk between assets denominated in CZK and liabilities denominated in EUR linked to reference rates PRIBOR and EURIBOR.

During the year ended 31 December 2020, the Bank reported the following hedging arrangements that meet the criteria for hedge accounting under IAS 39.

#### Fair value hedge:

- fair value hedge of the mortgage loan receivable portfolio, denominated in CZK;
- fair value hedge of portfolio of purchased government bonds denominated in CZK;
- fair value hedge of the current and savings account portfolio, denominated in CZK, EUR and USD;

Interest rate swaps (IRS) are the hedging instruments used in hedge accounting upon a fair value hedge.

#### Portfolio cash flow hedge:

- cash flow hedge of the portfolio of assets denominated in CZK and liabilities denominated in EUR linked to variable interest rate
- cash flow hedge of the portfolio of assets denominated in EUR linked to variable interest rate

Cross currency swaps (CCS) and interest rate swaps (IRS) are the hedging instruments used in cash flow hedging.

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A hedge is regarded as highly effective if both of the following conditions are met:

- at the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;
- the tests are performed on a cumulative basis; the hedge is highly effective when the actual results of the hedge are within a range of 80-125%.

Hedge ineffectiveness (less than 5%) is caused by insignificant differences between the maturity of hedging derivatives and the remeasurement of the hedged item. The Bank did not identify any other sources of hedge ineffectiveness.

#### Impact of IBOR reform on hedge accounting

Reform of reference interest rates (IBOR) means, that for main reference rates such as PRIBOR, LIBOR, EURIBOR, the methodology of setting is changed and some of them can entirely cease to exist. At the same time new alternatives arise or are more often used i.e. ESTR in EUR, SOFR in USD, SONIA in GBP.

Among main impacts of change in reference rates to Bank is effect on valuation of financial instruments, necessity of identification and subsequent changes in contractual documentation, which is based on ending rates, and technical solutions for implementation of this change to individual Bank's transaction systems. During implementation the Bank takes into account different possible scenarios of implementation due to complexity related to the form, in which are new standards for setting reference rates for individual currencies. In the Bank there is working group responsible for impact analysis of this reform including its effects on products, processes, changes in contractual documentation and overall system implementation of this change. This working group reports status on overall preparedness on regular basis to management of the Bank.

The Bank has exposures in hedge accounting denominated in v CZK, EUR and USD.

Million	PRIBOR (in CZK)	EURIBOR (in EUR)	LIBOR (in USD)
Exposure due to hedge accounting	187,032	1,685	426

Reference rates PRIBOR and EURIBOR has already been reformed, they meet requirements of the regulation and are approved as authorised reference rates; their demise and subsequent impact on hedge accounting is not expected. Change of EONIA to ESTER has been evaluated as insignificant for effectivity of hedging as the Bank has no hedging derivatives with such reference rates.

The highest risk for the Bank bears change USD-LIBOR, where final solution for USD reference rate is not known. Based in the fact that new standard for USD reference rate is not yet known, currently it is not possible to estimate precisely overall financial impact of this change on hedge accounting of the Bank.

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MCZK	Fair value – assets	Fair value – liabilities	Nominal value
<b>At 31 December 2020</b>			
<b>Portfolio hedge derivatives</b>			
Interest rate swaps to hedge cash flow	146	1	17,374
Cross currency swaps to hedge cash flow	-	109	2,639
Interest rate swaps to hedge fair value	1,884	3,099	220,347
<b>Total</b>	<b>2,030</b>	<b>3,209</b>	<b>240,360</b>

MCZK	Fair value – assets	Fair value – liabilities	Nominal value
<b>At 31 December 2019</b>			
<b>Portfolio hedge derivatives</b>			
Interest rate swaps to hedge cash flow	178	-	20,125
Cross currency swaps to hedge cash flow	-	56	3,653
Interest rate swaps to hedge fair value	2,368	2,612	198,794
<b>Total</b>	<b>2,546</b>	<b>2,668</b>	<b>222,572</b>

(d) Hedging derivatives – residual maturity of contractual amount (nominal value)

MCZK	1 year or less	From 1 to 5 years	Over 5 years	Total
<b>At 31 December 2020</b>				
<b>Interest rate risk</b>				
<b>Portfolio hedge derivatives</b>				
Interest rate swaps to hedge cash flow	8,398	8,792	184	17,374
Average interest rate	(0.20)%	(0.06)%	0.99%	(0.10)%
Cross currency swaps to hedge cash flow	2,639	-	-	2,639
Average interest rate	(0.33)%	-	-	(0.33)%
Average exchange rate CZK/EUR	27,30	-	-	27,30
Interest rate swaps to hedge fair value	42,729	136,576	41,042	220,347
Average interest rate	0.77%	1.07%	0.83%	0.97%
<b>Total trading derivatives</b>	<b>53,766</b>	<b>145,368</b>	<b>41,226</b>	<b>240,360</b>

MCZK	1 year or less	From 1 to 5 years	Over 5 years	Total
<b>At 31 December 2019</b>				
<b>Interest rate risk</b>				
<b>Portfolio hedge derivatives</b>				
Interest rate swaps to hedge cash flow	3,303	16,644	178	20,125
Average interest rate	1.60%	(0.09)%	0.99%	0.19%
Cross currency swaps to hedge cash flow	943	2,710	-	3,653
Average interest rate	(0.51)%	(0.33)%	-	(0.38)%
Average exchange rate CZK/EUR	25,51	25,74	-	25,68
Interest rate swaps to hedge fair value	31,287	131,122	36,385	198,794
Average interest rate	0.79%	1.10%	1.02%	1.04%
<b>Total trading derivatives</b>	<b>35,533</b>	<b>150,476</b>	<b>36,563</b>	<b>222,572</b>

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### (e) Fair value hedge

#### Hedging instruments

MCZK	2020					
	Nominal value	Fair value		Line item in the statement of financial position where the hedging instrument is located	Change in fair value used for calculation of hedge ineffectiveness	Line item(s) in profit or loss (that include(s) hedge ineffectiveness)
		Assets	Liabilities			
<b>Interest rate risk Fair value hedge derivatives</b>						
Interest rate swaps	-	-	-	Hedge derivatives with positive fair value	-	Net gain from hedge accounting
<b>Portfolio hedge derivatives</b>						
Interest rate swaps	220,347	1,884	3,099	Hedge derivatives with positive/negative fair value	(873)	Net gain from hedge accounting
MCZK	2019					
	Nominal value	Fair value		Line item in the statement of financial position where the hedging instrument is located	Change in fair value used for calculation of hedge ineffectiveness	Line item(s) in profit or loss (that include(s) hedge ineffectiveness)
		Assets	Liabilities			
<b>Interest rate risk Fair value hedge derivatives</b>						
Interest rate swaps	-	-	-	Hedge derivatives with positive fair value	-	Net gain from hedge accounting
<b>Portfolio hedge derivatives</b>						
Interest rate swaps	198,794	2,368	2,611	Hedge derivatives with positive/negative fair value	499	Net gain from hedge accounting

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Hedged items		2020				Line item in the statement of financial position where the hedged item is located	Change in fair value used for calculation of hedge ineffectiveness
		Net book value		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item			
		Assets	Liabilities	Assets	Liabilities		
<b>MCZK</b>							
<b>Interest rate risk</b>							
Debt securities		15,301	-	231	-	Financial assets at amortised cost	106
Loans and advances to customers		75,121	-	1,022	-	Financial assets at amortised cost	2,299
Deposits from customers		-	(88,120)	-	262	Financial liabilities at amortised cost	(1,532)
<b>MCZK</b>							
<b>Interest rate risk</b>							
Debt securities		6,021	-	125	-	Financial assets at amortised cost	31
Loans and advances to customers		81,805	-	(1,278)	-	Financial assets at amortised cost	(38)
Deposits from customers		-	65,026	-	(1,228)	Financial liabilities at amortised cost	(485)



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### (f) Cash flow hedge

#### Hedging instruments

MCZK		2020								
	Nominal value	Fair value		Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness	Changes in the value of the hedging instrument recognised in OCI	Ineffectiveness recognised in profit or loss	Line item(s) in profit or loss (that include(s) the hedge reserve to ineffectiveness)	Amount reclassified from the hedge profit or loss	Line item in profit or loss affected by the reclassification
		Assets	Liabilities							
<b>Interest rate risk</b>										
Interest rate swaps	17,374	146	1	Hedging derivatives with positive/negative fair value	(26)	(29)	4	Net gain from hedge accounting	4	Net gain from hedge accounting
Cross currency swaps	2,639		109	Hedging derivatives with positive/negative fair value	3	3	-	Net gain from hedge accounting	-	Net gain from hedge accounting

MCZK		2019								
	Nominal value	Fair value		Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness	Changes in the value of the hedging instrument recognised in OCI	Ineffectiveness recognised in profit or loss	Line item(s) in profit or loss (that include(s) the hedge reserve to ineffectiveness)	Amount reclassified from the hedge profit or loss	Line item in profit or loss affected by the reclassification
		Assets	Liabilities							
<b>Interest rate risk</b>										
Interest rate swaps	20,125	178	-	Hedging derivatives with positive/negative fair value	8	10	(1)	Net gain from hedge accounting	(1)	Net gain from hedge accounting
Cross currency swaps	3,653	-	56	Hedging derivatives with positive/negative fair value	24	24	-	Net gain from hedge accounting	-	Net gain from hedge accounting

#### Hedged items

MCZK	2020		2019	
	Line item in the statement of financial position where the hedged item is located	Changes in fair value used for calculating hedge ineffectiveness	Line item in the statement of financial position where the hedged item is located	Changes in fair value used for calculating hedge ineffectiveness
Loans and advances to customers	Financial assets at amortised cost	(21)	Financial assets at amortised cost	(54)
Deposits from customers	Financial liabilities at amortised cost	-	Financial liabilities at amortised cost	(3)
Debt securities issued	Financial liabilities at amortised cost	-	Financial liabilities at amortised cost	(21)

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### 39. OTHER OFF-BALANCE SHEET ITEMS

(a) **Assets placed under management, into administration and deposit**

In the years ended 31 December 2020 and 2019, the Bank placed no assets under management, into administration or deposit.

(b) **Assets accepted for management, administration and deposit**

MCZK	2020	2019
Assets accepted for management	11,563	9,911
Assets accepted for administration	56,630	57,825
Assets accepted for deposit	1	2
<b>Total</b>	<b>68,194</b>	<b>67,738</b>

### 40. SEGMENT ANALYSIS

The base for the segment analysis according to IFRS 8 are internal reports of the Bank which are based on management accounts and serve as the principal financial information for decision-making of the Bank's management.

Management accounts are maintained on a margin basis. For this reason, the interest income and expense and fee and commission income and expense of individual operating segments are not reported separately, but on a net basis.

Operating segments are represented as follows:

- Corporate banking;
- Retail banking;
- Treasury and ALM;
- Other.

The Corporate banking segment involves transactions with corporate clients, public sector institutions and financial institutions.

The Retail banking segment generally includes all private individuals including VIP clients, individuals - entrepreneurs and the Bank's own employees.

The Treasury segment includes interbank transactions, trading with financial instruments, securities and ALM.

The "Other" segment mainly includes equity investments and other non-interest bearing assets and liabilities of the Bank that cannot be allocated to segments referred to above, i.e. capital, subordinated deposit, assets, other assets/liabilities, capital investments.

The Bank monitors amounts of net interest income and net fee and commission income, net gain/(loss) from financial operations, movements in loss allowances, general operating expenses, income tax, and volume of client and non-client assets and liabilities by segment. Other items are not monitored by segment.

A predominant part of the Bank's income is generated in the Czech Republic from transactions with customers who have their permanent residence or place of business in the Czech Republic or from trading with financial instruments issued by Czech entities. The income generated outside the Czech Republic is immaterial for the Bank.

The Bank has no customer or group of related parties for which income from transactions exceeds 10% of the Bank's total income.

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### Selected items by segment (2020)

At 31 December 2020	Corporate entities	Retail customers	Treasury and ALM	Other	Reconciliation to the statement of comprehensive income	Total
<b>MCZK</b>						
<b>Income statement:</b>						
Net interest income	2,602	4,660	(28)	328	(323)	7,239
Net fee and commission income	1,144	1,813	(23)	(14)	-	2,920
Net gain/(loss) from financial operations	(12)	-	(183)	5	-	(190)
Net gain on financial assets other than held for trading mandatorily reported at fair value in profit or loss	(17)	-	-	55	-	38
Net gain from hedge accounting	-	-	3	-	-	3
Impairment losses on financial assets	(981)	(571)	-	-	-	(1,552)
Gain or loss (-) arising from derecognition of financial assets measured at amortised cost	8	-	-	-	-	8
Other operating expenses	(1,732)	(4,392)	(229)	127	-	(6,226)
Dividend income	-	-	-	-	323	323
<b>Profit before tax</b>	<b>1,012</b>	<b>1,510</b>	<b>(460)</b>	<b>501</b>	<b>-</b>	<b>2,563</b>
Income tax	(166)	(249)	76	(84)	-	(423)
<b>Profit after tax</b>	<b>846</b>	<b>1,261</b>	<b>(384)</b>	<b>417</b>	<b>-</b>	<b>2,140</b>
<b>Assets and liabilities:</b>						
<b>Total assets</b>	<b>111,063</b>	<b>123,241</b>	<b>160,171</b>	<b>16,581</b>	<b>-</b>	<b>411,056</b>
<b>Total liabilities</b>	<b>115,171</b>	<b>222,755</b>	<b>30,109</b>	<b>7,670</b>	<b>-</b>	<b>375,705</b>

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### Selected items by segment (2019)

At 31 December 2019	Corporate entities	Retail customers	Treasury and ALM	Other	Reconciliation to the statement of comprehensive income	Total
<b>MCZK</b>						
<b>Income statement:</b>						
Net interest income	2,673	5,178	193	752	(257)	8,539
Net fee and commission income	1,214	1,927	(35)	(11)	-	3,095
Net gain/(loss) from financial operations	(3)	-	(188)	(7)	-	(198)
Net gain from hedge accounting	-	-	6	-	-	6
Impairment losses on financial assets	128	(458)	-	-	-	(330)
Gain or loss (-) arising from derecognition of financial assets measured at amortised cost	(3)	-	-	-	-	(3)
Other operating expenses	(1,702)	(4,665)	(212)	128	-	(6,451)
Dividend income	-	-	-	-	257	257
<b>Profit before tax</b>	<b>2,307</b>	<b>1,982</b>	<b>(236)</b>	<b>862</b>		<b>4,915</b>
Income tax	(440)	(421)	47	87	-	(727)
<b>Profit after tax</b>	<b>1,867</b>	<b>1,561</b>	<b>(189)</b>	<b>949</b>		<b>4,188</b>
<b>Assets and liabilities:</b>						
<b>Total assets</b>	<b>107,742</b>	<b>122,270</b>	<b>129,049</b>	<b>11,654</b>		<b>370,715</b>
<b>Total liabilities</b>	<b>101,925</b>	<b>191,847</b>	<b>36,730</b>	<b>7,509</b>		<b>338,011</b>

### Differences between individual lines of the segment analysis and information in the statement of comprehensive income and the statement of financial position

The difference in “*Net interest income*” and “*Dividend income*” primarily arises from the different presentation of dividend income.

In “*Net interest income*” in the “*Other*” segment, the Bank reports a positive compensation of capital costs that are allocated to individual client segments.

“*Other operating expenses*” includes “*Other operating expenses*”, “*Other operating income*”, “*Personnel expenses*”, “*Depreciation/amortisation of property and equipment and intangible assets*” and “*General operating expenses*” presented in the statement of comprehensive income in separate lines.

The differences referred to above between the segment analysis and the statement of comprehensive income arise from the different classification of selected profit and loss items in the Bank’s management accounting.

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#### 41. FINANCIAL INSTRUMENTS – MARKET RISK

The Bank is exposed to market risks arising from the open positions of transactions with interest rate, equity and currency instruments that are sensitive to changes in financial market conditions.

**(a) Trading**

The Bank holds trading positions in certain financial instruments including financial derivatives.

These positions are also held for the purpose of speculation on the expected future development of financial markets and thus represent speculation on this development. The majority of the Bank's trading activities are conducted based on the requirements of the Bank's customers.

The Bank maintains the admission to financial markets through the quoting of bid and ask prices and by trading with other market makers. The Bank's business strategy is thus affected by the speculative expectation and market making and its goal is to maximise net income from trading.

The Bank manages risks associated with its trading activities on the level of individual risks and types of financial instruments. The key risk management tools are the limits for individual transaction volumes and individual position volumes, stop loss limits and value at risk (VaR) limits. The quantitative methods applied to market risk management are described in "*Risk management methods*" in note 41 (d).

**(b) Risk management**

The selected risks exposures resulting from the Bank's activities, management of positions arising from these activities and its risk management approach are described below. More detailed policies applied in measuring and managing these risks are included in "*Risk management methods*" in note 41 (d).

***Liquidity risk***

Liquidity risk is the risk of losing the Bank's ability to meet its financial obligations as they fall due, or the risk of losing the Bank's ability to finance an increase in assets. Liquidity risk arises from the time mismatch between cash inflows and outflows. It includes both the risk of inability to raise funds to cover the Bank's assets using instruments with appropriate maturity and the Bank's ability to sell assets at a reasonable price within a reasonable time frame. The liquidity position of the Bank is regularly monitored by the Czech National Bank.

The Bank has access to diversified sources of funding, which comprise deposits and other savings, issued securities, loans accepted including subordinated loans, and also the Bank's equity. This diversification makes the Bank flexible and reduces its dependency on one source of funding. The Bank regularly evaluates its liquidity exposures, in particular by monitoring the changes in the structure of financing and comparing these changes with the Bank's liquidity risk management strategy, which has been approved by the Bank's board of directors. According to the liquidity risk management strategy, the Bank has set limits for basic liquidity indicators LCR, NSFR, liquidity position calculated from cumulative cash inflows and outflows for stress scenarios so as to correspond to the Bank's appetite risk and safely comply with regulatory regulations. The Bank also monitors LCR and NSFR indicators for all major currencies, i.e. CZK, EUR and USD.

As part of its liquidity risk management strategy, the Bank also holds a portion of its assets in highly liquid funds, such as czech government bonds and deposits with the Czech National Bank (repo transactions/deposit facilities). The Bank uses internal statistical models for modeling from deposits without a contractual maturity. These models are reassessed on a regular basis. In order to manage liquidity in extraordinary circumstances, the Bank has prepared a contingency plan, which contains measures to restore liquidity. The ALM department performs regular reviews of the contingency plan and submits it to the Assets and Liabilities Committee (ALCO) for approval.

**Financing management**

The liquidity Coverage Ratio (LCR) measures the volume of liquid assets against the expected net cash outflows over the next 30 days. Liquidity risk is the risk of losing the ability to meet its financial

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obligations as they fall due, or the risk of losing the ability to finance an increase in assets under severe crisis conditions. The LCR indicator developed as follows in 2020 and 2019:

LCR (%)	2020	2019
31.3.	221.3	191.6
30.6.	184.7	206.5
30.9.	179.6	218.1
31.12.	209.4	191.1

#### Strategic liquidity management

The NSFR (Net Stable Funding Ratio) indicators is defined as the ratio of available stable funding and required stable funding. The NSFR indicator developed as follows in 2020 and 2019:

NSFR (%)	2020	2019
31.3.	121.4	118.0
30.6.	127.3	122.0
30.9.	129.0	121.7
31.12.	133.6	124.1

Both LCR and NSFR indicators are monitored on a daily basis and are regularly reported to the Bank's management

The following table shows the remaining maturity of contractual cash flows arising from financial liabilities. Analysis of remaining maturity of derivatives is disclosed in the tables in notes 38 (b) and 38 (d).

#### Analysis of financial liabilities according to remaining maturity (undiscounted cash flows)

2020 CZK million	Carrying amount	Total contractual liability	0 - 3 months	3 - 12 months	3 - 5 years	Over 5 years
Deposits from banks	12,194	12,197	6,253	3,835	2,109	-
Deposits from customers	334,673	334,677	334,171	409	90	7
Debt securities issued	13,053	13,357	5,698	-	7,659	-
Subordinated liabilities and bonds	4,259	5,607	7	120	510	4,970
Other financial liabilities	3,414	3,495	1,643	276	1,148	428
Other liabilities	886	886	886	-	-	-
Off-balance sheet items	50,954	50,954	50,954	-	-	-
<b>Total</b>	<b>419,433</b>	<b>421,173</b>	<b>399,612</b>	<b>4,640</b>	<b>11,516</b>	<b>5,405</b>

2019 CZK million	Carrying amount	Total contractual liability	0 - 3 months	3 - 12 months	3 - 5 years	Over 5 years
Deposits from banks	21,900	21,922	13,270	3,566	5,086	-
Deposits from customers	290,691	290,818	285,077	5,577	125	39
Debt securities issued	12,692	13,087	202	-	12,885	-
Subordinated liabilities and bonds	3,309	4,430	-	6	609	3,815
Other financial liabilities	4,064	4,168	2,120	255	1,174	619
Other liabilities	937	937	937	-	-	-
Off-balance sheet items	46,419	46,419	46,419	-	-	-
<b>Total</b>	<b>380,012</b>	<b>381,781</b>	<b>348,025</b>	<b>9,404</b>	<b>19,879</b>	<b>4,473</b>

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Off-balance sheet items include all irrevocable credit commitments provided to the Bank's customers, guarantee commitments, and guarantees and letters of credit provided to customers.

#### ***Foreign currency risk***

The foreign currency risk is the risk arising from currency markets. The source of this risk is the Bank's foreign currency position which arises from the mismatch of the Bank's assets and liabilities, including the currency-sensitive off-balance sheet items. The majority of foreign currency gains or losses is due to changes in foreign currency rates in currency positions of the Bank denominated in EUR and USD. The foreign currency risk is managed by setting trading limits. More detailed policies applied in managing this risk are included in "Risk management methods" in note 41 (d).

#### ***Interest rate risk***

The Bank is exposed to interest rate risk since the interest-bearing assets and liabilities have different maturity dates, periods of interest rate changes/adjustments and volumes during these periods. In the case of variable interest rates, the Bank is exposed to a basis risk arising from the difference in the mechanism of adjusting individual types of interest rates, such as PRIBOR, announced interest on deposits, etc. The interest rate risk of the Bank is primarily impacted by the development in interbank interest rates, including the negative rates (the impact of negative interest rates is disclosed in note 6). The Bank's interest rate risk management activities are aimed at optimising the Bank's net interest income in accordance with its strategy approved by the board of directors. In managing the interest rate risk, the Bank uses (as in the case of liquidity management) statistical models for distribution of those items where it is unable to determine the exact moment of repricing of interest rates or liquidity maturity (for example on current accounts).

The Bank mostly uses interest rate derivatives to manage the mismatch between the rate-sensitivity of assets and liabilities. These derivative transactions are entered into in accordance with the asset and liability management strategy as approved by the Bank's board of directors.

Part of the Bank's income is generated through a targeted mismatch between rate-sensitive assets and rate-sensitive liabilities. In managing the interest rate risk, the carrying amounts of these assets and liabilities and the nominal (notional) values of interest rate derivatives are recorded either in the year in which they are due or in which the interest rate changes, whichever occurs first. Due to the anticipated prepayment or undefined maturity dates, certain assets or liabilities are allocated to individual periods based on an expert estimate.

#### ***Equity risk***

Equity risk is the risk of fluctuations of the prices of equity instruments held in the Bank's portfolio and financial derivatives related to these instruments. As the Bank does not trade shares on its own account, it is exposed to indirect equity risk arising from the shares held by the Bank as collateral for customer loans. Equity risk is managed by trading limits. The equity risk management methods are described in "Risk management methods" in note 41 (d).

#### **(c) Fair values of financial assets and liabilities**

The Bank used the following methods and estimates in determining the fair values of financial assets and liabilities.

##### **i) Cash and balances with central banks**

The reported amounts of cash and short-term instruments are essentially equivalent to their fair value.

##### **ii) Loans and advances to banks**

The reported amounts of loans and advances to banks due within one year are essentially equivalent to their fair values. The fair values of other loans and advances to financial institutions are estimated based

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on cash flows discounted at standard rates for similar types of investments (market rates adjusted for credit risk). The fair values of delinquent loans to financial institutions are estimated based on discounted cash flows; for loss loans, fair values are equivalent to the amount of the respective collateral.

#### **iii) Loans and advances to customers**

For variable-rate loans that are often remeasured or loans with the final maturity within one year, and for which credit risk changes are immaterial, the fair values are essentially equivalent to the reported amounts. The fair values of fixed-rate loans are estimated based on discounted cash flows using the interest rate that is standard for loans with similar conditions and maturity dates and provided to borrowers with a similar risk profile, including the impact of collateral (the discounted rate technique according to IFRS 13). The fair values of loans and receivables from clients and banks were calculated as discounted future cash flows, taking into account the effect of interest and credit spreads, including the possible realization of collateral. Interest rates are affected by movements in market interest rates, while changes in the credit spread are derived from the probabilities of default (PD) and LGD used, which are used to calculate credit risk. To calculate fair value, loans and receivables were grouped into homogeneous portfolios based on the rating method, rating grade, maturity and country where they were provided.

#### **iv) Securities**

The fair values of securities at amortised cost are estimated based on discounted cash flows using the interest rate common as at the reporting date, unless they are traded on an active market.

#### **v) Deposits from banks and customers**

The fair values of deposits repayable on demand at the reporting date are equal to the amounts repayable on demand (i.e. their carrying amounts). The carrying amounts of variable-rate term deposits are essentially equivalent to their fair values at the reporting date. The fair values of fixed-rate deposits are estimated based on discounted cash flows using market interest rates and taking into account the Bank's liquidity costs. The fair value of deposits at amortized cost is calculated taking into account the current interest rate environment and own credit risk.

#### **vi) Bonds issued**

The fair values of bonds issued by the Bank are determined based on current market prices. If market prices are not available, the fair values are the Bank's estimates where the fair value is estimated based on discounted cash flows using market interest rates and taking into account the Bank's liquidity costs.

#### **vii) Subordinated liabilities and bonds**

The fair values of subordinated loans are estimated based on discounted cash flows using market interest rates and taking into account the Bank's liquidity costs. The fair values of subordinated bonds issued by the Bank are determined based on current market prices.



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The following table summarises the estimated amounts and fair values of financial assets and liabilities that are not recognised at fair value in the statement of financial position:

2020	Level 1	Level 2	Level 3	Fair value	Net book value	Difference
<b>Assets</b>						
Cash in hand, balances with central banks and other demand deposits	-	-	5,746	5,746	5,746	-
Loans and advances to banks*	-	-	99,684	99,684	99,684	-
Loans and advances to customers*	-	-	250,180	250,180	249,083	1,097
Debt securities at amortised cost*	31,243	-	378	31,621	30,703	918
<b>Liabilities</b>						
Deposits from banks	-	-	12,197	12,197	12,194	3
Deposits from customers	-	-	334,735	334,735	334,673	62
Debt securities issued	-	-	13,350	13,350	13,053	297
Subordinated liabilities and bonds	-	-	4,462	4,462	4,259	203
Other financial liabilities**	-	-	1,542	1,542	1,542	-

\*including loss allowances

\*\*excluding lease liabilities

2019	Level 1	Level 2	Level 3	Fair value	Net book value	Difference
<b>Assets</b>						
Cash in hand, balances with central banks and other demand deposits	-	-	11,114	11,114	11,114	-
Loans and advances to banks*	-	-	87,043	87,043	87,043	-
Loans and advances to customers*	-	-	252,715	252,715	246,644	6,071
Debt securities at amortised cost*	10,300	-	845	11,145	10,879	266
<b>Liabilities</b>						
Deposits from banks	-	-	21,916	21,916	21,900	15
Deposits from customers	-	-	290,685	290,685	290,691	(6)
Debt securities issued	-	-	12,980	12,980	12,692	288
Subordinated liabilities and bonds	-	-	3,489	3,489	3,309	180
Other financial liabilities**	-	-	2,023	2,023	2,023	-

\*including loss allowances

\*\*excluding lease liabilities

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### Financial instruments at fair value

MCZK	Fair value at 31 December 2020			Fair value at 31 December 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Positive fair value of trading derivatives	-	2,063	-	-	1,669	-
Securities held for trading	1,683	-	-	93	-	1
Positive fair value of hedging derivatives	-	2,030	-	-	2,546	-
Financial assets other than held for trading mandatorily measured at fair value in profit or loss	129	123	280	-	-	-
Financial assets at FVOCI	-	-	1	-	-	735
<b>Total</b>	<b>1,812</b>	<b>4,216</b>	<b>281</b>	<b>93</b>	<b>4,215</b>	<b>736</b>
MCZK	Fair value at 31 December 2020			Fair value at 31 December 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Negative fair value of trading derivatives	-	2,618	-	-	1,801	-
Negative fair value of financial derivatives	-	3,209	-	-	2,668	-
<b>Total</b>	<b>-</b>	<b>5,827</b>	<b>-</b>	<b>-</b>	<b>4,469</b>	<b>-</b>

Level 1 category is the category of financial instruments measured at fair value determined based on the price quoted on an active market.

Level 2 category is the category of financial instruments measured at fair value determined based on prices derived from market data. For financial derivatives, the fair values are determined based on discounted future cash flows that are estimated according to market interest rate and currency forward curves and contractual interest rates and currency rates according to individual contracts. The discount factor is derived from market rates. For securities at FVTPL, the fair value is calculated on the basis of discounted future cash flows. The discount factor is derived from market rates.

Level 3 category is the category of financial instruments measured at fair value determined using the techniques based on input information not based on data observable on the market.

The reconciliation of financial instruments measured at fair value determined using the techniques based on the input information, not built upon the data observable on the market (Level 3 instruments).

### 2020

	Financial assets held for trading (debt securities)	Financial assets other than held for trading mandatorily measured at fair value in profit or loss	Financial assets at FVOCI	Total
<b>MCZK</b>				
Balance at the beginning of the year	-	1	735	736
Transfer to Level 3	-	280	-	280
Purchases	-	-	-	-
Comprehensive income/(loss)	-	-	(333)	(333)
- in the income statement	-	-	-	-
- in equity (note (36))	-	-	(333)	(333)
Sales/settlement/transfer	(1)	-	(401)	(402)
Transfer from Level 3	-	-	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>280</b>	<b>1</b>	<b>281</b>

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2019			
MCZK	Financial assets held for trading (debt securities)	Financial assets at FVOCI	Total
<b>Balance at the beginning of the year</b>	-	629	629
Transfer to Level 3	-	-	-
Purchases	1	-	1
Comprehensive income/(loss)	-	106	106
- in the income statement	-	-	-
- in equity (note 36)	-	106	106
Sales/settlement/transfer	-	-	-
Transfer from Level 3	-	-	-
<b>Balance at the end of the year</b>	<b>1</b>	<b>735</b>	<b>736</b>

The Bank measures financial assets held for trading and financial assets measured at FVOCI using the technique of discounted future cash flows. This valuation method adjusts future amounts (i.e. cash flows, income and expense) to the present (discounted) value. The fair value is determined based on the value acquired from the current market expectation of the future value. In respect of securities that fall into the Level 3 category, the Bank uses the discount factor for the calculation that is derived from the internal price for liquidity determined by the Bank and concurrently reflects the credit risk of the security issuer. The price of the Bank for liquidity and credit risk of the security issuer are inputs that are not observable from the data available on the market. The price of the Bank for liquidity determined in the calculation is based on the resolution of the Bank's ALCO Committee and reflects the level of available sources of the Bank's financing and their price. In the event of a negative development of the Bank's liquidity position or changes in the interbank market, the price for liquidity may increase and consequently the price of the financial instrument may decline. The credit risk of the issuer is determined based on the rating of the securities issuer in the Bank's rating scale. If the issuer was attributed a worse rating, the price of the financial instrument could decline by 0-10%.

The amount in Level 3, item "Financial assets at FVOCI" primarily comprises an investment in SWIFT of MCZK 1 (2019: MCZK 1), the Bank's membership in Visa Inc. association of MCZK 0 (2019: MCZK 238) and an investment in Raiffeisen stavební spořitelna a.s. of MCZK 0 (2019: MCZK 496) – refer to Note 28 a).

As at 31 December 2019, the Bank recognised an investment in Visa Inc. in the amount of MCZK 238, which represents the amount of the Bank's expected share in the cash settlement within the sale of Visa Europe Ltd. to Visa Inc. In accordance with the final form of the merger, the purchase price is settled in the following tranches: cash and transfer of Visa Series C Convertible Participating Preferred Stock (hereinafter "Visa C") in June 2016 and additional cash on the anniversaries of this transactions which leads to a gradual conversion of Visa C to Visa Series A Convertible Participating Preferred Stock (hereinafter "Visa A"). In connection with this transaction, in June 2016 the Bank received 5,104 pieces of Visa C with fair value MUSD 4.4 and cash in the amount MEUR 14. In 2016, the Bank reported the result of this transaction as a profit of MCZK 519 (MEUR 20.1) in "Net profit from financial operations". The anniversaries of this transaction are set for the following years: 2020 (4th anniversary), 2022 (6th anniversary), 2024 (8th anniversary), 2026 and 2028 (10th anniversary).

#### 4th anniversary – September 2020

As at 24 September 2020, the Bank received 350 pieces of Visa A. Subsequently, on 6 November 2020, these Visa Series A Convertible Participating Preferred Stocks were exchanged for 35,000 pieces of Visa Class A Common Stock with a fair value of MUSD 7. These instruments were presented under "Financial assets at fair value through other comprehensive income". In this context, the fair value of Visa C decreased to MUSD 5.2. Total gain from this Visa conversion in the amount of MUSD 1.7 was presented in other comprehensive income, on September 2020.

In 2020, the Bank decided to change the presentation of Visa C. As at 31 December 2019, the Bank presented Visa C in "Financial assets at fair value through other comprehensive income". Cumulative change in fair value in other comprehensive income from June 2016 to September 2020 was MUSD 6.1

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and fair value of Visa C was MUSD 10.5 on September 2020. In 2020, the Bank changed the presentation of Visa C to debt financial instruments, which in 2020 are reported in “*Financial assets other than held for trading mandatorily measured at fair value in profit or loss*” in the amount of MCZK 123. In connection with this change in the presentation of Visa C, the Bank reported a revaluation of these stocks to fair value from June 2016 to December 2019 in the amount of MCZK 132 in the statement of changes in equity under “*Retained earnings*” and revaluation from January 2020 to December 2020 in the amount of MCZK 55 in the statement of comprehensive income under “*Net gain on financial assets other than held for trading mandatorily measured at fair value in profit or loss*”.

As at 11 November 2020, the Bank decided to sell 35,000 pieces of Visa Class A Common Stock. Total gain from the sale of Visa Class A Common Stocks in the amount of MCZK 9 is presented in the statement of changes in equity in “*Other equity instruments*”.

#### (d) Risk management methods

The Bank uses a set of limits for individual positions and portfolios as part of the appropriate methodologies to facilitate effective market risk management. The set of limits is based on limits determined by appropriate regulators which are complemented by the limits set by the parent company in a standardised way for the entire CEE region. In some cases, the set of limits is complemented by other internal limits and methods that reflect the specifications of local markets that the Bank is exposed to.

The Bank monitors both aggregate and individual market risks using the value at risk method. Value at risk represents the potential loss arising from an adverse movement of market rates within a certain time period with a certain confidence level. Value at risk is measured based on a one-day holding period with a 99% confidence level. The calculation reflects mutual correlations of individual risk factors (currency rates, interest rates, market spreads and equity market prices).

MCZK	At 31 December 2020	Average 2020	At 31 December 2019	Average 2019
<b>Total market risk VaR</b>	<b>192</b>	<b>214</b>	<b>73</b>	<b>91</b>

#### *Interest rate risk*

The Bank manages interest rate risk of the banking book and the trading book separately, on the level of individual currencies. The interest rate position is monitored based on the sensitivity of the position to the shift in the interest rate curve (BPV). The BPV (basis point value) method involves determining the change in the present value (both in total and individual time periods) of the portfolio when interest rates shift by one basis point (0.01%). This method is complemented by monitoring the interest rate risk using Value at risk.

MCZK	At 31 December 2020	Average 2020	At 31 December 2019	Average 2019
<b>Total interest rate position VaR</b>	<b>14</b>	<b>12</b>	<b>7</b>	<b>8</b>
Interest rate position VaR - banking book	17	13	9	9
Interest rate position VaR - trading book	3	5	2	5

#### *Foreign currency Risk*

The Bank uses a set of limits established based on the standards of the Group. The limits are set for individual currencies and for the overall currency position. Internal currency position limits fully respect the limits set by the local regulator. Moreover, these limits are complemented by monitoring foreign currency risk using Value at risk.

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MCZK	At 31 December 2020	Average 2020	At 31 December 2019	Average 2019
Foreign currency position VaR	1	2	-	1

### *Market spread risk*

To determine the risk of change in market spreads for forward exchange contracts (in the trading portfolio) and for its own positions in debt instruments (state and corporate), the Bank also uses the Value at risk method.

MCZK	At 31 December 2020	Average 2020	At 31 December 2019	Average 2019
<b>Total market risk VaR</b>	<b>204</b>	<b>214</b>	<b>76</b>	<b>93</b>
Market spread VaR - debt instruments	202	213	76	93
Market spread VaR - currency positions	5	3	8	4

### *Equity risk*

Market risks arising from the Bank's equity trading activities are managed using the limits of maximum open positions in equity instruments. At the end of 2013, the Bank suspended trading with equity instruments in the banking book.

### *Stress testing*

The Bank performs regular stress testing of interest rate risk inherent in the banking and trading portfolios, the foreign currency risk, option risk, market spread risk and liquidity risk. The results of stress tests are submitted to the Assets and Liabilities Committee (ALCO) on a regular basis.

## (e) Operational risk

In accordance with the applicable legislation, operational risk is defined as the risk of loss arising from the inappropriateness or failure of internal processes, human errors or failures of systems or the risk of loss arising from external events. The Bank monitors, tracks and assesses these risks on a regular basis and undertakes measures aimed at minimising losses. In respect of the operational risk, the Bank applies the standardised approach to calculating capital adequacy. In the future, it intends to implement the advanced (AMA) approach. At present, changes are being implemented so that the advanced approach could be applied. The Bank is planning to file the application for the regulator's approval of this approach in coordination with the parent company Raiffeisen Bank International AG.

The basic principle is the responsibility of each employee for the identification and escalation of the operational risk and for timely and accurate reporting of incidents. The Bank has a central operational risk management function in place, which is responsible for the setting of the methodology, measurements or analyses and which provides methodical support to managers.

Operational risk management primarily draws upon the following:

- event data collection;
- general ledger analysis;
- risk assessment;
- scenario analysis;
- early warning indicators (EWI);
- mitigation plans.

The objective of collecting data on the losses arising from operational risk events is not only to accumulate information but predominantly to analyse them. More serious cases are presented to and discussed by the

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Operational Risk Management Committee. Through the Operational Risk Management Committee, the Bank also presents, discusses and approves measures aimed at minimising or fully eliminating further occurrence of similar events. Specific responsibilities are determined for the implementation of proposed changes and their fulfilment is reviewed by the Operational Risk Management Committee. Other cases are dealt with by the relevant departments.

The general ledger analysis provides reconciliation between the reported loss and its recognition in the books.

The risk assessment is used to raise awareness of operational risks, clarify individual processes and mitigate the operational risks identified. The risk assessment determines the risk of individual processes, organisational units or activities. The risk level is a relevant value for taking measures within qualitative risk management.

The scenario analysis is a process used by the Bank to consider the impact of extreme but probable events on its activities, assess the probability of occurrence and estimate significance of the impact on a scale of possible results. The scenario analysis aims at: (i) providing a potential method to record a specific event that occurred in a specific organisation; (ii) increasing awareness and educating management by providing insight into various types of risks and managing the plan of remedies and investments.

EWIs are used for the ongoing monitoring and reporting of the risk exposure to operational risk. They provide early warning to take possible steps or make changes in the risk profile, which may initiate management measures. The monitored EWIs include for example the number of dismissed employees, the supplier's financial dependence on the Bank, deposit outflows in the retail portfolio, complex projects, major projects exceeding two years.

The Bank defines and reviews the Risk Appetite on a regular basis. In using the above-specified instruments, the Bank compares the identified risks with the appetite and prepares mitigation plans for the risks that exceed the appetite.

All instruments are used in a regular annual cycle.

#### **(f) Equity management**

In the EU, banking regulation requirements are stipulated by the Basel III regulatory framework through Regulation EU No. 575/2013/EU on prudential requirements for credit institutions and investment firms (CRR – Capital Requirements Regulation), as amended, and Directive EU No. 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV – Capital Requirements Directive). CRD IV was transposed to the Czech legal system by means of an amendment to the Act on Banks and by adopting the Czech National Bank's Decree No. 163/2014 Coll. The new regulation primarily governs capital indicators, imposing stricter requirements namely in respect of regulatory capital, liquidity and risk-weighted exposure.

Since 2014, CRD IV has made it possible for member states to require that banks create and maintain three types of buffers: capital conservation buffer, systemic risk buffer and countercyclical capital buffer. As for the capital conservation buffer, the CNB has decided to apply it from the very beginning to all institutions in the full amount of 2.5% of the Tier 1 capital. In 2020, the systemic risk buffer was only applied to five institutions, including Raiffeisenbank (set at 1% for Raiffeisenbank). As for the countercyclical capital buffer, the CNB decided to set the initial buffer amount to zero at the end of 2014; banks were to apply it over the two subsequent years. In December 2015, the CNB set the countercyclical capital buffer to 0.5% from 1 January 2017, and subsequently to 1.25% from 1 January 2019, to 1.5% from 1 July 2019, to 1.75% from 1 January 2020, to 1.0% from 1 April 2020, to 1.75% from 1 January 2021 and to 2.00% from 1 July 2021.

In relation to the measures adopted due to the COVID-19 outbreak in 2020, the CNB first cancelled the July increase of the anti-cyclic provision by 0.25%, and subsequently reduced the anti-cyclic provision

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by 0.75% to 1% beginning in April, and starting from 1 July 2020, the Czech National Bank set this provision at 0.5%.

The Bank manages its capital adequacy with a view to ensuring its sufficient level after the natural growth in the volume of sales has been accounted for, taking into account the potential macroeconomic development and the environment of changing regulatory requirements. The Bank monitors changes in regulatory requirements on an ongoing basis, assessing their impact as part of the capital planning process.

#### Information about regulatory capital

MCZK	2020	2019
<b>Total equity</b>	<b>35,351</b>	<b>32,704</b>
Deductions of common Tier 1 capital:		
Unusable profit	(709)	(2,153)
Intangible assets	(2,782)	(2,718)
Provision shortage for IRB positions	(6)	(268)
Additional valuation adjustment (AVA) according to CRR	(80)	(50)
Fair value reserve	(44)	(371)
Other equity instruments	(4,169)	(3,383)
<b>Total common Tier 1 capital (after deductions)</b>	<b>27,561</b>	<b>23,761</b>
Other equity instruments	4,169	3,383
<b>Total Tier 1 capital (after deductions)</b>	<b>31,730</b>	<b>27,144</b>
Subordinated debt	4,252	3,303
IRB Excess of provisions over expected losses eligible	818	327
<b>Total Tier 2 capital</b>	<b>5,070</b>	<b>3,630</b>
<b>Total regulatory capital</b>	<b>36,800</b>	<b>30,774</b>

As a local supervisory authority, the CNB monitors whether the Bank complies with capital adequacy on a separate as well as consolidated basis. In 2020, the Bank met all regulatory requirements.

#### Internal capital adequacy assessment process

In line with Pillar 2 of Basel II, the Bank creates its own internal capital system (hereinafter the “ICS”). The process ensures that the Bank is able to:

- identify, quantify, manage and monitor all risks to a sufficient degree;
- secure and maintain the necessary amount of capital to cover all material risks; and
- set up reliable management of the risks, and develop and perfect it on an ongoing basis.

As part of the ICS, the Bank proceeds in line with the applicable methodology, which is updated on an annual basis following developments in the ICS. The methodology is based on key parameters defined in line with the Bank’s general nature, size and risk profile. The key parameters are based on the Bank’s target rating<sup>ii</sup>, according to which the applied reliability level (99.9%), the time frame for calculating economic capital (1 year) and the planning time frame (3 years) are determined.

The Bank determines the risk appetite, which represents the acceptable level of risk and is one of the basic starting points for the Bank’s strategic management. The Bank’s risk appetite is defined through internal and regulatory capital adequacy limits and serves as an instrument for ensuring sufficiently high values of the capital adequacy and Tier 1 and CET1 capital ratios under both expected and stress conditions.

On a monthly basis, the Bank monitors internal capital adequacy, which is defined as a ratio of aggregated economic capital (EC) and internal capital, whose structure is based on regulatory capital (Pillar 1). In calculating EC for risks defined under Pillar 1, the Bank applies methods derived from those used in

<sup>ii</sup>In 2017, the Bank received public rating from Moody’s rating agency. However, as part of the ICS methodology, the Bank uses target rating as the key parameter, which is higher than public rating (the conservative approach; the Bank works with higher applied level of creditworthiness based on this approach).

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determining capital regulatory requirements. For other risks, the economic capital is calculated using internal methods based on risk significance. In addition, the Bank recognises a “*capital mark-up*” on total EC.

The risk limit for the risk undertaken (i.e. the amount of economic capital) is determined as 75% of the internal capital. The unallocated portion of internal capital serves as a buffer. If limits defined under the risk appetite are exceeded, the Bank’s ALCO committee and board of directors is immediately notified and corrective measures are taken.

As part of the ICS process, all relevant risks to which the Bank is or may be exposed in the future are assessed and mapped. Based on the resulting assessment, it determines the risks for which it defines the management system, calculates economic capital and performs stress testing as part of Pillar 2 with the aim of verifying the Bank’s ability to overcome even highly adverse future developments.

The ICS forms part of financial planning (in the form of risk appetite). The creation of the financial plan is reflected in regular monthly stress tests in the form of capital prediction and development planning. The Bank’s ALCO committee receives a report on ISC every month. The Bank applies the ICS both on a local (monthly) and a consolidated basis (quarterly).

#### 42. FINANCIAL INSTRUMENTS – CREDIT RISK

The Bank takes on exposure to credit risks resulting from its trading activities, provision of loans, hedging transactions, investment activities and agency services.

Credit risks associated with trading and investment activities are managed using the methods and instruments applied by the Bank in managing its credit risk exposures.

##### (a) Collateral assessment

Generally, the Bank requires collateral for loans granted to certain borrowers prior to the issuance of the loan. The Bank considers the following types of collateral as eligible collateral:

- cash;
- real estate;
- first-class receivables;
- bank guarantees;
- guarantee provided by a reputable third party;
- machinery and equipment - movable assets;
- first-class securities; and
- commodities.

To determine the realisable value of collateral of immovable and movable assets, the Bank refers to estimates of usual prices revised by a specialised department of the Bank or internal assessments prepared by this department of the Bank. In other types of hedging instruments, their value including the recalculated value is determined in line with the internal standards of the Bank. The realisable value of collateral is subsequently determined by discounting the appraised value using a correction coefficient which reflects the Bank’s ability to realise the collateral as and when required. The Bank regularly reviews and updates collateral values depending on the type and quality of the collateral, usually no later than on an annual basis.

##### (b) Credit risk measurement methods

The principal credit risk management methods in retail include in particular rating based on the application and behavioural scoring. The risks are managed on a portfolio level through the portfolio management approach, through the management of the approval process based on the regular monitoring of the portfolio quality development, and prediction of potential future loss development.



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In the corporate segment, the Bank measures the credit risk through rating scales (see below) and each rating category is allocated a certain risk rate (probability of default and a coefficient for determining risk weighted assets); the risk measured using this method can be mitigated through collateral according to effective regulations of the Czech National Bank.

**(c) Concentration of credit risk**

The Bank maintains a system of internal limits for individual countries, sectors and clients (or groups of economically connected clients) in order to be able to manage risks connected with significant concentration of credit risk. As at the reporting date, the Bank recorded no significant credit risk concentration exposure to an individual client or an economically connected group of clients that would exceed the limits set by the Czech National Bank.

The credit risk concentration analysis by sector/industry and concentration by geographical areas is provided in notes 42(k) and 42(l).

**(d) Recovery of receivables**

The Bank has special functions in place which are responsible for the recovery and administration of distressed receivables. These functions undertake legal steps, perform the restructuring of receivables, communicate with problematic clients, etc. in order to achieve maximum recovery, including collateral recovery, and representing the Bank in creditors' committees under insolvency proceedings.

**(e) Expected credit losses**

The measurement of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of the money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### General approach

The process of measuring the expected credit losses is a field that requires the use of complex models and significant assumptions about future economic conditions and payment behaviour. Significant judgements are required in applying the accounting requirements for measuring expected credit losses, inter alia:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit losses;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses;
- Establishing groups of similar financial assets for the purposes of measuring expected credit losses.

For Raiffeisen Bank International (RBI), credit risk comes from the risk of suffering financial loss should any of the customers, clients or market counterparties fail to fulfil their contractual obligations. Credit risk arises mainly from interbank, commercial and consumer loans, and loan commitments arising from such lending activities, but can also arise from financial guarantees given, such as credit guarantees, letters of credit, and acceptances (note: for risk management purposes, the Bank applies the rules according to the RBI methodologies).

The Bank is also exposed to other credit risks arising from investments in debt securities and from its trading activities (trading credit risks) including trade in non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

The estimation of the credit risk for risk management purposes is complex and requires the use of models, as the risk varies with changes in market conditions, expected cash flows and the passage of time. The assessment of the credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, the associated default ratios and the default correlations between counterparties. The Bank measures credit risks using the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"). This is the predominant approach used for the purposes of measuring expected credit losses under IFRS 9.

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IFRS 9 prescribes a three-stage model for impairment based on changes in credit quality from the point of initial recognition. Under this model, a financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored. If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired. If the financial instrument is deemed credit-impaired, it is then moved to Stage 3.

Financial instruments in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next twelve months. Instruments in Stages 2 or 3 have their expected credit losses measured based on expected credit losses on a lifetime basis. According to IFRS 9, when measuring expected credit losses it is necessary to consider forward-looking information. Purchased or originated credit-impaired financial assets ("POCI") are those financial assets that are credit-impaired on initial recognition. Their expected credit loss is always measured on a lifetime basis.

#### **Significant increase in credit risk**

According to RBI Group definition (note: this methodology is implemented by the Bank), RBI considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

#### **Quantitative criteria**

RBI uses quantitative criteria as the primary indicator of significant increase in credit risk for all material portfolios plus additionally qualitative criteria like 30 days past due or forbearance measures for a particular facility as backstop. For quantitative staging, RBI compares the lifetime PD curve at reporting date with the forward lifetime PD curve at the date of initial recognition. Given the different nature of products between non-retail and retail, the methods for assessing potential significant increases also slightly differ.

For non-retail risk, to make the two curves comparable, the PDs are scaled down to annualized PDs. A significant increase in credit risk is considered to have occurred if the PD increase was 250% or greater. For longer maturities the threshold of 250% is reduced to account for a maturity effect.

On the other hand, for retail exposures the remaining cumulative PDs are compared as the logit difference between "Lifetime PD at reporting date" and "Lifetime PD at origination conditional to survival up to the reporting date". A significant increase in credit risk is considered to have occurred once this logit difference is above a certain threshold. The threshold levels are calculated separately for each portfolio which is covered by individual rating-based lifetime PD models. Based on historical data, the thresholds are estimated as the 50th quantile of the distribution of the above-mentioned logit differences on the worsening portfolio. This way, 50% of the worsening in the lifetime PDs with the highest magnitude is deemed significant. That usually translates to PD increase between 150 and up to 300 per cent, dependent on the default behaviour of the different portfolios.

With regard to the threshold at which a financial instrument must be transferred to Stage 2, RBI has decided on the aforementioned thresholds based on the current market practice.

#### **Qualitative criteria**

RBI uses qualitative criteria as a secondary indicator of a significant increase in credit risk for all material portfolios. A movement to Stage 2 takes place when the criteria below are met.

For sovereign, bank, corporate and project finance portfolios, if the borrower meets one or more of the following criteria:

- External market indicators
- Changes in contract terms
- Changes to management approach
- Expert judgement.

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The assessment of a significant increase in credit risk incorporates forward-looking information and is performed on a quarterly basis at an individual transaction level for all sovereign, bank, corporate customer and project finance portfolios held by RBI.

For retail portfolios, if the borrower meets one or more of the following criteria:

- Forbearance;
- Default of other exposure of the same customer (PI segment);
- Holistic approach – applicable for cases where new forward-looking information becomes available for a segment or portion of the portfolio and this information is not yet captured in the rating system. Upon identifying such cases, the Management shall measure this portfolio with lifetime expected credit losses (as collective assessment).
- The assessment of significant increase in credit risk incorporates forward-looking information and is performed on a monthly basis at an individual transaction level for all retail portfolios held by RBI.

#### **Backstop**

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the debtor is more than 30 days overdue on its contractual payments.

#### **Low credit risk exemption**

In selected cases for mostly sovereign debt securities, RBI makes use of the low credit risk exemption. All securities which are presented as low credit risk have a rating equivalent to investment grade or better i.e. minimum S&P BBB-, Moody's Baa3 or Fitch BBB-. RBI has not used the low credit risk exemption for any lending business.

#### **Definition of Default and Credit-Impaired Assets**

In 2016, the European Banking Authority published instructions on the application of the definition of default (EBA/GL/2016/ 07), which include a long list of clarifications and changes to indications of default, materiality thresholds and related topics including days past due criteria, indications of unlikelihood to repay, conditions for a return to nondefault status and restructuring. The new definition of default leads to material changes to the IRB approach, which forces banks to adjust their models. These adjustments must be approved by the competent regulators prior to implementation (Delegated Regulation EU 529/2014).

The definition of default used to calculate the expected credit losses is identical to the definition of default used for internal credit risk management practices. Default is assessed by referring to quantitative and qualitative triggers. Firstly, a borrower is considered to be in default if they are assessed to be more than 90 days past due on a material credit obligation. No attempt is made to rebut the presumption that financial assets which are more than 90 days past due are to be shown in Stage 3. Secondly, a borrower is considered to be defaulted if they meet the unlikelihood to pay criteria, which indicate that the borrower is in significant financial difficulty and unlikely to repay any credit obligation in full. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout expected loss calculations of RBI. A credit obligation is considered to no longer be in default after a probation period of minimum three months (12 months after a distressed restructuring), where during the probation period the customer demonstrated good payment discipline and no other indication of unlikelihood to pay was observed.

#### **Explanation of inputs, assumptions and estimation techniques**

The expected credit loss is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Expected credit losses are the discounted product of the probability of default (PD), loss given default (LGD), exposure at default (EAD) and discount factor (D).

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#### **Probability of default**

The probability of default represents the likelihood of a borrower defaulting on its financial obligation either over the next twelve months or over the remaining lifetime of the obligation. In general, the lifetime probability of default is calculated using the regulatory twelve-month probability of default, stripped of any margin of conservatism, as a starting point. Thereafter, various statistical methods are used to generate an estimate of how the default profile will develop from the point of initial recognition throughout the lifetime of the loan or portfolio of loans. The profile is based on historical observed data and parametric functions.

Different models have been used to estimate the default profile of outstanding lending amounts and these can be grouped into the following categories:

- Sovereign, local and regional governments, insurance companies and collective investment undertakings the default profile is generated using a transition matrix approach. Forward looking information is incorporated into the probability of default using the Vasicek one factor model.
- Corporate customers, project finance and financial institutions the default profile is generated using a parametric survival regression (Weibull) approach. Forward looking information is incorporated into the probability of default using the Vasicek one factor model. The default rate calibration is based on Kaplan Maier methodology with withdrawal adjustment.
- Retail mortgages and other retail loans, the default profile is generated using parametric survival regression in competing risk frameworks. Forward looking information is incorporated into the probability of default using satellite models.

In the limited circumstances where some inputs are not fully available, grouping, averaging and benchmarking of inputs is used for the calculation.

#### **Loss Given Default**

Loss given default represents the RBI's expectations of the extent of loss on a defaulted exposure. Loss given default varies by type of counterparty and product. Loss given default is expressed as a percentage loss per unit of exposure at the time of default. Loss given default is calculated on a twelve-month or lifetime basis, where twelve-month loss given default is the percentage of loss expected to be made if the default occurs in the next twelve months and lifetime loss given default is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

Different models have been used to estimate the loss given default of outstanding lending amounts and these can be grouped into the following categories:

- The loss given default for sovereigns is determined by using market implied sources.
- For corporate customers, project finance, financial institutions, local and regional governments, and insurance companies, the loss given default is generated by discounting cash flows collected during the workout process. Forward looking information is incorporated into the loss given default using the Vasicek model.
- For retail mortgages and other retail lending, the loss given default is generated by stripping the downturn adjustments and other margins of conservatism from the regulatory loss given default. Forward looking information is incorporated into the loss given default using various satellite models.

In the limited circumstances where some inputs are not fully available, alternative recovery models, benchmarking of inputs and expert judgement are used for the calculation.

#### **Exposure at default (EAD)**

Exposure at default is based on the amounts RBI expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. Where relevant early repayment/refinance assumptions are also considered in the calculation.

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For revolving products, the exposure at default is predicted by taking current drawn balance and adding a credit conversion factor which allows for the expected drawdown of the remaining limit by the time of default. The prudential regulatory margins are removed from the credit conversion factor. In the limited circumstances where some inputs are not fully available, benchmarking of inputs is used for the calculation.

#### **Discount Factor**

In general, for on balance sheet exposure which is not leasing or POCI, the discount rate used in the expected credit loss calculation is the effective interest rate or an approximation thereof.

#### **Calculation**

The expected credit loss is the product of PD, LGD and EAD times the probability not to default prior to the considered time period. The latter is expressed by the survivorship function S. This effectively calculates future values of expected credit losses, which are then discounted back to the reporting date and summed. The calculated values of expected credit losses are then weighted by forward looking scenario.

Different models have been used to estimate the provisions of outstanding lending amounts and these can be grouped into the following categories:

- For sovereign, corporate customers, project finance, financial institutions, local and regional governments, insurance companies and collective investment undertakings, Stage 3 loss allowances are calculated by workout managers who discount expected cash flows by the appropriate effective interest rate;
- For retail loans, Stage 3 loss allowances is generated by calculating the statistically derived best estimate of the expected loss.

In the limited circumstances where some inputs are not fully available, alternative recovery models, benchmarking of inputs and expert judgement are used for the calculation.

#### **Shared credit risk characteristics**

Almost all of the provisions under IFRS 9 are measured collectively. Only in case of non-retail Stage 3 exposures, most of the provisions are assessed individually. For expected credit losses provisions modelled on a portfolio basis, a grouping of exposures is performed on the basis of shared credit risk characteristics so that the exposures within each group are similar. Retail exposure characteristics are grouped at country level, customer classification (households and SMEs), product level (e.g. mortgage, personal loans, overdraft facilities or credit cards), PD rating grades and LGD pools. For each combination of the above characteristics, an individual model was developed. Non-retail exposure characteristics are grouped at country and product level and are used as LGD and EAD parameters.

#### **Forward looking information**

Both the assessment of significant increase in credit risk and the calculation of expected credit losses incorporate forward-looking information. RBI has performed analysis of historical data and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the probability of default, loss given default and exposure at default vary by category type. Forecasts of these economic variables (the base economic scenario) are provided by Raiffeisen Research on a quarterly basis and provide the best estimate view of the economy over the next three years. The set of forward-looking information also includes the currently assumed state of the credit cycle (in form of the so called 'credit clock') and the derived outlook of the credit cycle development. After three years, to project the economic variables for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long-term average rate or a long-term average growth rate until maturity. The impact of these economic variables on the probability of default, loss given default and exposure at default has been determined by performing statistical regression to understand the impact changes in these variables have had historically on default rates and on the components of loss given default and exposure at default.

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In addition to the base economic scenario, Raiffeisen Research also estimates an optimistic and a pessimistic scenario to ensure non-linearities are captured. RBI Group has concluded that three scenarios appropriately captured non-linearity. Expert judgment on idiosyncratic risks has also been applied in this process on the level of Raiffeisen Research in coordination with RBI Group risk management, resulting in selective adjustments to the optimistic and pessimistic scenarios. In case of a potential negative or positive forecast bias of selected macroeconomic indicators, a potential bias correction might be performed on a single country level. In this respect, all possible outcomes are taken into account, that are presented by each individual scenario. The probability-weighted expected credit losses are determined by running each scenario through the relevant expected credit loss (ECL) model and multiplying it by the appropriate scenario weighting.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. RBI considers these forecasts to represent its best estimate of the future outcomes and cover any potential non-linearities and asymmetries within RBI's different portfolios.

The most significant assumptions used as a starting point for the expected credit loss estimates at year-end 2020 are shown below (Source: Raiffeisen Research, 30 November 2020):

<b>Real GDP</b>	<b>Scenario</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Czech Republic	Optimistic	2.8%	7.4%	2.7%
	Base	1.0%	6.0%	1.8%
	Pessimistic	(1.5)%	4.1%	0.5%

<b>Unemployment</b>	<b>Scenario</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Czech Republic	Optimistic	5.1%	5.2%	4.7%
	Base	6.4%	6.2%	5.4%
	Pessimistic	8.2%	7.6%	6.3%

<b>Lifetime Bond Rate</b>	<b>Scenario</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Czech Republic	Optimistic	0.4%	0.8%	1.4%
	Base	1.1%	1.4%	1.7%
	Pessimistic	3.0%	2.8%	2.7%

The most significant assumptions used as a starting point for the expected credit loss estimates at year-end 2019 are shown below (Source: Raiffeisen Research, 30 November 2019):

<b>Real HDP</b>	<b>Scenario</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Czech Republic	Optimistic	3.0%	2.9%	3.1%
	Base	0.1%	(0.1)%	0.3%
	Pessimistic	0.1%	(0.6)%	0.2%

<b>Unemployment</b>	<b>Scenario</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Czech Republic	Optimistic	2.3%	2.5%	3.0%
	Base	2.3%	2.5%	3.0%
	Pessimistic	4.7%	5.5%	5.4%

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Lifetime Bond Rate	Scenario	2020	2021	2022
	Optimistic	(0.1)%	0.0%	0.8%
Czech Republic	Base	0.5%	0.8%	1.4%
	Pessimistic	2.8%	3.4%	3.6%

The weightings assigned to each scenario at quarter-end are as follows: 25 per cent optimistic, 50 per cent base, and 25 per cent pessimistic scenarios.

In the base scenario, it is assumed that the introduction of COVID-19 vaccinations will improve the economic outlook over 2021, with risks of setbacks still in the first half of 2021, but more stability and growth in the second half of the year, when the vaccinations are more widely available and a degree of normalization of economic life can be achieved. However, the 2021 growth only partly compensates for the slump in 2020, and for most countries, pre-crisis levels will be only reached during 2022 in the base scenario.

For the pessimistic and optimistic scenarios, the methodology has been adapted due to the COVID 19 pandemic. We removed an additional adjustment for the position in the business cycle, as this adjustment would imply an even stronger recovery in 2021. In terms of interest rates, a return to previously higher rate levels looks unlikely, given continuously expansionary monetary policies. Therefore, interest rates increase less in pessimistic scenario as well. The deviation of the pessimistic scenario from the base scenario for GDP has been increased in comparison to the deviation of the optimistic scenario to reflect downside risks.

### Post-model adjustments

Post-model adjustments to expected credit loss allowance estimates are adjustments which are used in circumstances where existing inputs, assumptions and model techniques do not capture all relevant risk factors. Existing inputs, assumptions and model techniques might not capture all relevant risk factors due to transient circumstances, insufficient time to appropriately incorporate relevant new information into the rating or re-segmentation of portfolios, and situations when individual lending exposures within a group of lending exposures react to factors or events differently than initially expected. This includes for example the emergence of new macroeconomic, microeconomic or political events, along with expected changes to parameters, models or data that are not incorporated in current parameters, internal risk rating migrations or forward-looking information. In general, RBI units use post-model adjustments to loss allowances for expected credit losses only as an interim solution. In order to reduce the potential for bias, post-model adjustments are temporary and in general valid for no longer than one to two years. All material adjustments are authorized by the Group Risk Committee (GRC). From accounting point of view, all post-model adjustments are based on collective assessment, but do not necessarily result in a change in expected credit losses between stages.

Due to the complexity of the expected credit loss calculation and the dependency of variables on one another, the table below represents the best estimate of the included post-model-adjustments in the accumulated expected credit loss amounts in Stage 1 and 2 (balance sheet items and off-balance sheet items).

### 2020 – Accumulated impairment (Stage 1 & 2)

(MCZK)	Modelled ECL	Post-model adjustments	Total
Retail exposures	889	325	1,214
Non-retail exposures	633	160	793
<b>Total</b>	<b>1,522</b>	<b>485</b>	<b>2,007</b>

COVID-19 related post-model adjustments are based on the collective impact on tourism and related industries as well as automotive, air travel, oil and gas, real estate and some consumer goods industries as a result of the demand shock, supply chain disruptions and the containment measures. The adjustments were necessary as models cannot fully capture the speed of change and the depth of the economic impact

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of the outbreak. Going forward, it might take some time until a complete picture of the impact of COVID-19 outbreak and subsequent measures on individual customers emerges. The related post-model adjustments involve qualitative assessment of exposures for the expected significant increase in credit risk and their subsequent transfer from Stage 1 to Stage 2.

For retail customer exposure, post-model adjustments are necessary in order to compensate for the reduced ability of the macro-models to cope with the drastic change of forecasts compared to pre-COVID-19 period, i.e. forecasts with a drastic decline and subsequent recovery. Relevant macro-economic models were mostly able to catch the recovery part of the forecast, without fully taking into account the preceding worsening trend. This together with the impact of the public and private moratoriums on the behavioural data used for determining the credit rating led to the conclusion that the current IFRS 9 model set-up does not fully reflect the depth and speed of economic forecasts on loss expectations. The related post-model adjustments involve qualitative assessment of exposures for the expected significant increase in credit risk and their subsequent transfer from Stage 1 to Stage 2. The criteria for identification of such exposures were predominantly based on the above listed industries of activities (for SMEs) and employment (for households) and further refined, where relevant, with information related to the application of the specific moratorium measures.

#### Sensitivity analysis

The most significant assumptions affecting the sensitivity of the expected credit loss allowance are as follows:

- gross domestic product (all portfolios),
- unemployment rate (all portfolios),
- long term government bond rate (non-retail portfolios especially),
- real estate prices (retail portfolios especially),

The table below provides a comparison between the reported accumulated impairment for expected credit losses for financial assets in Stage 1 and 2 (weighted by 25 per cent optimistic, 50 per cent base and 25 per cent pessimistic scenarios) and then each scenario weighted by 100% on their own. The optimistic and pessimistic scenarios do not reflect extreme cases, but the average of the scenarios which are distributed in these cases.

#### 2020 – Accumulated impairment (Stage 1 & 2)

(MCZK)	Reported	Optimistic	Base	Pessimistic
Retail exposures	1,214	1,080	1,193	1,390
Non-retail exposures	793	754	784	849
<b>Total</b>	<b>2,007</b>	<b>1,834</b>	<b>1,977</b>	<b>2,239</b>

#### 2019 – Accumulated impairment (Stage 1 & 2)

(MCZK)	Reported	Optimistic	Base	Pessimistic
Retail exposures	753	643	692	985
Non-retail exposures	463	435	457	505
<b>Total</b>	<b>1,216</b>	<b>1,078</b>	<b>1,149</b>	<b>1,490</b>

The table below shows the impact of staging on the Bank's accumulated impairment of financial assets by comparing the reported amounts accumulated for all performing assets subject to impairment with the special case where all accumulated impairment is measured based on 12-month expected losses (Stage 1).



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### 2020 – Accumulated impairment (Stage 1 & 2)

(MCZK)	Reported	Accumulated impairment (Stage 1)	Impact of Staging
Retail exposures	1,214	468	746
Non-retail exposures	793	437	356
<b>Total</b>	<b>2,007</b>	<b>905</b>	<b>1,102</b>

### 2019 – Accumulated impairment (Stage 1 & 2)

(MCZK)	Reported	Accumulated impairment (Stage 1)	Impact of Staging
Retail exposures	753	223	530
Non-retail exposures	463	365	98
<b>Total</b>	<b>1,216</b>	<b>588</b>	<b>628</b>

The table below shows the impact of staging on Bank's accumulated impairment for financial assets by comparing the reported amounts accumulated for all performing assets subject to impairment with the special case where all accumulated impairment is measured based on lifetime expected losses (Stage 2). As there are no historical data on the use of stages, it is impossible to estimate adequate increase at present. However, we do not expect the share of assets in Stage 2 to ever reach 100%.

### 2020 – Accumulated impairment (Stage 1 & 2)

(MCZK)	Reported	Accumulated impairment (Stage 2)	Impact of Staging
Retail exposures	1,214	2,282	(1,068)
Non-retail exposures	793	1,334	(541)
<b>Total</b>	<b>2,007</b>	<b>3,616</b>	<b>(1,609)</b>

### 2019 – Accumulated impairment (Stage 1 & 2)

(MCZK)	Reported	Accumulated impairment (Stage 2)	Impact of Staging
Retail exposures	753	1,798	(1,045)
Non-retail exposures	463	1,474	(1,011)
<b>Total</b>	<b>1,216</b>	<b>3,272</b>	<b>(2,056)</b>

### Write-offs

Loans and debt securities are written-off (either partially or fully) where there is no reasonable expectation of recovery. This happens when the borrower no longer generates any income from operations and collateral values cannot generate sufficient cash flows to repay amounts subject to the write-off. For corporate exposures in bankruptcy cases loans are written down to the value of the collateral in cases the company has no cash flows from operations anymore. Retail business takes into account qualitative factors. If no payment has been made for one year, the outstanding amounts are derecognised whereby the written-off assets can continue to be subject to enforcement activities.

For corporate exposures in gone concern cases, loans are written down to the value of collateral in case the company no longer generates any cash flows from operations. Retail business takes into account

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qualitative factors. Where no payment has been made for one year, the outstanding amounts are written off.

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity amounts to MCZK 122 (2019: MCZK 133).

(f) **Financial assets at amortised cost and provisions for commitments and financial guarantees provided based on the stages of impairment**

**Financial assets measured at amortised cost**

MCZK	31 December 2020				
	Gross carrying amount				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Debt securities</b>	<b>30,711</b>	-	-	-	<b>30,711</b>
Government institutions	28,737	-	-	-	28,737
Other financial institutions	167	-	-	-	167
Non-financial enterprises	1,807	-	-	-	1,807
<b>Loans and advances to banks</b>	<b>99,684</b>	-	-	-	<b>99,684</b>
Central banks	98,703	-	-	-	98,703
Credit institutions	981	-	-	-	981
<b>Loans and advances to customers</b>	<b>185,113</b>	<b>62,729</b>	<b>5,582</b>	<b>364</b>	<b>253,788</b>
Government institutions	933	56	-	-	989
Other financial institutions	33,405	104	136	-	33,645
Non-financial enterprises	68,255	27,450	2,489	89	98,283
Households	82,520	35,119	2,957	275	120,871
<b>Total</b>	<b>315,508</b>	<b>62,729</b>	<b>5,582</b>	<b>364</b>	<b>384,183</b>

MCZK	31 December 2019				
	Gross carrying amount				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Debt securities</b>	<b>10,883</b>	-	-	-	<b>10,883</b>
Government institutions	9,476	-	-	-	9,476
Non-financial enterprises	1,407	-	-	-	1,407
<b>Loans and advances to banks</b>	<b>87,043</b>	-	-	-	<b>87,043</b>
Central banks	86,140	-	-	-	86,140
Credit institutions	903	-	-	-	903
<b>Loans and advances to customers</b>	<b>200,331</b>	<b>45,759</b>	<b>3,970</b>	<b>336</b>	<b>250,396</b>
Government institutions	1,513	1	-	-	1,514
Other financial institutions	29,654	109	2	-	29,765
Non-financial enterprises	89,955	8,242	1,503	109	99,809
Households	79,209	37,407	2,465	227	119,308
<b>Total</b>	<b>298,257</b>	<b>45,759</b>	<b>3,970</b>	<b>336</b>	<b>348,322</b>

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### Breakdown of loss allowances for financial assets at amortised cost and provisions for commitments and financial guarantees provided based on segments and stages of impairment

MCZK	31 December 2020				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Debt securities</b>	<b>(8)</b>	-	-	-	<b>(8)</b>
Government institutions	(5)	-	-	-	(5)
Other financial institutions	-	-	-	-	-
Non-financial enterprises	(3)	-	-	-	(3)
<b>Loans and advances to banks</b>	-	-	-	-	-
Central banks	-	-	-	-	-
Credit institutions	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>(279)</b>	<b>(1,401)</b>	<b>(3,061)</b>	<b>36</b>	<b>(4,705)</b>
Government institutions	-	-	-	-	-
Other financial institutions	(13)	(2)	(4)	-	(19)
Non-financial enterprises	(145)	(479)	(1,443)	10	(2,057)
Households	(121)	(920)	(1,614)	26	(2,629)
<b>Total loss allowances for financial assets at amortised cost</b>	<b>(287)</b>	<b>(1,401)</b>	<b>(3,061)</b>	<b>36</b>	<b>(4,713)</b>
<b>Provisions for off-balance sheet items</b>	<b>(165)</b>	<b>(154)</b>	<b>(164)</b>	-	<b>(483)</b>
<b>Total</b>	<b>(452)</b>	<b>(1,555)</b>	<b>(3,225)</b>	<b>36</b>	<b>(5,196)</b>

MCZK	31 December 2019				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Debt securities</b>	<b>(4)</b>	-	-	-	<b>(4)</b>
Government institutions	-	-	-	-	-
Non-financial enterprises	(4)	-	-	-	(4)
<b>Loans and advances to banks</b>	-	-	-	-	-
Central banks	-	-	-	-	-
Credit institutions	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>(253)</b>	<b>(770)</b>	<b>(2,756)</b>	<b>27</b>	<b>(3,752)</b>
Government institutions	-	-	-	-	-
Other financial institutions	(6)	-	(2)	-	(8)
Non-financial enterprises	(152)	(124)	(1,000)	30	(1,246)
Households	(95)	(646)	(1,754)	(3)	(2,498)
<b>Total loss allowances for financial assets at amortised cost</b>	<b>(257)</b>	<b>(770)</b>	<b>(2,756)</b>	<b>27</b>	<b>(3,756)</b>
<b>Provisions for off-balance sheet items</b>	<b>(145)</b>	<b>(46)</b>	<b>(210)</b>	-	<b>(401)</b>
<b>Total</b>	<b>(402)</b>	<b>(816)</b>	<b>(2,966)</b>	<b>27</b>	<b>(4,157)</b>

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### (g) Changes in gross carrying amount and changes in loss allowances

MCZK Gross carrying amount – receivables from banks	31 December 2020				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2020</b>	<b>87,043</b>	-	-	-	<b>87,043</b>
Transfers to/(from) Stage 1	-	-	-	-	-
Transfers to/(from) Stage 2	-	-	-	-	-
Transfers to/(from) Stage 3	-	-	-	-	-
Transfers to POCI	-	-	-	-	-
Increase due to origination and acquisition	99,190	-	-	-	99,109
Decrease due to derecognition and overall payment	(86,549)	-	-	-	(86,549)
Decrease in allowance due to write-offs	-	-	-	-	-
Partial repayment	-	-	-	-	-
Adjustments by foreign exchange gains/losses	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>99,684</b>	-	-	-	<b>99,684</b>

MCZK Gross carrying amount – receivables from banks	31 December 2019				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2019</b>	<b>98,741</b>	<b>618</b>	-	-	<b>99,359</b>
Transfers to/(from) Stage 1	101	(101)	-	-	-
Transfers to/(from) Stage 2	-	-	-	-	-
Transfers to/(from) Stage 3	-	-	-	-	-
Transfers to POCI	-	-	-	-	-
Increase due to origination and acquisition	86,942	-	-	-	86,942
Decrease due to derecognition and overall payment	(98,741)	(517)	-	-	(99,258)
Decrease in allowance due to write-offs	-	-	-	-	-
Partial repayment	-	-	-	-	-
Adjustments by foreign exchange gains/losses	-	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>87,043</b>	-	-	-	<b>87,043</b>

MCZK Gross carrying amount – securities	31 December 2020				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2020</b>	<b>10,883</b>	-	-	-	<b>10,883</b>
Transfers to/(from) Stage 1	-	-	-	-	-
Transfers to/(from) Stage 2	-	-	-	-	-
Transfers to/(from) Stage 3	-	-	-	-	-
Transfers to POCI	-	-	-	-	-
Increase due to origination and acquisition	19,922	-	-	-	19,922
Decrease due to derecognition and overall payment	(89)	-	-	-	(89)
Decrease in allowance due to write-offs	-	-	-	-	-
Partial repayment	-	-	-	-	-
Adjustments by foreign exchange gains/losses	(5)	-	-	-	(5)
<b>Balance at 31 December 2020</b>	<b>30,711</b>	-	-	-	<b>30,711</b>

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MCZK	31 December 2019					
	Gross carrying amount – securities	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Balance at 1 January 2019</b>	<b>6,868</b>	-	-	-	-	<b>6,868</b>
Transfers to/(from) Stage 1	-	-	-	-	-	-
Transfers to/(from) Stage 2	-	-	-	-	-	-
Transfers to/(from) Stage 3	-	-	-	-	-	-
Transfers to POCI	-	-	-	-	-	-
Increase due to origination and acquisition	3,590	-	-	-	-	3,590
Decrease due to derecognition and overall payment	-	-	-	-	-	-
Decrease in allowance due to write-offs	-	-	-	-	-	-
Partial repayment	428	-	-	-	-	428
Adjustments by foreign exchange gains/losses	(3)	-	-	-	-	(3)
<b>Balance at 31 December 2019</b>	<b>10,883</b>	-	-	-	-	<b>10,883</b>

MCZK	31 December 2020				
	Gross carrying amount – non-retail	Stage 1	Stage 2	Stage 3	POCI
<b>Balance at 1 January 2020</b>	<b>117,529</b>	<b>7,942</b>	<b>1,151</b>	<b>17</b>	<b>126,639</b>
Transfers to/(from) Stage 1	252	(252)	-	-	-
Transfers to/(from) Stage 2	(19,697)	19,697	-	-	-
Transfers to/(from) Stage 3	(1,462)	(212)	1,674	-	-
Transfers to POCI	-	-	-	-	-
Increase due to origination and acquisition	57,193	5	3	2	57,203
Decrease due to derecognition and overall payment	(43,638)	(1,746)	(375)	(9)	(45,768)
Decrease in allowance due to write-offs	-	-	(210)	-	(210)
Partial repayment	(8,690)	(695)	(88)	(3)	(9,476)
Adjustments by foreign exchange gains/losses	(229)	(76)	(9)	-	(314)
<b>Balance at 31 December 2020</b>	<b>101,258</b>	<b>24,663</b>	<b>2,146</b>	<b>7</b>	<b>128,074</b>

MCZK	31 December 2019				
	Gross carrying amount – non-retail	Stage 1	Stage 2	Stage 3	POCI
<b>Balance at 1 January 2019</b>	<b>106,701</b>	<b>11,831</b>	<b>1,527</b>	<b>4</b>	<b>120,063</b>
Transfers to/(from) Stage 1	2,692	(2,692)	-	-	-
Transfers to/(from) Stage 2	(4,707)	4,707	-	-	-
Transfers to/(from) Stage 3	(712)	(254)	966	-	-
Transfers to POCI	-	-	(22)	22	-
Increase due to origination and acquisition	57,430	-	-	-	57,430
Decrease due to derecognition and overall payment	(35,678)	(4,631)	(1,066)	(4)	(41,379)
Decrease in allowance due to write-offs	-	-	(103)	-	(103)
Partial repayment	(7,942)	(977)	(146)	(5)	(9,070)
Adjustments by foreign exchange gains/losses	(255)	(42)	(5)	-	(302)
<b>Balance at 31 December 2019</b>	<b>117,529</b>	<b>7,942</b>	<b>1,151</b>	<b>17</b>	<b>126,639</b>

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MCZK	31 December 2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount – retail</b>					
<b>Balance at 1 January 2020</b>	<b>82,801</b>	<b>37,818</b>	<b>2,819</b>	<b>319</b>	<b>123,757</b>
Transfers to/(from) Stage 1	12,236	(12,117)	(119)	-	-
Transfers to/(from) Stage 2	(19,510)	19,740	(230)	-	-
Transfers to/(from) Stage 3	(853)	(853)	1,706	-	-
Transfers to POCI	-	-	(48)	48	-
Increase due to origination and acquisition	20,632	5	3	111	<b>20,751</b>
Decrease due to derecognition and overall payment	(8,316)	(5,066)	(414)	(34)	<b>(13,830)</b>
Decrease in allowance due to write-offs	-	-	(131)	(19)	<b>(150)</b>
Partial repayment	(3,135)	(1,461)	(151)	(68)	<b>(4,815)</b>
Adjustments by foreign exchange gains/losses	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>83,855</b>	<b>38,066</b>	<b>3,435</b>	<b>357</b>	<b>125,713</b>

MCZK	31 December 2019				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount – retail</b>					
<b>Balance at 1 January 2019</b>	<b>71,782</b>	<b>43,790</b>	<b>2,403</b>	<b>303</b>	<b>118,278</b>
Transfers to/(from) Stage 1	8,230	(8,210)	(20)	-	-
Transfers to/(from) Stage 2	(8,966)	9,066	(100)	-	-
Transfers to/(from) Stage 3	(642)	(1,020)	1,662	-	-
Transfers to POCI	-	-	(22)	22	-
Increase due to origination and acquisition	23,359	40	26	240	<b>23,665</b>
Decrease due to derecognition and overall payment	(8,235)	(4,444)	(674)	(54)	<b>(13,407)</b>
Decrease in allowance due to write-offs	-	-	(248)	(116)	<b>(364)</b>
Partial repayment	(2,727)	(1,404)	(208)	(76)	<b>(4,415)</b>
Adjustments by foreign exchange gains/losses	-	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>82,801</b>	<b>37,818</b>	<b>2,819</b>	<b>319</b>	<b>127,757</b>

MCZK	31 December 2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances – debt securities</b>					
<b>Balance at 1 January 2020</b>	<b>(4)</b>	-	-	-	<b>(4)</b>
Changes due to change in credit risk (net)	(4)	-	-	-	<b>(4)</b>
<b>Balance at 31 December 2020</b>	<b>(8)</b>	-	-	-	<b>(8)</b>

MCZK	31 December 2019				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowances – debt securities</b>					
<b>Balance at 1 January 2019</b>	<b>(3)</b>	-	-	-	<b>(3)</b>
Changes due to change in credit risk (net)	(1)	-	-	-	<b>(1)</b>
Adjustment for FX differences	-	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>(4)</b>	-	-	-	<b>(4)</b>

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MCZK	31 December 2020				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Loss allowances – non-retail</b>					
<b>Balance as at 1 January 2020</b>	<b>(143)</b>	<b>(92)</b>	<b>(705)</b>	<b>-</b>	<b>(940)</b>
Transfers to/(from) Stage 1	(28)	28	-	-	-
Transfers to/(from) Stage 2	35	(35)	-	-	-
Transfers to/(from) Stage 3	2	5	(7)	-	-
Transfers to POCI	-	-	-	-	-
Increase due to origination and acquisition	(37)	-	-	-	(37)
Decrease due to derecognition	2	23	89	-	114
Changes due to the change in credit risk (net)	14	(285)	(721)	-	(992)
Changes due to the change in methodology	-	-	-	-	-
Decrease in loss allowances due to write-offs	-	-	213	-	213
Impact of unwind	-	-	-	-	-
Adjustment by foreign exchange gains/losses	3	8	18	-	29
<b>Balance at 31 December 2020</b>	<b>(152)</b>	<b>(348)</b>	<b>(1,113)</b>	<b>-</b>	<b>(1,613)</b>

MCZK	31 December 2019				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Loss allowances – non-retail</b>					
<b>Balance as at 1 January 2019</b>	<b>(196)</b>	<b>(145)</b>	<b>(990)</b>	<b>-</b>	<b>(1,331)</b>
Transfers to/(from) Stage 1	(40)	40	-	-	-
Transfers to/(from) Stage 2	22	(22)	-	-	-
Transfers to/(from) Stage 3	1	3	(4)	-	-
Transfers to POCI	-	-	-	-	-
Increase due to origination and acquisition	(34)	-	-	-	(34)
Decrease due to derecognition	-	30	533	-	563
Changes due to the change in credit risk (net)	111	6	(314)	-	(197)
Changes due to the change in methodology	-	-	-	-	-
Decrease in loss allowances due to write-offs	-	-	98	-	98
Impact of unwind	-	-	-	-	-
Adjustment by foreign exchange gains/losses	(7)	(4)	(28)	-	(39)
<b>Balance at 31 December 2019</b>	<b>(143)</b>	<b>(92)</b>	<b>(705)</b>	<b>-</b>	<b>(940)</b>

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MCZK	31 December 2020				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Loss allowances – non-retail</b>					
<b>Balance as at 1 January 2020</b>	<b>(110)</b>	<b>(678)</b>	<b>(2,051)</b>	<b>27</b>	<b>(2,812)</b>
Transfers to/(from) Stage 1	(170)	145	25	-	-
Transfers to/(from) Stage 2	45	(115)	70	-	-
Transfers to/(from) Stage 3	4	57	(61)	-	-
Transfers to POCI	-	-	13	(13)	-
Increase due to origination and acquisition	(18)	-	-	-	(18)
Decrease due to derecognition	8	110	78	13	209
Changes due to the change in credit risk (net)	112	(592)	(120)	(10)	(610)
Changes due to the change in methodology	-	-	-	-	-
Decrease in loss allowances due to write-offs	2	20	109	19	150
Impact of unwind	-	-	(13)	-	(13)
Adjustment by foreign exchange gains/losses	-	-	2	-	2
<b>Balance at 31 December 2020</b>	<b>(127)</b>	<b>(1,053)</b>	<b>(1,948)</b>	<b>36</b>	<b>(3,092)</b>

MCZK	31 December 2019				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Loss allowances – non-retail</b>					
<b>Balance as at 1 January 2019</b>	<b>(101)</b>	<b>(857)</b>	<b>(1,928)</b>	<b>(31)</b>	<b>(2,917)</b>
Transfers to/(from) Stage 1	(179)	170	9	-	-
Transfers to/(from) Stage 2	15	(64)	49	-	-
Transfers to/(from) Stage 3	4	80	(84)	-	-
Transfers to POCI	-	-	16	(16)	-
Increase due to origination and acquisition	(29)	-	-	-	(29)
Decrease due to derecognition	84	109	155	35	383
Changes due to the change in credit risk (net)	97	-	61	(10)	148
Changes due to the change in methodology	(10)	(159)	(524)	(66)	(759)
Decrease in loss allowances due to write-offs	9	43	203	115	370
Impact of unwind	-	-	(4)	-	(4)
Adjustment by foreign exchange gains/losses	-	-	(4)	-	(4)
<b>Balance at 31 December 2019</b>	<b>(110)</b>	<b>(678)</b>	<b>(2,051)</b>	<b>27</b>	<b>(2,812)</b>

MCZK	31 December 2020				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Provisions for off-balance sheet items</b>					
<b>Balance at 1 January 2020</b>	<b>(145)</b>	<b>(46)</b>	<b>(210)</b>	<b>-</b>	<b>(401)</b>
Increase due to origination and acquisition	(83)	(52)	(2)	-	(137)
Decrease due to derecognition	1	11	63	-	75
Changes due to the change in credit risk (net)	60	(69)	(17)	-	(26)
Adjustment by foreign exchange gains/losses	2	2	2	-	6
<b>Balance at 31 December 2020</b>	<b>(165)</b>	<b>(154)</b>	<b>(164)</b>	<b>-</b>	<b>(483)</b>



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MCZK	31 December 2019				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Provisions for off-balance sheet items</b>					
<b>Balance at 1 January 2019</b>	<b>(124)</b>	<b>(98)</b>	<b>(319)</b>	<b>-</b>	<b>(541)</b>
Increase due to origination and acquisition	(77)	(23)	(1)	(1)	(102)
Decrease due to derecognition	47	61	156	-	264
Changes due to the change in credit risk (net)	15	15	(42)	1	(11)
Adjustment by foreign exchange gains/losses	(6)	(1)	(4)	-	(11)
<b>Balance at 31 December 2019</b>	<b>(145)</b>	<b>(46)</b>	<b>(210)</b>	<b>-</b>	<b>(401)</b>

### (h) Allocation of financial assets at amortised cost and credit commitments and financial guarantees based on internal rating and stage of impairment

The Bank allocates each exposure to a credit risk grade in conformity with a rating model corresponding with borrower's segment and type of exposure.

Rating models and credit risk stages are defined based on statistical models and techniques. The allocated credit risk stage is a result of a combination of qualitative and quantitative parameters which indicate the probability of default of the credit exposure.

Each credit exposure must be allocated to a credit risk stage. Exposures and borrowers are subject to ongoing monitoring, which may result in being moved to a different credit risk grade. Accordingly, the exposure and borrower can be moved to a different credit risk rating during their relationship with the Bank. The monitoring typically involves use of the following data:

- Information obtained from a borrower – audited financial statements, management accounts, financial budget and projections, structure of areas of particular focus such as sales revenues, customers, receivables, costs, suppliers and liabilities, intragroup transactions, competitors, management etc.;
- Internally collected data – overdue status, fulfilment of financial covenants, internal monitoring of the credit exposure and periodic review of borrower's files;
- Data from credit reference agencies, press articles, changes in external credit ratings;
- Quoted securities prices for the borrower where available;
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.

The credit risk rating grades for the retail exposures are subject to ongoing monthly monitoring which typically involves use of the available information.

Rating grades – retail and non-retail portfolio:

Rating	Probability of default (in %)
Excellent	0.0000 - 0.0300
Strong	0.0310 - 0.1878
Good	0.1879 - 1.1735
Satisfactory	1.1736 - 7.3344
Substandard	7.3345 - 99.999
Credit-impaired	100

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### Financial assets at amortised cost

#### Receivables from banks

MCZK		2020				
Gross carrying amount	Stage 1	Stage 2	Stage 3	POCI	Total	
Excellent	98,703	-	-	-	98,703	
Strong	7	-	-	-	7	
Good	966	-	-	-	966	
Satisfactory	8	-	-	-	8	
Substandard	-	-	-	-	-	
Credit-impaired	-	-	-	-	-	
<b>Total</b>	<b>99,684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,684</b>	

MCZK		2019				
Gross carrying amount	Stage 1	Stage 2	Stage 3	POCI	Total	
Excellent	86,140	-	-	-	86,140	
Strong	903	-	-	-	903	
Good	-	-	-	-	-	
Satisfactory	-	-	-	-	-	
Substandard	-	-	-	-	-	
Credit-impaired	-	-	-	-	-	
<b>Total</b>	<b>87,043</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,043</b>	

#### Debt securities

MCZK		2020				
Gross carrying amount	Stage 1	Stage 2	Stage 3	POCI	Total	
Excellent	28,738	-	-	-	28,738	
Strong	1,409	-	-	-	1,409	
Good	126	-	-	-	126	
Satisfactory	438	-	-	-	438	
Substandard	-	-	-	-	-	
Credit-impaired	-	-	-	-	-	
<b>Total</b>	<b>30,711</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,711</b>	

MCZK		2019				
Gross carrying amount	Stage 1	Stage 2	Stage 3	POCI	Total	
Excellent	9,475	-	-	-	9,475	
Strong	381	-	-	-	381	
Good	454	-	-	-	454	
Satisfactory	573	-	-	-	573	
Substandard	-	-	-	-	-	
Credit-impaired	-	-	-	-	-	
<b>Total</b>	<b>10,883</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,883</b>	

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### Receivables from clients – non-retail

MCZK		2020				
Gross carrying amount	Stage 1	Stage 2	Stage 3	POCI	Total	
Excellent	-	-	-	-	-	
Strong	32,825	17	-	-	32,842	
Good	36,133	7,630	-	-	43,763	
Satisfactory	30,707	16,046	-	-	46,753	
Substandard	1,593	970	-	-	2,563	
Credit-impaired	-	-	2,146	7	2,153	
<b>Total</b>	<b>101,258</b>	<b>24,663</b>	<b>2,146</b>	<b>7</b>	<b>128,074</b>	

MCZK		2019				
Gross carrying amount	Stage 1	Stage 2	Stage 3	POCI	Total	
Excellent	-	-	-	-	-	
Strong	33,162	1	-	-	33,163	
Good	40,794	1,207	-	-	42,001	
Satisfactory	41,595	4,071	-	-	45,666	
Substandard	1,978	2,663	-	-	4,641	
Credit-impaired	-	-	1,151	17	1,168	
<b>Total</b>	<b>117,529</b>	<b>7,942</b>	<b>1,151</b>	<b>17</b>	<b>126,639</b>	

### Receivables from clients - retail

MCZK		2020				
Gross carrying amount	Stage 1	Stage 2	Stage 3	POCI	Total	
Excellent	-	-	-	-	-	
Strong	34,504	8,678	-	-	43,182	
Good	41,924	16,104	-	-	58,028	
Satisfactory	7,134	10,679	-	-	17,813	
Substandard	293	2,605	-	-	2,898	
Credit-impaired	-	-	3,436	357	3,793	
<b>Total</b>	<b>83,855</b>	<b>38,066</b>	<b>3,436</b>	<b>357</b>	<b>125,714</b>	

MCZK		2019				
Gross carrying amount	Stage 1	Stage 2	Stage 3	POCI	Total	
Excellent	-	-	-	-	-	
Strong	27,388	13,856	-	-	41,244	
Good	41,411	16,183	-	-	57,594	
Satisfactory	12,947	5,522	-	-	18,469	
Substandard	1,055	2,257	-	-	3,312	
Credit-impaired	-	-	2,819	319	3,138	
<b>Total</b>	<b>82,801</b>	<b>37,818</b>	<b>2,819</b>	<b>319</b>	<b>123,757</b>	

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### Loan commitments and financial guarantees

MCZK		2020				
Gross carrying amount	Stage 1	Stage 2	Stage 3	POCI		Total
Excellent	700	-	-	-	-	700
Strong	40,640	827	-	-	-	41,467
Good	44,164	14,694	-	-	-	58,858
Satisfactory	20,029	6,064	-	-	-	26,093
Substandard	1,204	671	-	-	-	1,875
Credit-impaired	-	-	411	-	-	411
<b>Total</b>	<b>106,737</b>	<b>22,256</b>	<b>411</b>	<b>-</b>	<b>-</b>	<b>129,404</b>

MCZK		2019				
Gross carrying amount	Stage 1	Stage 2	Stage 3	POCI		Total
Excellent	62	16	-	-	-	78
Strong	36,216	804	-	-	-	37,020
Good	40,005	9,311	-	-	-	49,316
Satisfactory	23,669	2,434	-	-	-	26,103
Substandard	1,488	271	-	-	-	1,759
Credit-impaired	-	-	470	1	-	471
<b>Total</b>	<b>101,440</b>	<b>12,836</b>	<b>470</b>	<b>1</b>	<b>-</b>	<b>114,747</b>

#### (i) Modified contractual cash flows

The following table provides information on financial assets that were modified while they had loss allowances measured at an amount equal to lifetime ECL:

MCZK	2020	2019
<b>Financial assets modified during the year</b>		
Amortised cost before the modification of contractual cash flows	35,470	257
Net modification profit/(loss)	(101)	2
<b>Financial assets modified since initial recognition</b>		
Gross carrying amount at the reporting date relating to financial assets for which loss allowance has changed to 12-month ECL during the year	82	11

#### (j) Quantitative information on collateral for credit-impaired financial assets (Stage 3)

MCZK	2020		2019	
	Gross carrying amount	Collateral	Gross carrying amount	Collateral
Financial assets at amortised cost (Stage 3)	5,582	1,990	3,970	949

The principal type of collateral for credit-impaired financial assets is the pledge of real estate, movable property and company guarantees.

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### (k) Concentration of credit risk by location

#### Loans and advances to customers

<b>MCZK</b>	<b>2020</b>	<b>2019</b>
Czech Republic	233,421	231,036
Slovakia	4,998	5,097
Other EU member countries	11,573	10,265
Other	3,796	3,998
<b>Total gross carrying amount</b>	<b>253,788</b>	<b>250,396</b>

#### Loan commitments and financial guarantees

<b>MCZK</b>	<b>2020</b>	<b>2019</b>
Czech Republic	120,210	107,708
Slovakia	1,666	590
Other EU member countries	5,756	4,827
Other	1,772	1,622
<b>Total gross carrying amount</b>	<b>129,404</b>	<b>114,747</b>

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### (I) Analysis of loans and advances to customers by sector and type of collateral

2020	Cash collateral	State guarantees	Bank guarantees	Real estate	Company guarantee	Other collateral	Movable assets	Total collateral
Administrative and support activities	38	100	1,349	5,439	2,082	3,867	664	13,539
Activities of households	41	-	28	66	-	3	2,007	2,145
Real estate	-	-	229	1,172	-	440	104	1,945
Transport and storage	2	-	438	1,471	1	365	-	2,277
Information and communication activities	-	-	4,875	1,837	835	919	-	8,466
Arts, entertainment and recreation	-	-	186	1,196	-	155	32	1,569
Other activities	-	688	55	233	106	-	-	1,082
Banking and insurance	-	-	126	181	125	427	-	859
Professional, scientific and technical activities	-	81	14	-	-	4	-	99
Construction industry	1	-	17	64	-	-	2	84
Mining and quarrying	7	282	1	-	8	-	-	298
Hotels and restaurants	51	-	54	16,142	-	103	18	16,368
Wholesale and retail trade; repair and maintenance of motor vehicles	-	-	21	34	-	-	-	55
Public administration and defence; compulsory social security	-	-	-	94,594	-	19	-	94,613
Electricity, gas, water and air conditioning supply	3	-	48	342	400	394	52	1,239
Education	-	-	27	125	-	101	37	290
Water supply, sewerage, waste management and remediation activities	23	1,285	265	1,147	267	639	31	3,657
Health and social work	-	-	33	75	-	4	15	127
Agriculture, forestry and fishing	27	10	1,220	3,942	318	3,798	381	9,696
Manufacturing	1	-	146	2,363	-	1	31	2,542
<b>Total</b>	<b>194</b>	<b>2,446</b>	<b>9,132</b>	<b>130,423</b>	<b>4,142</b>	<b>11,239</b>	<b>3,374</b>	<b>160,950</b>

For the purposes of reporting loans and advances to customers by sector and type of collateral, the Bank uses the collateral in discounted value decreased to the current balance of the collateralised exposure.

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2019	Cash collateral	State guarantees	Bank guarantees	Real estate	Company guarantee	Other collateral	Movable assets	Total collateral
Administrative and support activities	2	-	38	195	350	442	63	1,090
Activities of households	-	-	-	93,769	-	126	-	93,895
Real estate	60	-	46	24,941	-	256	11	25,314
Transport and storage	-	-	142	1,372	137	633	125	2,409
Information and communication activities	2	-	77	164	223	328	-	794
Arts, entertainment and recreation	-	-	8	37	-	3	-	48
Other activities	-	-	30	79	-	10	22	141
Banking and insurance	-	-	3,078	585	1,016	476	-	5,155
Professional, scientific and technical activities	1	1,481	189	720	443	790	45	3,669
Construction industry	11	-	293	1,645	130	571	3	2,653
Mining and quarrying	-	-	2	-	-	4	-	6
Hotels and restaurants	1	-	125	2,342	-	-	29	2,497
Wholesale and retail trade; repair and maintenance of motor vehicles	20	7	743	3,401	406	4,122	373	9,072
Public administration and defence; compulsory social security	-	424	-	1	23	-	-	448
Electricity, gas, water and air conditioning supply	45	-	2	96	64	2	2 309	2,518
Education	-	-	8	34	-	5	-	47
Water supply, sewerage, waste management and remediation activities	-	-	20	108	10	123	7	268
Health and social work	-	1,052	38	243	129	7	-	1,469
Agriculture, forestry and fishing	2	-	104	1,270	42	298	14	1,730
Manufacturing	29	97	561	6,177	2,258	3,918	847	13,887
<b>Total</b>	<b>173</b>	<b>3,061</b>	<b>5,504</b>	<b>137,179</b>	<b>5,231</b>	<b>12,114</b>	<b>3,848</b>	<b>167,110</b>

For the purposes of reporting loans and advances to customers by sector and type of collateral, the Bank uses the collateral in discounted value decreased to the current balance of the collateralised exposure.

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### (m) Analysis of loans provided to customers by default categories

MCZK	Before due date	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
<b>2020</b>							
<b>Loans and advances to customers</b>							
Stage 1	184,877	223	3	-	4	6	185,113
Stage 2	61,614	889	210	8	5	3	62,729
Stage 3	2,869	261	196	361	208	1,687	5,582
POCI	241	43	13	5	6	56	364
<b>Gross</b>	<b>249,601</b>	<b>1,416</b>	<b>422</b>	<b>374</b>	<b>223</b>	<b>1,752</b>	<b>253,788</b>
Loss allowances	(2,280)	(197)	(161)	(296)	(168)	(1,603)	(4,705)
<b>Net</b>	<b>247,321</b>	<b>1,219</b>	<b>261</b>	<b>78</b>	<b>55</b>	<b>149</b>	<b>249,083</b>

MCZK	Before due date	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
<b>2019</b>							
<b>Loans and advances to customers</b>							
Stage 1	199,578	753	-	-	-	-	200,331
Stage 2	44,458	1,097	204	-	-	-	45,759
Stage 3	1,396	246	141	315	198	1,674	3,970
POCI	206	41	13	8	11	57	336
<b>Gross</b>	<b>245,639</b>	<b>2,137</b>	<b>358</b>	<b>323</b>	<b>209</b>	<b>1,731</b>	<b>250,396</b>
Loss allowances	(1,374)	(244)	(144)	(189)	(160)	(1,642)	(3,752)
<b>Net</b>	<b>244,265</b>	<b>1,893</b>	<b>214</b>	<b>134</b>	<b>49</b>	<b>89</b>	<b>246,644</b>

The proportion of loans and advances with default increased year-on-year to 2.3% from 1.7% of the total loan portfolio. At the end of 2020, the coverage by individual loss allowances for loans with default fell to 50.9%, from 63.4% in 2019 due to a higher year-on-year growth rate of receivables from clients in Stage 3 compared to a year-on-year increase in loss allowances for receivables from clients in Stage 3.

### (n) Forbearance and non-performing exposures

In compliance with the EBA's Implementing Technical Standard (ITS) on supervisory reporting (forbearance and non-performing exposures), the Bank introduced a new definition of *forbearance* and *non-performing exposures* in 2014 that does not necessarily represent default under the CNB's regulation.

The key criterion in treating an exposure as forborne is a customer's financial health as at the date on which contractual conditions are adjusted. Receivables are defined as forborne if a customer has financial difficulties at the time of a change in contractual conditions (taking into account the client's internal rating or other circumstances known at that time) and if the adjustment of the contractual conditions is considered a payment relief provided in order to divert the client's unfavourable financial situation. If such an adjustment of contractual conditions results in subsequent forbearance or default exceeding 30 days, the exposure is considered non-performing irrespective of the conditions of the CNB's regulation being met or not.

If a forborne exposure is classified as non-performing (after the forbearance is provided) it remains in this category for a period of at least 12 months. After the lapse of this period, the exposure is reclassified as performing forbearance provided the predefined conditions are met. Subsequently, the exposure is monitored on a regular basis during a probation period of at least 24 months. If the predefined conditions are met after the expiry of the probation period, the exposure ceases to be classified as forborne.



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Within the defined processes, the Bank's customers having financial difficulties and being provided with forbearance are assessed, rated and monitored according to specific algorithms in line with the relevant regulations. In practice, this means that all customers with financial difficulties who were provided with forbearance, or for whom forbearance is considered, are at least subject to the early warning system, or in case of default, they are treated by the workout or collection teams. The algorithms applied are in compliance with the parent group's requirements for individual segments of the Bank. The above-specified processes have an impact on the classification of receivables under individual stages according to IFRS 9 and, consequently, on the assessment of the amount of individual and portfolio allowances.

#### Credit risk analysis of loans and advances to forborne customers under IFRS 7

MCZK	Loans and advances to forborne customers			Loss allowances	Collateral
	Performing exposure	Non-performing exposure	Total with forbearance		
<b>31 December 2020</b>					
Other financial institutions	39	3	42	(1)	-
Non-financial enterprises	3,639	582	4,221	(301)	258
Households	249	1,403	1,652	(510)	618
<b>Total</b>	<b>3,927</b>	<b>1,988</b>	<b>5,915</b>	<b>(812)</b>	<b>876</b>

MCZK	Loans and advances to forborne customers			Loss allowances	Collateral
	Performing exposure	Non-performing exposure	Total with forbearance		
<b>31 December 2019</b>					
Other financial institutions	13	-	13	-	13
Non-financial enterprises	1,028	479	1,507	(174)	1,333
Households	503	748	1,251	(502)	577
<b>Total</b>	<b>1,544</b>	<b>1,227</b>	<b>2,771</b>	<b>(676)</b>	<b>1,923</b>

The Bank recognises no forborne loans and advances to banks.

The Bank's interest income includes interest on loans and advances to forborne customers of MCZK 43 (2019: MCZK 22).

#### Development of loans and advances to forborne customers

MCZK	Other financial institutions	Non-financial enterprises	Households	Total
<b>2020</b>				
Balance at 1 January	13	1,507	1,251	2,771
Additions (+)	3	2,918	1,304	4,224
Disposals (-)	-	(144)	(519)	(663)
Movements in exposures (+/-)	26	(60)	(384)	(417)
<b>At 31 December</b>	<b>42</b>	<b>4,221</b>	<b>1,652</b>	<b>5,915</b>

MCZK	Other financial institutions	Non-financial enterprises	Households	Total
<b>2019</b>				
Balance at 1 January	-	1,734	1,683	3,417
Additions (+)	12	83	160	255
Disposals (-)	-	(154)	(289)	(443)
Movements in exposures (+/-)	1	(156)	(303)	(458)
<b>At 31 December</b>	<b>13</b>	<b>1,507</b>	<b>1,251</b>	<b>2,771</b>

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Carrying amount of loans and advances to forbore customers compared to the total loans and advances to customers

MCZK 2020	Loans and receivables to customers	Loans and advances to forborne customers	Percentage of loans and receivables to customers
Government institutions	989	-	0.0%
Other financial institutions	33,645	42	0.1%
Non-financial enterprises	98,283	4,221	4.3%
Households	120,871	1,652	1.4%
<b>Total at 31 December 2020</b>	<b>253,788</b>	<b>5,915</b>	<b>2.3%</b>

MCZK 2019	Loans and receivables to customers	Loans and advances to forborne customers	Percentage of loans and receivables to customers
Government institutions	1,514	-	0.0%
Other financial institutions	29,765	13	0.0%
Non-financial enterprises	99,809	1,507	1.5%
Households	119,308	1,251	1.0%
<b>Total at 31 December 2019</b>	<b>250,396</b>	<b>2,771</b>	<b>1.1%</b>

(o) **Maximum exposure to credit risk**

2020	On-balance sheet exposure (carrying amount)	Off-balance sheet exposure (carrying amount)	Aggregate exposure (carrying amount)	Allocated collateral - balance sheet	Allocated collateral - off balance sheet	Aggregate allocated collateral
<b>MCZK</b>						
Cash and cash equivalents	5,746	-	5,746	-	-	-
Loans and advances to banks*	99,684	683	100,367	985	-	985
Loans and advances to customers*	249,083	49,788	298,871	160,950	12,605	173,555
Debt securities*	30,703	-	30,703	-	-	-
Financial assets other than held for trading mandatorily measured at fair value in profit or loss	532	-	532	-	-	-
Positive fair value of financial derivatives	4,093	-	4,093	9	-	9
Securities held for trading	1,683	-	1,683	-	-	-
Financial assets at FVOCI	1	-	1	-	-	-
Other assets	5,320	-	5,320	-	-	-

\*including loss allowances and provisions

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2019	On-balance sheet exposure (carrying amount)	Off-balance sheet exposure (carrying amount)	Aggregate exposure (carrying amount)	Allocated collateral - balance sheet	Allocated collateral - off balance sheet	Aggregate allocated collateral
<b>MCZK</b>						
Cash and cash equivalents	11,114	-	11,114	-	-	-
Loans and advances to banks*	87,043	354	87,396	896	-	896
Loans and advances to customers*	246,644	45,664	292,308	167,111	16,443	183,554
Debt securities*	10,879	-	10,879	-	-	-
Positive fair values of financial derivatives	4,215	-	4,215	362	-	362
Securities held for trading	94	-	94	-	-	-
Financial assets at FVOCI	735	-	735	-	-	-
Other assets	4,094	-	4,094	-	-	-

\*including loss allowances and provisions

### (p) Offsetting financial assets and financial liabilities

The following table shows the impact of master netting agreements on assets and liabilities that are not offset in the statement of financial position.

2020	Amount of an asset/liability in the statement of financial position	Amount of an asset/liability offset in the statement of financial position	Related amount not offset in the statement of financial position			
			Net amount presented in the statement of financial position	Financial instrument	Cash collateral received	Total
<b>MCZK</b>						
<b>Assets</b>						
Positive fair values of financial derivatives	3,579	-	3,579	3,568	9	2
Reverse repurchase	98,963	-	98,963	97,454	-	1,509
<b>Total assets</b>	<b>102,282</b>	<b>-</b>	<b>102,282</b>	<b>101,022</b>	<b>9</b>	<b>1,251</b>
<b>Liabilities</b>						
Negative fair values of financial derivatives	5,446	-	5,446	3,568	1,861	17
Repurchase transactions	2,599	-	2,599	2,558	-	41
<b>Total liabilities</b>	<b>8,045</b>	<b>-</b>	<b>8,045</b>	<b>6,126</b>	<b>1,861</b>	<b>58</b>

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2019	Amount of an asset/liability in the statement of financial position	Amount of an asset/liability offset in the statement of financial position	Related amount not offset in the statement of financial position			Total
			Net amount presented in the statement of financial position	Financial instrument	Cash collateral received	
<b>MCZK</b>						
<b>Assets</b>						
Positive fair values of financial derivatives	3,946	-	3,946	3,579	363	4
Reverse repurchase	86,232	-	86,232	85,647	-	585
<b>Total assets</b>	<b>90,178</b>	<b>-</b>	<b>90,178</b>	<b>89,226</b>	<b>363</b>	<b>589</b>
<b>Liabilities</b>						
Negative fair values of financial derivatives	4,104	-	4,104	3,580	458	66
Repurchase transactions	4,400	-	4,400	4,371	-	29
<b>Total liabilities</b>	<b>8,504</b>	<b>-</b>	<b>8,504</b>	<b>7,951</b>	<b>458</b>	<b>95</b>

### 43. LEASES

#### (a) Right-of-use assets

Right-of-use assets relate to the lease of immovable and movable assets which are part of property and equipment – see note 30.

MCZK	Real estate	Motor vehicles	Total
<b>Acquisition cost</b>			
At 1 January 2019	2,045	34	2,079
Additions	311	18	329
Disposals	(10)	(1)	(11)
<b>At 31 December 2019</b>	<b>2,346</b>	<b>51</b>	<b>2,397</b>
Additions	277	51	328
Disposals	(225)	(7)	(232)
<b>At 31 December 2020</b>	<b>2,398</b>	<b>95</b>	<b>2,493</b>
<b>Accumulated depreciation</b>			
At 1 January 2019	-	-	-
Additions – annual depreciation charges	(330)	(16)	(346)
Disposals	2	-	2
<b>At 31 December 2019</b>	<b>(328)</b>	<b>(16)</b>	<b>(344)</b>
Additions – annual depreciation charges	(341)	(23)	(364)
Disposals	48	4	52
<b>At 31 December 2020</b>	<b>(621)</b>	<b>(35)</b>	<b>(656)</b>
<b>Net book value</b>			
At 31 December 2019	2,018	35	2,053
At 31 December 2020	1,777	60	1,837

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(b) Analysis of financial liabilities from leases according to remaining maturity (undiscounted cash flows)

2020 (MCZK)	Net book value	Total contractual liability	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years
Lease liabilities	1,871	1,952	100	276	1,148	428

2019 (MCZK)	Net book value	Total contractual liability	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years
Lease liabilities	2,041	2,145	97	255	1,174	619

(c) Analysis of operating lease receivables by remaining maturity (undiscounted cash flows)

2020 (MCZK)	Total	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years
Receivables from operating subleasing	42	-	6	8	28

2019 (MCZK)	Total	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years
Receivables from operating subleasing	52	2	7	38	5

(d) Values recognised in total comprehensive income

MCZK	2020	2019
Sublease income	10	11
Interest expense from lease liabilities	(28)	(30)
Depreciation of right-of-use assets	(364)	(346)
Short-term lease expense	(4)	(7)

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### 44. TRANSACTIONS WITH RELATED PARTIES

At 31 December 2020

For related party transaction reporting purposes, the Bank considers Raiffeisen CEE Region Holding GmbH (direct parent company) and Raiffeisen Bank International AG (entity with controlling influence on the Bank exercised indirectly) to be its parent companies. Transactions with related parties are concluded under standard business terms and arm's length prices.

MCZK	Parent companies	Companies with significant influence over the Bank	Subsidiaries	Board of directors, supervisory board and other managers*	Other related parties	Total
Receivables	1,890	-	20,513	176	306	22,885
Positive fair values of financial derivatives	3,214	-	-	-	-	3,214
Liabilities	3,824	11	1,136	94	14,119	19,184
Negative fair values of financial derivatives	4,705	-	2	-	2	4,709
Other equity instruments	4,169	-	-	-	-	4,169
Subordinated liabilities and bonds	3,194	-	-	-	1,065	4,259
Guarantees issued	401	-	-	-	81	482
Guarantees received	186	-	-	-	1,878	2,064
Nominal values of financial derivatives (off-balance sheet receivables)	372,495	-	227	-	139	372,861
Nominal values of financial derivatives (off-balance sheet liabilities)	372,871	-	227	-	141	373,239
Irrevocable credit commitments provided	-	-	-	17	-	17
Interest income	3,533	1	55	3	15	3,607
Interest expense	(3,763)	-	(7)	-	(198)	(3,968)
Fee and commission income	20	-	3	-	17	40
Fee and commission expense	(11)	-	(14)	-	(112)	(137)
Net gain or loss from financial operations	(794)	-	4	-	(17)	(807)
Net gain or loss from hedge accounting	(509)	-	-	-	-	(509)
General operating expenses	(232)	-	(30)	(224)	(29)	(515)
Other operating income, net	11	-	21	-	2	34

\*Other members of the management are level B-1 managers

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The **receivables** are principally composed of the following:

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) of MCZK 1,890

Provided loan:

- Raiffeisen Leasing, s.r.o. (a subsidiary), of MCZK 20,513

Nominal values of financial derivatives - off-balance sheet receivables:

- Raiffeisen Bank International AG (parent company) of MZK 372,495
- Raiffeisen Leasing, s.r.o. (a subsidiary), of MCZK 277
- Raiffeisenbank AO (Russia), (affiliated company) of MCZK 115
- Raiffeisen Bank Zrt. (affiliated company), of MCZK 25

The **liabilities** are principally composed of the following:

Credit balances on the current account of the Bank from:

- Raiffeisen Bank International AG (parent company) of MCZK 334
- Raiffeisen Leasing, s.r.o. (a subsidiary), of MCZK 361
- Raiffeisen investiční společnost a.s. (a subsidiary), of MCZK 22

Term deposits:

- Raiffeisenbank (Bulgaria) EAD (affiliated company) of MCZK 2,053

Repo transactions:

- Tatra Banka, a.s. (affiliated company), of MCZK 2,599

Debt securities of the Bank issued:

- Raiffeisenbank Hungary (affiliated company) of MCZK 2,607
- Raiffeisenbank (Bulgaria) EAD (affiliated company) of MCZK 377
- Raiffeisen Bank International AG (parent company) of MCZK 490
- Raiffeisen Bank Albania (affiliated company) of MCZK 941

Nominal values of financial derivatives - off-balance sheet liabilities:

- Raiffeisen Bank International AG (parent company) of MCZK 372,871
- Raiffeisen Leasing (subsidiary) of MCZK 227

Subordinated debt from:

- Raiffeisen Bank International AG (parent company) of MCZK 3,194
- Raiffeisenlandesbank Oberösterreich AG, of MCZK 1,065

Other equity instruments – subordinated unsecured AT1 capital investment certificates purchased:

- Raiffeisen Bank International AG (parent company), of MCZK 4,169

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At 31 December 2019

For related party transaction reporting purposes, the Bank considers Raiffeisen CEE Region Holding GmbH (direct parent company) and Raiffeisen Bank International AG (entity with controlling influence on the Bank exercised indirectly) to be its parent companies. Transactions with related parties are concluded under standard business terms and arm's length prices.

MCZK	Parent companies	Companies with significant influence over the Bank	Subsidiaries	Board of directors, supervisory board and other managers*	Other related parties	Total
Receivables	986	-	20,433	162	46	21,627
Positive fair values of financial derivatives	3,130	-	1	-	3	3,134
Liabilities	3,900	22	637	68	22,668	27,295
Negative fair value of financial derivatives	3,571	-	3	-	1	3,575
Other equity instruments	3,383	-	-	-	-	3,383
Subordinated liabilities and bonds	2,482	-	-	-	827	3,309
Guarantees issued	86	-	-	-	92	178
Guarantees received	211	-	-	-	1,462	1,673
Nominal values of financial derivatives (off-balance sheet receivables)	380,167	-	511	-	1,548	382,226
Nominal values of financial derivatives (off-balance sheet liabilities)	380,104	-	514	-	1,546	382,164
Irrevocable credit commitments provided	-	-	-	12	-	12
Interest income	4,083	2	83	2	8	4,178
Interest expense	(4,243)	-	(10)	-	(247)	(4,500)
Fee and commission income	21	-	13	-	29	63
Fee and commission expense	(8)	-	(5)	-	(88)	(101)
Net gain or loss from financial operations	(89)	-	-	-	53	(36)
Net gain or loss from hedge accounting	508	-	-	-	-	508
General operating expenses	(207)	-	(32)	(215)	(18)	(472)
Other operating income, net	13	-	23	-	2	38

\*Other members of the management are level B-1 managers



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The **receivables** are principally composed of the following:

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) of MCZK 986

Provided loan:

- Raiffeisen Leasing, s.r.o. (a subsidiary), of MCZK 20,433

Nominal values of financial derivatives - off-balance sheet receivables:

- Raiffeisen Bank International AG (parent company) of MCZK 380,167
- Raiffeisen Leasing, s.r.o. (a subsidiary), of MCZK 511
- Raiffeisenbank AO (Russia), (affiliated company) of MCZK 134
- Tatra Banka, a.s. (affiliated company), of MCZK 1,274
- Raiffeisen Bank Zrt. (affiliated company), of MCZK 135

The **liabilities** are principally composed of the following:

Credit balances on the current account of the Bank from:

- Raiffeisen Bank International AG (parent company) of MCZK 260
- Raiffeisen Leasing, s.r.o. (subsidiary), of MCZK 316
- Raiffeisen investiční společnost a.s. (subsidiary) of MCZK 21

Term deposits:

- UNIQA Österreich Versicherungen AG (associated company to the parent company Raiffeisen Bank International AG) of MCZK 2,087
- UNIQA pojišťovna, a.s. (associated company to the parent company Raiffeisen Bank International AG) of MCZK 764
- Raiffeisenbank (Bulgaria) EAD (affiliated company) of MCZK 2,231
- Raiffeisen Bank Zrt. (affiliated company), of MCZK 2,547

Repo transactions:

- Tatra Banka, a.s. (affiliated company), of MCZK 4,400

Debt securities of the Bank issued:

- Raiffeisenbank Hungary (affiliated company) of MCZK 2,525
- Raiffeisenbank (Bulgaria) EAD (affiliated company) of MCZK 364
- Raiffeisen Bank International AG (parent company) of MCZK 3,383
- Raiffeisen Bank Albania (affiliated company) of MCZK 910

Nominal values of financial derivatives - off-balance sheet liabilities:

- Raiffeisen Bank International AG (parent company) of MCZK 380,104
- Raiffeisen Leasing (subsidiary) of MCZK 514

Subordinated debt from:

- Raiffeisen Bank International AG (parent company) of MCZK 2,482
- Raiffeisenlandesbank Oberösterreich AG, of MCZK 827

Other equity instruments – subordinated unsecured AT1 capital investment certificates purchased:

- Raiffeisen Bank International AG (parent company), of MCZK 3,383

# **Raiffeisenbank a.s.**

## **Separate financial statements**

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#### **45. SUBSEQUENT EVENTS**

As at 6 February 2021, the Bank's management agreed to purchase 100% of shares in Equa bank (Equa bank a.s. and Equa Sales and Distribution s.r.o.) from AnaCap Financial Partners (AnaCap). This transaction has not been approved by the regulatory authorities at the reporting date. This transaction had no impact on the separate financial statements as at 31 December 2020.

As at 15 February 2021, the Bank's management agreed to purchase 30% share in Akcenta CZ a.s. from AKCENTA GROUP SE. This transaction has not been approved by the regulatory authorities at the reporting date. This transaction had no impact on the separate financial statements as at 31 December 2020.

As at 18 February, the Bank agreed on an exclusive cooperation with ING Bank N.V. In this context, ING Bank N.V. will recommend the Bank to its retail clients as a parent, which it considers to be the best choice for them in terms of valuing their savings and investments. This transaction has not been approved by the regulatory authorities as the reporting date.

No other events occurred subsequent to the reporting date that would have a material impact on the separate financial statements as at 31 December 2020.

## Information on internal control and the approach to risks the issuer is or could be exposed to in the process of accounting and the preparation of financial statements

Several tools are identified and described to ensure true and accurate presentation of facts in the financial statements of the Bank. These comprise tools for proper recording of operational and financial accounting, property and liability inventorying, bookkeeping documents circulation, procedures for preparing month-end and year-end financial statements, access to accounting software, creation of new analytical accounts, correction of settled transactions, procedures for assets, liabilities and securities valuation, financial assets impairment, costs capitalization for intangible assets, procedures for creation of impairments and provisions, accounts reconciliation, backdated revaluation, etc.

The Bank has simultaneously identified and described risks related to these processes. Controls with varied periodicity have been introduced to eliminate these risks. Controls are

performed automatically or manually and are integrated into the whole process from entering into the Bank system to the financial statements creation. Setting of the systems, processes and controls is always formally set by the internal regulation. All these processes are revised at least once a year. Further, the Bank performs control testing which eliminates the risks.

For processing of financial statements, the Bank uses an automatic system which uses detail data from core systems and the data warehouse which are reconciled on the general ledger. The Effectiveness of the internal control system is regularly evaluated by an internal auditor. Consolidated and unconsolidated financial statements are subject to control by an external audit.

## Significant legal disputes

As of 31 December 2020, the Bank was a party to 18 legal proceedings as a defendant with a total claimed amount of CZK 90,787,877. Information concerning the provisions created for litigations in which the Bank is a defendant is stated in the Notes to the Separate Financial Statements, Note 37 – “Contingent liabilities”.

As of 31 December 2020, the Group was a party to 21 legal proceedings as a defendant with a total claimed amount of CZK 99,334,726. Information concerning the provisions created for litigations in which the Bank is a defendant is stated in the Notes to the Consolidated Financial Statements, Note 40 – “Contingent liabilities”.

## Information on Capital and Capital requirements

### Regulatory Framework

Raiffeisenbank is subject to supervision by the Czech National Bank.

The regulatory requirements in the European Union are established within the Basel III Capital Framework through Regulation No. 575/2016 on prudential supervision of credit institutions and investment firm. (CRR – Capital Requirements Regulation) and by Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV – Capital Requirements Directive IV). The directive was transposed into Czech law by an amendment to the Banking Act and publication of Czech National Bank Decree No. 163/2014 Coll. The CRR establishes, above all, the requirements on liquidity, capital structure and regulatory requirements on capital adequacy and exposure. Some parts are further elaborated in implementing regulations.

CRD IV enables to create and maintain three types of buffers – the capital conservation buffer, the systemic risk buffer and the countercyclical capital buffer. As regards the capital

conservation buffer, the CNB intended to apply it to all institutions in the full amount of 2.5% of common equity Tier 1 from the start. The systemic risk buffer is applied to only five institutions in 2019, including Raiffeisenbank (set at 1.00% for Raiffeisenbank). As for the countercyclical capital buffer, the CNB decided to set the initial buffer amount to zero at the end of 2014; banks were to apply it over the two subsequent years. In December 2015, the CNB set the countercyclical capital buffer to 0.5% from 1 January 2017 and subsequently to 1.0% from 1 July 2018, to 1.25% from 1 January 2019, to 1.50% from 1 July 2019, 1.75% from 1 January 2020 and to 2.0% from 1 July 2020.

As part of the anti-crisis measures taken against Covid-19 in 2020, the CNB first canceled the July increase in the countercyclical buffer by 0.25%, then reduced the countercyclical buffer by 0.75% to 1% from April, and from 1 July 2020 the CNB set this reserve at 0.5%.

### Consolidated Capital and Risk Weighted Assets

Consolidated regulatory capital for the capital adequacy calculation as at 31 December 2020 amounted to CZK 37.9 billion. The consolidated capital adequacy of the Group amounted to 19.1%, and consolidated Core Tier 1 ratio amounted to 14.3%. Risk weighted assets of the Group reached as at the end of 2020 CZK 198.1 billion (2019: CZK 178.3 billion). The increase in the assets in 2020 was mainly caused by an increase in the main client's segments.

## Information about capital

Information about Capital and Capital Requirements pursuant to Article 437 (1) (a) of Regulation (EU) 575/2013

Information about Capital and Capital Requirements pursuant to Part Eight of Regulation (EU) 575/2013

	unconsolidated	unconsolidated
CZK million	at 31.12.2020	at 31.12.2019
Share capital	11,061	11,061
Retained earnings	17,243	13,007
Reserve fund	694	694
Valuation gains or losses	44	371
Other capital instruments	4,169	3,383
Profit for the year	2,140	4,188
Non-controlling interests	-	-
<b>Total shareholders' equity</b>	<b>35,351</b>	<b>32,704</b>
<b>Total Adjustments to Common equity tier 1</b>		
Unusable profit	(709)	(2,153)
Intangible fixed assets	(2,782)	(2,718)
Deferred tax assets	-	-
Provision shortage for IRB positions	(6)	(268)
Additional valuation adjustment (AVA) according to CRR	(80)	(50)
Securitization - junior tranche (with 1.250 % risk weight)	-	-
Valuation gains or losses	(44)	(371)
Retained earnings adjustment	-	-
Reserve fund adjustment	-	-
Non-controlling interests	-	-
Other capital instruments	(4,169)	(3,383)
<b>Common equity tier 1 (after deductions)</b>	<b>27,561</b>	<b>23,761</b>
Other capital instruments	4,169	3,383
<b>Tier 1 (after deductions)</b>	<b>31,730</b>	<b>27,144</b>
Subordinated loans	4,252	3,303
IRB Excess of provisions over expected losses eligible	818	327
<b>Aggregate amount of Tier 2 capital</b>	<b>5,070</b>	<b>3,630</b>
<b>Aggregate amount of capital</b>	<b>36,800</b>	<b>30,774</b>

Information about Capital and Capital Requirements pursuant to Article 438 (c) to (f) of Regulation (EU) 575/2013

Information about capital requirements (CZK million)	unconsolidated	unconsolidated
CZK million	at 31.12.2020	at 31.12.2019
Total capital requirement for credit risk	11,324	11,670
- Internal rating approach (IRB)	10,912	11,330
- Standardized approach (STA)	409	333
- credit value adjustment (CVA risk)	3	7
Total capital requirement related to position, foreign exchange and commodity risks	134	82
Total capital requirement for operational risk	1,477	1,396
<b>Total capital requirement</b>	<b>12,935</b>	<b>13,148</b>

<b>Risk weighted assets:</b>	<b>unconsolidated</b>	<b>unconsolidated</b>
<b>CZK million</b>	<b>at 31.12.2020</b>	<b>at 31.12.2019</b>
<b>Internal rating approach (IRB)</b>	<b>136,399</b>	<b>141,629</b>
Central governments and central banks exposures	116	10
Bank exposures	3,505	2,501
Corporate customer exposures	85,367	97,186
Retail customer exposures	38,137	39,103
Equity exposures	9,105	2,829
Exposures related to securitization	-	-
Other exposures	169	-
<b>Standardized approach (STA)</b>	<b>5,114</b>	<b>4,167</b>
Regional governments and municipalities exposures	1	1
Bank exposures	-	-
Corporate customer exposures	5	8
Retail customer exposures	-	-
Exposures secured by immovable property	5	7
Exposures at default	-	-
Equity exposures	-	-
Other exposures	5,103	4,151
<b>Total Risk weighted assets for credit risk</b>	<b>141,513</b>	<b>145,796</b>
<b>Credit value adjustment (CVA risk)</b>	<b>43</b>	<b>89</b>
Risk weighted assets for position, foreign exchange and commodity risks	1,674	1,031
Risk weighted assets for the operating risk	18,456	17,450
<b>Total risk weighted assets:</b>	<b>161,686</b>	<b>164,366</b>

<b>Capital ratios</b>	<b>unconsolidated</b>	<b>unconsolidated</b>
	<b>at 31.12.2020</b>	<b>at 31.12.2019</b>
Core Tier 1 capital adequacy ratio	17.05 %	14.46 %
Tier 1 capital adequacy ratio	19.62 %	16.51 %
Total capital adequacy ratio	22.76 %	18.72 %

<b>Ratio indicators</b>	<b>unconsolidated</b>	<b>unconsolidated</b>
	<b>at 31.12.2020</b>	<b>at 31.12.2019</b>
Return of average assets (ROAA)	0.64 %	1.33 %
Return of average Tier 1 capital (ROAE)	7.47 %	17.18 %
Assets per one employee (CZK thousand)	152,299	124,993
General administrative expenses per one employee (CZK thousand)	2,221	2,237
Net profit or loss per one employee (CZK thousand)	757	1,406

<b>Information about capital requirements</b>	<b>consolidated</b>	<b>consolidated</b>
<b>CZK million</b>	<b>at 31.12.2020</b>	<b>at 31.12.2019</b>
Share capital	11,061	11,061
Retained earnings	18,491	14,115
Reserve fund	825	694
Valuation gains or losses	44	371
Other capital instruments	4,169	3,383
Profit for the year	2,224	4,731
<b>Total shareholders' equity</b>	<b>36,814</b>	<b>34,355</b>
<b>Total Adjustments to Common equity tier 1</b>		
Profit for the year	(793)	(2,696)
Intangible fixed assets	(3,078)	(2,773)
Deffered tax liabilities resulting from other intangible fixed assets	20	-
Provision shortage for IRB positions	(6)	(264)
Additional valuation adjustment (AVA) according to CRR	(80)	(50)
Securitization - junior tranche (with 1 250 % risk weight)	-	-
Valuation gains or losses	(44)	(371)
Retained earnings adjustment	(285)	(135)
Reserve fund adjustment	(1)	-
Non-controlling interests	-	-
Other capital instruments	(4,169)	(3,383)
<b>Common equity tier 1 (after deductions)</b>	<b>28,378</b>	<b>24,683</b>
Other capital instruments	4,169	3,383
<b>Tier 1 (after deductions)</b>	<b>32,547</b>	<b>28,066</b>
Subordinated loans	4,552	3,303
IRB Excess of provisions over expected losses eligible	818	327
<b>Aggregate amount of Tier 2 capital</b>	<b>5,370</b>	<b>3,630</b>
<b>Aggregate amount of capital</b>	<b>37,917</b>	<b>31,696</b>

Information about Capital and Capital Requirements pursuant to Article 438 (c) to (f) of Regulation (EU) 575/2013

<b>Information about capital requirements (CZK million)</b>	<b>consolidated</b>	<b>consolidated</b>
<b>CZK million</b>	<b>at 31.12.2020</b>	<b>at 31.12.2019</b>
Total capital requirement for credit risk	13,898	12,658
- Internal rating approach (IRB)	9,740	10,723
- Standardized approach (STA)	4,155	1,928
- credit value adjustment (CVA risk)	3	7
Total capital requirement related to position, foreign exchange and commodity risks	134	82
Total capital requirement for operational risk	1,815	1,521
<b>Total capital requirement</b>	<b>15,847</b>	<b>14,261</b>

<b>Risk weighted assets:</b>	<b>consolidated</b>	<b>consolidated</b>
<b>CZK million</b>	<b>at 31.12.2020</b>	<b>at 31.12.2019</b>
<b>Internal rating approach (IRB)</b>	<b>121,747</b>	<b>134,033</b>
Central governments and central banks exposures	116	10
Bank exposures	3,505	2,501
Corporate customer exposures	79,701	91,541
Retail customer exposures	38,137	39,103
Equity exposures	119	878
Exposures related to securitization	-	-
Other exposures	169	-
<b>Standardized approach (STA)</b>	<b>51,933</b>	<b>24,097</b>
Central governments and central banks exposures	29	-
Regional governments and municipalities exposures	2	1
Bank exposures	232	61
Corporate customer exposures	14,369	13,203
Retail customer exposures	19,466	3,516
Exposures secured by immovable property	9,586	212
Exposures at default	779	505
High risk exposures	323	780
Equity exposures	312	57
Other exposures	6,835	5,762
<b>Total Risk weighted assets for credit risk</b>	<b>173,680</b>	<b>158,130</b>
<b>Credit value adjustment (CVA risk)</b>	<b>43</b>	<b>89</b>
Risk weighted assets for position, foreign exchange and commodity risks	1,674	1,031
Risk weighted assets for the operating risk	22,682	19,010
<b>Total risk weighted assets:</b>	<b>198,079</b>	<b>178,260</b>

<b>Capital ratios</b>	<b>consolidated</b>	<b>consolidated</b>
	<b>at 31.12.2020</b>	<b>at 31.12.2019</b>
Core Tier 1 capital adequacy ratio	14.33 %	13.85 %
Tier 1 capital adequacy ratio	16.43 %	15.74 %
Total capital adequacy ratio	19.14 %	17.78 %

Further details can be found in the regulatory disclosure report in accordance with regulation no. 163/2014 available on the Bank's internet webpage: <https://www.rb.cz/povinne-uvzejnovane-informace>

## Capital management

The Group manages its capital adequacy to ensure its sufficient level while allowing for organic business growth and for potentially adverse macroeconomic developments. The Group continuously monitors changes in regulatory requirements and evaluates their impact on the capital planning process.

The Czech National Bank as a local regulatory body supervises the local supervisory body ensures that the Bank maintains unconsolidated and consolidated capital adequacy. During 2020, the Bank complied with all the regulatory requirements.

The Bank also regularly reports Information on the internal control system (Pillar 2) to the Czech National Bank.

## Definitions of Alternative Performance Measures

**Earnings per share:** („Net profit for the year attributable to the Bank’s shareholders" minus coupon paid on other capital instruments) divided by (the quantity average number of shares issued minus the average number of own shares in treasury);

**Return on average equity before tax (ROAE, in separate statements):** “Profit before tax” divided by the average total equity;

**Return on average equity after tax (ROAE, in separate statements):** “Net profit for the year attributable to the Bank’s shareholders” divided by average total equity;

**Average total equity:** Sum of monthly balances of total equity as of the year end X-1 until the end of the year X divided by 13;

**Average total assets:** Sum of monthly balances of total assets as of the year end X-1 until the end of the year X divided by 13;

**Return on average assets before tax (ROAA, in separate statements):** “Profit before tax” divided by average total assets;

**Return on average assets after tax (ROAA, in separate statements):** “Net profit for the year attributable to the Bank’s shareholders” divided by average total assets;

**Return on average Tier 1 capital after tax (ROAE, in separate statements):** “Net profit for the year attributable to the Bank’s shareholders” divided by average Tier 1 capital;

**Average Tier 1 capital:** Sum of monthly balances of Tier 1 capital as of the year end X-1 until the end of the year X divided by 13;

**Total operating income:** Sum of “Net interest income”, “Net fee and commission income”, “Net gain on financial operations”, „Net gain on financial assets other than held for trading mandatorily measured at fair value in profit or loss”, “Net gain from hedge accounting”, “Dividend income”, “Gain/(loss) from derecognition of financial assets measured at amortised cost”, “Other operating income” and “Other operating expenses”;

**Cost/income ratio:** („Personnel expenses" plus „General operating expenses" plus „Depreciation and amortisation") divided by total operating income.



# Report on Related Parties

prepared pursuant to the provisions of Sec. 82 and the following of Act No. 90/2012 Coll. on Commercial Companies and Cooperatives (the Act on Commercial Corporations) for the reporting period from 1 January 2020 to 31 December 2020

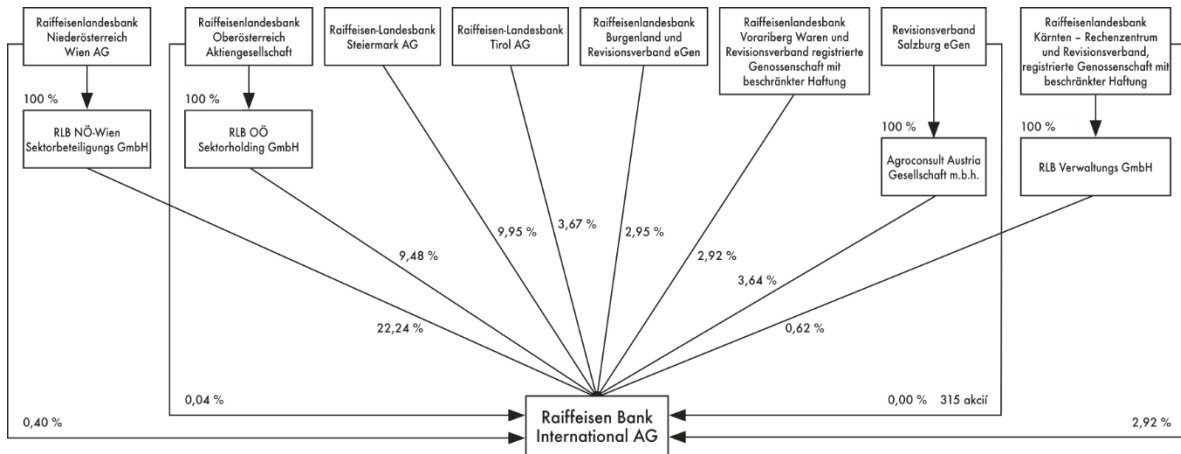
Raiffeisenbank a.s., having its registered office at: Hvězdova 1716/2b, Prague 4, 140 78, corporate ID: 49240901, entered in the Commercial Register maintained by the Municipal Court of Prague on 25 June 1993, Section B, Insert 2051 (hereinafter referred to as the "Bank") is part of the Raiffeisen Bank International AG group, in which relations between the Bank and controlling entities and between the Bank and entities controlled by the same controlling entities (hereinafter referred to as the "related parties") exist.

This report on relations among the below entities was prepared in accordance with the provisions of Sec. 82 of the Act on Commercial Corporations and with regard to the legal definition of business secret according to Sec. 504 of Act No. 89/2012 Coll., the Civil Code.

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# 1. CONTROLLING ENTITIES



The indirectly controlling entity is:

RLB NÖ-Wien Sektorbeteiligungs GmbH\*, having its registered office at Vienna, Friedrich – Wilhelm – Raiffeisen – Platz 1, 1020, Republic of Austria

Raiffeisenlandesbank Niederösterreich Wien AG\*, having its registered office at Vienna, Friedrich – Wilhelm – Raiffeisen – Platz 1, 1020, Republic of Austria

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft\*, having its registered office at Linz, Europaplatz 1a, 4020, Republic of Austria

RLB OÖ Sektorholding GmbH\*, having its registered office at Linz, Europaplatz 1a, 4020, Republic of Austria

Raiffeisen-Landesbank Steiermark AG\*, having its registered office at Graz, Kaiserfeldgasse 5, 8010, Republic of Austria

Raiffeisen-Landesbank Tirol AG\*, having its registered office at Innsbruck, Adamgasse 1-7, 6020, Republic of Austria

Raiffeisenlandesbank Burgenland und Revisionsverband eGen\*, having its registered office at Eisenstadt, Friedrich Wilhelm Raiffeisen-Strasse 1, 7000, Republic of Austria

Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung\*, having its registered office at Bregenz, Rheinstrasse 11, 6900, Republic of Austria

Raiffeisenverband Salzburg eGen\*, having its registered office at Salzburg, Schwarzstrasse 13-15, 5020, Republic of Austria

Agroconsult Austria Gesellschaft m.b.H.\* , having its registered office at Salzburg, Schwarzstrasse 13-15, 5020, Republic of Austria

Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband, registrierte Genossenschaft mit beschränkter Haftung\*, having its registered office at Klagenfurt, Raiffeisenplatz 1, 9020, Republic of Austria

RLB Verwaltungs GmbH\*, having its registered office at Klagenfurt, Raiffeisenplatz 1, 9020, Republic of Austria

Raiffeisen Bank International AG (hereinafter also "RBI"), having its registered office at Am Stadtpark 9, 1030 Vienna, Republic of Austria

Raiffeisen RS Beteiligungs GmbH, having its registered office at Am Stadtpark 9, 1030 Vienna, Republic of Austria.

The directly controlling entity (the direct shareholder) is:

Raiffeisen CEE Region Holding GmbH, having its registered office at Am Stadtpark 9, 1030 Vienna, Republic of Austria.

\* Referred to as "Landesbanks" – they became indirectly controlling entities based on a declaration of compliance with RBI.

## 2. OTHER RELATED PARTIES

### Czech Republic:

<b>Raiffeisen – Leasing, s.r.o. („RLCZ“)</b>	Praha 4, Hvězdova 1716/2b, 140 78
<b>Raiffeisen investiční společnost a.s. („RIS“)</b>	Praha 4, Hvězdova 1716/2b, 140 78
<b>Raiffeisen stavební spořitelna a.s. („RSTS“)</b>	Praha 3, Koněvova 2747/99, 130 45
<b>KONEVOVA s.r.o.</b>	Praha 3, Koněvova 2747/99, 130 45
<b>Raiffeisen FinCorp, s.r.o.</b>	Praha 4, Hvězdova 1716/2b, 140 78

## Parties related indirectly through Raiffeisen - Leasing, s.r.o. and Raiffeisen - Leasing GmbH:

ACB Ponava, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Aglaiia Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Ananké Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Appolon Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Argos Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Beroe Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Cranto Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Dero Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Hefaiostos Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Hermes Property, s.r.o. (terminated as of 18 December 2020)	Praha 4, Hvězdova 1716/2b, 140 78
Hestia Property s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Janus Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Kalypso Property s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Létó Property s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Ligea Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Lucius Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Luna Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Médea Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Orchideus Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Plutos Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Raiffeisen Direct Investments CZ, s.r.o. (formerly Kairos Property s.r.o., following merger by amalgamation with Raiffeisen Direct Investments CZ, s.r.o. as of 1 August 2019 renamed to Raiffeisen Direct Investments CZ, s.r.o.)	Praha 4, Hvězdova 1716/2b, 140 78
Raiffeisen FinCorp s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
RDI Czech 1 s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
RDI Czech 3 s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
RDI Czech 4 s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
RDI Czech 5 s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
RDI Czech 6 s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
RDI Management s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Raiffeisen - Leasing BOT, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
RESIDENCE PARK TŘEBEŠ, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
RLRE Carina Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
RLRE Ypsilon Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Sky Solar Distribuce s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Thaumas Property s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Theseus Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78
Viktor Property, s.r.o.	Praha 4, Hvězdova 1716/2b, 140 78

## Entities with a share in voting rights of at least 40% that are not considered entities controlled by Raiffeisen – Leasing, s.r.o. according to the International Financial Reporting Standards (IFRS):

ALT POHLEDY, s.r.o.,  
 Antonínská 2, s.r.o. (formerly Daimon Property, s.r.o.),  
 Apaté Property, s.r.o.,  
 Ares Property, s.r.o.,  
 Astra Property, s.r.o.,  
 Até Property, s.r.o.,  
 Boreas Property, s.r.o.,  
 Belos Property, s.r.o.,  
 Carolina Corner s.r.o. (terminated as of 5 November 2020),  
 Credibilis a.s.,  
 CRISTAL PALACE Property s.r.o.,  
 cube ventures, s.r.o. (acquired as of 23 December 2020),  
 Dafné Property, s.r.o.,  
 Déméter Property, s.r.o.,  
 Dike Property, s.r.o.,  
 Dolní náměstí 34 s.r.o. (formerly FIDUROCK Projekt 18, s.r.o.),  
 Éós Property, s.r.o.,  
 Erató Property, s.r.o. (terminated as of 6 February 2020),  
 Eunomia Property, s.r.o.,  
 Evarne Property, s.r.o. (founded as of 17 August 2020),  
 Exit 90 SPV s.r.o.,  
 Fidurock Residential, a.s.,  
 Fobos Property, s.r.o.,  
 Foibe Property, s.r.o.,  
 Folos Property, s.r.o.,  
 FVE Cihelna s.r.o.,  
 Gaia Property, s.r.o.,  
 GEONE Holešovice Two s.r.o.,  
 Grainulos s.r.o.,  
 GRENA REAL s.r.o.,  
 GS55 Sazovice s.r.o.,  
 Halie Property, s.r.o. (founded as of 17 August 2020),  
 Harmonia Property, s.r.o.,  
 Hébé Property, s.r.o.,  
 Holečkova Property, s.r.o.,  
 Hypnos Property, s.r.o.,  
 Chodská 12, s.r.o. (formerly FIDUROCK Projekt 20, s.r.o.),  
 Chronos Property, s.r.o.,  
 Inó Property, s.r.o. (terminated as of 17 January 2020),  
 Iris Property, s.r.o. (terminated as of 8 July 2020),  
 JFD Real s.r.o.,  
 Kaliopé Property, s.r.o.,  
 KAPMC s.r.o.,  
 Kappa Estates, s.r.o.,  
 KARAT, s.r.o.,  
 Kéto Property, s.r.o.,  
 Kleió Property, s.r.o.,  
 Křížkovského 3, s.r.o. (formerly Fidurock Project 17, s.r.o.),  
 Logistický areál Hostivař, s.r.o. (terminated as of 18 November 2020),  
 Melpomené Property, s.r.o.,  
 Merea Property, s.r.o. (founded as of 17 August 2020),  
 Morfeus Property, s.r.o.,  
 Na Stárce, s.r.o. (terminated as of 27 July 2020),  
 Nereus Property, s.r.o.,  
 Niobé Property, s.r.o. (terminated as of 17 January 2020),  
 Nyx Property, s.r.o.,  
 Ofión Property, s.r.o.,  
 Onyx Energy projekt II. s.r.o.,  
 Onyx Energy s.r.o.,  
 OSTROV PROPERTY a.s. (terminated as of 17 January 2020),

Pontos Property, s.r.o.,  
 Palace Holding, s.r.o.,  
 Photon Energie s.r.o.,  
 Photon SPV 10 s.r.o.,  
 Photon SPV 3 s.r.o.,  
 Photon SPV 4 s.r.o.,  
 Photon SPV 6 s.r.o.,  
 Photon SPV 8 s.r.o.,  
 PILSENINVEST SICAV, a.s. (terminated as of 17 January 2020),  
 Rheia Property, s.r.o.,  
 RLRE Beta Property s.r.o.,  
 RLRE Eta Property, s.r.o.,  
 SeEnergy PT, s.r.o.,  
 Selene Property, s.r.o.,  
 SIGMA PLAZA s.r.o. (terminated as of 28 April 2020),  
 Sirius Property, s.r.o.,  
 Spio Property, s.r.o. (founded as of 17 August 2020),  
 Stará 19 s.r.o.,  
 Strašnická realitní a.s.,  
 Teresa LAVANDE s.r.o. (terminated as of 16 April 2020),  
 Theia Property, s.r.o.,  
 UPC Real, s.r.o.,  
 Vlhká 26, s.r.o.,  
 Zátíší Rokytka s.r.o. (terminated as of 5 June 2020),  
 Zefyros Property, s.r.o.

Note: Based on the concluded contracts, Raiffeisen - Leasing, s.r.o. does not have the power to control or manage relevant activities of the entities and Raiffeisen - Leasing, s.r.o. is not exposed to risks related to the entities. Thus, these companies do not represent controlled entities, jointly controlled entities or associates. These entities have been provided with loans.

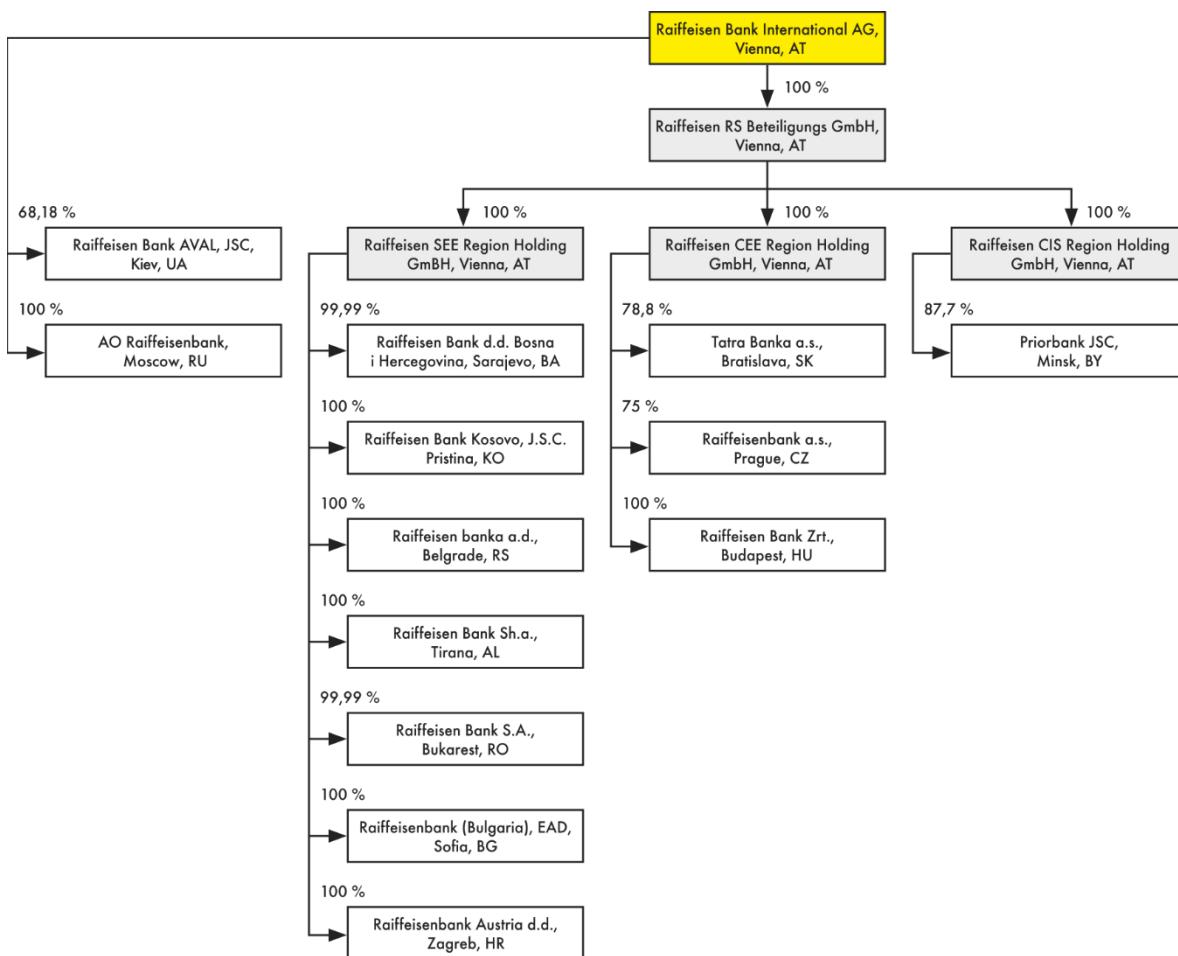
## Other countries:

<b>Raiffeisen Bank Zrt.</b>	Akadémia utca 6, Budapest, Hungary
<b>Raiffeisen banka a.d.</b>	Dorda Stanojevic 16, Novi Beograd, Serbia
<b>Raiffeisenbank Austria d.d.</b>	Petrinjska 59, Zagreb, Croatia
<b>Tatra Banka, a.s.</b>	Hodžovo námestie 3, 811 06, Bratislava, Slovak Republic
<b>Centralised Raiffeisen International Services and Payments S.R.L.</b>	Dimitre Pompei Bld. No. 9-9A, 020335, Bucharest, Romania
<b>Regional Card Processing Centre, s.r.o.</b>	Hodžovo námestie 3, 811 06, Bratislava, Slovak Republic
<b>Raiffeisen Bank S.A.</b>	Sky Tower Building, 246C Calea Floreasca, Bucharest, Romania
<b>Tatra Asset Management, správ. spol., a.s.</b>	Hodžovo námestie 3, 850 05, Bratislava, Slovak Republic
<b>Raiffeisen Centrobank AG</b>	Tegetthoffstrasse 1, 1020, Vienna, Republic of Austria
<b>Raiffeisen-Leasing International GmbH</b>	Am Stadtpark 9, 1030, Vienna, Republic of Austria
<b>Raiffeisen-Leasing Finanzierungs GmbH</b> (formerly Raiffeisen-Leasing Bank AG)	Mooslackengasse 12, 1190, Vienna, Republic of Austria
<b>AO Raiffeisenbank</b> (formerly ZAO Raiffeisenbank)	Smolenskaya-Sennaya 28, Moscow, Russian Federation
<b>Raiffeisen Informatik Consulting GmbH</b>	Lillienbrunnngasse 7-9, A-1020, Vienna, Republic of Austria
<b>Raiffeisen Kapitalanlage-Gesellschaft m.b.H (Raiffeisen Kag)</b>	Mooslackengasse 12, 1190, Vienna, Republic of Austria
<b>Ukrainian Processing Center</b>	Moskovsky av., 9, Kyiv, 04073, Ukraine
<b>Raiffeisenbank Sh. A</b>	"Rruga e Kavqjës", Tiranë, Albania
<b>STRABAG SE</b>	Triglavstrasse 9, 9500 Villach, Republic of Austria
<b>Raiffeisen Bausparkassen Holding GmbH</b>	Mooslackengasse 12, 1190 Vienna, Republic of Austria

Note: The above list only discloses the entities with which the Bank maintains active economic relations. It is not an exhaustive list of the entities controlled by the same controlling entity.

### 3. STRUCTURE OF RELATIONS AMONG RELATED PARTIES

#### 3.1 Description of Relations Between the Controlled Entity and Controlling Entities



Note: The chart only shows what are referred to as “Network Banks” in Central and Eastern Europe and other selected entities within the Raiffeisen Bank International AG Group. As such, it does not provide a full list of all entities controlled by the same controlling entity.

#### 3.2 Role of the Controlled Entity within the Relationship Structure

The banking group of the parent company, Raiffeisen Bank International AG (RBI Group), is a leading banking group operating in the region of Central and Eastern Europe. In the individual states of the region, Raiffeisen Bank International AG renders banking services through a total of thirteen individual majority owned legal entities holding a banking license, so called Network banks. Raiffeisenbank a.s. is one of these Network banks and its role is to provide banking services to both domestic and foreign clients in the Czech Republic in line with the group’s strategy.

#### 3.3 Method and Means of Control

The controlling parties exercise their influence by owning a 75% share in the controlled entity’s registered capital and voting rights. In addition, members of the Board of Directors of Raiffeisen Bank International AG are also members of the Supervisory Board of Raiffeisenbank a.s.

## 4. LIST OF CONTRACTS

### 4.1 List of Contracts with Controlling Entities

In the 2020 reporting period, Raiffeisenbank a.s. had relations with the following controlling entities:

#### Raiffeisen Bank International AG

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Subordinated Loan Contract	Raiffeisen Bank International AG	15 September 2008	Provision of a subordinated loan / payment of contractual interest
Amendment no. 1 to the Insurance Refund Agreement	Raiffeisen Bank International AG	20 December 2010	Change of contractual terms
Master Agreement on Cooperation in Risk Management and Reporting	Raiffeisen Bank International AG	1 January 2011	Definition of terms of cooperation in Risk Management and Reporting / payment of contractual fees
4 Service Agreements related to the Master Agreement on Cooperation in Risk Management and Reporting	Raiffeisen Bank International AG	1 January 2011	Detailed description of cooperation in the areas
Service Agreement	Raiffeisen Bank International AG	3 January 2011	Agreement on the provision of defined services in selected areas / payment of contractual fee
Agreement to Open a Correspondent Loro Account	Raiffeisen Bank International AG	28 March 2011	Opening of a correspondent account / payment of contractual fees
Master IT Cooperation Agreement (note: in 2016, a new agreement relating to the same area was concluded)	Raiffeisen Bank International AG	31 October 2011	Definition of terms of cooperation in IT services / payment of contractual fees
11 Service Descriptions related to the Master IT Cooperation Agreement (replaced by new versions in 2016)	Raiffeisen Bank International AG	31 October 2011	Detailed description of cooperation in respect of specific IT applications
STEP2 Indirect Participation Contract	Raiffeisen Bank International AG	7 November 2011	Definition of the terms of use of STEP2 services
Project Contract	Raiffeisen Bank International AG	11 November 2011	Analysis of the supply of software application / payment of contractual fees
Agreement to Open a Correspondent Loro Account	Raiffeisen Bank International AG	18 November 2011	Opening of a correspondent account / payment of contractual fees
Amendment no. 2 to the Insurance Refund Agreement	Raiffeisen Bank International AG	20 December 2011	Change of contractual terms
Project Contract	Raiffeisen Bank International AG	29 December 2011	Analysis of the supply of software application / payment of contractual fees
Service Agreement	Raiffeisen Bank International AG	1 January 2012	Agreement on services provided by the majority shareholder
Master Project and Consultancy Agreement	Raiffeisen Bank International AG	23 March 2012	Consulting in project management / payment of contractual price
Amendment to partial Service Agreement related to the Master Agreement on Cooperation in Risk Management and Reporting of 1 January 2011	Raiffeisen Bank International AG	12 June 2012	Stipulation of detailed terms for Rating Model Validation and Methods



Legal act	Counterparty	Date concluded	Performance / Counter-performance
Service Level Agreement	Raiffeisen Bank International AG	25 June 2012	Definition of cooperation within the competence centre in Fixed Income / payment of contractual fees
Amendment to the Master Project and Consultancy Agreement and Service Agreement	Raiffeisen Bank International AG	30 June 2012	Change of contractual terms
Amendment to the Project Contract of 11 November 2011	Raiffeisen Bank International AG	1 July 2012	Change of contractual terms
Implementing Agreement to the Master Project Consultancy Agreement of 23 March 2012	Raiffeisen Bank International AG	27 August 2012	Detailed definition of terms of a payment system project
Master Service Agreement	Raiffeisen Bank International AG	30 September 2012	Agreement to provide defined transaction services / payment of contractual fee
Partial Service Agreement related to the Master Agreement on Cooperation in Risk Management and Reporting of 1 January 2011	Raiffeisen Bank International AG	16 October 2012	Definition of detailed contractual terms for Workout
Partial Service Agreement related to the Master Agreement on Cooperation in Risk Management and Reporting of 1 January 2011	Raiffeisen Bank International AG	7 November 2012	Definition of detailed contractual terms for Credit Management Corporate
Service Description RIAH	Raiffeisen Bank International AG	1 January 2013	Provision of RIAH services
Amendment to the Service Agreement of 2012	Raiffeisen Bank International AG	1 January 2013	Change of contractual terms
Service Description RIAH Raiffeisen International Access Hub (documentation replaced in 2016)	Raiffeisen Bank International AG	1 January 2013	New group remote access / payment of contractual fees
Risk Participation Confirmation	Raiffeisen Bank International AG	25 January 2013	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Raiffeisen Bank International AG	31 July 2013	Participation in credit risk / payment of contractual fees
Services to Support International Operations in RBI Group	Raiffeisen Bank International AG	1 March 2013	Agreement on mutual support in Operations / payment of contractual fee
Agreement for rendering the Project FATCA between RBI and RBCZ	Raiffeisen Bank International AG	10 April 2013	Agreement on mutual cooperation in the FATCA Project / payment of contractual fees and remuneration
Service Agreement - Building a best fit Operations Target Operating Model	Raiffeisen Bank International AG	29 May 2013	Providing a service supporting international transactions in the RBI Group / payment of contractual fees
FATCA Support Services Agreement	Raiffeisen Bank International AG	20 November 2013	Norkom infrastructure use for FATCA process identification / payment of contractual fees
Transfer Agreement - Subordinate Loan Transfer	Raiffeisen Bank International AG	26 November 2013	Subordinate loan transfer from Raiffeisenbank Malta / payment of contractual interest
ISLA Global Master securities lending Agreement - schedule	Raiffeisen Bank International AG	19 December 2013	Master agreement on lending investment instruments / payment of contractual fee
Amendment to the 2012 Service Agreement	Raiffeisen Bank International AG	1 January 2014	Extension of provided services

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Multichannel customer acquisition and Digital CC capability building	Raiffeisen Bank International AG	27 January 2014	Agreement on multichannel customer acquisition and Digital CC capability building / payment of agreed fees
RBCZ Lean Study Stay 2014 Cooperation Agreement	Raiffeisen Bank International AG	24 February 2014	Cooperation between the contractor and client in the Lean Study Stay 2014 training event
Amendment to International Group Marketing Agreement	Raiffeisen Bank International AG	14 March 2014	Amendment to the International Group Marketing Agreement / payment of contractual fee
Agreement for Integrated Risk Management Services and Risk Management Balance	Raiffeisen Bank International AG	26 March 2014	RBI fees / payment of contractual fees
Share Incentive Program	Raiffeisen Bank International AG	1 April 2014	Board member option scheme
Master Agreement for dealings in fund shares	Raiffeisen Bank International AG	2 April 2014	Dealings in funds managed by RCM / payment of contractual fees
Amendment No. 1 to FATCA Project Agreement	Raiffeisen Bank International AG	7 April 2014	Specification of FATCA implementation support / payment of contractual fee
Service Agreement for HO Services	Raiffeisen Bank International AG	15 April 2014	Service agreement for HO Services / payment of contractual fees
Amendment No. 1 to Master Payment Card Processing Agreement	Raiffeisen Bank International AG	9 June 2014	Personal data protection update
One amendment to Service Description RIAH following the Master IT Cooperation Agreement concluded on 31 October 2011 (or 19 April 2016)	Raiffeisen Bank International AG	14 July 2014	Amendment regulates the price for the RIAH service from 2014 on
Agreement (ASLA) - Operations Center Model	Raiffeisen Bank International AG	27 August 2014	Operations Center Model agreement / payment of contractual fees
Service Level Agreement (Running Target Operating Model)	Raiffeisen Bank International AG	14 November 2014	Rules and conditions for some kinds of transactions in the name of RBI
RDLO32 Project Agreement	Raiffeisen Bank International AG	2 December 2014	Audit findings - Treasury Limits - BN-497 / payment of agreed fees
Investment certificates 2014	Raiffeisen Bank International AG	15 December 2014	Investment certificates 2014 / payment of agreed commissions
Amendment to the 2012 Service Agreement	Raiffeisen Bank International AG	1 January 2015	Adjustment for 2015, partial changes in the field of provided services
Service Agreement for Risk Methods & Analytics	Raiffeisen Bank International AG	1 January 2015	Cooperation with RBI in the field of Risk Methods & Analytics
Service Agreement for Credit Risk Control	Raiffeisen Bank International AG	1 January 2015	Cooperation with RBI in the field of Credit Risk Control
New Limit Approval - overdraft limit	Raiffeisen Bank International AG	12 January 2015	New limit approval - overdraft limit / payment of contractual fees
Non-Disclosure Agreement	Raiffeisen Bank International AG	30 January 2015	Non-Disclosure Agreement
Market Data Distribution Agreement	Raiffeisen Bank International AG	2 March 2015	Agreement on the provision of services within Market Data / payment of contractual fees
Reimbursement Agreement	Raiffeisen Bank International AG	7 April 2015	"Rotation" programme within RBI

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Agreement for rendering the Project Brain 2 (Kamakura)	Raiffeisen Bank International AG	21 April 2015	Services offered by RBI to the bank as part of the implementation of the Kamakura system / payment of contractual remuneration
Raiffeisen Bank International AG limit approval – extending the maturity of the bank guarantee	Raiffeisen Bank International AG	6 May 2015	Raiffeisen Bank International AG limit approval – extending the maturity of the bank guarantee
Amendment to Market Data Distribution Agreement	Raiffeisen Bank International AG	16 June 2015	Change of yearly fees / payment of contractual fees
Project Collateral Fields Changes	Raiffeisen Bank International AG	28 July 2015	Addition of attributes for reconciliations of Notes / payment of contractual fees
Participation Certificate	Raiffeisen Bank International AG	28 August 2015	Risk participation / payment of contractual fees
Agreement for rendering the Project CPA rollout on Nearshored OFSAA Hub	Raiffeisen Bank International AG	9 September 2015	New Pricing Engine for RBI Corp Division / payment of contractual fees
Limit approval – non-funded participation	Raiffeisen Bank International AG	16 September 2015	Limit approval – non-funded participation / payment of contractual fees
Participation Certificate	Raiffeisen Bank International AG	28 September 2015	Risk participation / payment of contractual fees
Midas Core Banking System Agreement	Raiffeisen Bank International AG	30 September 2015	Sublicensing agreement on the provision of Midas Core Banking / payment of contractual fees
Agreement to terminate the contract for automatic balance transfers	Raiffeisen Bank International AG	16 October 2015	Agreement to terminate the contract for automatic balance transfers of 20 May 2011
Limit approval – settlement limit increase	Raiffeisen Bank International AG	19 October 2015	Limit approval – settlement limit increase / payment of contractual fees
Micro Contract	Raiffeisen Bank International AG	12 November 2015	Agreement about the reimbursement of expenses related to marketing research data analysis / payment of contractual fees
FWR Contract	Raiffeisen Bank International AG	12 November 2015	Agreement about the reimbursement of expenses related to marketing research data analysis / payment of contractual fees
Limit approval – settlement limit increase	Raiffeisen Bank International AG	26 November 2015	Limit approval – settlement limit increase / payment of contractual fees
Agreement on automatic balance transfers	Raiffeisen Bank International AG	10 December 2015	Changes to mutual rights and obligations when making automatic balance between accounts administered by Raiffeisenbank a.s.
Agreement for rendering the CRS Group Program	Raiffeisen Bank International AG	16 December 2015	Mutual provision of services in the project Common Reporting Standard / payment of contractual fees
Cross Border Merchant Services Visa and Master Card Consolidated Settlement Agreement	Raiffeisen Bank International AG	1 January 2016	Service provided by the card accounting department in Olomouc for RBI
Amendment to the 2012 Service Agreement	Raiffeisen Bank International AG	1 January 2016	Update of amendments, change in supplies in the individual fields
Service Agreement for Credit Risk Control	Raiffeisen Bank International AG	1 January 2016	Update (specification) of the subject of provided services

Legal act	Counterparty	Date concluded	Performance / Counter-performance
New limit approval	Raiffeisen Bank International AG	19 January 2016	Overdraft limit
Extension of the maturity limit	Raiffeisen Bank International AG	9 February 2016	Non-funded participation (guarantee)
Participation Certificate (Lasselsberger GmbH)	Raiffeisen Bank International AG	21 March 2016	Risk participation
Limit approval	Raiffeisen Bank International AG	29 March 2016	New limit on the guarantee issued
Master IT Cooperation Agreement	Raiffeisen Bank International AG	19 April 2016	Definition of terms of cooperation in IT services / payment of contractual fees
Limit approval	Raiffeisen Bank International AG	10 May 2016	Settlement limit increase
Amendment No. 1 to the Participation Certificate (Lasselsberger GmbH)	Raiffeisen Bank International AG	25 May 2016	Amendment of terms and conditions
Participation Certificate (Globus)	Raiffeisen Bank International AG	18 July 2016	Risk participation
Agreement for rendering the Project MAD II STOR	Raiffeisen Bank International AG	8 August 2016	Implementation of a group solution for the MADII/MAR project
Service Agreement - Provision of Program Management Services (Compliance)	Raiffeisen Bank International AG	18 August 2016	Compliance advisory and information support
Service Agreement (HR Services, S/2016/00437)	Raiffeisen Bank International AG	5 September 2016	Provision of Talent Management and Succession Planning services
Service Description Fraud Propensity Tool	Raiffeisen Bank International AG	20 September 2016	Fraud Propensity Tool service provided
Service Description Lotus Notes International Domino Hub (terminated as of 4 February 2020)	Raiffeisen Bank International AG	20 September 2016	Lotus Notes International Domino Hub service provided
Service Description TIGER Operating	Raiffeisen Bank International AG	20 September 2016	Tiger platform provided
Agreement FWR (research in the Czech Republic)	Raiffeisen Bank International AG	22 September 2016	Reimbursement of costs for processing analyses of research in the Czech Republic
Amendment No. 2 to the Participation Certificate (Lasselsberger GmbH)	Raiffeisen Bank International AG	23 September 2016	Amendment of terms and conditions
Service Description Midas Maintenance	Raiffeisen Bank International AG	27 September 2016	Midas Maintenance service provided
Amendment No. 1 to Project CRS (Agreement for rendering the CRS Group Program)	Raiffeisen Bank International AG	5 October 2016	Support for the CRS project from RBI
Agreement for rendering the Project "MiFID II - KIDs for PRIIPs"	Raiffeisen Bank International AG	31 August 2016	Implementation and integration regarding the group solution for the PRIIPs project
Agreement for rendering the Project MiFID II	Raiffeisen Bank International AG	20 December 2016	Implementation of a group solution for the MiFID II project
11 Service Descriptions related to the Master IT Cooperation Agreement	Raiffeisen Bank International AG	8 November 2016	Detailed description of cooperation in respect of specific IT applications
Amendment No. 3 to the Participation Certificate (Lasselsberger GmbH)	Raiffeisen Bank International AG	9 November 2016	Amendment of terms and conditions
Amendment No. 4 to the Participation Certificate (Lasselsberger GmbH)	Raiffeisen Bank International AG	16 November 2016	Amendment of terms and conditions

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Agreement for rendering the Project RAP NWU Rollout	Raiffeisen Bank International AG	13 December 2016	Participation in the "Roll out Research Application" RBI group project
Participation Certificate (Steinhoff Möbel Holding Alpha GmbH)	Raiffeisen Bank International AG	16 December 2016	Risk participation
Service Level Agreement (AMA Service Level Agreement)	Raiffeisen Bank International AG	22 December 2016	Provision of services described in the agreement / payment of contractual fees
Subordinated Unsecured Additional Tier 1 Certificates	Raiffeisen Bank International AG	19 January 2017	Subordinated Debt Contract
Amendment of Service Agreement 2012	Raiffeisen Bank International AG	16 February 2017	Change of contractual fees
Service Description MIS Support and Maintenance	Raiffeisen Bank International AG	20 February 2017	Definition of more detailed terms of cooperation as part of the administration of and support for the MIS system
Amendment of RBCZ-2014-IT Benchmarking Study-01	Raiffeisen Bank International AG	28 February 2017	Change of contractual terms
Amendment No. 5 to the Participation Certificate (Lasselsberger GmbH)	Raiffeisen Bank International AG	13 March 2017	Change of risk participation terms
Service agreement for Integrated Risk Management	Raiffeisen Bank International AG	8 May 2017	Amendment of the existing SLA with RBI / payment of contractual fees
Amendment to International Group Marketing Agreement	Raiffeisen Bank International AG	9 May 2017	Amendment to the International Group Marketing Agreement / payment of contractual fee
Amendment No. 6 to the Participation Certificate (Lasselsberger GmbH)	Raiffeisen Bank International AG	26 June 2017	Change of risk participation terms
Appendix to Amendment of Service Agreement 2012	Raiffeisen Bank International AG	17 August 2017	Amendment to the Service Agreement, inclusion of a service from Tatra Asset Management
Amendment of Service Description CNI Maintenance	Raiffeisen Bank International AG	22 August 2017	Amendment to the valid CNI IT service agreement adjusting the annual service fee
Amendment of Service Description GCPP Solution	Raiffeisen Bank International AG	22 August 2017	Amendment to the valid GCPP IT service agreement adjusting the annual service fee from 1 January 2017 onwards
Gartner for Technical Professional Usage Agreement	Raiffeisen Bank International AG	22 August 2017	The agreement extends the use of the service from RBI for two years until 28 February 2019
Service Description Cyber Threat Intelligence Service	Raiffeisen Bank International AG	22 August 2017	A new version of the agreement, in which the allocation key for price calculation was amended (refer to Section 9.1 of the new version)
Service Description External Vulnerability Scan	Raiffeisen Bank International AG	22 August 2017	A new IT service sub-agreement falling under the valid Master Agreement S/2011/02204. The subject of the agreement includes regular vulnerability scans of systems available on-line and annual web application vulnerability scans.
Amendment of Service Description Midas Maintenance	Raiffeisen Bank International AG	22 August 2017	Amendment to the valid MIDAS Maintenance IT service agreement governing the annual service fee

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Service Description MIS Support and Maintenance	Raiffeisen Bank International AG	22 August 2017	A new version of the agreement, in which the service was extended and the annual service fee for MIS support adjusted
Service Description Online Banking Security Service	Raiffeisen Bank International AG	22 August 2017	A new version of the agreement, in which the allocation key for price calculation was amended
Service Description RIAH Raiffeisen International Access Hub	Raiffeisen Bank International AG	22 August 2017	Definition of more detailed terms of cooperation as part of the administration of and support for the RIAH system
Amendment of Service Description TIGER Operating	Raiffeisen Bank International AG	22 August 2017	Amendment to the valid TIGER IT service agreement adjusting the annual service fee from 1 January 2017 onwards
Amendment No. 2 to Project CRS (amendment to Agreement No. 5/2015/00444)	Raiffeisen Bank International AG	29 August 2017	Implementation of a group CRS solution
Amendment No. 1 to the Service Agreement (S/2016/00437)	Raiffeisen Bank International AG	31 August 2017	Change of contractual terms
Amendment of Service Description Fraud Propensity Tool	Raiffeisen Bank International AG	13 September 2017	Amendment to the FPT IT service agreement, adjusting the annual fee
Cost Sharing Agreement	Raiffeisen Bank International AG	16 October 2017	Processing of a satisfaction survey in the FWR segment
FX Raiffeisen	Raiffeisen Bank International AG	13 October 2017	Agreement on the provision of an electronic trading platform / cost sharing
Amendment of Service Description Lotus Notes International Domino HUB service (terminated with the agreement as of 4 February 2020)	Raiffeisen Bank International AG	19 October 2017	Amendment to the valid LN IT service agreement, adjusting the annual fee
Amendment of Service Agreement 2012	Raiffeisen Bank International AG	5 December 2017	Amendment of the services supplied in Raiffeisen Research / payment of contractual fees
Amendment No. 7 to the Participation Certificate (Lasselsberger GmbH)	Raiffeisen Bank International AG	12 December 2017	Change of contractual terms
Custody Agreement No. S/2017/00380	Raiffeisen Bank International AG	10. January 2018	Custody contract
Banknote/precious metal trading agreement	Raiffeisen Bank International AG	1 February 2018	Adjustment of trading with banknotes and precious metals. Specification of transport responsibilities.
Statement of Work No. RBI-2018-Biometrics and Cryptography Consultancy-01	Raiffeisen Bank International AG	16 February 2018	Provision of Crypto & Biometric Competence Center Services
International Group Marketing Agreement	Raiffeisen Bank International AG	11 April 2018	Adjustment of marketing expenses
Letter of intent	Raiffeisen Bank International AG	18 April 2018	Participation in the joint project BCBS 239
Amendment of service agreement	Raiffeisen Bank International AG	10 June 2018	Provision of services under a service agreement
Service Level Agreement (GPS Operations) A Appendix 2 - Individual Agreement	Raiffeisen Bank International AG	26 June 2018	SLA - GPS operations and related data processing agreement pursuant to GDPR - Annex 2

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment of service agreement	Raiffeisen Bank International AG	23 July 2018	Addition of RAP maintenance and change of allocation key
FRAMEWORK SERVICE AGREEMENT In the Area of Information Technology S/2018/00280	Raiffeisen Bank International AG	27 July 2018	Master IT service agreement
Statement of Work	Raiffeisen Bank International AG	31 July 2018	SOW - project delivery to RBI group
Amendment to IT Service Description MIS Support and Maintenance	Raiffeisen Bank International AG	27 August 2018	Amendment to the current IT service contract - annual price increase
Amendment to IT Service Description Fraud Propensity Tool	Raiffeisen Bank International AG	27 August 2018	Amendment to the current IT service contract - annual price decrease
Amendment to IT Service Description Market Data Distribution	Raiffeisen Bank International AG	27 August 2018	Amendment to the current IT service contract - annual price decrease
Amendment to IT Service Description TIGER Operating	Raiffeisen Bank International AG	27 August 2018	Amendment to the current IT service contract - annual price increase
Amendment to IT Service Description GCPP Solution	Raiffeisen Bank International AG	27 August 2018	Amendment to the current IT service contract - annual price decrease
Service Level Agreement - Group Risk Controlling	Raiffeisen Bank International AG	29 August 2018	Provision of services / payment of contractual fees
Appointment of agent to accept service of process in England and Wales + Schedule 1	Raiffeisen Bank International AG	31 August 2018	Meeting the Intercontinental Exchange requirements for membership
IT Service Description: RBI/RBCZ-2018-Digital Services	Raiffeisen Bank International AG	26 September 2018	Provision of PSD2 services / payment of contractual fees
Master Participation Agreement	Raiffeisen Bank International AG	1 October 2018	Master agreement on setting mutual conditions
IT Service Description PGP Tool	Raiffeisen Bank International AG	7 November 2018	Master agreement for the provision of IT services - PGP Tool
IT Service Description Corporate Network International (CNI)	Raiffeisen Bank International AG	8 November 2018	Master agreement for the provision of IT services - CNI
Amendment of IT Service Description Midas Maintenance	Raiffeisen Bank International AG	8 November 2018	Amendment to the valid MIDAS Maintenance IT service agreement governing the annual service fee
Security Service Usage Agreement	Raiffeisen Bank International AG	4 December 2018	Contract consolidates and replaces valid IT security contracts (Online Banking Security Service + External Vulnerability Scan + Cyber Threat Intelligence Service)
Subordinated loan agreement - 75.000.000 EUR	Raiffeisen Bank International AG	10 December 2018	Subordinated Debt Contract
IT Statement of Work No. RBCZ-2018-RAP Centralized Research Distribution-01	Raiffeisen Bank International AG	28 December 2018	Implementation of Standardized Templates ("Economic update" & "Interest rate outlook") in Raiffeisen Research Application (RAP)
Service level agreement: Research	Raiffeisen Bank International AG	4 February 2019	Supply of defined researches / payment of contractual fees
Agreement on order processing in accordance with article 28 GDPR + Appendix 1	Raiffeisen Bank International AG	8 February 2019	GDPR agreement

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Service level agreement - GPS Operations	Raiffeisen Bank International AG	23 April 2019	Master agreement on the provision of GPS centre services / payment of contractual fees
Amendment No. 01/2019 to the Framework Service Level Agreement in the Area of IT	Raiffeisen Bank International AG	14 May 2019	Amendment No. 1 to Master agreement
IT Service Description GCPP Support and Maintenance	Raiffeisen Bank International AG	14 May 2019	Agreement stipulating the terms and conditions of GCPP service / payment of contractual fees
Amendment No. 01/2019 to the IT Service Description Fraud Propensity Tool	Raiffeisen Bank International AG	14 May 2019	Amendment No. 1 governing the Fraud Propensity Tool
Amendment No. 01/2019 to the IT Service Description RBCZ - 2016-MIS Support and Maintenance - 01	Raiffeisen Bank International AG	14 May 2019	Amendment modifying the services
Amendment No. 01/2019 of the IT Service Description RBI/RBCZ - 2018 - Digital Services	Raiffeisen Bank International AG	20 May 2019	Amendment to Master Agreement
IT Service Description T.I.G.E.R. Operating	Raiffeisen Bank International AG	22 May 2019	Service agreement / payment of contractual fees
Amendment No. 1/2019 to the Gartner for Technical Professional Usage Agreement	Raiffeisen Bank International AG	30 May 2019	Amendment governing database access
Service level agreement	Raiffeisen Bank International AG	1 June 2019	Master service agreement / payment of contractual fees
Service level agreement - Marketing	Raiffeisen Bank International AG	1 June 2019	Master service agreement / payment of contractual fees
Market Data Usage Agreement	Raiffeisen Bank International AG	14 June 2019	Agreement on contractual access to data and analyses / payment of contractual fees
Amendment No. 01/2019 to the Sublicense Agreement RBCZ-2015-SL Bank Fusion Midas-01	Raiffeisen Bank International AG	14 June 2019	Amendment No. 01/2019
Cost reimbursement agreement	Raiffeisen Bank International AG	19 June 2019	Provision of Blueprint services / payment of contractual fees
EUR 22.500.000 Subordinated loan agreement	Raiffeisen Bank International AG	24 June 2019	Subordinated Debt Contract
IT Service Description for PGP & POG	Raiffeisen Bank International AG	25 June 2019	PGP a POG service / payment of contractual fees
Security Service Usage Agreement	Raiffeisen Bank International AG	25 June 2019	Security Service Usage Agreement extension / payment of contractual fees
Framework agreement S/2019/00260	Raiffeisen Bank International AG	31 July 2019	Master agreement to replace original master agreements over time
Participation Certificate	Raiffeisen Bank International AG	28 August 2019	Risk participation
IT Service Description Midas Maintenance	Raiffeisen Bank International AG	3 September 2019	MIDAS system master agreement / payment of contractual fees
IT Service Description Archer Services	Raiffeisen Bank International AG	3 September 2019	Archer system master agreement / payment of contractual fees
Service level agreement: Contract Management System	Raiffeisen Bank International AG	6 September 2019	CMT system master agreement / payment of contractual fees



Legal act	Counterparty	Date concluded	Performance / Counter-performance
Placement Agreement	Raiffeisen Bank International AG	28 September 2019	Amendment to Master Agreement
Loro account maintenance agreement	Raiffeisen Bank International AG	30 September 2019	Account opening and maintenance agreement
Servicing Agreement	Raiffeisen Bank International AG	23 October 2019	Service agreement / payment of contractual fees
IT Project Contract - CPA Operation Optimization	Raiffeisen Bank International AG	5 November 2019	Agreement governing the CPA project / payment of contractual fees
Cost reimbursement agreement PRIIPS Trading Systems	Raiffeisen Bank International AG	5 November 2019	PRIIPS cost reimbursement / payment of contractual fees
Service level agreement: Procurement	Raiffeisen Bank International AG	6 November 2019	iProc system master agreement / payment of contractual fees
IT Project Contract - Project COAST	Raiffeisen Bank International AG	16 December 2019	Agreement governing the COAST project / payment of contractual fees
Amendment No. 01/2019 to the cost reimbursement agreement PRIIPS Trading Systems	Raiffeisen Bank International AG	30 December 2019	Amendment / adjustment to financial performance
Project MIS Reporting Layer Implementation IT Project Contract	Raiffeisen Bank International AG	30 December 2019	Service agreement / payment of contractual fees
Statement of Work No. RBI-2020-Source Code Review Consultancy-01	Raiffeisen Bank International AG	31 December 2019	Supply of source code review from RBCZ to RBI / payment of contractual fees
Participation Certificate	Raiffeisen Bank International	30 January 2020	Risk participation
Termination Notice of Service Description: RBCZ-2017-Raiffeisen International Access HUB	Raiffeisen Bank International	4 February 2020	Termination of RBCZ-2017-Raiffeisen International Access HUB
Termination Notice of Service Description: RBCZ-2016-LOTUS NOTES DOMINO HUB	Raiffeisen Bank International AG	4 February 2020	Termination of RBCZ-2016-LOTUS NOTES DOMINO HUB
Termination Notice of Service Description: RBCZ-2017-LOTUS NOTES DOMINO HUB	Raiffeisen Bank International AG	4 February 2020	Termination of RBCZ-2017-LOTUS NOTES DOMINO HUB
IT Service Description Cloud Access Security Broker	Raiffeisen Bank International AG	14 April 2020	Master agreement for Cloud Access Security Broker service / payment of contractual fees
Statement of work - Voice of Employee	Raiffeisen Bank International AG	20 May 2020	Supply of Voice of Employee service / payment of contractual fees
Amendment No. 01/2020 to the IT Service Description RBCZ-2019-PGP/POG Tool-01	Raiffeisen Bank International AG	6 June 2020	Amendment to IT Service Description / payment of contractual fees
Service level agreement - GPS Operations	Raiffeisen Bank International AG	25 June 2020	GPS system master agreement / payment of contractual fees
Service level agreement - GPS Operations	Raiffeisen Bank International AG	2 July 2020	GPS system master agreement / payment of contractual fees
Amendment No. 01/2020 to the IT Service Description RBCZ-2019-Midas Maintenance-01	Raiffeisen Bank International AG	3 July 2020	Amendment to IT Service Description / payment of contractual fees
Amendment No. 01/2020 to the IT Service Description RBCZ-2016-Fraud Propensity Tool-01	Raiffeisen Bank International AG	6 July 2020	Amendment to IT Service Description / payment of contractual fees

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment No. 01/2020 to the IT Service Description RBCZ-2019-TIGER Operating-01	Raiffeisen Bank International AG	6 July 2020	Amendment to IT Service Description / payment of contractual fees
Amendment No. 01/2020 to the Usage Agreement RBCZ-2019-Security Services Usage Agreement-01	Raiffeisen Bank International AG	6 July 2020	Amendment to the Usage Agreement / payment of contractual fees
Amendment No. 01/2020 to the IT Service Description RBCZ-2016-Archer Services-01	Raiffeisen Bank International AG	21 July 2020	Amendment to IT Service Description / payment of contractual fees
Amendment No. 01/2020 to the Usage Agreement RBCZ-2019-Market Data Usage Agreement-01	Raiffeisen Bank International AG	21 July 2020	Amendment to the Usage Agreement / payment of contractual fees
Service level agreement M&A	Raiffeisen Bank International AG	22 July 2020	Contract for the provision of consulting services / payment of contractual fees
Statement of work - GPS RSC implementation	Raiffeisen Bank International AG	13 August 2020	Master agreement - Learning management module implementation / payment of contractual fees
Amendment No. 01/2020 to the Framework Service Agreement In the Area of Information Technology	Raiffeisen Bank International AG	15 September 2020	Amendment to Master Agreement
IT Service Level Agreement: RBI/RBCZ-2020-Advanced Data Lake	Raiffeisen Bank International AG	17 September 2020	Master service agreement
Participation Certificate	Raiffeisen Bank International AG	5 October 2020	Risk participation
Amendment No. 01/2020 to the IT Service Description RBCZ-2019-GCPP Support and Maintenance-01	Raiffeisen Bank International AG	7 October 2020	Amendment to IT Service Description / payment of contractual fees
EUR 24. 000. 000 Subordinated Loan Agreement	Raiffeisen Bank International AG	16 November 2020	Subordinated Debt Contract
Service level agreement - HO - Charges	Raiffeisen Bank International AG	10 December 2020	Service agreement / payment of contractual fees

## RLB OÖ Sektorholding GmbH

Legal act	Counterparty	Date concluded	Performance / Counter-performance
EUR 30. 000. 000 Subordinated Unsecured Additional Tier 1 Certificates with Temporary Write-down	RLB OÖ Sektorholding GmbH	18 November 2019	Subordinated Debt Contract
EUR 30. 000. 000 Subordinated Unsecured Additional Tier 1 Certificates with Temporary Write-down	RLB OÖ Sektorholding GmbH	16 November 2020	Subordinated Debt Contract

## Raiffeisen Bausparkassen Holding GmbH

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Share purchase agreement	Raiffeisen Bausparkassen Holding GmbH	9 September 2020	Agreement to buy shares of Raiffeisen stavební spořitelna a.s. / payment of purchase price

## Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Agreement on the terms of the temporary secondment of employees for the purpose of performing work	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	3 January 1994	Secondment of experts for the temporary performance of work in order to strengthen cooperation
Contract for the provision of consulting services	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	4 January 2002	Contract for the provision of consulting services / payment of contractual fees
Amendment No. 1 to the Agreement on the terms of the temporary secondment of employees for the purpose of performing work	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	5 January 2004	Change of contractual terms
Amendment No. 1 to Contract for the provision of consulting services	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	3 January 2005	Change of contractual terms (fee)
Amendment No. 2 to Contract for the provision of consulting services	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	4 January 2006	Change of contractual terms (fee)
Amendment No. 3 to Contract for the provision of consulting services	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	3 January 2007	Change of contractual terms (fee)
Intercreditor Agreement	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	18 May 2010	Agreement among creditors – Biocel Paskov, a.s.
Shareholder's undertaking	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	18 May 2010	Agreement among shareholders – Biocel Paskov, a.s.
MultiCash Transfer Service Level Agreement	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	16 October 2010	Communication between RBCZ and RLBOOE through the MultiCash system – receipt of client payment orders
Bank guarantee – VOG, s.r.o.	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	10 August 2012	Bank guarantee
Participation Certificate No. NDP/0004/NCRAM/01/24313246	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	29 July 2016	Agrovation Kněžmost k.s. - risk participation
Agreement on the agreement on the terms of the temporary secondment of employees for the purpose of performing work	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	7 November 2016	Agreement on the temporary secondment of a specific employees – Large Corp, extension for one year
Amendment No. 16 to Bank Guarantee No. 501.569 (efko cz s. r.o.)	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	1 December 2017	100% bank guarantee for an operating loan
Collateral Guarantee – BPS Bicycle Industrial s.r.o.	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	25 January 2017	Collateral Guarantee
Amendment No. 11 to Bank Guarantee No. 906.408 (ARMA BAU s.r.o.)	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	22 February 2017	100% bank guarantee for an operating loan
Amendment No. 11 to Participation Certificate No. 021006/2009 (HABAU CZ s.r.o.)	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	30 March 2017	100% risk participation

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment No. 16 to Participation Certificate No. 020950/2007 (Intersport ČR s.r.o.)	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	30 May 2017	100% risk participation
Amendment No. 14 to Participation Certificate No. 10 (PERAPLAS ČESKO s.r.o.)	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	8 June 2017	100% risk participation
Amendment No. 1 to NDP/0004/NCRAM/01/24313246	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	30 June 2017	Amendment No. 1 to Agrovation Kněžmost k.s. - risk participation
Agreement on the terms of the temporary secondment of employees for the purpose of performing work	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	9 October 2017	Secondment of experts for the temporary performance of work in order to strengthen cooperation
EUR 25. 000. 000 Subordinated loan agreement	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	11 December 2018	Subordinated Debt Contract
Eighteenth Amended Participation Certificate No. 020950/2007	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	7 May 2019	Contract amendment
EUR 7. 500. 000 Subordinated loan agreement	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	24 June 2019	Subordinated Debt Contract
Confidentiality agreement	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	16 January 2020	Non-Disclosure Agreement
Nineteenth Amended Participation Certificate No. 020950/2007	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	29 May 2020	Contract amendment
Fourth Amended Participation Certificate No. NDP/0004/NCRAM/01/24313246	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	29 June 2020	Amendment No. 4 to agreement
EUR 8. 000. 000 Subordinated loan agreement	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	18 November 2020	Subordinated Debt Contract
Änderung Nr. 19 zu Kreditbesicherungsgarantie Nr. 501.569	Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	31 December 2020	Contract amendment

In addition to the contracts referred to above, the Bank and the controlling entities entered into other bank transactions in the course of 2020, predominantly loans and borrowings in the money market, guarantees and counter-guarantees, and fixed-term transactions, under which the Bank received or paid interest and fees.

In the reporting period, the controlled entity received or provided no other performance or counter-performance in the interest or at the instigation of the controlling entity or entities controlled by the controlling entity outside the scope of performance or counter-performance, which is customary within the controlled entity's relations with the controlling entity as the shareholder of the controlled entity.

## 4.2 List of Contracts with Other Related Parties

In the 2020 reporting period, Raiffeisenbank a.s. had relations with the following related parties:

### Raiffeisen stavební spořitelna a.s.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Account opening request	Raiffeisen stavební spořitelna a.s.	15 December 1993	Opening an account
Current account opening and maintenance agreement	Raiffeisen stavební spořitelna a.s.	13 June 2000	Opening and maintenance of a current account
Current investment account opening agreement	Raiffeisen stavební spořitelna a.s.	2 October 2001	Opening of a current investment account
Agreement to issue a payment card	Raiffeisen stavební spořitelna a.s.	11 December 2002	Payment card issue and maintenance
Agreement to mediate purchase and sale of securities, settlement of securities transactions and management of securities + Annexes 1-5	Raiffeisen stavební spořitelna a.s.	10 April 2007	Acting as intermediary in purchase and sale of securities, settlement of securities transactions and management of securities
Confidentiality and personal data processing agreement	Raiffeisen stavební spořitelna a.s.	29 September 2011	Non-Disclosure Agreement
Treasury Master Agreement	Raiffeisen stavební spořitelna a.s.	29 February 2012	Agreement on rights and obligations related to transactions in the financial market
Personal Data Processing and Confidentiality Agreement and agreement on certain other arrangements	Raiffeisen stavební spořitelna a.s.	5 April 2012	Agreement on the processing of personal data and confidentiality as part of mutual business cooperation
Amendment No. 1 to the Agreement to mediate purchase and sale of securities, settlement of securities transactions and management of securities of 10 April 2007	Raiffeisen stavební spořitelna a.s.	25 September 2013	Change of contractual terms
Direct Banking Service Agreement	Raiffeisen stavební spořitelna a.s.	15 November 2013	Agreement on direct banking services / payment of contractual fees
Agreement to Provide X-business Internet Banking Services	Raiffeisen stavební spořitelna a.s.	3 February 2015	X-business internet banking / payment of contractual fees
Agreement to issue a debit card	Raiffeisen stavební spořitelna a.s.	18 January 2017	Payment card issue and maintenance
Sales representation agreement	Raiffeisen stavební spořitelna a.s.	24 September 2018	Sales representation agreement
Annex 1 "Product Specifications and Specific Conditions for its Offering - Personal Account" to the Sales representation agreement of 24 September 2018	Raiffeisen stavební spořitelna a.s.	24 September 2018	Change of contractual terms
Tip brokerage agreement	Raiffeisen stavební spořitelna a.s.	10 October 2018	Brokerage agreement
Call centre service agreement	Raiffeisen stavební spořitelna a.s.	12 November 2018	Provision of call centre services
Agreement to issue a debit card	Raiffeisen stavební spořitelna a.s.	26 November 2018	Request to issue a debit card

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment No. 1 to the Sales representation agreement of 24 September 2018	Raiffeisen stavební spořitelna a.s.	31 January 2019	Amendment to the sales representation agreement / contractual fee
Cooperation agreement No. S/2019/00126	Raiffeisen stavební spořitelna a.s.	29 March 2019	Agreement on cooperation in joint campaign / contractual fee
Amendment No. 1 to the Tip brokerage agreement of 10 October 2018	Raiffeisen stavební spořitelna a.s.	30 April 2019	Amendment No. 1 to the Tip brokerage agreement
Amendment No. 2 to the Sales representation agreement of 24 September 2018	Raiffeisen stavební spořitelna a.s.	13 May 2019	Amendment to the sales representation agreement / contractual fee
Amendment No. 3 to the Sales representation agreement of 24 September 2018	Raiffeisen stavební spořitelna a.s.	14 May 2019	Amendment to the Sales representation agreement
Agreement to issue a debit card	Raiffeisen stavební spořitelna a.s.	17 July 2019	Payment card issue and maintenance
Amendment No. 4 to the Sales representation agreement of 24 September 2018	Raiffeisen stavební spořitelna a.s.	24 October 2019	Amendment to the sales representation agreement / contractual fee
Amendment No. 2 to the Tip brokerage agreement of 10 October 2018	Raiffeisen stavební spořitelna	18 November 2019	Amendment No. 2 to the Tip brokerage agreement
Agreement to accede to insurance	Raiffeisen stavební spořitelna a.s.	4 December 2019	Agreement to accede to insurance / contractual fee
Agreement to issue a debit card	Raiffeisen stavební spořitelna a.s.	17 December 2019	Request to issue a debit card
Amendment No. 5 to the Sales representation agreement of 24 September 2018	Raiffeisen stavební spořitelna a.s.	3 January 2020	Amendment to the sales representation agreement / contractual fee
Amendment No. 6 to the Sales representation agreement of 24 September 2018	Raiffeisen stavební spořitelna a.s.	28 February 2020	Amendment to the sales representation agreement / contractual fee
Amendment No. 7 to the Sales representation agreement of 24 September 2018	Raiffeisen stavební spořitelna a.s.	18 March 2020	Amendment to the sales representation agreement / contractual fee
Agreement to issue a debit card	Raiffeisen stavební spořitelna a.s.	26 June 2020	Payment card issue and maintenance
Agreement to issue a debit card	Raiffeisen stavební spořitelna a.s.	10 July 2020	Payment card issue and maintenance
Agreement to issue a debit card	Raiffeisen stavební spořitelna a.s.	10 July 2020	Payment card issue and maintenance
Cooperation agreement S/2020/00099	Raiffeisen stavební spořitelna a.s.	5 August 2020	Cooperation agreement - call centre / contractual fee
Amendment No. 8 to the Sales representation agreement of 24 September 2018	Raiffeisen stavební spořitelna a.s.	20 August 2020	Amendment to the sales representation agreement / contractual fee
Cooperation agreement S/2020/00191	Raiffeisen stavební spořitelna a.s.	15 October 2020	Cooperation agreement - call centre / contractual fee
Non-Disclosure Agreement CDR10722	Raiffeisen stavební spořitelna a.s.	21 October 2020	Confidentiality Agreement
Confidentiality Agreement CDR11028	Raiffeisen stavební spořitelna a.s.	23 November 2020	Confidentiality Agreement

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Personal Data Processing Agreement CDR11031	Raiffeisen stavební spořitelna a.s.	23 November 2020	Personal Data Processing Agreement

### KONEVOVA s.r.o.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Current account opening and maintenance agreement	KONEVOVA s.r.o.	3 December 1996	Maintenance of a current account in CZK / payment of contractual fees

In 2015, Raiffeisenbank a.s. connected accounts to the X-business installation for the following companies: KONEVOVA s.r.o. and Raiffeisen stavební spořitelna a.s. No changes were made in 2020.

### Raiffeisen – Leasing, s.r.o.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Contract for the Sublease of Non-Residential Premises	Raiffeisen – Leasing, s.r.o.	28 August 2008	Sublease of non-residential premises / payment of rent
Amendment no. 1 to the Contract on the Sublease of Non-Residential Premises of 28 August 2008	Raiffeisen – Leasing, s.r.o.	15 June 2009	Change of contractual terms
Amendment no. 2 to the Contract on the Sublease of Non-Residential Premises of 28 August 2008	Raiffeisen – Leasing, s.r.o.	1 December 2009	Change of contractual terms
Cooperation agreement	Raiffeisen – Leasing, s.r.o.	13 December 2010	Definition of mutual cooperation in the provision of payment cards / payment of contractual commission
Amendment no. 3 to the Contract on the Sublease of Non-Residential Premises of 28 August 2008	Raiffeisen – Leasing, s.r.o.	28 March 2011	Change of contractual terms
Loan agreement	Raiffeisen – Leasing, s.r.o.	28 March 2011	Provision of a loan / payment of contractual interest
Agreement on automatic balance transfers	Raiffeisen – Leasing, s.r.o.	28 April 2011	Cash pooling
Risk Management Cooperation Agreement	Raiffeisen – Leasing, s.r.o.	11 July 2011	Provision of credit risk analyses / payment of fees and costs according to the contract
Account agreement	Raiffeisen – Leasing, s.r.o.	21 July 2011	Agreement to open special accounts for clients of Raiffeisen-Leasing, s.r.o.
Account agreement	Raiffeisen – Leasing, s.r.o.	8 August 2011	Agreement to open special accounts for clients of Raiffeisen-Leasing, s.r.o.
Account agreement	Raiffeisen – Leasing, s.r.o.	11 July 2011	Agreement to open special accounts for clients of Raiffeisen-Leasing, s.r.o.
Treasury Master Agreement	Raiffeisen – Leasing, s.r.o.	20 February 2012	Agreement on rights and obligations related to transactions in the financial market
Personal Data Processing and Confidentiality Agreement	Raiffeisen – Leasing, s.r.o.	1 March 2012	Agreement on the processing of personal data and confidentiality as part of mutual business cooperation
Amendment No. 1 to the Risk Management Cooperation Contract of 11 July 2011	Raiffeisen – Leasing, s.r.o.	13 April 2012	Change of contractual terms

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment no. 4 to the Contract on the Sublease of Non-Residential Premises of 28 August 2008	Raiffeisen – Leasing, s.r.o.	29 June 2012	Change of contractual terms
Agreement on Cooperation in Client Data Exchange	Raiffeisen – Leasing, s.r.o.	6 August 2012	Stipulation of rights and obligations in exchanging data for the purpose of business cooperation
Agreement on FTP Access	Raiffeisen – Leasing, s.r.o.	6 August 2012	Agreement on the use of a server for mutual exchange of data
Loan Contract No. 110157/2012/01	Raiffeisen – Leasing, s.r.o.	27 September 2012	Provision of a credit limit / payment of contractual interest
Amendment No. 1 to Loan Contract No. 110157/2012/01 of 27 September 2012	Raiffeisen – Leasing, s.r.o.	16 November 2012	Change of contractual terms
Amendment No. 1 to the Agreement on Cooperation in Client Data Exchange S/2012/02973	Raiffeisen – Leasing, s.r.o.	27 March 2013	Stipulation of rights and obligations of contracting parties in exchanging information
Non-exclusive sales representation agreement	Raiffeisen – Leasing, s.r.o.	18 April 2013	Stipulation of rights and obligations under non-exclusive sales representation / payment of contractual commissions
Amendment no. 5 to the Contract on the Sublease of Non-Residential Premises	Raiffeisen – Leasing, s.r.o.	28 June 2013	Change of contractual terms / payment of rent
Agreement on Cooperation and Provision of Information Systems and Technology Services	Raiffeisen – Leasing, s.r.o.	14 February 2014	Provision of information systems and technology services / payment of agreed remuneration
Amendment No. 6 to the Contract on the Sublease of Non-Residential Premises	Raiffeisen – Leasing, s.r.o.	11 February 2014	Amendment No. 6 to the Contract on the Sublease of Non-Residential Premises
Amendment no. 7 to the Contract on the Sublease of Non-Residential Premises	Raiffeisen – Leasing, s.r.o.	24 November 2014	Amendment no. 7 to the Contract on the Sublease of Non-Residential Premises
Master service agreement	Raiffeisen - Leasing, s.r.o.	14 January 2015	Provision of payroll accounting and registry services / payment of contractual fees
Amendment No. 12 to Loan Contract No. 110157/2012/01 of 27 September 2012	Raiffeisen - Leasing, s.r.o.	21 April 2015	Provision of a credit limit / payment of contractual interest
Agreement on risk participation and the provision of a special-purpose loan	Raiffeisen - Leasing, s.r.o.	15 May 2015	Agreement on risk participation and the provision of a special-purpose loan / payment of instalments and the participation share
Amendment No. 13 to Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	22 June 2015	Provision of a credit limit / payment of contractual interest
Escrow Account Contract	Raiffeisen - Leasing, s.r.o.	24 June 2015	Opening and maintenance of an escrow account
Amendment No. 1 to Escrow Account Contract	Raiffeisen - Leasing, s.r.o.	14 July 2015	Opening and maintenance of an escrow account
Limit approval – review of the loan and treasury line including its extension and increase	Raiffeisen - Leasing, s.r.o.	27 July 2015	Limit approval – review of the loan and treasury line including its extension and increase
Amendment No. 15 to Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	29 July 2015	Provision of a credit limit / payment of contractual interest



Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment No. 14 to Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	31 July 2015	Provision of a credit limit / payment of contractual interest
Amendment No. 16 to Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	17 August 2015	Provision of a credit limit / payment of contractual interest
Contract on the opening and maintenance of account No. 5170012066 (EUR)	Raiffeisen - Leasing, s.r.o.	24 August 2015	Account opening and maintenance
Master Agreement - RB car fleet management	Raiffeisen - Leasing, s.r.o.	30 September 2015	RB car fleet management / payment of contractual fees
Amendment No. 17 to Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	30 September 2015	Provision of a credit limit / payment of contractual interest
Amendment No. 1 to the Non-exclusive sales representation agreement	Raiffeisen - Leasing, s.r.o.	29 October 2015	Sales representation / payment of contractual commissions
Contract on the opening and maintenance of account No. 5170012293 (EUR)	Raiffeisen - Leasing, s.r.o.	26 November 2015	Account opening and maintenance
Master agreement on risk participation and the provision of special-purpose loans	Raiffeisen - Leasing, s.r.o.	30 November 2015	Risk participation
Agreement on Cooperation in Compliance, Fraud Risk Management, Information Security and Physical Security	Raiffeisen - Leasing, s.r.o.	28 December 2015	Cooperation in the area of Compliance & Security / payment of contractual remuneration
Liability participation agreement S/2016/00211	Raiffeisen - Leasing, s.r.o.	4 January 2016	Participation in the liability of CEEC Research, s.r.o. / payment of the contractual amount
Agreement on Communication via the JIRA Application	Raiffeisen - Leasing, s.r.o.	21 March 2016	Inserting comments on audit tasks in the Follow Up Internal Audit Application in JIRA
Agreement on Confidentiality and Protection of Personal Data	Raiffeisen - Leasing, s.r.o.	25 November 2016	Personal Data Processing and Confidentiality Agreement and agreement on certain other arrangements
Amendment No. 18 to Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	29 April 2016	Provision of a credit limit / payment of contractual interest
Amendment No. 19 to Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	6 June 2016	Provision of a credit limit / payment of contractual interest
Amendment No. 20 to Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	17 June 2016	Provision of a credit limit / payment of contractual interest
Amendment No. 21 to Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	29 July 2016	Provision of a credit limit / payment of contractual interest
Risk Participation Agreement Reg. No. PD/61467863/01/2016	Raiffeisen - Leasing, s.r.o.	23 June 2016	Risk participation / payment of contractual interest
Lease Contract No. 5019000614 - 5019000626	Raiffeisen - Leasing, s.r.o.	1 March 2016	Provision of lease / payment of contractual interest
Lease Contract No. 5019000631 - 5019000646 (632 terminated as of 30 April 2020)	Raiffeisen - Leasing, s.r.o.	1 March 2016	Provision of lease / payment of contractual interest
Lease Contract No. 5019000533	Raiffeisen - Leasing, s.r.o.	1 March 2016	Provision of lease / payment of contractual interest

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Lease Contract No. 5019000500	Raiffeisen - Leasing, s.r.o.	1 March 2016	Provision of lease / payment of contractual interest
Lease Contract No. 5019000613	Raiffeisen - Leasing, s.r.o.	13 April 2016	Provision of lease / payment of contractual interest
Lease Contract No. 5019000612	Raiffeisen - Leasing, s.r.o.	14 April 2016	Provision of lease / payment of contractual interest
Lease Contract No. 5019000627 - 5019000630	Raiffeisen - Leasing, s.r.o.	15 April 2016	Provision of lease / payment of contractual interest
Lease Contract No. 5019001268 - 5019001269 (terminated as of 30 April 2020)	Raiffeisen - Leasing, s.r.o.	30 August 2016	Provision of lease / payment of contractual interest
Lease Contract No. 5019001265 - 5019001267	Raiffeisen - Leasing, s.r.o.	17 October 2016	Provision of lease / payment of contractual interest
Lease Contract No. 5019001272 - 5019001273 (terminated as of 30 April 2020)	Raiffeisen - Leasing, s.r.o.	17 October 2016	Provision of lease / payment of contractual interest
Lease Contract No. 5019001256 - 5019001264	Raiffeisen - Leasing, s.r.o.	23 September 2016	Provision of lease / payment of contractual interest
Lease Contract No. 5019001270 - 5019001271 (terminated as of 30 April 2020)	Raiffeisen - Leasing, s.r.o.	23 September 2016	Provision of lease / payment of contractual interest
Lease Contract No. 5019001274	Raiffeisen - Leasing, s.r.o.	23 September 2016	Provision of lease / payment of contractual interest
Sub-license agreement	Raiffeisen - Leasing, s.r.o.	9 September 2016	Definition of the right to registered trademarks / payment of a contractual fee
Amendment No.1 to the Liability Participation Agreement	Raiffeisen - Leasing, s.r.o.	7 November 2016	Extension of the contractual relationship for 2017
Amendment no. 8 to the Contract on the Sublease of Non-Residential Premises	Raiffeisen - Leasing, s.r.o.	16 December 2016	Change of the subject of the sublease / change of rent
Amendment No. 2 to the Risk Management Cooperation Contract of 11 July 2011	Raiffeisen - Leasing, s.r.o.	22 December 2016	Amendment to Appendix No. 1 to the Contract
Confidentiality Agreement in Czech/English	Raiffeisen - Leasing, s.r.o.	31 January 2017	Rules governing the disclosure, use and protection of confidential information
Amendment No. 2 to the Non-exclusive sales representation agreement	Raiffeisen - Leasing, s.r.o.	15 February 2017	Sales representation / payment of contractual commissions
Contract for the provision of outsourced internal audit services	Raiffeisen - Leasing, s.r.o.	23 February 2017	Provision of the internal audit function for a subsidiary / payment of a contractual fee
Agreement on risk participation and the provision of a special-purpose loan (SEVEROTISK, s.r.o.)	Raiffeisen - Leasing, s.r.o.	11 August 2017	Risk participation / payment of contractual interest
Agreement on risk participation and the provision of a special-purpose loan No. NDP/0001//01/29058481	Raiffeisen - Leasing, s.r.o.	17 August 2017	Lease participation of the client - FRAIKIN ČESKÁ REPUBLIKA, S.R.O. / payment of contractual interest
Electronic Banking Agreement	Raiffeisen - Leasing, s.r.o.	25 August 2017	Installation of the international e-Banking system (MultiCash 3.2) / payment of contractual fees

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment No.2 to the Liability Participation Agreement	Raiffeisen - Leasing, s.r.o.	1 December 2017	Extension of the contractual relationship for 2018
Amendment No. 1 to the Master agreement on risk participation and the provision of special-purpose loans	Raiffeisen - Leasing, s.r.o.	12 December 2017	Change of contractual terms
Lease Contract No. 5019002624	Raiffeisen - Leasing, s.r.o.	20 December 2017	Provision of lease / payment of contractual interest
Lease Contract No. 5019002625	Raiffeisen - Leasing, s.r.o.	20 December 2017	Provision of lease / payment of contractual interest
Lease Contract No. 5019002626	Raiffeisen - Leasing, s.r.o.	20 December 2017	Provision of lease / payment of contractual interest
Agreement on risk participation and the provision of a special-purpose loan (BENTELEK Automotive Klášťerec, s.r.o.)	Raiffeisen - Leasing, s.r.o.	28 December 2017	Risk participation / payment of contractual interest
Amendment No. 1 to the Agreement on risk participation and the provision of a special-purpose loan	Raiffeisen - Leasing, s.r.o.	25 January 2018	Change of contractual terms
Lease Contract No. 5019002659	Raiffeisen - Leasing, s.r.o.	25 January 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019002660	Raiffeisen - Leasing, s.r.o.	25 January 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019002661	Raiffeisen - Leasing, s.r.o.	25 January 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019002662	Raiffeisen - Leasing, s.r.o.	25 January 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019002663	Raiffeisen - Leasing, s.r.o.	25 January 2018	Provision of lease / payment of contractual interest
Agreement on risk participation and the provision of a special-purpose loan	Raiffeisen - Leasing, s.r.o.	1 February 2018	Risk participation / payment of contractual interest
Lease Contract No. 5019002668 (terminated as of 31 July 2020)	Raiffeisen - Leasing, s.r.o.	1 March 2018	Provision of lease / payment of contractual interest
Agreement on risk participation and the provision of a special-purpose loan	Raiffeisen - Leasing, s.r.o.	27 March 2018	Risk participation / payment of contractual interest
Master service agreement and Annexes 1-9	Raiffeisen - Leasing, s.r.o.	28 March 2018	Outsourcing some RLCZ services to RBCZ
Lease Contract No. 5019002667	Raiffeisen - Leasing, s.r.o.	29 March 2018	Provision of lease / payment of contractual interest
Amendment No. 3 to the Non-exclusive sales representation agreement	Raiffeisen - Leasing, s.r.o.	3 April 2018	Change of contractual terms
Lease Contract No. 5019002671	Raiffeisen - Leasing, s.r.o.	30 April 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019002672	Raiffeisen - Leasing, s.r.o.	30 April 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019002706 (terminated as of 31 July 2020)	Raiffeisen - Leasing, s.r.o.	30 April 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019002666	Raiffeisen - Leasing, s.r.o.	30 April 2018	Provision of lease / payment of contractual interest

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Lease Contract No. 5019002955	Raiffeisen - Leasing, s.r.o.	11 May 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019003006	Raiffeisen - Leasing, s.r.o.	15 May 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019002669	Raiffeisen - Leasing, s.r.o.	15 May 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019002907	Raiffeisen - Leasing, s.r.o.	29 May 2018	Provision of lease / payment of contractual interest
Amendment no. 9 to the Contract on the Sublease of Non-Residential Premises of 28 August 2008	Raiffeisen - Leasing, s.r.o.	1 July 2018	Sublease of non-residential premises
Agreement on risk participation and the provision of a special-purpose loan No. 7108001799	Raiffeisen - Leasing, s.r.o.	11 July 2018	Risk participation / payment of contractual interest
Agreement on risk participation and the provision of a special-purpose loan No. 7108001800	Raiffeisen - Leasing, s.r.o.	11 July 2018	Risk participation / payment of contractual interest
Agreement on risk participation and the provision of a special-purpose loan No. 7108001801	Raiffeisen - Leasing, s.r.o.	12 July 2018	Risk participation / payment of contractual interest
Lease Contract No. 5019002952	Raiffeisen - Leasing, s.r.o.	20 July 2018	Provision of lease / payment of contractual interest
Amendment No. 1 to the Agreement on risk participation and the provision of a special-purpose loan No. 7108001800	Raiffeisen - Leasing, s.r.o.	27 July 2018	Change of contractual terms
Lease Contract No. 5019003260	Raiffeisen - Leasing, s.r.o.	28 August 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019003355	Raiffeisen - Leasing, s.r.o.	28 August 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019003354	Raiffeisen - Leasing, s.r.o.	28 August 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019003352	Raiffeisen - Leasing, s.r.o.	28 August 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019003351	Raiffeisen - Leasing, s.r.o.	28 August 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019002900	Raiffeisen - Leasing, s.r.o.	28 August 2018	Provision of lease / payment of contractual interest
Amendment No. 2 to the Agreement on risk participation and the provision of a special-purpose loan	Raiffeisen - Leasing, s.r.o.	19 September 2018	Change of contractual terms
Amendment No. 4 to the Non-exclusive sales representation agreement	Raiffeisen - Leasing, s.r.o.	1 October 2018	Change of contractual terms
Lease Contract No. 5019003393	Raiffeisen - Leasing, s.r.o.	1 October 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019003394	Raiffeisen - Leasing, s.r.o.	1 October 2018	Provision of lease / payment of contractual interest
Amendment No. 25 to Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	18 October 2018	Provision of a credit limit / payment of contractual interest
Lease Contract No. 5019003395	Raiffeisen - Leasing, s.r.o.	1 November 2018	Provision of lease / payment of contractual interest

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Lease Contract No. 5019003396	Raiffeisen - Leasing, s.r.o.	1 November 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019003259	Raiffeisen - Leasing, s.r.o.	1 November 2018	Provision of lease / payment of contractual interest
Amendment No. 26 to Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	5 November 2018	Provision of a credit limit / payment of contractual interest
Amendment No. 2 to the Agreement on risk participation and the provision of a special-purpose loan No. 7108001800	Raiffeisen - Leasing, s.r.o.	21 November 2018	Change of contractual terms
Annex 10 to the Master service agreement	Raiffeisen - Leasing, s.r.o.	7 December 2018	Treasury services
Lease Contract No. 5019003613	Raiffeisen - Leasing, s.r.o.	11 December 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019003618	Raiffeisen - Leasing, s.r.o.	12 December 2018	Provision of lease / payment of contractual interest
Lease Contract No. 5019003586	Raiffeisen - Leasing, s.r.o.	13 December 2018	Provision of lease / payment of contractual interest
Personal Data Processing Agreement	Raiffeisen - Leasing, s.r.o.	14 December 2018	Personal Data Processing Agreement
Personal Data Processing Agreement	Raiffeisen - Leasing, s.r.o.	14 December 2018	Personal Data Processing Agreement
Amendment No. 27 to Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	17 December 2018	Provision of a credit limit / payment of contractual interest
Annex 11 to the Master service agreement - Market risk management services	Raiffeisen - Leasing, s.r.o.	1 January 2019	Annex 11 - Service specifications / payment of contractual fees
Lease Contract No. 5019003687	Raiffeisen - Leasing, s.r.o.	2 January 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019003731	Raiffeisen - Leasing, s.r.o.	17 January 2019	Provision of lease / payment of contractual interest
Amendment No. 2 to the Master agreement on risk participation and the provision of special-purpose loans, reg. No. PD/01/2015/61467863	Raiffeisen - Leasing, s.r.o.	28 January 2019	Change of contractual terms
Lease Contract No. 5019003842	Raiffeisen - Leasing, s.r.o.	26 February 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019003846	Raiffeisen - Leasing, s.r.o.	26 February 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019003845	Raiffeisen - Leasing, s.r.o.	26 February 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019003844	Raiffeisen - Leasing, s.r.o.	26 February 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019003843	Raiffeisen - Leasing, s.r.o.	26 February 2019	Provision of lease / payment of contractual interest
Amendment No. 3 to the Agreement on risk participation and the provision of a special-purpose loan	Raiffeisen - Leasing, s.r.o.	8 April 2019	Amendment No. 3
Amendment to the Master Financial Market Trading Agreement CMA/0001/APR405/02/61467863	Raiffeisen - Leasing, s.r.o.	17 April 2019	Amendment to the Master agreement - amendment to special provisions

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Lease Contract No. 5019004078	Raiffeisen - Leasing, s.r.o.	2 May 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004065	Raiffeisen - Leasing, s.r.o.	2 May 2019	Provision of lease / payment of contractual interest
Amendment No. 28 to Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	14 May 2019	Amendment to Loan Contract
Annex 12 to the Master service agreement - Client centre services	Raiffeisen - Leasing, s.r.o.	23 May 2019	Annex 1 - Service specifications / payment of contractual fees
Account opening and maintenance agreement No. 5170013966	Raiffeisen - Leasing, s.r.o.	10 June 2019	Account opening and maintenance
Account opening and maintenance agreement No. 5170013974	Raiffeisen - Leasing, s.r.o.	10 June 2019	Account opening and maintenance
Annex 13 to the Master service agreement - Operation risk management services	Raiffeisen - Leasing, s.r.o.	13 June 2019	Annex 13 - Service specifications / payment of contractual fees
Amendment No. 4 to the Agreement on risk participation and the provision of a special-purpose loan	Raiffeisen - Leasing, s.r.o.	13 June 2019	Amendment No. 4
Lease Contract No. 5019004191	Raiffeisen - Leasing, s.r.o.	17 June 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004197	Raiffeisen - Leasing, s.r.o.	12 July 2019	Provision of lease / payment of contractual interest
Account opening and maintenance agreement No. 5170014029	Raiffeisen - Leasing, s.r.o.	15 July 2019	Account opening and maintenance
Agreement on risk participation and the provision of a special-purpose loan LS/7008005192	Raiffeisen - Leasing, s.r.o.	21 August 2019	Risk participation and special-purpose loan
Lease Contract No. 5019004369	Raiffeisen - Leasing, s.r.o.	22 August 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004538	Raiffeisen - Leasing, s.r.o.	24 September 2019	Provision of lease / payment of contractual interest
Amendment No. 1 to Lease Contract No. 5019000419	Raiffeisen - Leasing, s.r.o.	26 September 2019	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019000393	Raiffeisen - Leasing, s.r.o.	26 September 2019	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019003006	Raiffeisen - Leasing, s.r.o.	26 September 2019	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019000395	Raiffeisen - Leasing, s.r.o.	26 September 2019	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019003586	Raiffeisen - Leasing, s.r.o.	26 September 2019	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019003613	Raiffeisen - Leasing, s.r.o.	26 September 2019	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002663	Raiffeisen - Leasing, s.r.o.	26 September 2019	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019000405	Raiffeisen - Leasing, s.r.o.	26 September 2019	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019000402	Raiffeisen - Leasing, s.r.o.	26 September 2019	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019000401	Raiffeisen - Leasing, s.r.o.	26 September 2019	Lease contract amendment

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Amendment No. 1 to Lease Contract No. 5019000396	Raiffeisen - Leasing, s.r.o.	26 September 2019	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019000398	Raiffeisen - Leasing, s.r.o.	26 September 2019	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002594	Raiffeisen - Leasing, s.r.o.	26 September 2019	Lease contract amendment
Amendment No. 5 to the Agreement on risk participation and the provision of a special-purpose loan	Raiffeisen - Leasing, s.r.o.	27 September 2019	Amendment No. 5 to the Agreement on risk participation and the provision of a special-purpose loan
Lease Contract No. 5019004490	Raiffeisen - Leasing, s.r.o.	1 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004491	Raiffeisen - Leasing, s.r.o.	1 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004492	Raiffeisen - Leasing, s.r.o.	1 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004539	Raiffeisen - Leasing, s.r.o.	7 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004244	Raiffeisen - Leasing, s.r.o.	11 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004245	Raiffeisen - Leasing, s.r.o.	11 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004243	Raiffeisen - Leasing, s.r.o.	11 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004370	Raiffeisen - Leasing, s.r.o.	11 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004241	Raiffeisen - Leasing, s.r.o.	11 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004242	Raiffeisen - Leasing, s.r.o.	11 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004246	Raiffeisen - Leasing, s.r.o.	16 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004247	Raiffeisen - Leasing, s.r.o.	21 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004248	Raiffeisen - Leasing, s.r.o.	21 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004249	Raiffeisen - Leasing, s.r.o.	21 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004250	Raiffeisen - Leasing, s.r.o.	21 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004258	Raiffeisen - Leasing, s.r.o.	21 October 2019	Provision of lease / payment of contractual interest
Account opening and maintenance agreement No. 5170014037	Raiffeisen - Leasing, s.r.o.	23 October 2019	Account opening and maintenance
Lease Contract No. 5019004259	Raiffeisen - Leasing, s.r.o.	23 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004251	Raiffeisen - Leasing, s.r.o.	23 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004252	Raiffeisen - Leasing, s.r.o.	23 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004264	Raiffeisen - Leasing, s.r.o.	24 October 2019	Provision of lease / payment of contractual interest

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Lease Contract No. 5019004261	Raiffeisen - Leasing, s.r.o.	24 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004260	Raiffeisen - Leasing, s.r.o.	24 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004253	Raiffeisen - Leasing, s.r.o.	24 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004254	Raiffeisen - Leasing, s.r.o.	25 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004262	Raiffeisen - Leasing, s.r.o.	25 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004263	Raiffeisen - Leasing, s.r.o.	25 October 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004265	Raiffeisen - Leasing, s.r.o.	29 October 2019	Provision of a lease/payment of contractual interest
Agreement on risk participation and the provision of a special-purpose loan	Raiffeisen - Leasing, s.r.o.	29 October 2019	Risk participation and provision of a special-purpose loan
Lease Contract No. 5019004266	Raiffeisen - Leasing, s.r.o.	4 November 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004267	Raiffeisen - Leasing, s.r.o.	4 November 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004268	Raiffeisen - Leasing, s.r.o.	4 November 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004255	Raiffeisen - Leasing, s.r.o.	4 November 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004607	Raiffeisen - Leasing, s.r.o.	6 November 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004636	Raiffeisen - Leasing, s.r.o.	6 November 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004256	Raiffeisen - Leasing, s.r.o.	8 November 2019	Provision of lease / payment of contractual interest
Annex 14 to the Master agreement on personal data protection services	Raiffeisen - Leasing, s.r.o.	14 November 2019	Data Protection Officer / payment of fixed fee
Lease Contract No. 5019004375	Raiffeisen - Leasing, s.r.o.	19 November 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004371	Raiffeisen - Leasing, s.r.o.	19 November 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004372	Raiffeisen - Leasing, s.r.o.	19 November 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004373	Raiffeisen - Leasing, s.r.o.	19 November 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004374	Raiffeisen - Leasing, s.r.o.	19 November 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004269	Raiffeisen - Leasing, s.r.o.	19 November 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004270	Raiffeisen - Leasing, s.r.o.	19 November 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004257	Raiffeisen - Leasing, s.r.o.	19 November 2019	Provision of lease / payment of contractual interest
Agreement to discharge liability No. 5170012007	Raiffeisen - Leasing, s.r.o.	22 November 2019	Agreement to close account



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Amendment No. 1 to the Master service agreement S/2017/00498	Raiffeisen - Leasing, s.r.o.	26 November 2019	Amendment No. 1 to Master agreement
Agreement on risk participation and the provision of a special-purpose loan	Raiffeisen - Leasing, s.r.o.	26 November 2019	Trilateral agreement with Raiffeisen FinCorp, s.r.o. on risk participation and provision of a special-purpose loan
Lease Contract No. 5019004600	Raiffeisen - Leasing, s.r.o.	12 December 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004635	Raiffeisen - Leasing, s.r.o.	12 December 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004650	Raiffeisen - Leasing, s.r.o.	12 December 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004272	Raiffeisen - Leasing, s.r.o.	12 December 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004652	Raiffeisen - Leasing, s.r.o.	12 December 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004271	Raiffeisen - Leasing, s.r.o.	12 December 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004386	Raiffeisen - Leasing, s.r.o.	12 December 2019	Provision of lease / payment of contractual interest
Lease Contract No. 5019004425	Raiffeisen - Leasing, s.r.o.	12 December 2019	Provision of lease / payment of contractual interest
Agreement on risk participation and the provision of a special-purpose loan	Raiffeisen - Leasing, s.r.o.	23 December 2019	Risk participation and provision of a special-purpose loan
Agreement on risk participation and the provision of a special-purpose loan	Raiffeisen - Leasing, s.r.o.	23 December 2019	Risk participation and provision of a special-purpose loan
Lease Contract No. 5019004649	Raiffeisen - Leasing, s.r.o.	8 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004692	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004694	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004695	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004696	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004697	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004698	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 501900469	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004608	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004609	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004610	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004611	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest

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Lease Contract No. 5019004612	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004613	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004614	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004615	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004616	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004617	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004689	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004690	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004691	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004693	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004700	Raiffeisen - Leasing, s.r.o.	20 January 2020	Provision of lease / payment of contractual interest
Amendment No. 1 to Lease Contract No. 5019003355	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019003354	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019003352	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019003351	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019003731	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019004065	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019004191	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019004267	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002624	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002955	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002672	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002671	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002484	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002625	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment

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Amendment No. 1 to Lease Contract No. 5019002482	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002481	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002478	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019001273 (terminated as of 30 April 2020)	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019001270 (terminated as of 30 April 2020)	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019000646	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002669	Raiffeisen - Leasing, s.r.o.	24 January 2020	Lease contract amendment
Lease Contract No. 5019004701	Raiffeisen - Leasing, s.r.o.	6 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004702	Raiffeisen - Leasing, s.r.o.	6 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004703	Raiffeisen - Leasing, s.r.o.	6 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004704	Raiffeisen - Leasing, s.r.o.	6 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004705	Raiffeisen - Leasing, s.r.o.	6 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004706	Raiffeisen - Leasing, s.r.o.	6 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004707	Raiffeisen - Leasing, s.r.o.	6 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004708	Raiffeisen - Leasing, s.r.o.	6 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004709	Raiffeisen - Leasing, s.r.o.	6 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005106	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005107	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005108	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005109	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005110	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005111	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005112	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005095	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest

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Lease Contract No. 5019005136	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005096	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005097	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005098	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005099	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005100	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005101	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005102	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005103	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005104	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005105	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005113	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005114	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005115	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005116	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005117	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005118	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005119	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005120	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005121	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005122	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005123	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005124	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005125	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005126	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest

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Lease Contract No. 5019005127	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005128	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005129	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005130	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005131	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005132	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005133	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005134	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019005135	Raiffeisen - Leasing, s.r.o.	14 February 2020	Provision of lease / payment of contractual interest
Annex 7 to Master Service Agreement between Raiffeisenbank a.s. and Raiffeisen - Leasing a.s.	Raiffeisen - Leasing, s.r.o.	31 March 2020	Annex to the Master Agreement
Agreement on risk participation and the provision of a special-purpose loan, reg. No. 7168000018	Raiffeisen - Leasing, s.r.o.	8 April 2020	Agreement on risk participation and the provision of a special-purpose loan / payment of instalments and the participation share
Agreement to terminate Lease Contract No. 5019001268 - 5019001269	Raiffeisen - Leasing, s.r.o.	21 April 2020	Early termination of the lease contract
Agreement to terminate Lease Contract No. 5019000632	Raiffeisen - Leasing, s.r.o.	21 April 2020	Early termination of the lease contract
Agreement to terminate Lease Contract No. 5019000525, 526, 532	Raiffeisen - Leasing, s.r.o.	21 April 2020	Early termination of the lease contract
Amendment No. 1 to Lease Contract No. 5019000488	Raiffeisen - Leasing, s.r.o.	21 April 2020	Lease contract amendment
Agreement to terminate Lease Contract No. 5019001273	Raiffeisen - Leasing, s.r.o.	21 April 2020	Early termination of the lease contract
Agreement to terminate Lease Contract No. 5019001270	Raiffeisen - Leasing, s.r.o.	21 April 2020	Early termination of the lease contract
Agreement to terminate Lease Contract No. 5019001271	Raiffeisen - Leasing, s.r.o.	21 April 2020	Early termination of the lease contract
Agreement to terminate Lease Contract No. 5019001272	Raiffeisen - Leasing, s.r.o.	21 April 2020	Early termination of the lease contract
Agreement on risk participation and the provision of a special-purpose loan, reg. No. 7168000037	Raiffeisen - Leasing, s.r.o.	11 May 2020	Agreement on risk participation and the provision of a special-purpose loan / payment of instalments and the participation share
Agreement on risk participation and the provision of a special-purpose loan, reg. No. 7168000038	Raiffeisen - Leasing, s.r.o.	11 May 2020	Agreement on risk participation and the provision of a special-purpose loan / payment of instalments and the participation share

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Agreement on risk participation and the provision of a special-purpose loan, reg. No. 7168000052	Raiffeisen - Leasing, s.r.o.	11 May 2020	Agreement on risk participation and the provision of a special-purpose loan / payment of instalments and the participation share
Amendment No. 3 to the Master service agreement S/2017/00498	Raiffeisen - Leasing, s.r.o.	12 May 2020	Amendment to Master Agreement
Lease Contract No. 5019004920	Raiffeisen - Leasing, s.r.o.	9 June 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004921	Raiffeisen - Leasing, s.r.o.	10 June 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004924	Raiffeisen - Leasing, s.r.o.	10 June 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004925	Raiffeisen - Leasing, s.r.o.	10 June 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004923	Raiffeisen - Leasing, s.r.o.	18 June 2020	Provision of lease / payment of contractual interest
Lease Contract No. 5019004926	Raiffeisen - Leasing, s.r.o.	19 June 2020	Provision of lease / payment of contractual interest
Amendment No. 2 to the Agreement on Cooperation in Client Data Exchange S/2012/02973	Raiffeisen - Leasing, s.r.o.	24 June 2020	Amendment to the Cooperation agreement
Amendment No. 2 to the Master service agreement S/2017/00498	Raiffeisen - Leasing, s.r.o.	7 July 2020	Amendment to Master Agreement
Lease Contract No. 5019004922	Raiffeisen - Leasing, s.r.o.	21 July 2020	Provision of lease / payment of contractual interest
Agreement to terminate Lease Contract No. 5019002706	Raiffeisen - Leasing, s.r.o.	30 July 2020	Early termination of the lease contract
Agreement to terminate Lease Contract No. 5019002668	Raiffeisen - Leasing, s.r.o.	30 July 2020	Early termination of the lease contract
Amendment No. 1 to Lease Contract No. 5019003846	Raiffeisen - Leasing, s.r.o.	31 August 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002360	Raiffeisen - Leasing, s.r.o.	31 August 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002365	Raiffeisen - Leasing, s.r.o.	31 August 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002362	Raiffeisen - Leasing, s.r.o.	31 August 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002418	Raiffeisen - Leasing, s.r.o.	31 August 2020	Lease contract amendment
Amendment No. 1 to Lease Contract No. 5019002419	Raiffeisen - Leasing, s.r.o.	31 August 2020	Lease contract amendment
Amendment No. 10 to the Contract on the Sublease of Non-Residential Premises	Raiffeisen - Leasing, s.r.o.	8 September 2020	Amendment to the Sublease agreement
Agreement to terminate Lease Contract No. 5019000466	Raiffeisen - Leasing, s.r.o.	21 October 2020	Early termination of the lease contract
Agreement to terminate Lease Contract No. 5019000456	Raiffeisen - Leasing, s.r.o.	21 October 2020	Early termination of the lease contract
Agreement to terminate Lease Contract No. 5019000468	Raiffeisen - Leasing, s.r.o.	21 October 2020	Early termination of the lease contract

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Agreement to terminate Lease Contract No. 5019000454	Raiffeisen - Leasing, s.r.o.	21 October 2020	Early termination of the lease contract
Agreement to terminate Lease Contract No. 5019000463	Raiffeisen - Leasing, s.r.o.	21 October 2020	Early termination of the lease contract
Agreement to terminate Lease Contract No. 5019000472	Raiffeisen - Leasing, s.r.o.	21 October 2020	Early termination of the lease contract
Agreement to terminate Lease Contract No. 5019000494	Raiffeisen - Leasing, s.r.o.	21 October 2020	Early termination of the lease contract
Annex 15 to Master Service Agreement between Raiffeisenbank a.s. and Raiffeisen - Leasing s.r.o.	Raiffeisen - Leasing, s.r.o.	26 November 2020	Annex to the Master Agreement
Agreement to terminate Lease Contract No. 5019002667	Raiffeisen - Leasing, s.r.o.	30 November 2020	Early termination of the lease contract

In 2020, Raiffeisenbank a.s. was related to a total of 121 companies (see the list in Chapter 2) indirectly through Raiffeisen-Leasing, s.r.o. and Raiffeisen - Leasing Gesellschaft m.b. H., with which it concluded contracts for the opening and maintenance of a current account. On the basis of such contracts, it received standard contractual fees from and paid standard contractual interest to the companies. Also, Raiffeisenbank a.s. concluded contracts for the use of electronic banking, or authorisation to use electronic banking, with these companies, based on which it received standard contractual fees from the above companies. The bank has also concluded loan or lease contracts with some of the above companies, based on which it received current interest. Furthermore, Raiffeisenbank a.s. has several Treasury Master Agreements with these companies, the subject-matter of which is the provision of trades concluded on the money and capital markets and payment of contractual fees..

In 2016 and 2017, Raiffeisenbank a.s. connected accounts to the Multicash installation for the following companies:

Onyx Energy s.r.o., Appolon Property, s.r.o., Lysithea a.s., Palace Holding s.r.o., Michalka - Sun s.r.o., Urania Property, s.r.o., Euterpé Property, s.r.o., Grainulos s.r.o., Tritón Property, s.r.o., Hypnos Property, s.r.o., Morfeus Property, s.r.o., FORZA SOLE s.r.o., Peitó Property, s.r.o., Melpomené Property, s.r.o., Meleté Property, s.r.o., Strašnická realitní a.s., Gherkin, s.r.o., Hyperion Property, s.r.o., Kleió Property, s.r.o.

In 2018, Raiffeisenbank a.s. connected accounts to the Multicash installation for the following companies:

GRENA REAL, s.r.o., REF HP1, s.r.o., Nereus Property, s.r.o., Nyx Property, s.r.o., Eunomia Property, s.r.o., Deimos Property, s.r.o., Apaté Property, s.r.o., Fobos Property, s.r.o., NATUM Alfa, s.r.o., Ambrosia Property, s.r.o., Rezidence pod Skálou, s.r.o., CRISTAL PALACE Property, s.r.o., Terasa LAVANDE, s.r.o., SIGMA PLAZA, s.r.o., Polyxo Property, s.r.o., Logistický areál Hostivař, s.r.o., RLRE Carina Property, s.r.o., Hémerá Property, s.r.o., Raiffeisen FinCorp, s.r.o., Credibilis a.s., VB Real Estate Services Czechia, s.r.o., SeEnergy PT, s.r.o., Ferdinand Palace, s.r.o.

In 2019, Raiffeisenbank a.s. connected accounts to the Multicash installation for the following companies:

Eunomia Property, s.r.o., Carolina Corner s.r.o., Ananké Property, s.r.o., Démétér Property, s.r.o., RUBY Place s.r.o., Ares Property, s.r.o., Foibe Property, s.r.o., Raiffeisen Direct Investments CZ s.r.o., Theseus Property, s.r.o., Kétó Property, s.r.o., GEONE Holešovice Two s.r.o., Argos Property, s.r.o., Belos Property, s.r.o., Folos Property, s.r.o., Aglaia Property, s.r.o., Hefaistos Property, s.r.o., Plutos Property, s.r.o., Thaumás Property, s.r.o., FIDUROCK Projekt 18, s.r.o., Fidurock Projekt 20, s.r.o., Dero Property, s.r.o., Beroe Property, s.r.o., Ligea Property, s.r.o., Cranio Property, s.r.o., RDI Management s.r.o., RDI Czech 1 s.r.o., RDI Czech 3 s.r.o., RDI Czech 4, s.r.o., RDI Czech 5, s.r.o., RDI Czech 6 s.r.o., Fidurock Residential, a.s.

In 2020, Raiffeisenbank a.s. connected accounts to the Multicash installation for the following companies:

Stará 19 s.r.o., Vlhká 17 s.r.o., Terasa LAVANDE I s.r.o., Raiffeisen Direct Investments CZ s.r.o., FIDUROCK Project 17 s.r.o., Kétó Property s.r.o., NEREUS Property s.r.o., Spio Property s.r.o., Thaumás Property s.r.o., Theia Property s.r.o., Merea Property s.r.o., Earne Property s.r.o., Halie Property s.r.o.

## Raiffeisen FinCorp, s.r.o.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Master agreement on banking loan products, reg. No. 114429/2014/01	Raiffeisen FinCorp, s.r.o.	29 October 2014	Master agreement on the provision of a credit limit / payment of contractual interest
Amendment No. 1 to the Master agreement on banking loan products, reg. No. 114429/2014/01	Raiffeisen FinCorp, s.r.o.	11 December 2014	Provision of a credit limit / payment of contractual interest
Treasury Master Agreement	Raiffeisen FinCorp, s.r.o.	26 February 2015	Agreement on rights and obligations related to transactions in the financial market
Amendment to Treasury master agreement	Raiffeisen FinCorp, s.r.o.	26 February 2015	Agreement on rights and obligations related to transactions in the financial market
Amendment No. 2 to the Master agreement on banking loan products	Raiffeisen FinCorp, s.r.o.	31 March 2015	Provision of a credit limit / payment of contractual interest
Guarantor's statement	Raiffeisen FinCorp, s.r.o.	11 May 2015	Security to a liability
Amendment No. 3 to the Master agreement on banking loan products	Raiffeisen FinCorp, s.r.o.	22 June 2015	Provision of a credit limit / payment of contractual interest
Amendment No. 1 to the Guarantor's statement	Raiffeisen FinCorp, s.r.o.	22 June 2015	Security to a liability
Amendment No. 4 to the Master agreement on banking loan products	Raiffeisen FinCorp, s.r.o.	31 July 2015	Provision of a credit limit / payment of contractual interest
Amendment No. 5 to the Master agreement on banking loan products	Raiffeisen FinCorp, s.r.o.	17 August 2015	Amendment to Annex 2 of the Agreement
Amendment No. 6 to the Master agreement on banking loan products	Raiffeisen FinCorp, s.r.o.	29 April 2016	Amended Article VIII, paragraph 5 of the Agreement
Amendment No. 7 to the Master agreement on banking loan products	Raiffeisen FinCorp, s.r.o.	31 May 2016	Amended Article I, paragraph 6 of the Agreement
Amendment No. 8 to the Master agreement on banking loan products	Raiffeisen FinCorp, s.r.o.	29 July 2016	Provision of a credit limit of up to 4,000,000,000 CZK
Amendment No. 2 to the Guarantor's statement	Raiffeisen FinCorp, s.r.o.	29 July 2016	Change of contractual terms
Limit approval	Raiffeisen FinCorp, s.r.o.	16 February 2016	Review of the loan and treasury line including its extension and increase
Approval of limit for Raiffeisen FinCorp and Raiffeisen-Leasing	Raiffeisen FinCorp, s.r.o.	26 July 2016	Review of the loan and treasury line including its extension and increase
Amendment No. 9 to the Master agreement on banking loan products	Raiffeisen FinCorp, s.r.o.	12 June 2017	Provision of a credit limit / payment of contractual interest
Master Agreement on Financial Market Trading CMA/0001/APR405/02/27903362	Raiffeisen FinCorp, s.r.o.	27 December 2017	Agreement on Financial Market Trading
Arrangement to the Master service agreement	Raiffeisen FinCorp, s.r.o.	28 March 2018	Outsourcing some services to RBCZ
Amendment No. 10 to the Master agreement on banking loan products	Raiffeisen FinCorp, s.r.o.	18 October 2018	Provision of a credit limit / payment of contractual interest
Amendment No. 11 to the Master agreement on banking loan products	Raiffeisen FinCorp, s.r.o.	17 December 2018	Amended Article III, paragraphs 3, 4, 5 of the Agreement
Agreement to terminate the contractual relationship under Master agreement reg. No. 114429/2014/01	Raiffeisen FinCorp, s.r.o.	30 April 2019	Agreement to terminate the contractual relationship



As at 31 December 2020, Raiffeisenbank a.s. concluded Agreements to Open and Administer Current Accounts with Raiffeisen FinCorp, s.r.o. Based on these agreements it accepted regular contractual fees from the above company and paid regular contractual interest.

During 2020, the Bank had the following contracts and agreements in place with the aforementioned companies: contracts for the maintenance of a current account (based on which it received standard contractual fees), and lease and loan agreements (including hedging documentation) for the purpose of financing the acquisition of fixed assets.

## Raiffeisen investiční společnost a.s.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Master RIS service agreement S/2013/00482	Raiffeisen investiční společnost a.s.	1 January 2013	Provision of RIS services / payment of contractual remunerations and fees
Current account opening and maintenance agreement No. 5170010300/5500	Raiffeisen investiční společnost a.s.	23 January 2013	Maintenance of current account No. 5170010300/5500
Agreement on Cooperation in Preparation of Tax Returns for VAT Group	Raiffeisen investiční společnost a.s.	14 February 2013	Stipulation of mutual rights and obligations of VAT group members
Contract for the Sublease of Non-Residential Premises	Raiffeisen investiční společnost a.s.	29 March 2013	Contract for the Sublease of Non-Residential Premises / payment of rent
Confidentiality Agreement	Raiffeisen investiční společnost a.s.	17 June 2013	Confidentiality Agreement
Amendment No. 1 to the Contract on the Sublease of Non-Residential Premises	Raiffeisen investiční společnost a.s.	1 January 2014	Amendment to the Contract for the Sublease of Non-Residential Premises / payment of rent
Amendment No. 1 to the Agreement on Cooperation in Preparation of Tax Returns for VAT Group	Raiffeisen investiční společnost a.s.	13 May 2014	Administration of contact details
Agreement on Certain Issues Related to Management of Qualifying Investors' Fund	Raiffeisen investiční společnost a.s.	18 July 2014	Cooperation, compulsory disclosure in management of Leonardo, open-end mutual fund
Investment Instrument Brokerage Agreement	Raiffeisen investiční společnost a.s.	5 December 2014	Brokerage of purchases and sales of investment instruments / payment of contractual fee
Electronic Banking Agreement (terminated as of 23 October 2020)	Raiffeisen investiční společnost a.s.	17 December 2014	Agreement to provide international electronic banking
Amendment No. 1 to the Master service agreement S/2013/00482	Raiffeisen investiční společnost a.s.	16 March 2015	The amendment amends existing Annex 2, part 1 / payment of contractual fee
Amendment No. 1 to the Electronic Banking Agreement	Raiffeisen investiční společnost a.s.	21 April 2015	Amended paragraph 6.8 of the Agreement
Agreement to Provide Outsourcing Services in RIS Risk Management	Raiffeisen investiční společnost a.s.	30 July 2015	Agreement to Provide Outsourcing Services in RIS Risk Management / payment of contractual fee
Compliance Cooperation Agreement	Raiffeisen investiční společnost a.s.	3 December 2015	Stipulation of the conditions of RB cooperation in Compliance and FRM / payment of contractual remuneration
Amendment No. 2 to the Master service agreement S/2013/00482	Raiffeisen investiční společnost a.s.	1 January 2016	The amendment updates Annexes 1 through 8 of the Agreement
Amendment No. 2 to the Agreement on Cooperation in Preparation of Tax Returns for VAT Group	Raiffeisen investiční společnost a.s.	11 May 2016	Added obligation to submit data for controlling reports
Confidentiality Agreement	Raiffeisen investiční společnost a.s.	19 May 2016	Subject of the Agreement are rights and obligations of RB and RIS

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Sub-license agreement S/2016/00440	Raiffeisen investiční společnost a.s.	1 September 2016	Sub-License agreement on registered trademarks
Contract for the provision of outsourced internal audit services to Raiffeisen investiční společnost a.s.	Raiffeisen investiční společnost a.s.	22 September 2016	Outsourcing of internal audit services
Amendment No. 2 to the Contract on the Sublease of Non-Residential Premises	Raiffeisen investiční společnost a.s.	11 November 2016	Change of the subject of the sublease / change of rent
Amendment No. 3 to the Master service agreement S/2013/00482	Raiffeisen investiční společnost a.s.	1 January 2017	The amendment updates Annex 2
Amendment No. 3 to the Contract on the Sublease of Non-Residential Premises	Raiffeisen investiční společnost a.s.	1 January 2017	Amendment to the Contract for the Sublease of Non-Residential Premises / payment of rent
Sub-license agreement S/2016/00665	Raiffeisen investiční společnost a.s.	9 January 2017	license for using the rights to the ASPI system service / payment of the contractual fee
Master Agreement on Financial Market Trading	Raiffeisen investiční společnost a.s.	28 February 2017	Agreement on rights and obligations related to transactions in the financial market / payment of the contractual fee
Amendment No. 1 to the Compliance Cooperation Contract S/2015/3649	Raiffeisen investiční společnost a.s.	20 June 2017	The amendments adds other services provided by RB to RIS and amends the authorised persons
Agreement on Provision of Information Systems and Technology Services S/2017/00499	Raiffeisen investiční společnost a.s.	18 January 2018	Contract for the provision of IT services for RIS / payment of contractual remuneration
Contract on the Registration and Settlement of Trades S/2017/00492	Raiffeisen investiční společnost a.s.	22 January 2018	The contract governs the rights and obligations of the parties relating to the settlement of units between RBCZ and RIS
Agreement to discharge liability No. 5170013237/5500	Raiffeisen investiční společnost a.s.	7 March 2018	Closing of account 5170013237/5500 as of 16 March 2018
Distribution agreement S/2017/00476	Raiffeisen investiční společnost a.s.	13 March 2018	New RIS mutual fund distribution agreement
Personal Data Processing and Transfer Agreement (Controller-Controller)	Raiffeisen investiční společnost a.s.	25 May 2018	Cooperation and personal data transfers between controllers (RB/RIS)
Agreement to Provide Outsourcing Services in RIS Risk Management, Amendment No. 1	Raiffeisen investiční společnost a.s.	25 May 2018	Amendment to the Agreement to Provide Outsourcing Services in RIS Risk Management
Confidentiality Agreement, Amendment No. 1	Raiffeisen investiční společnost a.s.	25 May 2018	Amendment to the Confidentiality Agreement
Personal Data Processing Agreement S/2018/3808	Raiffeisen investiční společnost a.s.	25 May 2018	Personal Data Processing Agreement
Amendment to the Investment Instrument Brokerage Agreement	Raiffeisen investiční společnost a.s.	29 May 2018	Change of fee for acceptance of Order
Distribution agreement S/2017/00476, Amendment No. 1	Raiffeisen investiční společnost a.s.	1 June 2018	Amendment to the Distribution agreement
Contract for the provision of outsourced internal audit services to RIS, Amendment No. 1	Raiffeisen investiční společnost a.s.	5 June 2018	Amendment to the Contract for the provision of outsourced internal audit services

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment No. 4 to the Contract on the Sublease of Non-Residential Premises	Raiffeisen investiční společnost a.s.	29 June 2018	Amendment of rent
Agreement to discharge liability - archived 15 January 2019	Raiffeisen investiční společnost a.s.	15 January 2019	Closing of account 5170010677/5500 as of 15 January 2019
Amendment No. 1 to the Agreement on Provision of Information Systems and Technology Services S/2018/0340	Raiffeisen investiční společnost a.s.	23 May 2019	Annex 1, 2, 4 updated
Amendment No. 1 to the Personal Data Processing and Transfer Agreement	Raiffeisen investiční společnost a.s.	31 July 2019	Annex 1 updated
Agreement on access to Capital Markets Compliance Value Stream service via the Compliance Cockpit IT system	Raiffeisen investiční společnost a.s.	1 August 2019	RB authorization to use CMC via IT system / contractual fee
Agreement to pay fee for the asset management investment service	Raiffeisen investiční společnost a.s.	1 September 2019	Provision of investment service / payment of contractual fees
Distribution agreement S/2017/00476, Amendment No. 2	Raiffeisen investiční společnost a.s.	31 October 2019	Amendment to the Distribution agreement
Amendment to the Master Financial Market Trading Agreement SMA/01/29146739	Raiffeisen investiční společnost a.s.	14 November 2019	Change in customer category
Change in authorization rights - changed signature specimen (current account opening and maintenance agreement)	Raiffeisen investiční společnost a.s.	3 December 2019	Changed - added signatures to the signature specimen
Agreement to discharge liability - Current account opening and maintenance agreement 5170010685/5500	Raiffeisen investiční společnost a.s.	14 February 2020	Discharge of liability, closing of current account
Annex 6, Change in authorization (signing) rights - Current account opening and maintenance agreement 5170010300/5500	Raiffeisen investiční společnost a.s.	26 February 2020	Update of signing rights to the current account
Annex 7, Authorization for electronic account access via X-business internet banking (REF HP1)	Raiffeisen investiční společnost a.s.	12 June 2020	Annex 7 to Agreement No. 600108 - REF HP1 accounts (1091102495/5500 and 5170013683/5500)
Agreement to Provide X-business Internet Banking Services (Agreement 600108)	Raiffeisen investiční společnost a.s.	12 June 2020	Agreement to Provide X-business Internet Banking Services (Agreement 600108)
Annex 6, Change in signing rights - Current account opening and maintenance agreement 5170010300/5500	Raiffeisen investiční společnost a.s.	9 July 2020	Removal of signing rights
Annex 6, Change in signing rights - Current account opening and maintenance agreement 5170010300/5500	Raiffeisen investiční společnost a.s.	9 July 2020	Issue of a new PEK and added users to current account 5170010300/5500

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment No. 2 to the Personal Data Processing and Transfer Agreement, Personal Data Processing Agreement	Raiffeisen investiční společnost a.s.	1 September 2020	Amendment to the existing agreement
Amendment No. 5 to the Contract on the Sublease of Non-Residential Premises	Raiffeisen investiční společnost a.s.	1 October 2020	Change of the subject of the sublease / change of rent
Agreement to terminate Electronic Banking Agreement No. 3.200.001.471/100 of 17 December 2014	Raiffeisen investiční společnost a.s.	23 October 2020	Agreement to terminate the agreement
Amendment No. 2 to the Agreement on Provision of Information Systems and Technology Services S/2017/00499	Raiffeisen investiční společnost a.s.	26 November 2020	Amendment No. 2 to the Agreement on the provision of IS and IT services

### Raiffeisen Property Management, s.r.o.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Current account opening and maintenance agreement	Raiffeisen Property Management, s.r.o. (formerly Raiffeisen Property Invest, s.r.o.)	12 May 1997	Maintenance of a current account / payment of contractual fees
Current account opening and maintenance agreement	Raiffeisen Property Management, s.r.o. (formerly Raiffeisen Property Invest, s.r.o.)	16 December 2008	Maintenance of a current account / payment of contractual fees

### Raiffeisen Bank Zrt.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Agreement to Open a Nostro Account	Raiffeisen Bank Zrt.	2 August 2001	Maintenance of a nostro account / payment of contractual fees
Agreement to Open and Maintain a Securities Account	Raiffeisen Bank Zrt.	11 July 2005	Definition of conditions of maintenance of RBCZ's securities account in Hungary / payment of contractual fees
ISDA Master Agreement	Raiffeisen Bank Zrt.	29 April 2011	Master Agreement stipulating mutual terms and conditions of money market trading
Schedule to the ISDA Master Agreement	Raiffeisen Bank Zrt.	29 April 2011	Definition of detailed terms and conditions of money market trading
Approval of a new Money Market limit	Raiffeisen Bank Zrt.	22 March 2016	New limit approval
Global Master Repurchase Agreement + Annexes	Raiffeisen Bank Zrt.	3 April 2019	Treasury REPO operations agreement
Loro Account Agreement	Raiffeisen Bank Zrt.	15 November 2019	Account opening and maintenance agreement

## Raiffeisen banka a.d.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Loan agreement	Raiffeisen banka a.d.	21 December 2004	Provision of a loan / payment of contractual interest
Amendment No. 1 to Loan Contract of 21 December 2004	Raiffeisen banka a.d.	30 March 2005	Stipulation of contractual relations until 30 April 2005
Loan agreement	Raiffeisen banka a.d.	14 June 2005	Provision of a loan / payment of contractual interest

## Raiffeisenbank Austria d. d.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Agreement to Open a Nostro Account	Raiffeisenbank Austria d. d.	21 May 2001	Maintenance of a nostro account / payment of contractual fees
ISDA Master Agreement	Raiffeisenbank Austria d. d.	8 June 2011	Master Agreement stipulating mutual terms and conditions of money market trading
Schedule to the ISDA Master Agreement	Raiffeisenbank Austria d.d.	8 June 2011	Definition of detailed terms and conditions of money market trading
Agreement to Open a Correspondent Account	Raiffeisenbank Austria d.d.	18 May 2011	Maintenance of a correspondent account / payment of contractual fees
Overdraft nostro limit increase	Raiffeisenbank Austria d.d.	30 September 2015	Overdraft nostro limit increase / payment of contractual fees

## Tatra Banka, a.s.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Risk Participation Agreement	Tatra Banka, a.s.	18 May 2005	Participation in credit risk / payment of contractual fees
Risk Participation Agreement	Tatra Banka, a.s.	18 August 2005	Participation in credit risk / payment of contractual fees
Risk Participation Agreement	Tatra Banka, a.s.	16 November 2005	Participation in credit risk / payment of contractual fees
Contract for Pledge on Government Bonds	Tatra Banka, a.s.	19 May 2005	Establishment of security interest over bonds
Amendment No. 1 to the Contract for Pledge on Government Bonds of 19 May 2005	Tatra Banka, a.s.	16 November 2005	Stipulation of rights and obligations
Syndicated investment loan agreement	Tatra Banka, a.s.	12 December 2005	Provision of a loan / payment of contractual interest
Risk Participation Confirmation	Tatra Banka, a.s.	30 October 2006	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	30 October 2006	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	30 October 2006	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	7 December 2006	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	18 December 2006	Participation in credit risk / payment of contractual fees

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Risk Participation Confirmation	Tatra Banka, a.s.	21 December 2006	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	21 December 2006	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	30 October 2007	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	22 November 2007	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	27 February 2008	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	8 December 2008	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	19 December 2008	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	19 December 2008	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	26 August 2008	Participation in credit risk / payment of contractual fees
Amendment No. 5 to the Agreement on Shared Use of Banker's Almanac On-line of 15 June 2004	Tatra Banka, a.s.	8 June 2009	Prolongation of the agreement
Amendment No. 6 to the Agreement on Shared Use of Banker's Almanac On-line of 15 June 2004	Tatra Banka, a.s.	16 December 2009	Agreement on joint order
Confidentiality Agreement	Tatra Banka, a.s.	4 May 2010	Agreement on confidentiality as part of potential mutual cooperation
Cooperation agreement	Tatra Banka, a.s.	1 August 2010	Agreement on conditions for transfer of information and access to premises
Agreement on Communication via the JIRA Application	Tatra Banka, a.s.	6 October 2010	Agreement to allow for mutual communication through a shared application
ISDA Master Agreement	Tatra Banka, a.s.	5 October 2011	Master Agreement stipulating mutual terms and conditions of money market trading
Schedule to the ISDA Master Agreement	Tatra Banka, a.s.	5 October 2011	Definition of detailed terms and conditions of money market trading
Risk Participation Confirmation	Tatra Banka, a.s.	5 February 2013	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	26 September 2013	Participation in credit risk / payment of contractual fees
Amendment No. 7 to the Agreement on Shared Use of Banker's Almanac On-line of 15 June 2004	Tatra Banka, a.s.	19 December 2013	Amendment No. 7 to the Agreement on Shared Use of Banker's Almanac / payment of contractual remuneration
Risk Participation Confirmation	Tatra Banka, a.s.	20 December 2013	Participation in credit risk / payment of contractual fees
Amendment No. 8 to the Agreement on Shared Use of Banker's Almanac On-line	Tatra Banka, a.s.	29 April 2014	Amendment No. 8 to the Agreement on Shared Use of Banker's Almanac On-line / payment of contractual remuneration

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment No. 9 to the Agreement on Shared Use of Banker's Almanac On-line	Tatra Banka, a.s.	25 July 2014	Amendment No. 9 to the Agreement on Shared Use of Banker's Almanac On-line
Agreement to Provide Information Technology Services	Tatra Banka, a.s.	1 May 2015	Provision of IT Services / payment of contractual remuneration
Agreement to Provide Confidential Information	Tatra Banka, a.s.	21 May 2015	Provision of confidential information
Agreement on Communication via the Citrix application	Tatra Banka, a.s.	3 June 2015	Communication agreement
Agreement on Communication via the Sharepoint application	Tatra Banka, a.s.	3 June 2015	Communication agreement
Sublicensing Agreement on the Use of Finance Planning for Premium Banking Programs	Tatra Banka, a.s.	30 September 2015	Use of premium banking programs / payment of contractual remuneration
Limit increase – funded participation	Tatra Banka, a.s.	19 October 2015	Limit increase – funded participation / payment of contractual fees
Limit approval – non-funded participation	Tatra Banka, a.s.	9 December 2015	Limit approval – non-funded participation / payment of contractual fees
Amendment No. 10 to the Agreement on Shared Use of Banker's Almanac On-line	Tatra Banka, a.s.	15 December 2015	Amendment No. 10 to the Agreement on Shared Use of Banker's Almanac On-line
Master agreement (employee rotation between RBCZ and TBSK)	Tatra Banka, a.s.	20 July 2016	Conditions of the so called Rotation Programme between RBCZ and TBSK
Agreement on Cooperation in Mergers & Acquisitions	Tatra Banka, a.s.	29 September 2016	Mergers & Acquisitions services / payment of contractual fees
IT Service Agreement between Raiffeisenbank a.s. and Tatra banka, a.s.	Tatra Banka, a.s.	31 October 2016	Provision of services of a SOC supervision centre
Participation Certificate (Penta - VLM)	Tatra Banka, a.s.	13 January 2016	Risk participation
Amendment No. 11 to the Agreement on Shared Use of Banker's Almanac On-line	Tatra Banka, a.s.	21 August 2017	Amendment No. 11 to the Agreement on Shared Use of Banker's Almanac On-line
Amendment No. 1 to the Agreement on Cooperation in Mergers & Acquisitions	Tatra Banka, a.s.	27 September 2017	Change of terms – extension of the contract validity
Contract for the provision of the AS400 platform administration services	Tatra Banka, a.s.	23 October 2017	AS400 platform administration and provision of services / payment of contractual fees
Amendment No. 12 to the Agreement on Shared Use of Banker's Almanac On-line	Tatra Banka, a.s.	31 January 2018	Amendment No. 12 to the Agreement on Shared Use of Banker's Almanac On-line
Confidential Information Exchange Agreement	Tatra Banka, a.s.	22 August 2018	Confidential Information Exchange Agreement
Participation Certificate	Tatra Banka, a.s.	21 September 2018	Risk participation
Amendment No. 13 to the Agreement on Shared Use of Banker's Almanac On-line	Tatra Banka, a.s.	11 December 2018	Amendment No. 13 to the Agreement on Shared Use of Banker's Almanac On-line
Amendment No. 1 to the Contract for the provision of the AS400 platform administration services	Tatra Banka, a.s.	6 May 2019	Amendment No. 1 to the platform administration service agreement

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment No. 14 to the Agreement on Shared Use of Banker's Almanac On-line	Tatra Banka, a.s.	15 November 2019	Amendment No. 14 to the Agreement on Shared Use of Banker's Almanac On-line

### Tatra Asset Management, správk. spol., a.s.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Agreement on Communication via the Sharepoint Portal application	Tatra Asset Management, správk. spol., a.s.	15 July 2012	Agreement to allow for mutual communication through a shared application

### Regional Card Processing Centre, s.r.o.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Master Agreement to Provide Payment Card Processing	Regional Card Processing Centre, s.r.o.	1 January 2011	Provision of payment card processing / payment of contractual fee
Amendment No. 1 to the Framework Agreement on Payment Card Processing Services of 2011	Regional Card Processing Centre, s.r.o.	9 June 2014	Amendment to the agreement changing the data processing and storing method
Statement of Work	Regional Card Processing Centre, s.r.o.	12 November 2015	Contract defining the extent of work, schedule, price and acceptance criteria of RPC deliveries for a project
Agreement on Communication via the JIRA Application	Regional Card Processing Centre, s.r.o.	9 May 2016	JIRA contract for application access
Statement of Work	Regional Card Processing Centre, s.r.o.	30 November 2016	New interface between Wincor Nixdorf and RPC for the authorisation of ONUS transactions
Amendment No. 2 to the Framework Agreement on Payment Card Processing Services of 2011, S/2009/00199	Regional Card Processing Centre, s.r.o.	2 March 2018	Change of contractual terms
Amendment No. 3 to the Framework Agreement on Payment Card Processing Services of 2011, S/2009/00199	Regional Card Processing Centre, s.r.o.	30 May 2018	Change of contractual terms
Agreement on order processing in accordance with article 28 GDPR	Regional Card Processing Centre, s.r.o.	5 June 2018	Agreement on data processing in compliance with GDPR
Statement of Work	Regional Card Processing Centre, s.r.o.	30 November 2019	Implementation of NFC mobile payments / payment of contractual remuneration
Amendment No. 4 to Framework Agreement on Payment Cards Processing Services S/2009/00199	Regional Card Processing Centre, s.r.o.	25 September 2020	Change of contractual terms



## Raiffeisen Bank S.A.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Agreement to Open a Nostro Account	Raiffeisen Bank S.A.	19 August 2005	Maintenance of a nostro account / payment of contractual fees
Master Participation Agreement	Raiffeisen Bank S.A.	1 July 2019	Master agreement on setting mutual conditions
Participation Certificate	Raiffeisen Bank S.A.	8 July 2019	Risk participation

## Raiffeisen Centrobank AG

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Agreement to Open and Maintain a Current and Correspondent Account	Raiffeisen Centrobank AG	23 October 2007	Opening and maintenance of a current and correspondent account / payment of contractual fees
Distribution Agreement	Raiffeisen Centrobank AG	27 June 2012	Agreement on joint distribution of structured products / payment of contractual commission
Amendment No. 1 to the Distribution Agreement of 27 June 2012	Raiffeisen Centrobank AG	9 October 2012	Change of contractual terms
Amendment No. 2 to the Distribution Agreement	Raiffeisen Centrobank AG	9 October 2012	Change of contractual terms
Cost Sharing Agreement	Raiffeisen Centrobank AG	9 October 2012	Agreement on sharing costs of joint distribution
ISDA 2002 Master Agreement	Raiffeisen Centrobank AG	23 April 2014	ISDA Master Agreement (International Swaps and Derivatives Association)
ISDA Schedule to the 2002 Master Agreement	Raiffeisen Centrobank AG	23 April 2014	ISDA Master Agreement plan
ISDA Credit Support Annex to the Schedule to the 2002 Master Agreement	Raiffeisen Centrobank AG	23 April 2014	Amendment to the ISDA Master Agreement
New limit approval	Raiffeisen Centrobank AG	29 March 2016	Money Market limit for treasury operations

## Raiffeisen - Leasing International GmbH

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Creditor Agreement	Raiffeisen - Leasing International GmbH	10 March 2005	Agreement on joint steps towards debtors
Syndicate Agreement	Raiffeisen - Leasing International GmbH	3 May 2004	Agreement on cooperation in Corporate Governance
Amendment to the Creditor Agreement of 10 March 2005	Raiffeisen-Leasing International GmbH/ RLRE Kappa Property, s.r.o./ RLRE Lambda Property s.r.o.	24 June 2005	Amendment to the contractual relationships
Agreement on Joint Refinancing	Raiffeisen-Leasing International GmbH/ RLRE Kappa Property, s.r.o./ RLRE Lambda Property s.r.o.	21 October 2005	Agreement on participation in loan refinancing

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Escrow Account Contract	Raiffeisen-Leasing International GmbH/ RLRE Kappa Property, s.r.o./ RLRE Lambda Property s.r.o.	24 October 2005	Opening of an account with specific conditions of disposal of funds
Creditor Agreement	Raiffeisen-Leasing International GmbH/ RLRE Kappa Property, s.r.o./ RLRE Lambda Property s.r.o.	29 December 2004	Agreement on joint future steps
Escrow Account Contract	Raiffeisen-Leasing International GmbH/ RLRE Kappa Property, s.r.o./ RLRE Lambda Property s.r.o.	29 December 2004	Opening of an account with specific conditions of disposal of funds
Agreement on the Transfer of an Equity Investment	Raiffeisen – Leasing International GmbH	3 October 2017	Transfer of a 50% equity investment in Raiffeisen – Leasing, s.r.o. / payment of the purchase price

### Raiffeisen – Leasing Finanzierungs GmbH (formerly Raiffeisen – Leasing Bank AG)

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Contract for the Establishment of Pledge on Receivables from Deposits	Raiffeisen-Leasing Bank AG	27 January 2005	Establishment of security interest over receivables from deposits

### Centralised Raiffeisen International Services and Payments S.R.L.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Cooperation framework agreement	Centralised Raiffeisen International Services and Payments S.R.L.	18 June 2007	SWIFT access settings / payment of contractual fees
Agreement on Data Processing and Protection	Centralised Raiffeisen International Services and Payments S.R.L.	18 June 2007	Agreement on the handling and protection of data
Annex No. 3 to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	8 February 2008	Cooperation in the FiSa group programme determining fees for screening of transactions for sanctioned parties
Annex No. 4a to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	12 August 2009	Specification of services for the use of a common platform for international payments
Confidentiality Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	20 January 2010	Agreement on confidentiality as part of potential mutual cooperation
Annex No. 5 to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	27 August 2010	Specification of services for the use of a common platform for international payments
Annex No. 4 to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	12 November 2010	Specification of services for the use of a common platform for international payments

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment No. 1 to Annex No. 4 to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	6 December 2012	Specification of services for the use of a common platform for international payments
Amendment No. 2 to Annex 4 to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	18 August 2014	Amendment to the Framework Agreement, stipulating times guaranteed by CRISP for cases of SWIFT service downtime
Amendment No. 2 to Annex 2 to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	18 August 2014	Amendment to the Framework Agreement, stipulating times guaranteed by CRISP for cases of SWIFT service downtime
Annex 6 to the Cooperation agreement	Centralised Raiffeisen International Services and Payments S.R.L.	8 January 2015	iReg hosting and support - Fatca Reporting Support Services
Chapter 11 of Annex 6 to the Cooperation agreement	Centralised Raiffeisen International Services and Payments S.R.L.	8 January 2015	iReg hosting and support - Fatca Reporting Support Services
Annex 7 to the Framework agreement	Centralised Raiffeisen International Services and Payments S.R.L.	2 December 2016	Provision of services in the field of MAD II/MAR
Service Description, Enclosure No. 8 CRS Reporting Support Services	Centralised Raiffeisen International Services and Payments S.R.L.	27 February 2017	Service agreement on a group solution for creating a file for the multilateral exchange of CRS information - iReg
Annex 8 to Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	27 February 2017	More detailed description of CRS Reporting and Security measures
Chapter 10 of Annex 8 to Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	27 February 2017	More detailed description of CRS Reporting and Security measures
Agreement on order processing in accordance with article 28 GDPR	Centralised Raiffeisen International Services and Payments S.R.L.	14 June 2018	Agreement with the provider or payment and Compliance services to comply with the obligations arising from GDPR
Addendum No. 2 to Framework Service Level Agreement dated 18 June 2007	Centralised Raiffeisen International Services and Payments S.R.L.	29 June 2018	Addendum to Framework Cooperation Agreement
Addendum 1 to Enclosure No. 7 Compliance Cockpit Support Services	Centralised Raiffeisen International Services and Payments S.R.L.	6 September 2018	Addendum to Compliance Cockpit Support Services Agreement
Addendum 7 to Enclosure No. 2 to Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	31 January 2019	Addendum to Framework Cooperation Agreement
Addendum No. 4 to Enclosure No. 4 to Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	31 January 2019	Addendum to Framework Cooperation Agreement
Non-Disclosure agreement S/2019/00051	Centralised Raiffeisen International Services and Payments S.R.L.	15 February 2019	Protection of sensitive data on the contractor's part
Enclosure No. 9 to Framework Service Level Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	10 June 2019	Addendum to Framework Cooperation Agreement

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Addendum 8 to Enclosure No. 2 to Framework Agreement on Centralised Raiffeisen International Services & Payments	Centralised Raiffeisen International Services and Payments S.R.L	3 February 2020	Addendum to Framework Cooperation Agreement
Addendum 2 to Enclosure No. 6 to Framework Agreement on Centralised Raiffeisen International Services & Payments	Centralised Raiffeisen International Services and Payments S.R.L	3 February 2020	Addendum to Framework Cooperation Agreement
Addendum 5 to Enclosure No. 5 to Framework Agreement on Centralised Raiffeisen International Services & Payments	Centralised Raiffeisen International Services and Payments S.R.L	3 February 2020	Addendum to Framework Cooperation Agreement
Addendum 3 to Framework Service Level Agreement	Centralised Raiffeisen International Services and Payments S.R.L	29 June 2020	Addendum to Framework Cooperation Agreement
Letter of Intent - Participation Confirmation	Centralised Raiffeisen International Services and Payments S.R.L	28 July 2020	Participation in a joint project

### AO Raiffeisenbank (formerly ZAO Raiffeisenbank)

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Correspondent Account Agreement	AO Raiffeisenbank	3 September 2008	Maintenance of a correspondent account / payment of contractual fees
ISDA Master Agreement	AO Raiffeisenbank	8 September 2011	Master Agreement stipulating mutual terms and conditions of money market trading
Schedule to the ISDA Master Agreement	AO Raiffeisenbank	8 September 2011	Definition of detailed terms and conditions of money market trading

### Raiffeisen Informatik Consulting GmbH

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Purchase Agreement for Oracle Cap-Limit licence and Maintenance Services	Raiffeisen Informatik Consulting GmbH	8 September 2010	Provision of licenses / payment of contractual fees
Amendment No. 1 to the Purchase Agreement for Oracle Cap-Limit licence and Maintenance Services	Raiffeisen Informatik Consulting GmbH	1 June 2011	Change of contractual obligations
Agreement on the Implementation, Operation and Support of ITSM Box	Raiffeisen Informatik Consulting GmbH	10 April 2015	Agreement on the Implementation, Operation and Support of ITSM Box / payment of contractual fees
Offer ITSM changes pricing	Raiffeisen Informatik Consulting GmbH	10 October 2016	Change requirements for the ITSM box application
Letter of intent Contract and SLA Signing Confirmation Service Title: Nearshored OFSAA Hub (NOAH) infrastructure service	Raiffeisen Informatik Consulting GmbH	5 January 2017	Billing of the NOAH Platform CZ service
Offer RI553703-2016 V1.0 RBCZ, CR17 - Manage SLA in CMDB	Raiffeisen Informatik Consulting GmbH	11 May 2017	Change requirements for the ITSM box application

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Offer R1551313CZ-2016 V3.2 - NOAH - OFSA Platform CZ	Raiffeisen Informatik Consulting GmbH	31 October 2017	Provision of NOAH Platform CZ service / payment of contractual fees
Framework service agreement in the area of Information Technology	Raiffeisen Informatik Consulting GmbH	20 January 2020	Framework agreement on cooperation in IT / payment of contractual fees
IT Service Description Secure file transfer	Raiffeisen Informatik Consulting GmbH	4 February 2020	IT service agreement / payment of contractual fees
IT Service Description Lotus Notes Domino Hub	Raiffeisen Informatik Consulting GmbH	4 February 2020	IT service agreement / payment of contractual fees
IT Service Description Remote System Access	Raiffeisen Informatik Consulting GmbH	6 February 2020	IT service agreement / payment of contractual fees
IT Service Description Cloud Authentication	Raiffeisen Informatik Consulting GmbH	6 February 2020	IT service agreement / payment of contractual fees
IT Service Description Cloud Directory	Raiffeisen Informatik Consulting GmbH	6 February 2020	IT service agreement / payment of contractual fees
IT Service Description Identity Federation	Raiffeisen Informatik Consulting GmbH	6 February 2020	IT service agreement / payment of contractual fees
Confidentiality Statement for Microsoft Volume Licensing Contracts	Raiffeisen Informatik Consulting GmbH	22 May 2020	Confidentiality Agreement
Exhibit 2 to the Service Description - Remote System Access	Raiffeisen Informatik Consulting GmbH	18 June 2020	Amendment to the agreement / changed payment of contractual fees
Exhibit 2 to the Service Description - Secure file transfer	Raiffeisen Informatik Consulting GmbH	18 June 2020	Amendment to the agreement / changed payment of contractual fees
Exhibit 2 to the Service Description - Cloud Authentication	Raiffeisen Informatik Consulting GmbH	18 June 2020	Amendment to the agreement / changed payment of contractual fees
Exhibit 2 to the Service Description - Identity Federation	Raiffeisen Informatik Consulting GmbH	18 June 2020	Amendment to the agreement / changed payment of contractual fees
Service Description MS Office 365 Collaboration Service	Raiffeisen Informatik Consulting GmbH	20 October 2020	Service agreement / payment of contractual fees

## RB International Finance (USA) LLC

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Risk Participation Confirmation	RB International Finance (USA) LLC	26 February 2013	Participation in credit risk / payment of contractual fees
Limit approval - maturity extension	RB International Finance (USA) LLC	30 September 2015	Limit approval - maturity extension / payment of contractual fees

## Raiffeisen Kapitalanlage-Gesellschaft m.b.H (Raiffeisen Kag)

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment to the Distribution Agreement	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	20 April 2011	Changes in Appendix 3
Management Agreement (Raiffeisen Czech Click Fund II)	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	24 November 2011	Agreement to appoint an investment manager and to stipulate rights and obligations in management of the fund in question
Amendment to the Distribution Agreement	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	1 July 2013	Changes in Appendix 3

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Amendment to the Distribution Agreement	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	1 January 2016	Transfer of non-registered funds to a separate category
Addendum to the Distribution Agreement: MIFID II harmonization	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	4 December 2017	Contract amendment

## Ukrainian Processing Center

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Master Agreement - 3D Secure Payment Cards	Ukrainian Processing Center	26 March 2014	Master agreement - 3D Secure payment cards / payment of contractual fees
Price sheet	Ukrainian Processing Center	29 April 2014	Price sheet to the Framework Agreement / payment of contractual fees
Enclosure No. 5 to Framework Agreement	Ukrainian Processing Center	7 May 2014	Enclosure No. 5 to the Framework agreement stipulating the contractual terms and conditions
Amended Enclosure No. 5 to the Framework Agreement	Ukrainian Processing Center	13 May 2014	Amended Annex No. 5 to the Framework agreement stipulating the contractual terms and conditions
Framework Service Level Agreement	Ukrainian Processing Center	23 May 2014	Framework agreement / payment of contractual fees
Enclosure No. 5 to Framework Service Level Agreement on PRJSC	Ukrainian Processing Center	23 May 2014	Enclosure No. 5 to the Framework agreement stipulating the contractual terms and conditions
Addendum to Enclosure No. 5 to Framework Service Level Agreement on PRJSC	Ukrainian Processing Center	23 May 2014	Amended Enclosure No. 5 to the Framework agreement stipulating the contractual terms and conditions
Addendum 1 to Framework Service Level Agreement	Ukrainian Processing Center	11 June 2014	Amendment No. 1 to Framework agreement
Amendment No. 2 to Framework agreement	Ukrainian Processing Center	9 August 2017	Change of contractual terms
Amended Enclosure No. 5 to the Framework Agreement	Ukrainian Processing Center	28 August 2017	Amended Enclosure No. 5 to the Framework agreement stipulating the contractual terms and conditions
Amendment No. 3 to Framework agreement	Ukrainian Processing Center	14 June 2018	Change of contractual terms
Standard Contractual Clauses (Processors)	Ukrainian Processing Center	30 April 2019	GDPR Agreement between RBCZ and UPC for personal data transfers
Addendum No. 4 to Framework Service Level Agreement between Raiffeisenbank a.s. and UPC dated May 1, 2014	Ukrainian Processing Center	1 January 2020	Enclosure No. 4 to the Framework agreement stipulating the contractual terms and conditions

## Raiffeisenbank Sh. A

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Limit approval	Raiffeisenbank Sh. A	9 December 2015	Limit approval / payment of contractual interest

## STRABAG SE

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Agreement on the Arrangement for Services Related to Keeping Records on Investment Instruments No. HS/0001/01/FN88983h	STRABAG SE	7 September 2016	CDCP services mediation/ remuneration according to the pricelist in Appendix no. 4 to the Agreement

In addition to contracts concluded in 2020 referred to above, the Bank and other related parties entered into other transactions in the reporting period, particularly loans and borrowings in the money market and fixed-term transactions, under which the Bank received or paid interest and fees.

## 5. LIST OF OTHER LEGAL ACTS

### 5.1 List of Other Legal Acts with Controlling Entities

#### Raiffeisen CEE Region Holding GmbH, RLB OÖ Sektorholding GmbH

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Resolution of Regular General Meeting of Raiffeisenbank a.s. - distribution of profits for 2019	Raiffeisen CEE Region Holding GmbH RLB OÖ Sektorholding GmbH	28 April 2020	Payment of coupons under unsecured AT1 capital investment certificates based on decision of the regular general meeting

### 5.2 List of Other Legal Acts with Other Related Parties

#### Raiffeisen – Leasing, s.r.o.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Resolution of the sole member on payment of dividends	Raiffeisenbank a.s.	1 December 2020	Acceptance of dividends based on resolution of the sole member

### 5.3 List of Other Legal Acts with Other Related Parties

#### Raiffeisen – Investiční společnost a.s.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Resolution of the sole member on payment of dividends	Raiffeisenbank a.s.	3 November 2020	Acceptance of dividends based on resolution of the sole shareholder

### 5.4 Overview of actions made at the initiative or in the interest of the controlling party or entities controlled by it, if such actions applied to assets exceeding 10% of the controlled entity's equity

None.

## 6. LIST OF OTHER FACTUAL MEASURES

### 6.1 List of Measures Adopted at the Initiative of Controlling Entities

None.

#### General Limits

The Bank has approved general limits for transactions with related parties that apply to current and term deposits, loans, repurchase transactions, treasury shares, letters of credit, provided and received guarantees at request or to the benefit of the controlling party or other parties controlled by the same controlling entity.

### 6.2 List of Measures Adopted in the Interest of Other Related Parties

None.



## 7. CLOSING STATEMENT OF THE BOARD OF DIRECTORS OF RAIFFEISENBANK A.S.

We hereby represent that to our best knowledge, the Report on Related Parties of Raiffeisenbank a.s. prepared in accordance with Section 82 of the Act on Commercial Corporations for the reporting period from 1 January 2020 to 31 December 2020 includes all of the below, concluded or effected in the reporting period and known to us as at the date of signing of this report:

- contracts and agreements between the related parties,
- performance and counter-performance provided to related parties,
- other legal acts made in the interest of these parties,
- all other factual measures adopted or made in the interest or at the initiative of these parties.

In identifying other related parties, the Board of Directors of Raiffeisenbank a.s. used information provided by Raiffeisen Bank International AG and other controlling entities.

Furthermore, we represent that we are not aware of any detriment to assets caused as a result of contracts, other legal acts and other factual measures concluded, made or adopted by the Bank in the reporting period from 1 January 2020 to 31 December 2020.

The Board of Directors of Raiffeisenbank a.s. represents that as part of evaluation of the benefits and detriments, the Board is not aware of any material detriments arising out of the relations among the related parties, and in the Board's opinion, benefits arising out of these relations prevail, in particular benefits arising out of common synergies within the group, such as in sharing knowledge and capacities (technical, staff) during major regulatory projects, and benefits related to the knowledge of the group's background and the use of the same systems, processes etc. Furthermore, the Board of Directors of Raiffeisenbank a.s. represents that it is not aware of any material risks ensuing for Raiffeisenbank a.s. as the controlled entity.

In Prague, on 31 March 2021

Igor Vida  
Chairman of the Board of Directors

Tomáš Jelínek  
Member of the Board of Directors

# Persons Responsible for the Annual Report

We hereby declare that, to the best of our knowledge, the annual report and the consolidated annual report provide a true and accurate picture of the financial situation, business activities, and financial results of the issuer and its consolidated group for the previous accounting period and of the outlook for the future development of the financial position, business activities and financial results.

In Prague, on 22 April 2021



Igor Vida  
Chairman of the Board of Directors and CEO  
Raiffeisenbank a.s.



Tomáš Jelínek  
Member of the Board of Directors

# Raiffeisen Bank International at a glance

RBI regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. Subsidiary banks cover 13 markets across the region. In addition, the Group includes numerous other financial service providers active in areas such as leasing, asset management and M&A.

In total, around 45,000 RBI employees serve 17.2 million customers from more than 1,800 business outlets, the vast majority of which are in CEE. RBI AG shares have been listed on the Vienna Stock Exchange since 2005.

At year-end 2020, RBI's total assets stood at around EUR 166 billion. The regional Raiffeisen banks hold approximately 58.8 per cent of RBI shares, with the remaining approximately 41.2 per cent in free float.

# Addresses

## Raiffeisen Bank International AG

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## CEE banking network

### Albania

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Tel: +355-4-23 81 381  
SWIFT/BIC: SGSBALTX  
www.raiffeisen.al

### Belarus

**Priorbank JSC**  
V. Khoruzhey St. 31-A  
220002 Minsk  
Tel: +375-17-28 9-9090  
SWIFT/BIC: PJCBY2X  
www.priorbank.by

### Bosnia and Herzegovina

**Raiffeisen Bank d.d.**  
Bosna i Hercegovina  
Zmaja od Bosne bb  
71000 Sarajevo  
Tel: +387-33-75 50 10  
SWIFT/BIC: RZBABA2S  
www.raiffeisenbank.ba

### Bulgaria

**Raiffeisenbank (Bulgaria) EAD**  
55 Nikola I. Vapzarov Blvd.  
Business Center EXPO 2000 PHAZE III  
1407 Sofia  
Tel: +359-2-91 985 101  
SWIFT/BIC: RZBBBGSF  
www.rbb.bg

### Croatia

**Raiffeisenbank Austria d.d.**  
Magazinska cesta 69  
10000 Zagreb  
Tel: +385-72-626 262  
SWIFT/BIC: RZBHHR2X  
www.rba.hr

### Czech Republic

**Raiffeisenbank a.s.**  
Hvězdova 1716/2b  
14078 Prague 4  
Tel: + 420-412 446 400  
SWIFT/BIC: RZBCCZPP  
www.rb.cz

### Hungary

**Raiffeisen Bank Zrt.**  
Váci út 116-118  
1133 Budapest  
Tel: +36-1-48 444-00  
SWIFT/BIC: UBRTHUHB  
www.raiffeisen.hu

### Kosovo

**Raiffeisen Bank Kosovo J.S.C.**  
Robert Doll St. 99  
10000 Pristina  
Tel: +383-38-222 222  
SWIFT/BIC: RBKOKKPR  
www.raiffeisen-kosovo.com

### Romania

**Raiffeisen Bank S.A.**  
Calea Floreasca 246C  
014476 Bucharest  
Tel: +40-21-30 610 00  
SWIFT/BIC: RZBRROBU  
www.raiffeisen.ro

### Russia

**AO Raiffeisenbank**  
St. Troitskaya 17/1  
129090 Moscow  
Tel: +7-495-777 17 17  
SWIFT/BIC: RZBMRUMM  
www.raiffeisen.ru

### Serbia

**Raiffeisen banka a.d.**  
Djordja Stanojevic 16  
11070 Novi Beograd  
Tel: +381-11-32 021 00  
SWIFT/BIC: RZBSRSBG  
www.raiffeisenbank.rs

## Slovakia

### Tatra banka, a.s.

Hodžovo námestie 3  
81106 Bratislava 1  
Tel: +421-2-59 19-1000  
SWIFT/BIC: TATRSKBX  
www.tatrabanka.sk

## Ukraine

### Raiffeisen Bank Aval JSC

Vul Leskova 9  
01011 Kiev  
Tel: +38-044-490 8888  
SWIFT/BIC: AVALUAUK  
www.aval.ua

# Leasing companies

## Austria

### Raiffeisen-Leasing GmbH

Mooslackengasse 12  
1190 Vienna  
Tel: +43-1-71 601-0  
www.raiffeisen-leasing.at

## Albania

### Raiffeisen Leasing Sh.a.

European Trade Center  
Bulevardi "Bojram Curri"  
1000 Tirana  
Tel: +355-4-22 749 20  
www.raiffeisen-leasing.al

## Belarus

### "Raiffeisen-Leasing" JLLC

V. Khoruzhey 31-A  
220002 Minsk  
Tel: +375-17-28 9-9394  
www.rl.by

## Bosnia and Herzegovina

### Raiffeisen Leasing d.o.o. Sarajevo

Zmaja od Bosne bb.  
71000 Sarajevo  
Tel: +387-33-254 340  
www.rlbh.ba

## Bulgaria

### Raiffeisen Leasing Bulgaria OOD

32A Cherni Vrah Blvd. Fl.6  
1407 Sofia  
Tel: +359-2-49 191 91  
www.rlbh.bg

## Croatia

### Raiffeisen Leasing d.o.o.

Radnicka cesta 43  
10000 Zagreb  
Tel: +385-1-65 9-5000  
www.raiffeisen-leasing.hr

## Czech Republic

### **Raiffeisen-Leasing s.r.o.**

Hvězdova 1716/2b  
14078 Prague 4  
Tel: +420-2-215 116 11  
www.rl.cz

## Hungary

### **Raiffeisen Corporate Lízing Zrt.**

Váci út 116-118  
1133 Budapest  
Tel: +36-1-477 8709  
www.raiffeisenlizing.hu

## Kosovo

### **Raiffeisen Leasing Kosovo LLC**

Rr. UCK p.n. 222  
10000 Pristina  
Tel: +383-38-222 222-340  
www.raiffeisenleasing-kosovo.com

## Romania

### **Raiffeisen Leasing IFN S.A.**

Calea Floreasca 246 D  
014476 Bucharest  
Tel: +40-21-30 644 44  
www.raiffeisen-leasing.ro

## Russia

### **OOO Raiffeisen-Leasing**

Smolenskaya-Sennaya Sq. 28  
119121 Moscow  
Tel: +7-495-72 1-9980  
www.raiffeisen-leasing.ru

## Serbia

### **Raiffeisen Leasing d.o.o.**

Djordja Stanojevic 16  
11070 Novi Beograd  
Tel: +381-11-220 7400  
www.raiffeisen-leasing.rs

## Slovakia

### **Tatra-Leasing s.r.o.**

Hodžovo námestie 3  
811 06 Bratislava  
Tel: +421-2-5919-3168  
www.tatraleasing.sk

## Slovenia

### **Raiffeisen Leasing d.o.o.**

Letališka cesta 29a  
1000 Ljubljana  
Tel: +386-8-281-6200  
www.raiffeisen-leasing.si

## Ukraine

### **LLC Raiffeisen Leasing Aval**

Stepan Bandera Av. 9  
Build. 6 Office 6-201  
04073 Kiev  
Tel: +38-044-590 24 90  
www.rla.com.ua

## Branches and representative offices – Europe

### France

**RBI Representative Office Paris**  
9-11 Avenue Franklin D. Roosevelt  
75008 Paris  
Tel: +33-1-45 612 700

### Germany

**RBI Frankfurt Branch**  
Wiesenhüttenplatz 26  
60 329 Frankfurt  
Tel: +49-69-29 921 924

### Poland

**RBI Poland Branch**  
Ul. Grzybowska 78  
00-844 Warsaw  
Tel: +48-22-578 56 00

### Sweden

**RBI Representative Office**  
Nordic Countries  
Drottninggatan 89, 14th Floor  
11360 Stockholm  
Tel: +46-8-440 5086

### UK

**RBI London Branch**  
Tower 42, Leaf C, 9th Floor  
25 Old Broad Street  
London EC2N 1HQ  
Tel: +44-20-79 33-8000

## Branches and representative offices – Asia

### China

**RBI Beijing Branch**  
Beijing International Club  
Suite 200, 2nd Floor  
Jianguomenwai Dajie 21  
100020 Beijing  
Tel: +86-10-65 32-3388

### RBI Representative Office Zhuhai

Room 2404, Yue Cai Building  
No. 188, Jingshan Road, Jida,  
Zhuhai, Guangdong Province  
519015, P.R. China  
Tel: +86-756-32 3-3500

### India

**RBI Representative Office Mumbai**  
501, Kamla Hub, Gulmohar Road, Juhu  
Mumbai – 400049  
Tel: +91-22-26 230 657

### Korea

**RBI Representative Office Korea**  
#1809 Le Meilleur Jongno Town  
24 Jongno 1ga  
Seoul 110-888  
Tel: +82-2-72 5-7951

### Singapore

**RBI Singapore Branch**  
50 Raffles Place  
#31-03 Singapore Land Tower  
Singapore 048623  
Tel: +65-63 05-6000

### Vietnam

**RBI Representative Office  
Ho-Chi-Minh-City**  
35 Nguyen Hue Str.,  
Harbour View Tower  
Room 601A, 6th Floor, Dist 1  
Ho-Chi-Minh-City  
Tel: +84-8-38 214 718,  
+84-8-38 214 719



## Selected specialist companies

### Austria

#### **Kathrein Privatbank Aktiengesellschaft**

Wipplingerstraße 25  
1010 Vienna  
Tel: +43-1-53 451-300  
www.kathrein.at

#### **Raiffeisen Bausparkasse Gesellschaft m.b.H.**

Mooslackengasse 12  
1190 Vienna  
Tel: +43-1-54 646-0  
www.bausparen.at

#### **Raiffeisen Centrobank AG**

Tegetthoffstraße 1  
1015 Vienna  
Tel: +43-1-51 520-0  
www.rcb.at

#### **Raiffeisen Factor Bank AG**

Mooslackengasse 12  
1190 Vienna  
Tel: +43-1-21 974-57  
www.raiffeisen-factorbank.at

#### **Raiffeisen Kapitalanlage Gesellschaft m.b.H.**

Mooslackengasse 12  
1190 Vienna  
Tel: +43-1-71 170-0  
www.rcm.at

#### **Raiffeisen Wohnbaubank Aktiengesellschaft**

Mooslackengasse 12  
1190 Vienna  
Tel: +43-1-71 707-0  
www.raiffeisen-wohnbaubank.at

#### **Valida Holding AG**

Mooslackengasse 12  
1190 Vienna  
Tel: +43-1-31 648-0  
www.valida.at

# Raiffeisen Financial Group in the Czech Republic

## **Raiffeisen INVESTIČNÍ SPOLEČNOST**

Raiffeisen investiční společnost (RIS) commenced its operations in mid-2013 upon listing its first two funds on the capital market. During 2020, RIS issued mutual funds for CZK 7.2 billion, and by 31 December 2020, it managed funds with a total value of CZK 26.1 billion.

RIS funds include a full range of investment opportunities for all types of investors depending on their risk profile. The most popular funds of 2020 were once again three funds – strategies for the three most common types of clients, two new

secured funds, and a real estate fund, and unit holders invested more than half of the total volume in these funds. Among the clients of our private bank Friedrich Wilhelm Raiffeisen are very popular funds of qualified investors.

The company has registered capital of CZK 40 million, which is divided into 40 book-entry registered shares with a nominal value of CZK 1,000,000 each. RIS's 100% shareholder is Raiffeisenbank a.s.

Raiffeisen investiční společnost a.s.

Hvězdova 1716/2b

140 78 Praha 4

[www.rfis.cz](http://www.rfis.cz)

## **Raiffeisen STAVEBNÍ SPOŘITELNA**

Raiffeisen stavební spořitelna (RSTS) was founded in 1993 as the first building society in the Czech Republic. It arranges for its clients favourable building savings, housing loans, and comprehensive financial advice. In 1998, the company became a part of the strong Raiffeisen financial group. A milestone in the history of the company occurred in 2008 when it merged with HYPO stavební spořitelna. With this step, RSTS strengthened its position in the building savings market.

In 2020, Raiffeisenbank a.s. became the 100% owner of the RSTS. This connection will make it possible to offer clients ever better services and pass on the best customer experience.

The activities of Raiffeisen stavební spořitelna in 2020 were affected by the coronavirus crisis. Despite various limitations, however, it did not stop providing top-notch service to its people through its financial advisors at approximately 180 branches

throughout the Czech Republic, or even online. In 2020, Raiffeisen stavební spořitelna succeeded in several competitions. Building savings from RSTS won 1st place in the Finparáda - Financial Product of the Year competition in the Building Savings category. The same product was also placed in the Zlatá koruna competition, where it received 2nd place in the Building Savings category from the expert jury.

RSTS was also successful in competitions focused on marketing and PR communication. The Start-up City enlightenment project was placed at the top of the Lemur competition - the Czech PR Award, the Golden Semicolon and the IMC Czech Awards. Raiffeisen stavební spořitelna also had success in the online environment. In the WEBTOP100 competition, she won 2nd place in the Most Effective Web Development category for her successful innovation of the Online Stavebko web application.

Raiffeisen stavební spořitelna a.s.

Koněvova 2747/99

130 45 Praha 3

[www.rsts.cz](http://www.rsts.cz)



UNIQA pojišťovna, a.s. commenced its operations on the Czech insurance market in 1993. Its parent company is the international concern UNIQA Insurance Group with its headquarters in Vienna. With its 40 subsidiaries, UNIQA operated last year in 18 countries in Europe and served 10 million clients. In February 2020, the acquisition of AXA was announced in the Czech Republic, Slovakia, and Poland, which was confirmed by the closing in October 2020. Hence the UNIQA group is now one of the five strongest insurance brands in the CEE region and acquired an additional 5 million clients. With the integration of AXA into the UNIQA family in the three mentioned countries, the group's prescribed premiums increased by another approximately EUR 800 million annually.

UNIQA pojišťovna holds a universal insurance licence allowing the company to carry out business in the area of both life and non-life insurance. Currently, UNIQA offers all types of insurance products covering the insurance needs of all private and corporate clients.

UNIQA pojišťovna currently ranks fifth on the Czech insurance market. Thanks to the integration with AXA, UNIQA acquired an additional 800,000 clients on the Czech market and significantly strengthened insurance premium sales. Due to the merger, UNIQA's market share is now 8%. In addition, it is launching activities through a pension company and an investment company, which it took over from the AXA Group.

Last year, UNIQA provided its services at approximately 130 business locations throughout the Czech Republic and, of course, at Raiffeisenbank and RSTS branches. Due to the COVID-19 pandemic and long-term restrictive measures, UNIQA completely switched to remote services last March, which covered all areas, such as arranging products, contract management, and handling claims. The service was available to customers without restrictions thanks to a number of measures, especially those relating to digitising processes and simplifying terms for clients. The portfolio included more than a million insurance policies last year. Prescribed premiums in 2020 reached CZK 7.99 billion.

UNIQA pojišťovna has closely cooperated with the Raiffeisen group for many years. In the form of a preferred partnership, this cooperation has also successfully expanded in other European countries where both brands are active on the financial market. Insurance is an integral part of financial services, and hence UNIQA pojišťovna has prepared optimal products for this purpose, such as leasing, credit, and mortgage transactions.

New on the market for 2020 was the unique insurance product for everyday life with the name "Bodyguard". The product covers cases of unauthorised transactions and theft or loss of personal belongings. The insurance protects against the misuse of Internet banking, mobile banking, and all payment cards that

UNIQA pojišťovna, a.s.  
Evropská 810/136  
160 00 Praha 6  
www.uniqa.cz

the client has at Raiffeisenbank in any form (payment cards, applications on watches or mobile phones). Insurance protection is also provided for the loss or theft of personal belongings, such as keys, documents, laptops, mobile phones, watches, but also wedding rings, transport passes, prescription drugs, or glasses, and many other things. The indemnity limit for such an unpleasant insurance event is up to CZK 50,000. UNIQA's cyber assistance is added to this for various issues related to the digital world. This modern product responds to the current needs of people and is valid worldwide. The first 4,300 Raiffeisenbank customers arranged Bodyguard last year.

In 2020, UNIQA continued its successful cooperation in the sale of the life insurance products DOMINO Invest and DOMINO Risk at the Raiffeisenbank branch offices. Bankers concluded 3,036 insurance policies with their clients. Total annual prescribed premiums from both life insurance products reached CZK 183 million.

In addition, UNIQA continued to successfully arrange insurance policies for the insurance product Domov VARIANT at the branch offices and mortgage centres. In 2020, Raiffeisenbank bankers concluded a total of 8,000 new insurance policies. The total annual prescribed premiums from retail property insurance reached CZK 100 million.

For entrepreneurs, high-quality business risk insurance offered with a business account is a part of the product portfolio. Perfekt business insurance was offered for this target group in the second half of 2020, which covers to a large extent the assets and liabilities of entrepreneurs, including a wide range of assistance services, unique on the Czech market for this client segment.

Two products from UNIQA relating to repayment insurance were successfully sold last year with credit products: mortgage repayment insurance and consumer loan repayment insurance. The first of these was even awarded by the analysts Scott & Rose in the survey Insurance Product of the Year 2020, the same as the previous year. Total prescribed premiums for these two innovative products reached CZK 77.5 million.

Starting in February 2020, the drawn-down amounts on a client's credit cards may be secured with a similar type of insurance used for credit products.

A standard product for Raiffeisenbank clients is advantageous travel insurance on debit and credit cards for themselves and their families.

The total prescribed premiums from the portfolio of all valid UNIQA insurance policies arranged by Raiffeisenbank bankers amounted to CZK 527 million in 2020.



Raiffeisen - Leasing, s.r.o. has been among the TOP players on the Czech lease market since the start of operations in 1994. Since the very beginning we have held the stable role of a reliable and responsible financing partner. We belong to the Raiffeisen financial group and our parent company is Raiffeisenbank, a.s.

2020 was a truly exceptional year for the Czech and global economy. Obviously, the COVID-19 pandemic also had an adverse impact on the operations of Raiffeisen - Leasing. According to statistics published by the Czech Lease and Finance Association, the volume of funds spent by the Association members on the financing of business investments in 2020 saw a year-on-year decrease of 19%. Households borrowed 17.3% less from the Association members. The amount of funds allocated by the Association members for the financing of new passenger vehicles dropped 17.2% last year.

Last year at Raiffeisen - Leasing, we maintained our pro-active approach to the needs of our existing clients while pursuing the goals set by our owner. We treated the restructuring of individual business cases with maximum care and attention to the requirements of our existing clients, going even beyond the framework of statutory obligations. We made several fundamental decisions that resulted in reduced operation cost. Also, while maintaining an acceptable degree of risk, we realized our best efforts to attain our desired business results, in which we largely succeeded.

Total assets of the company as at 31 December 2020 reached CZK 23.397 billion, a figure 0.8% up year on year. In 2020, the volume of Raiffeisen - Leasing's new business cases regarding the financing of commodities and real estate stood at CZK 7.838 billion, which represents a 23% drop on a year-to-year basis. Profit after tax according to IFRS amounted to CZK 399.541 million in 2020, representing a 14.7% year-on-year increase. This growth was partly due to received dividends.

Raiffeisen - Leasing provides companies as well as individuals with an extensive portfolio of products designed for the financing of investment needs. The size of our product portfolio, which we deem one of our strengths, is unique to the Czech lease market. We provide financing for cars, heavier transport vehicles, machinery, equipment and technology. Apart from standard objects, our financing provided to corporate clients often includes specific assets, such as aircraft or locomotives. Thanks to our unique knowledge of non-banking real estate financing, we participate in the construction and reconstruction of hotels, shopping centres, residential areas and similar

Raiffeisen - Leasing, s.r.o.  
Hvězdova 1716/2b  
140 78 Praha 4  
[www.rl.cz](http://www.rl.cz)

projects. Our product portfolio includes operating full-service lease provided for vehicles of up to 3.5 tons. Sought-after and largely appreciated by our clients, subsidy advisory plays an important role in our offer.

According to data published by the Czech Lease and Finance Association, Raiffeisen - Leasing ranks first in non-banking real estate finance in the long term. In 2020, our market share in this segment amounted to 71%. We rank among the market's TOP leasing companies in the financing of heavy transportation technology, aircraft, railway technology, IT and medical devices. Last year, our total market share among the members of the Czech Lease and Finance Association reached 7.4%. We maintain a strong position particularly in the SME segment. The corporate client base accounts for another significant portion of our portfolio, while the share of consumers is continuously growing.

We endeavour to use the synergy with our parent company to offer intertwined banking and lease services and products. Clients from the segment of non-business individuals, small firms and entrepreneurs have the direct possibility of negotiating car financing from us via the bank's branch network. The sales networks of Raiffeisen - Leasing and Raiffeisenbank maintain a very close cooperation in the corporate segment in the long term. In 2020, we deployed a new front-end system focused on the financing of vehicles, which notably helps us achieve one of our key objectives - growth in car finance. We made many steps to boost growth in operating full-service lease.

In 2021, Raiffeisen - Leasing will carry on its projects pursuing digitalization and automation of the company's processes. The purpose of these initiatives is to provide the clients with simpler and more user-friendly tools for concluding business cases or dealing with the diverse applications and requests they usually encounter during the lifecycle of financing agreements. Also, these projects streamline and speed up our internal processes to result in improved effectiveness within the company. Despite the anticipated and continued impacts of the COVID-19 pandemic, our efforts in 2021 will be aimed at further strengthening our position in the financing of passenger cars and utility vehicles, real estate, machinery and equipment, handling equipment and transportation technology. Also, we will grow in the operating full-service lease segment. We will maintain, develop and boost our successfully set-up cooperation with Raiffeisenbank, a.s. Particularly in these challenging times, customer orientation and quality of the provided products and services will be our primary objectives while maintaining an optimal level of credit risk and profitability of business cases.

# Raiffeisenbank's branches

Branch Office	Address	Phone
Beroun	Husovo náměstí 45, 266 01, Beroun	+420 311 600 027
Blansko	Rožmitálůva 12, 678 01 Blansko	+420 515 209 854
Brandýs nad Labem, Masarykovo nám.	Masarykovo nám. čp. 22/13 , 250 01, Brandýs nad Labem	+420 311 699 199
Brno - Campus Netroufalky	Netroufalky 770, 625 00, Brno	+420 518 700 711
Brno - Česká	Česká 12, 602 00, Brno	+420 517 545 001
Brno - Masarykova	Masarykova 30, 602 00, Brno	+420 532 196 811
Brno - Hradecká Globus	Hradecká 408/40, 621 00, Brno - Ivanovice	+420 549 122 411
Brno - Jánská	Jánská 1/3, 602 00, Brno	+420 542 221 370
Brno - Královo Pole	Palackého třída 76, 612 00, Brno	+420 581 853 475
Brno - Olympia	Olympia U Dálnice 777, 664 42, Brno	+420 547 243 868
Břeclav	Jana Palacha 2921/3 , 690 02 Břeclav	+420 518 306 836
Česká Lípa	Náměstí T.G.M 193, 470 01, Česká Lípa	+420 487 881 811
České Budějovice - Milady Horákové	M.Horákové 1498, 370 05, České Budějovice	+420 385 790 111
České Budějovice - Nám. Přemysla Otakara	Náměstí Přemysla Otakara II. 13, 370 63, České Budějovice	+420 386 707 411
České Budějovice - Pražská, IGY	Pražská 1247/24, OC IGY, 370 01, České Budějovice	+420 383 709 091
Český Krumlov	Náměstí Svornosti 15, 381 01, Český Krumlov	+420 380 712 705
Děčín	Myslbekova 80/3, 405 01, Děčín	+420 412 432 085
Domažlice	Msgre.B.Staška 68, 344 01, Domažlice	+420 379 775 917
Frydek - Místek - J.V.Sládka	J.V.Sládka 84, 738 01, Frydek-Místek	+420 558 440 910
Havířov	Hlavní třída 438/73, 736 01, Havířov - Město	+420 596 808 311
Havlíčkův Brod	Havlíčkovo nám. čp.175, 580 01 Havlíčkův Brod	+420 565 300 666
Hodonín	Národní třída 18a, 695 01, Hodonín	+420 518 399 811
Hradec Králové - Rašínova, Tesco	Rašínova třída 1669, 500 02, Hradec Králové	+420 498 511 011
Hradec Králové - S.K.Neumanna	S.K.Neumanna 487, 500 02, Hradec Králové	+420 493 334 111
Hradec Králové - V Kopečku	V Kopečku 75, 500 03, Hradec Králové	+420 495 069 666
Cheb	Májová 16, 350 02, Cheb	+420 354 433 629
Chomutov	Žižkovo nám. 120, 430 01, Chomutov	+420 474 930 900
Jablonec nad Nisou	Komenského 8, 466 01, Jablonec nad Nisou	+420 483 737 141
Jihlava - Masarykovo náměstí	Masarykovo náměstí 35, 586 01, Jihlava	+420 567 578 911
Jindřichův Hradec	náměstí Míru čp. 166, 377 01 Jindřichův Hradec	+420 380 300 590
Karlovy Vary - Krále Jiřího	Krále Jiřího 39, 360 01, Karlovy Vary	+420 353 167 770
Karviná - Masarykovo nám.	Masarykovo nám. 28/15, 733 01, Karviná	+420 597 497 711
Kladno	Osvobozených politických vězňů 656, , 272 01, Kladno	+420 312 709 413
Klatovy, Náměstí Míru	Náměstí Míru 168/1, 339 01, Klatovy	+420 376 541 811
Kolín	Kutnohorská 43, 280 02, Kolín	+420 321 338 982
Krnov, Hlavní náměstí	Hlavní náměstí 97/36, 794 01, Krnov	+420 554 601 111
Kroměříž, Vodní	Vodní 59, 767 01, Kroměříž	+420 573 301 811
Liberec - České Mládeže, OC NISA	České mládeže 456, OC NISA, 463 12 , Liberec	+420 482 711 730
Liberec - Na Rybníčku	Na Rybníčku 1, 460 01, Liberec 3	+420 488 100 011
Litoměřice	Mírové náměstí čp, 9/1, 412 01 Litoměřice	+420 412 359 630
Mělník, náměstí Karla IV.	náměstí Karla IV. 183/17, 27601, Mělník	+420 315 650 139
Mladá Boleslav - Bondy centrum	Bondy Centrum, tř. Václava Klementa č.p. 1459, 293 01, Mladá Boleslav	+420 326 509 611

Branch Office	Address	Phone
Mladá Boleslav - TGM	T.G.Masaryka 1009, 293 01, Mladá Boleslav	+420 326 700 981
Most	Budovatelů 1996/4, 434 01, Most	+420 476 140 216
Náchod, Karlovo náměstí	Karlovo náměstí 84, 547 01, Náchod	+420 491 405 757
Nový Jičín	5. května čp. 20, 741 01 Nový Jičín	+420 553 608 171
Olomouc - Horní lán	Horní lán 1328/6, 779 00, Olomouc	+420 582 800 901
Olomouc - Nám. Národních hrdinů	nám. Národních hrdinů 1, 779 00, Olomouc	+420 585 206 911
Olomouc - Národní dům	8. května 464/21, 779 00, Olomouc	+420 582 800 400
Opava - Horní náměstí	Horní náměstí 32, 746 01, Opava	+420 553 759 311
Ostrava - Nová Karolina	Jantarová 3344/4, Forum Nová Karolina, 702 00, Ostrava	+420 596 664 171
Ostrava - Poruba	Opavská 6230/29a, 708 00, Ostrava - Poruba	+420 596 945 126
Ostrava - 28. října, Nová Karolina PARK	28.října 3348/65, 702 00, Ostrava	+420 597 011 541
Ostrava Dlouhá	Dlouhá 3, 702 00, Ostrava	+420 596 111 863
Ostrava Tesco	TESCO, Sjízdna 5554, 722 00, Ostrava	+420 596 966 432
Ostrava, Rudná, Avion Shopping Park	Rudná 114/3114 - Avion Shopping Park, 700 30, Ostrava	+420 558 944 011
Pardubice - třída Míru	třída Míru 420, 530 02, Pardubice	+420 466 610 016
Pardubice - K Polabinám	K Polabinám 1893-4, 530 02, Pardubice	+420 466 512 197
Písek	Velké náměstí 116, 397 01, Písek	+420 382 759 111
Plzeň - Americká 1	Americká 1, 301 00, Plzeň	+420 377 236 582
Plzeň - Americká 66	Americká 66, 306 29, Plzeň	+420 377 279 411-18
Plzeň - Bedřicha Smetany	Bedřicha Smetany 11, 301 00, Plzeň	+420 374 334 800
Plzeň - Olympia	Olympia, Písecká 972/1, 326 00, Plzeň Černice	+420 377 222 156
Praha - Anděl	Zlatý Anděl, Nádražní 23, 150 00, Praha 5	+420 251 510 444
Praha - Bělehradská	Bělehradská 100/18, 120 00, Praha 2	+420 221 511 281
Praha - Budějovická	Olbrachtova 2006/9, 140 21, Praha 4	+420 234 401 026
Praha - City Tower (Hvězdova)	Hvězdova 1716/2B, 140 78, Praha 4	+420 234 405 130
Praha - Dejvická	Dejvická 11, 160 00, Praha 6	+420 233 089 711
Praha - Eden Vršovická	OC Eden, Vršovická 1527/68b, 100 00, Praha 10	+420 225 282 911
Praha - Evropská	Evropská 136, 136 00, Praha 6	+420 234 715 115
Praha - Flora	Chrudimská 7, 130 00, Praha 3	+420 225 376 611
Praha - Háje	Arkalycká 877, 149 00, Praha 4	+420 272 653 815
Praha - Chlumecká	Chlumecká 765/6, 198 00, Praha 9	+420 281 008 111
Praha - Jalta	Václavské náměstí 43, 110 00, Praha 1	+420 222 115 590
Praha - Jandova (OSN)	Jandova 135/2, 190 00, Praha 9	+420 225 545 511
Praha - Jugoslávská	Jugoslávská 320/21, 120 00, Praha 2	+420 222 517 800
Praha - Karlovo náměstí	Karlovo náměstí 10, 120 00, Praha 2	+420 224 900 711
Praha - Komunardů	Komunardů 21/1045, 170 00, Praha 7	+420 225 020 380
Praha - Ládví	Kyselova 1658, 182 00, Praha 8 - Ládví	+420 283 880 342
Praha - Lidická	Lidická 42, 150 00, Praha 5-Smíchov	+420 251 010 811
Praha - Milady Horákové	Milady Horákové 10, 170 00, Praha 7	+420 233 028 022
Praha - Moskevská	Moskevská 43, 101 00, Praha 10	+420 271 078 815
Praha - Na Pankráci Gemini	Na Pankráci 1724, 140 78, Praha 4	+420 234 261 211
Praha - Europark	Nákupní 389/3, 102 00, Praha 10	+420 234 093 011
Praha - Národní	Národní 9/1010, 110 00, Praha 1	+420 221 411 922
Praha - Nitranská	Nitranská 988/19, vstup z ulice Vinohradská, 130 00, Praha 3	+420 296 338 011
Praha - Novodvorská	Novoplaza Novodvorská 1800/136, 142 00, Praha 4	+420 241 406 914
Praha - Palladium	náměstí Republiky 1, 110 00, Praha 1	+420 225 376 503

Branch Office	Address	Phone
Praha - Park Hostivař	Interspar Švehlova 32/1392, 102 00, Praha 10	+420 272 656 215
Praha - Petržilkova	Petržilkova 2706/30, 158 00, Praha 5	+420 296 334 011
Praha - Thámova	Thámova 118/17, 186 00, Praha 8	+420 234 720 911
Praha - Václavské náměstí, Astra	Václavské náměstí 773/4, 110 00, Praha 1	+420 234 093 311
Praha - Veselská Letňany	OC Letňany, Veselská 663, 199 00, Praha 9 - Letňany	+420 234 261 047
Praha - Vinohradská	Vinohradská 230, 100 00, Praha 10	+420 274 001 778
Praha - Vodičkova	Vodičkova 38, 110 00, Praha 1	+420 221 141 261
Praha - Zenklova	Zenklova 22/340, 180 00, Praha 8	+420 225 983 511
Praha - Zličín	Řevnická 1/121, 150 00, Praha 5	+420 234 720 101
Praha - Želivského	Želivského 1738/16, 130 00, Praha 3	+420 225 374 600
Prostějov	Hlaváčkovo nám.3, 796 01, Prostějov	+420 582 400 800
Přerov	Komenského 758/11, 750 02, Přerov	+420 587 800 911
Příbram, Zahradnická	Zahradnická 70, 26101, Příbram 3	+420 318 646 194
Říčany, Masarykovo náměstí	Masarykovo náměstí 155, 251 01, Říčany	+420 323 209 011
Strakonice, Velké náměstí	Velké náměstí 141, 386 01, Strakonice	+420 380 777 265
Svitavy	náměstí Míru čp. 132/68, 568 02 Svitavy	+420 461 352 017
Šumperk	Hlavní třída 15, 787 01, Šumperk	+420 583 219 734
Tábor, Bílkova	Bílkova 960, 390 02, Tábor	+420 381 201 611
Teplice, nám. Svobody, GALERIE	Nám. Svobody 3316, 415 01, Teplice	+420 417 534 703
Trutnov, Horská	Horská 97, Trutnov, 541 01, Trutnov	+420 498 501 801
Třebíč, Jejkovská brána	Jejkovská brána 36/1, 674 01, Třebíč	+ 420 568 891 236
Třinec	Náměstí Svobody 528, 739 61, Třinec	+420 558 944 911
Uherské Hradiště, Obchodní	Obchodní ul. 1508, 686 01, Uherské hradiště	+420 576 000 401
Ústí nad Labem - Forum, Bílinská	Bílinská 3490/6, 400 01, Ústí n. L.	+420 478 050 111
Ústí nad Labem - Pařížská	Pařížská 20, 400 01, Ústí nad Labem	+420 477 101 701
Vyškov	Masarykovo náměstí 46/34 ,682 01, Vyškov	+420 517 302 550
Vsetín	Dolní náměstí čp. 429, 755 01 Vsetín	+420 571 425 136
Zlín - Potoky	Potoky 552, 760 01, Zlín	+420 577 008 016
Zlín - Nám. Míru	nám. Míru 9, 760 01, Zlín	+420 577 011 124
Znojmo	Masarykovo náměstí 325/3, 669 02, Znojmo	+420 515 209 711
Žďár nad Sázavou	Nám. Republiky 42, 591 01, Žďár nad Sázavou	+420 566 652 715

# Mortgage centers

City	Address	Phone
Brno	Česká 12, 602 00, Brno	+420 517 545 026
Brno/Olympia	U Dálnice 777, 664 42, Brno	+420 547 243 868
Brno/Hodonín	Národní třída 18a, 695 01, Hodonín	+420 518 399 818
Brno/Znojmo	Masarykovo nám. 325/3, 669 02, Znojmo	+420 515 209 716
České Budějovice	náměstí Přemysla Otakara II. 13, 370 63, České Budějovice	+420 386 707 457
České Budějovice/Tábor	Bilkova 960, 390 02, Tábor	+420 381 201 614
Hradec Králové	V Kopečku 75, 500 03, Hradec Králové	+420 495 069 677
Jihlava	Masarykovo náměstí 35, 586 01, Jihlava	+420 567 578 920
Karlovy Vary	Krále Jiřího 39, 360 01, Karlovy Vary	+420 353 167 719
Liberec	Na Rybníčku 1, 460 01, Liberec	+420 488 100 040
Olomouc	nám. Národních hrdinů 1, 779 00, Olomouc	+420 582 800 415
Ostrava	Dlouhá 3, 702 00, Ostrava	+420 595 131 431
Ostrava/Opava	Horní nám. 32, 746 01, Opava	+420 553 759 312
Ostrava/Frýdek-Místek	J. V. Sládka 84, 738 01, Frýdek-Místek	+420 558 440 920
Pardubice	K Polabinám 1893/4, 530 02, Pardubice	+420 467 002 505
Plzeň	Americká 1, 301 00, Plzeň	+420 379 305 569
Praha - Budějovicka	Olbrachtova 2006/9, 140 21, Praha 4	+420 225 471 668
Praha - Dejvická	Dejvická 11, 160 00, Praha 6	+420 233 089 710
Praha - Karlovo nám.	Karlovo náměstí 10, 120 00, Praha 2	+420 222 925 855
Praha - Jandova	Jandova 135/2, 190 00, Praha 9	+420 225 545 516
Praha - ASTRA	Václavské náměstí 773/4, 110 00, Praha 1	+420 225 374 059
Ústí nad Labem	Parižská 20, 400 01, Ústí nad Labem	+420 477 101 723
Most	Budovatelů 1996/4, 434 01, Most	+420 476 140 212
Zlín	J. A. Bati 5648, 760 01 Zlín	+420 577 008 017



# Friedrich Wilhelm Raiffeisen branches

City	Address	Phone
Brno - Česká	Česká 12, 602 00, Brno	+420 517 545 046
Olomouc - Horní lán	Horní lán 1328/6, 779 00, Olomouc	+420 585 206 931
Ostrava - Dlouhá	Dlouhá 3, 702 00, Ostrava	+420 596 128 866
Pardubice - třída Míru t	třída Míru 92, 530 02, Pardubice	+420 461 313 343
Plzeň - Bedřicha Smetany	Bedřicha Smetany 11, 301 00, Plzeň	+420 374 334 828
Praha - City Tower (Hvězdova)	Hvězdova 1716/2B, 140 78, Praha 4	+420 234 405 058
Praha - Na Příkopě	Na Příkopě 1047/17, 110 00 Praha 1	+420 233 063 280

# Corporate centers

City	Address
Brno - Česká	Česká 12, 602 00, Brno
Brno - Jánská	Jánská 1/3, 602 00, Brno
České Budějovice	náměstí Přemysla Otakara II. 13, 370 63, České Budějovice
Hradec Králové - V Kopečku	V Kopečku 75, 500 03, Hradec Králové
Chomutov	Žižkovo nám. 120, 430 01, Chomutov
Jihlava - Masarykovo náměstí	Masarykovo náměstí 35, 586 01, Jihlava
Karlovy Vary - Krále Jiřího	Krále Jiřího 39, 360 01, Karlovy Vary
Kolín	Kutnohorská 43, 280 02, Kolín
Liberec - Na Rybníčku	Na Rybníčku 1, 460 01, Liberec 3
Mladá Boleslav - TGM	T. G. Masaryka 1009, 293 01, Mladá Boleslav
Olomouc - Národní dům	8. května 464/21, 779 00, Olomouc
Ostrava - Dlouhá	Dlouhá 3, 702 00, Ostrava
Pardubice - třída Míru	třída Míru 92, 530 02, Pardubice
Plzeň - Bedřicha Smetany	Bedřicha Smetany 11, 301 00, Plzeň
Praha - Budějovická	Olbrachtova 2006/9, 140 21, Praha 4
Praha - City Tower (Hvězdova)	Hvězdova 1716/2B, 140 78, Praha 4
Praha - Karlovo náměstí	Karlovo náměstí 10, 120 00, Praha 2
Praha - Národní	Národní 9/1010, 110 00, Praha 1
Tábor - Bílkova	Bílkova 960, 390 02, Tábor
Trutnov - Horská	Horská 97, Trutnov, 541 01, Trutnov
Ústí nad Labem - Velká Hradební	Velká Hradební 3385/9, 400 01, Ústí nad Labem
Zlín - Potoky	Potoky 552, 760 01, Zlín
Žďár nad Sázavou	nám. Republiky 42, 591 01, Žďár nad Sázavou

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