

AKCENTA CZ

ANNUAL REPORT

2021

akcenta
forex and payments





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Opening Remarks from the Company Director



Dear ladies and gentlemen,

Whoever had hoped that in 2021 everything would return to business as usual was likely disappointed. The pandemic continued to be an overall negative, but still the main, motor of events for that period. So we continued along the route of multiple limitations and a certain discomfort. This, not only in our private lives, but also at work. Our company AKCENTA CZ still managed to turn on one figurative switch along the tracks and continued along its path with a new investor. This key event took place during mid-year and since that time AKCENTA CZ has belonged to the strong financial group Raiffeisen Bank International. This change has afforded AKCENTA CZ new possibilities for development. However, our sales policy, personal approach to our clients, flexibility and speed, i.e. all the characteristics that are coded in our company DNA and which our clients value, all remain the same.

Having mentioned at the start that the Covid-19 pandemic continued to be the issue that significantly determined and markedly limited our lives, we were prepared for it.

We were fully able to take advantage of the opportunity afforded by the fluctuating currency exchange market and continued to serve our clients without any problems; it was important for them to eliminate high volatility. Compared to 2019 we increased more than threefold the volume of hedging we provided. That, together with a larger number of trades and also client payments, clearly had an impact on our company's reporting its best net profit ever for an amount of 73.1 million CZK. That allowed us to exceed our plans and expectations significantly; this during a year when we once again made significant investments into our IT infrastructure. Our clients will definitely notice this during 2022 when we will offer them a new digital environment and service options.

We were also able to launch in full operations a platform for pre-financing of invoices called Zalep.to. If earlier the platform processed financing for dozens of invoices annually, last year that figure jumped to almost two thousand. Interest in this service also exceeded our expectations and we are grateful for that. It shows that we correctly anticipated our clients' needs. Therefore, we will now concentrate on expanding this service to other markets.

When speaking of other markets, I should not neglect to mention here that we decided to adjust our sales model on the German market; this in a way that will further support our expansion. We established a subsidiary company, AKCENTA DE GmbH, headquartered in Hamburg and led by experienced employees whose task is the not-so-easy challenge of showing relatively conservative German firms the markedly more efficient "non-bank" route for executing currency operations and payments. Initial figures from that market show

that we made the right choice.

We cannot however limit our discussion of 2021 to the company's excellent economic results. I mentioned at the beginning of my remarks that 2021 was a watershed year for AKCENTA CZ in terms of its ownership structure. Company owner Milan Lacina decided to sell the business. It was a more than difficult decision for him, given that he founded the company and built it with a dogged tenacity for more than 23 years. A sad irony of fate was that Milan Lacina did not live to see AKCENTA's new era: one in which AKCENTA CZ will be able to, in its operations and development, depend on a strong, respected partner.

If the Covid-19 pandemic had already shaken some life certainties, the war in Ukraine has fully rattled the foundations of our belief in a civilized society. In recent, tough years we have been able to demonstrate that even in unstable and uncertain periods we are a dependable partner for our clients. I truly believe that together we will stand tall against the trials that 2022 has in store for us. This is a year that AKCENTA CZ enters into with both big ambitions and expectations, but also humility.

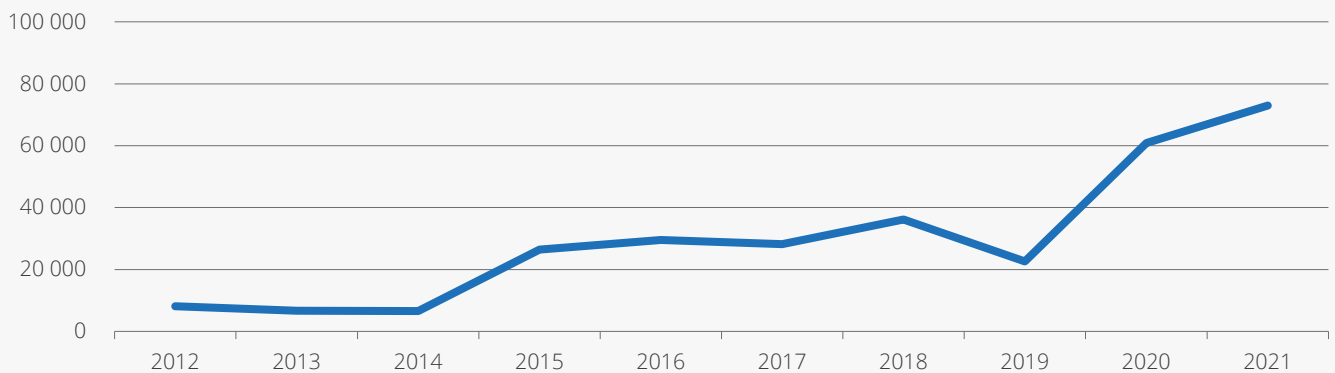
In closing, please allow me first and foremost to thank all our colleagues for their outstanding work in a complicated period; our clients and commercial partners for their trust, which is for us both a commitment and great motivator; and Milan Lacina without whom there would simply be no AKCENTA CZ.

Milan Cerman

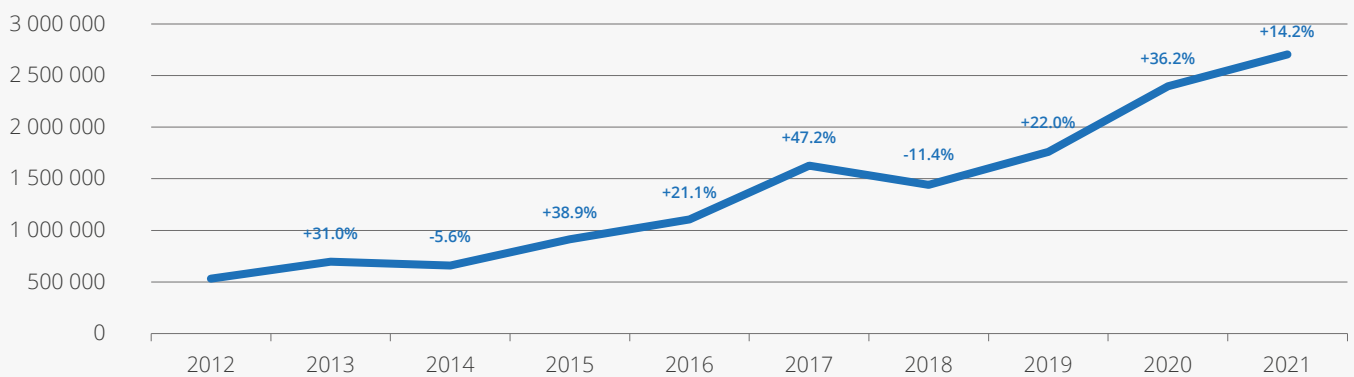
Chairman of the BoD

Key Performance Indicators

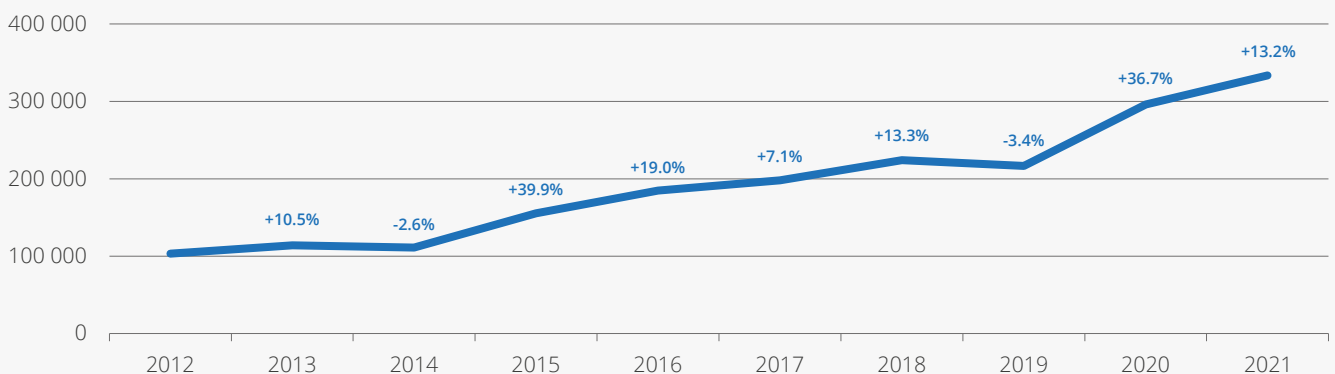
Trends in After-Tax Economic Results (in thousands of CZK)



Development of Balance Sheet Total (in thousands of CZK)



Development of Financial Business Results (in thousands of CZK)



Most Important Events of 2021



On 1 June 2021, Raiffeisen Bank International AG (70% stake) and Raiffeisenbank a.s. (30% stake) become the **new owners of AKCENTA CZ a.s.**



Changes are made to the Supervisory Board based on the change in ownership structure.



In December, **AKCENTA CZ a.s. obtains a license for new payments services** per the terms of EU's PSD2 – Account information service and Payment initiation service.



A subsidiary company AKCENTA DE GmbH is **established in Germany**. This enables the reconfiguration of the company's business model on that market.



The invoice financing product **Zalep.to launches in in full operations** on the Czech market.



During the second half of the year, the Czech National Bank (CNB) begins due to accelerating consumer price inflation to **rapidly increase interest rates from 0.25% to 3.75%**.



The Covid-19 epidemic continues in waves during the whole year.

Important Events Occurring after the Closing of the Fiscal Year



The Zalep.to product surpassed **the 100 million CZK mark for value** of pre-financed invoice payments.



The CNB increases its **base interest rate to 4.5%**.



Producer and consumer **inflation reach a 20-year maximum** at the start of 2022; this not only in the Czech Republic, but also in other EU member states.



The war in Ukraine leads to a swift rise in commodities prices and further complicates problems with supply chains. Trading in roubles is stopped as are payment operations to Russia and Belarus.

Company Developments in 2022



Completion of **integration into the Raiffeisenbank** financial group.



Expansion of the Zalep.to product onto further markets (Slovakia, Germany, Poland).



Usage of newly-obtained licenses for **improving customer service** when trading via AKCENTA CZ.



Completion of development and **implementation of new IT solution** for sales.

Company Profile

Basic COMPANY Characteristics (Status as of 31 Dec. 2021)

Company Name	AKCENTA CZ a.s.
Registered Headquarters	Salvátorská 931/8 110 00 Prague 1
Operations Center	Nerudova 1361/31 500 02 Hradec Králové 2 Czech Republic
Organizational ID No.	251 63 680
Tax ID No.	CZ 251 63 680
Registration Court	Municipal Court in Prague, Section B, Entry 9662
Date of Registration	16 June 1997
Share Capital	100 125 000 CZK
Stocks	Not publicly traded
Statutory Body	Board of Directors
Average Number of Employees	101 employees, 4 board members

COMMERCIAL NAME OF THE MAIN PARENT COMPANY:

Raiffeisen Bank International AG, Vienna, Austria

COMMERCIAL NAME OF THE MAIN PARENT COMPANY THAT COMPILES THE CONSOLIDATED FINANCIAL REPORT:

Raiffeisen Bank International AG, Vienna, Austria

The RBI Group represents the parent company of Raiffeisen Bank International and its subsidiary and associated companies that it owns directly or indirectly through its subsidiaries. Raiffeisen Bank International AG compiles the consolidated financial report.

Raiffeisen Bank International AG's (hereafter "RBI Group") consolidated financial report is filed with the registration court Handelsgericht Wien, Marxergasse 1a, 1030 Vienna, Austria. Raiffeisen Bank International AG shares are listed on the Vienna Stock Exchange.

AKCENTA CZ a.s. is the Parent Company of the Following Companies

Company Name	Registered Headquarters	Share of Basic Capital (%)			
		31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
NERUDOVA property s.r.o.	Nerudova 1361/31 Pražské Předměstí 500 02 Hradec Králové	100	100	100	100
True Finance s.r.o.	Nerudova 1361/31 Pražské Předměstí 500 02 Hradec Králové	100	100	0	0
AKCENTA DE GmbH	Axel-Springer-Platz 3 20355 Hamburg	100	0	0	0

Products and Services

AKCENTA CZ a.s. provides its clients services in the following fields:

Payment Transactions with Currency Exchange (Currency Conversions)

Spot currency sales that include the purchase and sale of currencies with settlement within 2 working days at the latest.

Payment Services (Domestic and Foreign Payments)

This includes the processing and realization of domestic and foreign payments per clients' requirements. The advantage for our clients is first and foremost the price affordability of our services, the quickness of processing and reliability.

Hedging Currency Risks through Term Operations

Forward, swap and option trades – trades with longer due dates than for currency spot trades; this serves to mitigate risks deriving from future exchange rate movements.

Further Services

ONLINE BROKER (OLB) PLATFORM

It offers clients the option to convert funds at online currency exchange rates, to file and modify fixed orders in order to monitor exchange rates and to realize transactions automatically and nonstop, to send and accept payments both to and from abroad at advantageous terms, to issue permanent and bulk payment orders, to manage trade partners, to generate ad hoc statements, etc.

DEALING LIMIT

To set a zero-limit for collateral, partial or full compensation for the blocking of funds needed when agreeing term operations (all based on evaluation of financial statements).

ORDERS

Non-binding call orders or automatic trading when the set exchange rate is achieved (fixed orders).

NOTICE (AVIZO)

NOTICE (AVIZO) significantly expedites settling payments, even in cases where a payment is done at a bank where AKCENTA CZ a.s. does not have a bank account.

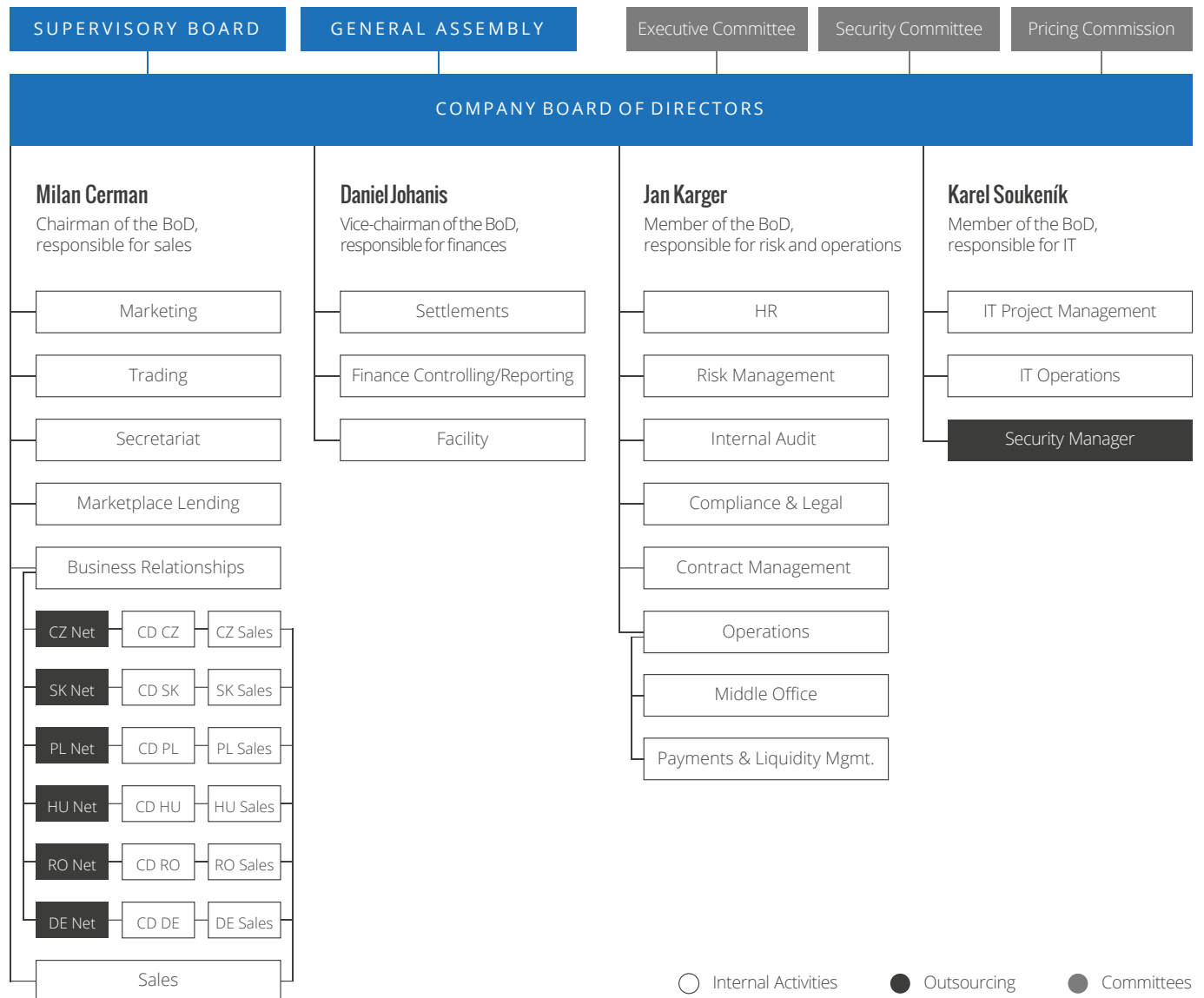
ZALEP.TO

This product focuses on cash-flow management for small- and medium-sized businesses who can sell off their invoices by passing them on to a network of investors and immediately have available funds that would otherwise have been tied to invoices.

Other services include a free-of-charge information service for clients (research) – dispatch of daily and weekly reports, dispatch of news on current exchange rates when significant movements on the market occur.

AKCENTA CZ a.s. Organizational Structure

AKCENTA CZ a.s. Organizational Structure as of 31 Dec. 2021



Statement on Undertaken Risks and Indicators

1. STATEMENT ON UNDERTAKEN RISKS

AKCENTA CZ a.s. (hereafter "Company") is a hybrid institution as defined by the Decree No. 7/2018 Coll. on certain conditions for performing activities by payment institutions, information management for payment accounts, providers of small-scope payment services, e-money institutions and small-scope e-money issuers. It has a payment institution license and also a securities trading license (also an investment firm) as per the Act No. 256/2004 Coll. Based on these authorizations, the Company is obligated to manage all risks related to the trading environment wherein it operates. The Company conscientiously adheres to all relevant regulatory requirements placed on hybrid institutions operating based on relevant laws and regulatory requirements in the area of risk management.

The Company regularly checks its risk management system against newly-adopted laws in the Czech Republic, with new legal norms and with CNB recommendations, and also now with its parent company Raiffeisenbank. It monitors the updating of regulations with an aim to improve the risk management system in relation to development of its business activities, the state of the legal and economic environment, development of IT and analytical tools.

Per regulations for payment institutions according to Decree 7/2018 Coll., the Company uses Approach C to calculate legally-regulated capital requirements.

Until 25 June 2021, the Company determined its capital requirements and capital ratios per Directive (EU) No. 575/2013. On 26 June 2021, a new European Parliament and Council Directive (EU) 2019/2033 dating from 27 November 2019 (hereafter referred to as Resolution – IFR) on Cautionary Requirements for Investment Firms and on Changes to Directives (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014 (hereafter referred to as the IFR) entered into force.

Undertaken Risks by the Company

Based on the European Parliament and Council Directive (EU) 2019/2033 dating from 27 November 2019 (hereafter referred to as the IFR) on Cautionary Requirements for Investment Firms and on Changes to Directives (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) NO. 806/2014, the Company separates risks into the following categories: Customer Risk, Market Risk and Company Risk.

Customer Risk/Risk to Customer (RtC): the Company defines Risk to Customer as a risk that arises for customers should the Company go bankrupt. In the case of AKCENTA CZ a.s. this involves putting forward capital deposits to cover (hedge for) derivative trades. This risk is covered by a K-Factor which captures risk for potential losses.

RISK TO MARKET (RTM)

The Company covers (captures) as part of Risk to Market only positional risk in compliance with provisions in the EU Resolution No. 575/2013 regulating market risk (currency x interest rates).

Monetary (currency) Risk

The main market risk in the Company environment is monetary (currency) risk stemming from open positions in foreign currencies. The Company does not trade instruments that would cause a stock, commodities, or other market risk. The Company, as an investment firm, does not acquire instruments with an aim to hold them short term and then sell them (short sales) or with an aim to take advantage of current or expected short-term price differences between purchase and selling prices or other price movements or interest rate fluctuations.

The Company has chosen a standardized approach for managing market risk.

Monetary (currency) risk is managed as follows:

- a) through careful and efficient management of open currency positions (OCPs),

- b) by establishing stop/loss limits,
- c) by establishing (and checks on) internal limits for the maximum amount of open currency positions.

These limits and limitations are set for monetary (currency) risk:

- a) establishing (and checks on) internal limits for maximum OCP amounts,
- b) establishing of a daily limit for maximum allowable stop/loss limits.

The Company sets its capital requirement in compliance with the IFR, which derives from Regulation (EU) No. 575/2013.

Interest (Rate) Risk

The Company defines Interest Risk as a risk stemming from the movement in market interest rates. As part of its activities, the Company does not undertake interest risk to a significant degree. This involves solely risk stemming from the conclusion of forward and swap trades and the interest rate positions deriving therefrom.

The Company manages its Interest Rate position (exposure) based on the "General Guidelines for Interest Rate Risk Management for Investment Portfolios" dating from 19 July 2018. These guidelines govern the systems that the Company put in place to identify, assess and manage interest rate risk. The Company adheres to standardized scenarios for interest rate shocks, the EBA General Guidelines. The Company uses 6 interest rate shock scenarios with an aim to capture parallel and non-parallel risks related to time differences. These scenarios apply to exposure in each currency separately.

The Company sets its capital requirement in compliance with the IFR, which refers to Resolution (EU) No. 575/2013.

RISK TO FIRM (RTF)

In relation to Risk to Firm, the Company captures (covers) its exposure to counterparty failure in compliance with the simplified provisions on counterparty credit risk based on resolution (EU) No. 575/2013. A further risk as part of Risk to Firm that the Company manages relates to concentration (of risk) toward specific counterparties and it also manages operational risk deriving from the Company's daily trading volume.

The main risk for the Company in this category is counterparty risk. This arises in the company when providing currency/monetary derivatives. Based on maturity, volatility of currency pairs and product type, the Company sets the size (amount) of financial capital that the client must deposit when concluding a trade. The RM Division monitors credit/debt exposure against individual counterparties several times daily as well as their market value/over-valuation. At the same time, it monitors these exposures for individual trades against the actual hedging value. In the case that the ratio between the market value and collateral deposit reaches 85%, the client is asked to add to their collateral. The Company sets its capital requirement for counterparty trade failure based on the IFR.

Operational Risk

The Company defines operational risk as the risk of loss of influence/control arising from inadequate or failed internal processes, due to the human factor or systems, and the risk of loss of control due to external factors, including risks arising from the breach or non-fulfilment of requirements in legal norms.

Operational risk management, in company conditions, includes processes that can be characterized by phases: identification, risk assessment and monitoring, including checks on fulfilment of preventive and other measures for mitigating individual types of risk.

The Company uses the following processes to identify operational risk:

- a) management and control systems;
- b) risk maps;
- c) a database of operational incidents;
- d) internal and external audits.

The Company uses the following methods to limit operational risk:

- a) reducing risk through improved procedures, process changes, organization, introduction of limits and checks, use of technology;

- b) risk transfer through outsourcing or insurance;
- c) avoiding risk by eliminating activities that give rise to it.

The capital requirement for operational risk is covered as part of the K-DTF factor calculated based on daily trading volume.

Liquidity Risk

The Company defines liquidity risk as its ability to timely and properly fulfil its commitments to clients in terms of the realization of currency conversions and associated payment transactions. The Company has set up mechanisms that separate client funds from Company operating funds.

The Company has limited exposure to liquidity risk since most of the trades the Company has entered into with its clients are fully covered by client funds at the time of settlement. The Company's provision of credit under granted short-term credit lines represents a minimum liquidity risk. In this case, the Company is exposed to a short-term liquidity risk. The Company, based on the IFR, now reports its liquidity requirement.

2. CAPITAL ADEQUACY INDICATORS (CAPITAL RATIO) AND OTHER RATIO INDICATORS

According to regulations in force, the Company has a duty to inform vis-à-vis regulators. The Company reports information regarding management, client assets, qualified participation, etc. on a daily, monthly or quarterly basis.

The Company also quantifies its capital adequacy ratio, which it regularly presents to the regulator, through regular comparisons of the aggregate amount of capital requirements with its capital stocks. The Company's capital adequacy ratio indicates sufficient capital to ensure its business activities.

Data on Capital as of 31 Dec. 2021

AGGREGATE INFORMATION ON TERMS (CONDITIONS) AND MAIN CHARACTERISTICS OF CAPITAL AND ITS COMPONENTS

Aggregate level of starting capital (Tier 1 component)	130 749 345
Basic capital	100 125 000
Emissions agio	-
Reserve funds, non-divided funds, and other funds (from profits)	-
Non-distributed profit/loss from prior period – audited	70 291 000
Intangible assets (besides goodwill) reduces Tier 1	39 332 680
Aggregate level of supplementary capital (Tier 2 component)	-
Aggregate level of capital for covering market risk (Tier 3 component)	-
Aggregate level of deductible items from starting and supplementary capital	-
AVA – Actuarial Value of Assets (caution filters)	333 975
Aggregate level of capital after incorporating deductible items	130 749 345

All regulatory capital items are part of the audited financial statement.

CAPITAL RATIOS AS OF 31 DEC. 2021

Capital ratio for Tier 1 (CET1) equity capital	2.39
Capital ratio for Tier 1 (T1) capital	2.39
Capital ratio for total capital	2.39

As of 31 Dec. 2021, the Company met its requirements for amounts of regulatory capital held.

DATA ON CAPITAL REQUIREMENTS AS OF 31 DEC. 2021

Operating Costs	45 197 750
Permanent Min. Requirements	18 645 000
Overall Requirement based on K-Factors	54 628 779
Risk to Customer	307 037
K-AUM	-
K-CMH	307 037
K-ASA	-
K-COH	-
Risk to Market	12 502 224
K-NPR	12 502 224
K-CMG	-
Risk to Firm	41 819 518
K-TCD	41 766 069
K-DTF	53 449
K-NOC	-

AVERAGE INVESTMENT FIRM INDICATORS AS OF 31 DEC. 2021

Indebtedness I (total debt not including customer assets/assets without customer assets)	21.77%
Indebtedness II (overall debt not including customer assets/own capital)	46.91%
Rentability of ave. assets (ROAA not including customer assets)	16.85%
Rentability of ave. starting capital (ROAE)	52.42%
Rentability of turnover (after-tax profits/returns on investment services)	20.53%
Asset ROI (net profits/overall balance sum as of 31 Dec. 2021)	2.67%
Administrative costs per employee (in thousands of CZK)	2 140 CZK

The Company as an Employer

At AKCENTA CZ a.s. (hereafter "AKCENTA CZ"), we are aware that our success is based, alongside our longstanding traditions and provision of quality services, on the work of our employees and their professionalism. Our team's strength and our company as a whole proved itself during this difficult period. Indeed, thanks to them and their work efforts, we have been able to keep the company operating at full capacity and to deliver high-quality services to our clients: services of a quality standard they rightfully expect from us. We appreciate how, together, we have been able to react to an unexpected situation and continue in our work, even if part of this has been done outside the office.

Our employees' happiness and health are very important to us. So we try to be a good employer and create a work environment where our employees feel content and also safe. We believe that thanks to measures we have put in place, we have been able to create such a work space. We are well aware that in today's uncertain times it is not easy to recruit and retain quality employees. AKCENTA CZ thus makes its best efforts to be a good, reliable, and socially responsible employer that listens to its employees.



Statement on Means of Setting Contributions to the Securities Brokers Guarantee Fund

In the framework of providing investment services, AKCENTA CZ a.s. (hereafter referred to as "AKCENTA CZ") offers its customers exclusive services for trading currency forwards, swaps and options. When concluding these contracts, AKCENTA CZ acts as the customer's counterparty. We believe that customer assets per § 128, paragraph 12 of the Act No. 256/2004, Coll., on Business Activities on the Capital Market, in its current version (the "Act", "the CMA") are money deposited as collateral to cover market risk ("Collateral") and the principal paid forward by the customer to the appropriate bank account during settlement of the forward.

In connection with entering into forward contracts with customers, AKCENTA CZ does not collect any fees or commissions from them. Revenues, which AKCENTA CZ generates in connection with the arrangement of forwards for customers, derive from the margin (spread) between the exchange rate, which is agreed with the customer as part of the agreed forward and the exchange rate, which AKCENTA CZ manages to obtain on the interbank market as part of transactions that are concluded as open positions when negotiating forward contracts with customers.

Under § 129, paragraph 1 of the CMA, securities brokers are obliged to pay an annual contribution of 2% of the proceeds from fees and commissions received for providing investment services during the past calendar year to the Guarantee Fund. Given the above-stated fact that AKCENTA CZ does not collect any fees or commissions from its customers for providing investment services, nor does it report any fees for providing investment services in its accounting records, the basis for determining the amount of the contribution under § 129, paragraph 1 is null. AKCENTA CZ therefore pays an annual contribution of 10,000 CZK per § 129, paragraph 2 of the CMA.

Due to forwards' nature as derivative transactions, the volumes of funds deposited by clients as collateral on their bank accounts are very small. The period for which they are deposited to the account for the settlement of forward contracts is also minimal. For these reasons, we believe that the risk of failure of a particular broker in the spirit of § 130 of the CMA and the inability to reclaim customers' assets is relatively low: especially when compared to trading in securities or to portfolio management. For this reason, the amount of our contribution to the Guarantee Fund has been set up for the minimum allowable amount per § 129, paragraph 2 of the CMA: thus corresponding with the low risk of inability to release client's assets in the spirit of § 130 of the CMA.

AKCENTA CZ duly pays contributions to the Securities Brokers Guarantee Fund per § 129, paragraph 2 of the CMA (Act No. 256/2004 Coll.).

Report on Relation Between Controlling and Controlled Entities and on Relations Between the Controlled Entities and Other Entities Controlled by the Same Controlling Entity During the 2021 Accounting Period

1. REPORT ON RELATIONS

AKCENTA CZ a.s., with headquarters at Salvátorská 931/8, Staré Město, 110 00 Prague 1, Org. ID No. 25163680, recorded in the Commercial Registry administered by the Municipal Court in Prague, Section B, Entry 9662 (hereafter referred to as "author"), is part of an entrepreneurial group wherein there exists the following relations between the author and the controlled entities and furthermore between the author and entities controlled by the same controlling entity (hereafter referred to as "connected entities").

This report on relations between the entities listed below was compiled for the 2021 fiscal year (accounting period) in compliance with provisions in § 82 of the Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (hereafter referred to as "the Act") in its valid version for the given accounting period.

The contracts listed below were concluded between the author and the entities shown during that accounting period. Just as the following legal acts and other factual measures listed in this report were approved or carried out.

1.1. Structure of Relations between Entities According to § 82 Par. 2 a) to c) of the Act

1.1.1 CONTROLLING ENTITIES AND STRUCTURAL ARRANGEMENTS

1.1.1.1. Controlling entities – up to 7 Apr. 2021

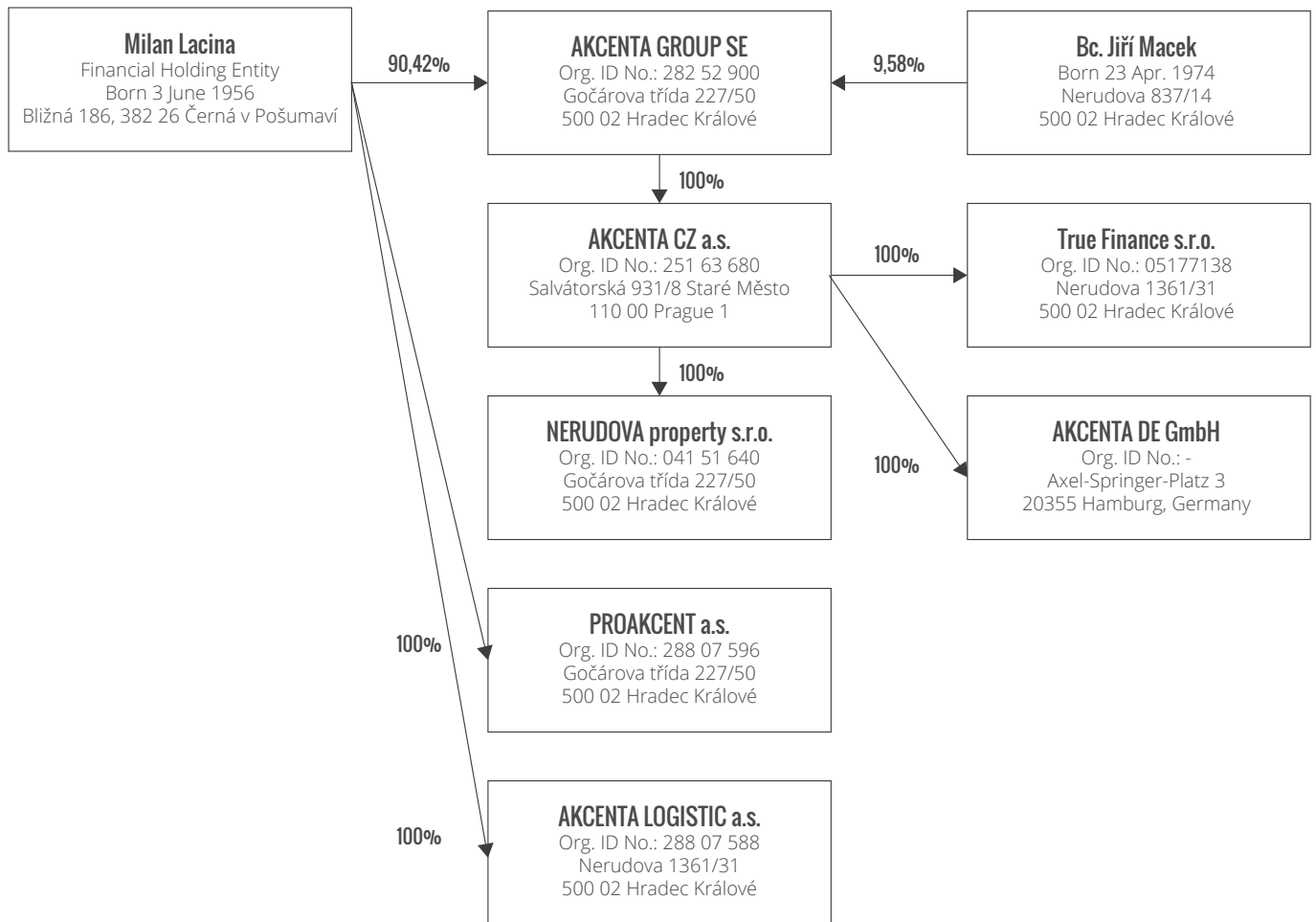
- Milan Lacina, born 3 June 1956, died 7 Apr. 2021
with permanent residence at the time at Bližná No. 186
382 26 Černá v Pošumaví
Indirect share of 90.42% in AKCENTA CZ a.s.

1.1.1.2. Controlling entities – as of 1 June 2021

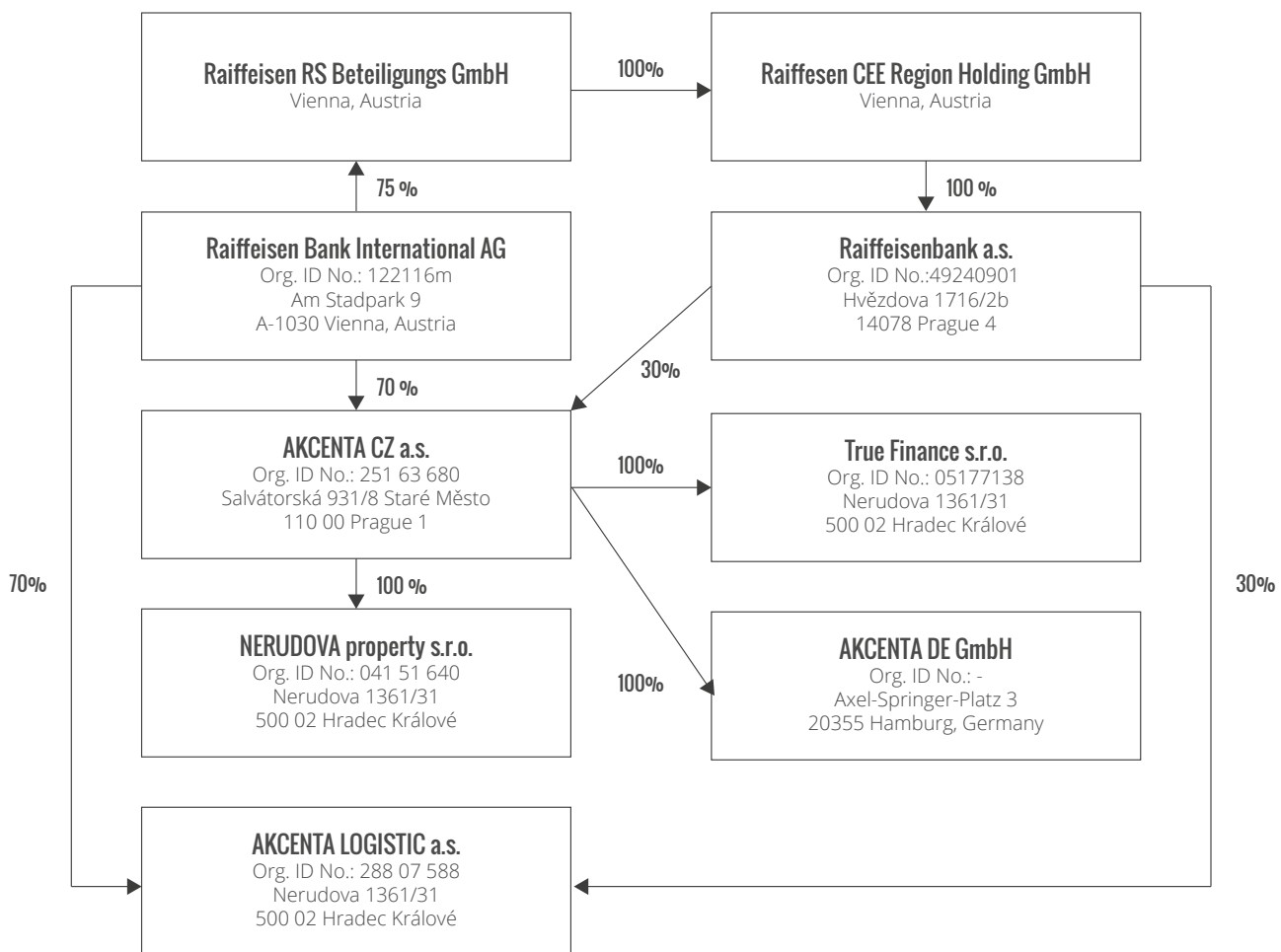
- Raiffeisen Bank International AG
headquartered at Am Stadtpark 9, Vienna, Austria
Stockholder share of 70% in AKCENTA CZ a.s.
- Raiffeisenbank a.s.
headquartered at Hvězdova 1716/2b, Prague, Czech Republic
Stockholder share of 30% in AKCENTA CZ a.s.
The listed entities act in agreement according to § 78 of the Act.

The listed entities act in agreement according to § 78 of the Act.

1. 1. 1. 3. Structure as concerns ownership arrangements – up to 7 Apr. 2021



1. 1. 1. 4. Structure as concerns ownership arrangements – as of 1 June 2021



1. 1. 2. ROLE OF CONTROLLED ENTITIES, MEANS AND RESOURCES OF CONTROL

The author's role as a non-bank payment institution and securities trader is complemented by the service portfolio of the Raiffeisen financial group in the author's jurisdiction. The means of control consists of the existence of an asset or ownership share in the controlled entity. Controlling entities control the author by means of voting at the general assembly (shareholders meeting) in compliance with the author's by-laws.

1. 1. 3. OTHER CONNECTED ENTITIES

1. 1. 3. 1. Companies controlled by the author – up to 7 Apr. 2021

- NERUDOVA property s. r. o., Org. ID No.: 041 51 640, headquartered in Gočárova třída 227/50, Pražské Předměstí, 500 02 Hradec Králové (hereafter "NP").
- True Finance s.r.o., Org. ID No.: 05177138, headquartered in Nerudova 1361/31, Pražské Předměstí, 500 02 Hradec Králové (hereafter "TF").
- AKCENTA DE GmbH, Org. ID No.: DE341640205, headquartered at Axel-Pringer-Platz 3 c/o WeWork, 20355 Hamburg, Germany (hereafter "AKC DE").

1. 1. 3. 2. Companies controlled by the author – as of 1 June 2021

- NERUDOVA property s. r. o., Org. ID No.: 041 51 640, headquartered in Nerudova 1361/31, 500 02 Hradec Králové (hereafter "NP").
- True Finance s.r.o., Org. ID No.: 05177138, headquartered in Nerudova 1361/31, Pražské Předměstí, 500 02 Hradec Králové (hereafter "TF").

- o AKCENTA DE GmbH, Org. ID No.: DE341640205, headquartered at Axel-Pringer-Platz 3 c/o WeWork, 20355 Hamburg, Germany (hereafter "AKC DE").

1. 1. 3. 3. Companies controlled by the same controlling entities as the author with whom the author has a contractual relationship – up to 7 Apr. 2021

- o AKCENTA GROUP SE, Org. ID No.: 282 52 900, headquartered in Gočárova třída 227/50, Pražské Předměstí, 500 02 Hradec Králové (hereafter "AG").
- o NERUDOVA property s. r. o., Org. ID No.: 041 51 640, headquartered in Gočárova třída 227/50, Pražské Předměstí, 500 02 Hradec Králové (hereafter "NP").
- o PROAKCENT a.s., Org. ID No.: 288 07 596, headquartered in Gočárova třída 227/50, Pražské Předměstí, 500 02 Hradec Králové (hereafter "P").
- o AKCENTA LOGISTIC a. s., Org. ID No.: 288 07 588, headquartered in Nerudova 1361/31, Pražské Předměstí, 500 02 Hradec Králové (hereafter "AL").
- o True Finance s.r.o., Org. ID No.: 05177138, headquartered in Nerudova 1361/31, Pražské Předměstí, 500 02 Hradec Králové (hereafter "TF").
- o AKCENTA DE GmbH, Org. ID No.: DE341640205, headquartered at Axel-Pringer-Platz 3 c/o WeWork, 20355 Hamburg, Germany (hereafter "AKC DE").

The level of the controlling entity's commercial share in the companies listed up to 7 Apr. 2021 is as follows: AG 90.42%, NP 90.42 % (indirect share), P 100%, AL 100%, TF 90.42% (indirect share), ACZ DE 90.42% (indirect share).

1. 1. 3. 4. Companies controlled by the same controlling entities as the author with whom the author has a contractual relationship – as of 1 June 2021

- o NERUDOVA property s. r. o., Org. ID No.: 041 51 640, headquartered in Nerudova 1361/31, 500 02 Hradec Králové (hereafter "NP").
- o AKCENTA LOGISTIC a. s., Org. ID No.: 288 07 588, headquartered in Nerudova 1361/31, Pražské Předměstí, 500 02 Hradec Králové (hereafter "AL").
- o True Finance s.r.o., Org. ID No.: 05177138, headquartered in Nerudova 1361/31, Pražské Předměstí, 500 02 Hradec Králové (hereafter "TF").
- o AKCENTA DE GmbH, Org. ID No.: DE341640205, headquartered at Axel-Pringer-Platz 3 c/o WeWork, 20355 Hamburg, Germany (hereafter "AKC DE").
- o The level of the controlling entity's Raiffeisen Bank International AG's commercial share in the companies listed up to 31 Dec. 2021 is as follows: NP 92.5% (indirect share), AL 92.5%, TF 92.5% (indirect share), AKC DE 92.5% (indirect share).

1. 2. ENUMERATION OF CONTRACTS ACCORDING TO § 82 PAR. 2 item e) OF THE ACT

Party	Contract	Date entered into
AKCENTA CZ x AG	Framework Agreement, FX Trading No. 23560	16 May 2008 to 1 June 2021
AKCENTA CZ X AL	Contract on Provision of Outsourced Services, in the version of Addendum No. 4	1 Aug. 2013
AKCENTA CZ X AL	Car Rental Agreement (SUBARU FORESTER), in the version of Addendum No. 1	30 Dec. 2019 to 1 June 2021
AKCENTA CZ X AL	Car Rental Agreement (ŠKODA OCTAVIA), in the version of Addendum No. 1	27 Aug. 2019 to 30 Sept. 2021
AKCENTA CZ X AL	Data Processing Agreement	28 Dec. 2010
AKCENTA CZ X AL	Framework Agreement, FX Trading No. 41147	8 June 2011

AKCENTA CZ X Milan Lacina	Agreement on Entrusting of Personal Vehicle for Use by Employees for Business and Personal Purposes (Subaru Forester)	30 Apr. 2019 to 7 Apr. 2021
AKCENTA CZ X Milan Lacina	Framework Agreement, FX Trading No. 42444	10 Dec. 2012 to 7 Apr. 2021
AKCENTA CZ X NP	Rental Agreement, in the version of Addendum No. 2	30 Sept. 2015
AKCENTA CZ X NP	Loan Agreement, in the version of Addendum No. 1	8 July 2015
AKCENTA CZ X NP	Loan Agreement, in the version of Addendum No. 3	3 Nov. 2015
AKCENTA CZ X P	Parking Rental Agreement	2017
AKCENTA CZ X P	Rental Agreement No. 0	30 Nov. 2019
AKCENTA CZ X P	Rental Agreement No. 11, in the version of Addendum No. 2	31 May 2019
AKCENTA CZ X TF	Data Processing Agreement	8 Sept. 2020
AKCENTA CZ X TF	Rental Agreement (zalep.to)	1 June 2020
AKCENTA CZ X RB	Framework Treasury Agreement	13 Feb. 2008
AKCENTA CZ X RB	Consulting Contract	23 Apr. 2009
AKCENTA CZ X RB	Agreement on Use of Online Banking	9 Oct. 2019
AKCENTA CZ X RB	Agreement on Providing Banking and Other Services	7 Sept. 2020
AKCENTA CZ X RB	Agreement on Providing X-business Online Banking Services	22 Mar. 2019
AKCENTA CZ X RB	Framework Agreement on Financial Market Trading, in the version of Addendum No. CMA/0001/APR405/01/25163680	17 Sept. 2019
AKCENTA CZ X RB	Agreement on Setting Up and Managing the Account, in the version of Addendum No. 1 (5170013798/5500 EUR)	22 Mar. 2019
AKCENTA CZ X RB	Agreement on Setting Up and Managing the Account, in the version of Addendum No. 1 (5170013763/5500 CZK)	21 Mar. 2019
AKCENTA CZ X RB	Agreement on Setting Up and Managing the Account (5170013771/5500, CZK)	22 Mar. 2019
AKCENTA CZ X RB	Agreement on Setting Up and Managing the Account (5170013800/5500, EUR)	21 Mar. 2019
AKCENTA CZ X RB	Agreement on Handover of Data on Beneficial Owners of Funds on Accounts (5170013798/5500, EUR)	21 Mar. 2019
AKCENTA CZ X RB	Agreement on Handover of Data on Beneficial Owners of Funds on Accounts (5170013800/5500, EUR)	21 Mar. 2019
AKCENTA CZ X RB	Agreement on Handover of Data on Beneficial Owners of Funds on Accounts (5170013771/5500, CZK)	22 Mar. 2019
AKCENTA CZ X RB	Agreement on Handover of Data on Beneficial Owners of Funds on Accounts (5170013763/5500, CZK)	21 Mar. 2019
AKCENTA CZ X RB	Agreement on Setting Up and Managing Accounts in GBP, CHF, HRK, PLN, HUF, CAD, SEK, NOK, DKK, RON	27 Sept. 2019
AKCENTA CZ X RB	Agreement on Setting Up and Managing Accounts in TRY, RUB, CNY, JPY, AUD	1 Oct. 2019
AKCENTA CZ X RB	Agreement on Handover of Data on Beneficial Owners of Funds on Accounts in GBP, CHF, HRK, PLN, HUF, CAD, SEK, NOK, DKK, RON.	27 Sept. 2019
AKCENTA CZ X RB	Agreement on Handover of Data on Beneficial Owners of Funds on Accounts in TRY, RUB, CNY, JPY, AUD	25 Sept. 2019
AKCENTA CZ X RBI	CMI@WEB CUSTOMER AGREEMENT	21 Sept. 2021

1.3. Overview of Activities Undertaken During the Most Recent Accounting Period (Fiscal Year) to the Benefit of Controlling Entities According to § 82 Par. 2 Item d) of the Act

No such activity has been registered.

1.4. Advantages and Disadvantages Deriving from Relations Between Controlling and Controlled Entities Listed in Chapter 1.1

With respect to our review of legal relations between the author and the connected entities it is clear that as a result of contracts, other legal acts or other measures entered into, executed or approved by the author during the 2021 fiscal year (accounting period) in the interest or at the direction of individual connected entities, the author has suffered no damages.

1.5. Closing Declaration by the Board of Directors

Declaration: AKCENTA CZ a.s. hereby declares that it compiled this report based on data available as of the date of drafting the report and during this process it proceeded with care as a due financial steward.

In Hradec Králové, dated 31 March 2022

Milan Cerman

Chairman of the Board of Directors

Daniel Johanis

Vice-chairman of the Board of Directors

Supervisory Board Report

Composition of the Supervisory Board

The Supervisory Board operated in this composition: Milan Lacina – chairman of the Supervisory Board (up to 7 April 2021), Jiří Macek (up to 1 June 2021).

As of 1 June 2021, the company was acquired by Raiffeisen Group and it named a new Supervisory Board composed of the following members: Jacek Jurczynski – chairman of the Supervisory Board, Tomáš Jelínek – vice-chairman of the Supervisory Board, and further members of the Supervisory Board – Elisabeth Geyer-Schall, Ryan González, and Slavoljub Dordevic.

Supervisory Board Activities

The Board of Directors regularly informed the Supervisory Board about business operations (finances). It reviewed and checked information related to the set-up of the financial and strategic plan and monitored the fulfillment thereof, including indicators stipulated in current legal norms, regulations. Furthermore, it focused on reviewing the management and monitoring system, mainly through findings from an internal audit, as well as the Company's remuneration (bonus) system. Further checks focused on fulfillment of Board resolutions, compliance with by-laws, and reviews of key indicators' compliance with established laws (legal norms) based on documents from the Department for Compliance and Legal Support.

Through a change in the by-laws dating from October 2021, the Supervisory Board gained the right to vote for board members.

Discovered Insufficiencies and their Rectification

The Board did not uncover any facts that would be in breach of the Company's approved by-laws or valid legislative or legal norms.

Accounting Statement, Business Operations and Proposal for Division of Profits

The Board reviewed the accounting statement for 2021 and familiarised itself with the draft of the Auditor's Report and Statement issued by Deloitte Audit s.r.o. concerning the accounting statement. Based on these documents, the Supervisory Board states that it has no objections to the accounting statement submitted.

The Supervisory Board recommends that the AKCENTA CZ a.s. shareholders meeting approve the standard annual accounting statement for AKCENTA CZ for the fiscal year 2021.

In Prague, dated 29 April 2022

Jacek Jurczynski

Chairman of the Supervisory Board

Miscellaneous

The activities of AKCENTA CZ a.s. do not have any impact on the environment. The company does not carry out any activities related to the environment nor to research and development.

The company did not purchase any of its own stocks in 2021.

The company did not have a subsidiary office or any other part of its commercial operations in a foreign country during 2021.

As part of our strategy, we fulfil our obligations set out by legislation. As concerns labour law relations, the company adheres to all legal norms in compliance with the legal code (statutes) of the Czech Republic.



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Registered by the Municipal
Court in Prague, Section C,
File 24349
ID. No.: 49620592
Tax ID. No.: CZ49620592

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AKCENTA CZ a.s.

Having its registered office at: Salvátorská 931/8, Staré Město, 110 00 Praha 1

Opinion

We have audited the accompanying financial statements of AKCENTA CZ a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2021, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AKCENTA CZ a.s. as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 32 to the financial statements which describes the valuation methods and input variables used to value derivatives with a variable settlement date. Our opinion is not modified in respect of this matter.

Other Matter

The separate financial statements of AKCENTA CZ a.s. for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2021.

Other Information in the Annual Report

The other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information, nor do we express any separate opinion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information included in the Annual Report is materially inconsistent with the financial statements or our knowledge obtained in the audit, whether the Annual Report is prepared in compliance with applicable law or regulation or the other information appears to be materially misstated. If, as a result of our work, we determine that this is not the case, we are required to state our findings in the report.

We have not identified any such findings in the other information received as part of the procedures performed.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional 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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Supervisory Board 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.

In Prague on 4 May 2022

Audit firm:

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

Statutory auditor:

David Batal
registration no. 2147

Accounting Statement for the Year Ending 31 December 2021

AKCENTA CZ a.s.

Registered Headquarters: Salvátorská 931/8, Prague, Czech Republic

Identification number: 25163680, business activity: bank

Date of preparation of the financial statements: 31 March 2022

BALANCE SHEET as of 31 December 2021

ASSETS (in thousands of CZK)		Note	31/12/2021	31/12/2020
1	Cash in hand and balances with central banks		34	49
3	Receivables from banks and credit unions	12	2 438 520	2 163 721
	of which: a) repayable on demand		1 720 095	2 073 723
	b) other receivables		718 425	89 998
4	Receivables from customers – credit union members		13 918	14 021
	b) other receivables		13 918	14 021
8	Ownership interests with controlling influence	14	15 560	14 907
9	Intangible fixed assets	15	39 142	21 694
10	Tangible fixed assets	16	17 069	24 054
	of which: land and buildings for operating activities		10 095	11 340
11	Other assets	17	211 060	157 189
13	Prepaid expenses and accrued income		2 640	2 079
	Total assets		2 737 943	2 397 714

LIABILITIES & EQUITY (in thousands of CZK)		Note	31/12/2021	31/12/2020
1	Payables to banks and credit unions		366	12
	of which: a) repayable on demand		366	12
2	Payables to customers credit union members	19	2 213 232	2 003 257
	of which: a) repayable on demand		2 213 232	2 003 257
4	Other liabilities	20	247 220	164 830
5	Deferred income and accrued expenses		240	154
6	Provisions	21	33 409	23 046
	b) provision for taxes		7 478	5 758
	c) other		25 931	17 288
	Total liabilities		2 494 467	2 191 299
8	Registered capital	20	100 125	100 125
	of which: a) paid-up registered capital		100 125	100 125
14	Retained profits (or accumulated losses)	22	70 291	46 049
15	Profit (loss) for the accounting period	23	73 060	60 241
	Total equity		243 476	206 415
	Total liabilities and equity		2 737 943	2 397 714

OFF-BALANCE SHEET ITEMS (in thousands of CZK)		Note	31/12/2021	31/12/2020
Off-balance sheet assets				
2	Collateral provided		-	3 937
3	Receivables from spot transactions		1 653 609	1 865 540
4	Receivables from fixed term transactions	25	14 840 437	10 181 662
5	Receivables from options	25	-	15 554
6	Receivables written off		35	36
Off-balance sheet liabilities				
9	Commitments and guarantees received	28	20 000	20 000
11	Liabilities from spot transactions		1 652 992	1 872 118
12	Liabilities from fixed term transactions	25	14 793 486	10 129 839
13	Liabilities from options	25	-	15 524

INCOME STATEMENT

for the year ending 31 December 2021

in thousands of CZK		Bod	2021	2020
1	Interest income and similar income	32	213	286
2	Interest expense and similar expense	32	(852)	(968)
4	Fee and commission income	33	20 347	16 105
5	Fee and commission expense	33	(24 181)	(23 039)
6	Gain or loss from financial operations	34	335 363	296 251
7	Other operating income	35	3 477	2 336
8	Other operating expenses	35	(1 989)	(1 632)
9	Administrative expenses	36	(222 521)	(193 314)
	of which: a) employee expenses		(112 419)	(95 003)
	of which: aa) wages and salaries		(84 726)	(70 118)
	ab) social and health insurance		(27 693)	(24 885)
	b) other administrative expenses		(110 102)	(98 311)
11	Depreciation, additions and utilisation of provisions and adjustments to tangible and intangible fixed assets	11, 12	(8 550)	(5 711)
13	Write-offs, additions and use of loss allowances and provisions for receivables and guarantees	38	(1 267)	(1 180)
16	Release of other provisions	18b	-	2 415
17	Additions and use of other provisions	18b	(8 643)	(14 873)
23	Income tax	39	(18 337)	(16 435)
24	Net profit (loss) for the period		73 060	60 241

STATEMENT ON CHANGES IN EQUITY

for the year ending 31 December 2021

in thousands of CZK	Registered capital	Own shares	Share premium	Reserve funds	Capital funds	Gains (losses)	Profit (loss)	Total
Balance as of 1/1/2020	24 030		140	-	28 002	-	97 619	149 791
Net profit (loss) for the period	-	-	-	-	-	-	60 901	60 901
Profit shares	-	-	-	-	-	-	(3 617)	(3 617)
Utilisation of funds	76 095	-	(140)	-	(28 002)	-	(47 953)	-
Balance as of 31/12/2020	100 125	-	-	-	-	-	106 950	207 075
Balance as of 1/1/2021	100 125	-	-	-	-	-	106 950	207 075
Corrections of material errors							(659)	(659)
Net profit (loss) for the period							73 060	73 060
Profit shares							(36 000)	(36 000)
Balance as of 31/12/2021	100 125	-	-	-	-	-	143 351	243 476

CASH FLOW STATEMENT

for the year ending 31 December 2021

in thousands of CZK	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) from ordinary and extraordinary activities before tax	91 397	76 676
Adjustment for		
Depreciation and net change in adjustments for tangible and intangible assets	8 550	5 711
Net change in provisions	10 363	18 216
Net change in adjustments to receivables and write-offs of receivables	1 267	1 180
Net interest income	639	682
Net gain/loss on sale of tangible and intangible fixed assets	(1 113)	(10)
Net gain/loss on sale of available-for-sale securities	(953)	2 071
	110 150	104 526
Changes in		
Securities at fair value through profit or loss	23 487	(40 942)
Receivables from banks and credit unions - other receivables	11 267	(3 516)
Receivables from customers - credit union members	103	(2 301)
Other assets, prepaid expenses and accrued income	(54 432)	(106 436)
Payables to banks and credit unions	354	12
Payables to customers - credit union members	209 975	475 519
Other liabilities, deferred income and accrued expenses	82 476	88 122
	383 380	514 984
Interest received	213	286
Interest paid	(852)	(1 595)
Income taxes paid	(18 217)	(12 407)
Net cash used in operating activities	364 524	501 268
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of ownership interests	(653)	(5 207)
Acquisition of tangible and intangible fixed assets	(18 957)	(12 814)
Proceeds from the sale of tangible and intangible fixed assets	623	5
Net cash used in investing activities	(18 987)	(18 016)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid profit shares	(36 000)	(3 617)
Net cash used in financing activities	(36 000)	(3 617)
Net decrease in cash and cash equivalents	309 537	479 635
Cash and cash equivalents as of 1 January	2 073 772	1 594 900
Cash and cash equivalents as of 31 December	2 383 309	2 074 535

Cash in hand and balances with central banks	34	49
Receivables from banks and credit unions - repayable on demand	2 383 275	2 073 723
Total cash and cash equivalents as of 31 December	2 383 309	2 073 772

Appendix to the Accounting Statement for the Year Ending 31 December 2021

1. GENERAL INFORMATION

a) Company Characteristics

AKCENTA CZ a.s. (hereafter referred to as "Company" or "Accounting Unit") was established on 16 June 1997.

COMPANY NAME AND HEADQUARTERS

AKCENTA CZ a.s.

Salvátorská 931/8
110 00 Prague 1 – Staré Město
Czech Republic

Org. ID No.: 25163680

Tax ID No.: CZ25163680

INFORMATION ABOUT CONSOLIDATING ACCOUNTING UNITS

Commercial name of main parent company:

Raiffeisen Bank International AG, Vienna, Austria

Commercial name of direct parent company:

Raiffeisen Bank International AG, Vienna, Austria

The RBI Group consists of the parent company Raiffeisen Bank International and its subsidiary and associated companies that are owned directly or indirectly by RBI Group's subsidiary companies. Raiffeisen Bank International AG compiles a consolidated financial statement (accounting report).

Raiffeisen Bank International AG's (hereafter referred to as "RBI Group") consolidated accounting unit is filed/registered with the Registration Court Handelsgericht Wien, Marxergasse 1a, 1030 Vienna, Austria. Raiffeisen Bank International AG's shares are listed on the Vienna Stock Exchange.

MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD UP TO 31 DECEMBER 2021

Board of Directors

Milan Cerman (chairman)

Daniel Johanis (vice-chairman)

Jan Karger

Karel Soukeník

Supervisory Board

Jacek Jurcynski (chairman)

Tomáš Jelínek (vice-chairman)

Elisabeth Geyer-Schall

Ryan González

Slavoljub Dordevic

CHANGES IN THE COMMERCIAL REGISTRY

On 7 Apr. 2021, Mr. Milan Lacina's membership in the Company's Supervisory Board expired.

This change was recorded in the Commercial Registry on 6 May 2021.

On 1 June 2021, Mr. Jiří Macek's membership in the Company's Supervisory Board expired.

On 1 June 2021, the number of members of the Supervisory Board was increased from three to five.

On 1 June 2021, the following persons were named as members of the Company's Supervisory Board: Ing. Tomáš Jelínek, Jacek Jurcynski, Elisabeth Geyer-Schall, Ryan González, and Slavoljub Dordevic.

These changes were recorded in the Commercial Registry on 1 June 2021.

As of 1 June 2021, members of the Board of Directors act exclusively with at least two members jointly.

SUBJECT OF BUSINESS:

The Company is authorized as part of its business activities based on its entry in the Commercial Registry to provide the following services:

a) Manufacture, trade and services not shown in Appendices 1-3 in the Trade Concessions Act.

The Company is listed in the registry run by the Czech National Bank in these sectors:

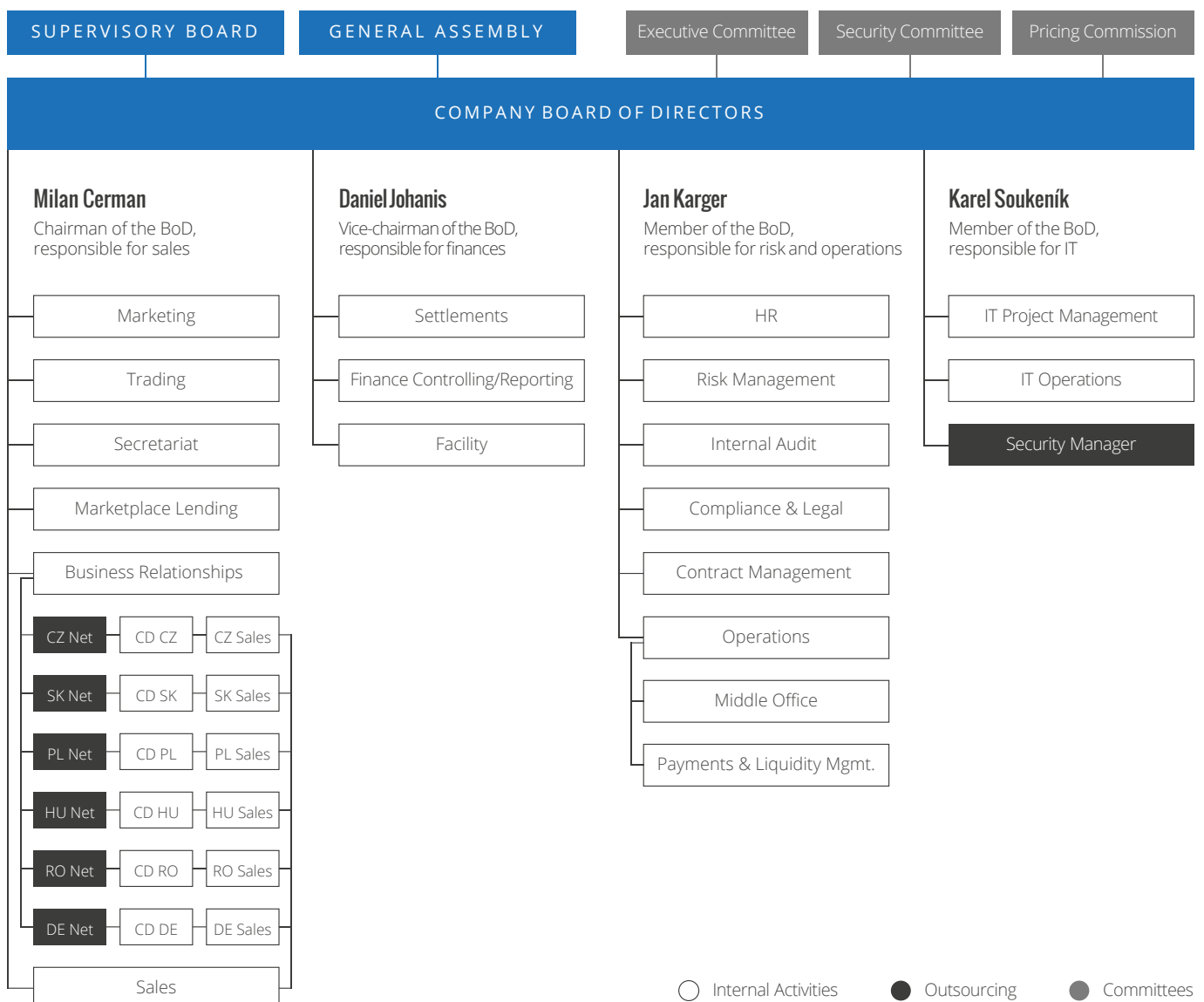
- payment institutions and subsidiaries of foreign payment institutions,
- securities traders and subsidiaries of foreign securities traders.

Based on a decision by the Czech National Bank (CNB) on the issue of a permit for Payment Institution activities dating from 22 February 2011 and a permit for Securities Trading Activities dating from 15 July 2011, the Company is authorized to provide the following services:

- payment services according to the Act No. 370/2017 Coll.:
- cash deposits on a payment account run by the company per § 3, par. 1, item a) of the aforementioned Act,
- cash withdrawals from a payment account run by the company per § 3, par. 1, item b) of the aforementioned Act,
- carrying out transfers of monetary/cash resources per § 3, par. 1, item c) of the aforementioned Act,
- carrying out transfers of monetary/cash resources from a payment account per § 3, par. 1, item d) of the aforementioned Act for providing transfer of monetary resources as a loan,
- issue and management of payment resources and devices for acceptance of payment resources per § 3, par. 1, item e) of the aforementioned Act,
- carrying out transfers of monetary/cash resources per § 3, par. 1, item f) of the aforementioned Act.
- service for indirect issues/submission of payment orders per items g), h) service informing about payment accounts per item h) of the aforementioned Act,
- Securities trading activities according to the Act No. 256/2004 Coll. in the scope of main investment services, e.g.:
 - accepting and passing on orders relating to investment instruments,
 - carrying out orders related to investment instruments on the customer's account,
 - trading with investment instruments on the company's own account,
 - additional investment services: custody and management of investment instruments including related services, all in relation to investment instruments according to § 3, par. 1, item d) of the aforementioned Act.

The Company carries out these activities in countries throughout Central Europe: in Germany, Hungary, Poland, Romania and Slovakia.

Organizational Structure Valid as of 31 December 2021



B) BASIS FOR PREPARING THE FINANCIAL STATEMENT

The financial statement was prepared based on accounting done in compliance with

- the Act No. 563/1991 on Accounting, in its most recent versions,
- the Decree No. 501/2001 issued by the Czech Finance Ministry in its version that went into effect on 1 January 2018,
- Czech accounting standards for financial institutions issued by the Czech Finance Ministry.

This financial statement has been prepared in compliance with Decree No. 501/2002 in its version that went into effect on 1 January 2018. The latter establishes the structure and labelling of items in financial statements and the definition of content for items (headings) in the financial statement. At the same time, in its § 4a, par. 1, this decree states that an accounting unit, for the purposes of reporting financial instruments, their appraisal and for listing information thereon in an appendix to a financial statement, must proceed according to international accounting standards as provided for directly in applicable EU regulations on the usage of international accounting standards (hereafter "international accounting standard" or "IFRS").

The financial statement has been processed based on principles for time distinction of costs and revenues and historic prices with the exception of select financial instruments appraised at their fair value.

The financial statement derives from the assumption that the accounting unit will continue its activities uninterrupted and that no event will occur that would limit it in doing so; or prevent it from continuing said activities in the foreseeable future.

The closing date for the financial statement was 31 December 2021. The standard fiscal year runs from 1 January 2021 to 31 December 2021. The prior fiscal year ran from 1 January 2020 to 31 December 2020.

All information shown is listed in thousands of Czech crowns (thousands of CZK), provided it is not stated otherwise. Numbers shown in parentheses represent negative values.

This is a non-consolidated financial statement.

The consolidating unit which compiles the consolidated financial statement for the narrowest group of accounting units that belong to the Company includes:

Raiffeisen Bank International AG's (hereafter referred to as "RBI Group") consolidated financial statement is filed/registered with the Registration Court Handelsgericht Wien, Marxergasse 1a, 1030 Vienna, Austria. Raiffeisen Bank International AG's shares are listed on the Vienna Stock Exchange.

2. IMPORTANT ACCOUNTING METHODS

The Company's financial statement was prepared in compliance with the following important accounting methods:

a) SPOT OPERATIONS AND DERIVATIVES

As part of its activities, the Company carries out (executes)

- Spot operations,
- Derivatives (forwards, swaps, and options).

SPOT OPERATIONS

Currency spot

Purchase or sale of a certain amount of funds in one currency for a certain amount of funds in another currency at a fixed exchange rate, during which the exchange rate is determined based on the current supply and demand situation for the currency pairing on the interbank foreign exchange market (contractual rate).

When concluding a trade, the CNB exchange rate on the settlement date is used. Reporting of profits or losses on currency operations occurs at the time the trade is settled, e.g. at the time of settlement of the liability or receivable. Profits and losses on settlement of foreign exchange currency transactions are reported in the profit and loss statement under the "Profit or loss on financial operations" heading.

Non-settled spot operations existing on the date of the financial statement are reported in the off-balance sheet records. Non-settled trades as of the last day of the month are re-appraised at the CNB exchange rate valid on the last day of the relevant month and the calculated profit or loss is reported in the Profit and Loss Statement under the "Profit or loss on financial operations" heading.

DERIVATIVES

Currency forward

Purchase or sale of a certain amount of funds in one currency for a certain amount of funds in another currency at a fixed exchange rate, during which the exchange rate is determined based on the current supply and demand situation on the foreign exchange market and the interest rates for the currencies involved.

The settlement of currency forwards occurs in the future: at the earliest, on the sixth business day and, at the latest, one year after the trade is closed.

Both the forward rate and the settlement date are binding; they cannot be changed after entering into the trade. With certain forwards the settlement date is set on a framework basis and authorizes the client to execute transactions for full or partial volume at any time during the set timeframe.

Currency swap

Exchange of funds in one currency for their value in another currency for a fixed period of time. If this period begins in the future, it is referred to as a Forward FX Swap option.

Settlement will take place in two independent conversions, i.e. the initial sale of funds by the client to the Company for the current Spot (or Forward Rate in the case of a Forward FX Swap) exchange rate and in the future for their buyback by the client from the Company for the Forward Rate.

Options

The right (in no case the obligation) to buy / sell one currency for another at a pre-arranged exchange rate - the Strike Price and by an agreed date in the future - Expiration Date. For this right, the buyer pays the seller for the option Premium.

An option's (Premium's) market price is payable immediately or on the next working day, based on the prior approval of the Risk Management department and is based on current market supply and demand.

If the option is exercised by the client or the Company, the settlement will take place as a "spot trade" in the Company's trading system.

Fair value of derivatives

The fair value of financial derivatives is determined as the present value of expected cash flows arising from those transactions. To determine the present value, parameters ascertained from the active market, e.g. such as exchange rates, interest rates for a given maturity based on the yield curve, etc. are used.

For derivatives whose date of settlement is set as part of a framework structure, the derivative's value set by the Company also reflects the expected date of realization of the transaction by the client. This estimate can have a fundamental influence on the set value of the given derivative.

Reporting derivatives

Unsettled derivatives (forwards, swaps and options) are reported at fair value on the balance sheet. Positive fair values of unsettled derivatives are reported as assets under the "Other assets" heading. Negative fair values of unsettled derivatives are reported as liabilities under the "Other liabilities" heading.

In the off-balance sheet items, unsettled derivatives are reported in the undiscounted contractual value lines in the headings:

- "Receivables from fixed-term operations" and "Liabilities from fixed-term operations" in the case of currency forwards and currency swaps,
- "Liabilities from options" and "Debts/obligations from options" in the case of options.

Unrealized profits and losses arising from changes in fair values of unsettled derivatives and realized profits and losses from settled derivatives are reported in the profit and loss statement under the "Profit or loss on financial operations" heading.

Exchange rate discrepancies

Assets and liabilities held in a foreign currency at the end of each month (including the accounts reporting date) are re-appraised at the CNB exchange rate valid for the last day of the relevant month. Relevant exchange rates are reported in the profit and loss statement under the "Profit or loss from financial operations" heading.

b) Financial Assets and Financial Liabilities

I. SETTLEMENT AND INITIAL APPRAISAL

The accounting unit initially settles financial assets and liabilities at the moment they arise, which is the date when the accounting unit becomes a party to contractual provisions for the relevant financial instrument. Exceptions include spot trades (purchases) and sales of financial assets, which are reported in accounting records on the date the trade is settled.

II. CLASSIFICATION

Financial assets

During the initial settlement, a financial asset is classified as appraised by/at

- Actual Cost (AC),
- Fair Value through the Statement of Profit or Loss (FVTPL).

A financial asset is appraised at the actual cost (AC), provided it meets both of the following conditions and meanwhile is not meant for appraisal at the Fair Value through Statement of Profit or Loss (FVTPL):

- the asset is held as part of a trade model, whose aim is to hold the financial asset for the purpose of gaining contractual monetary flows,
- the financial asset's contractual terms set a specific date for monetary flows created solely for instalment payments of principal and interest on the unpaid portion of the principal (i.e. a so-called SPPI Test).

A debt instrument is appraised at a fair value against Fair Value through Other Comprehensive Income (FVOCI) only provided it fulfils both of the conditions below and meanwhile is not meant for appraisal at the Fair Value through Statement of Profit or Loss (FVTPL):

- the asset is held as part of a trade model, whose aim is both to collect contractual monetary flows and to sell financial assets,
- the contractual terms of the financial asset set specific dates for monetary flows created solely for instalment payments of principal and interest on the unpaid portion of the principal (i.e. a so-called SPPI Test).

All other financial assets are appraised at the Fair Value through statement of Profit or Loss (FVTPL).

Financial liabilities

The accounting unit classifies its financial liabilities, other than financial guarantees and assurances provided, as appraised

- at the actual cost/value, or
- the Fair Value through the Statement of Profit or Loss (FVTPL).

III. DEDUCTIONS

Financial assets

The accounting unit deducts financial assets, provided

- contractual rights to the monetary flows from financial assets cease, or
- rights to acquire monetary flows in a transaction wherein all risks and benefits related to ownership of the financial capital are transferred, or where the accounting unit neither transfers nor keeps essentially all risks and benefits related to ownership of financial capital and where it does not maintain oversight of the financial asset.

When deducting financial capital, the difference between the

- assets' accounting/balance sheet value (or the part of the accounting value allocated to the part of the deducted asset) and
- the sum (i) of the payment received (including any asset acquired minus the value of any newly accepted liability) and the accumulated profit or loss that were processed as part of the ownership capital is reported in the profit and loss statement.

Financial liabilities

The accounting unit deducts a financial liability, provided its contractual obligations have not been fulfilled or if they have been cancelled or cease to exist.

IV. DEPRECIATION

The accounting unit reports adjustable cost items for expected credit losses (ECL) for the following financial instruments that are not appraised at a fair price reported in the profit and losses (FVTPL):

- Liabilities held for banks and credit unions;
- Liabilities held for non-bank subjects.

Depreciation is not reported for capital financial instruments.

Establishment of expected credit losses (ECL)

For greater detail, see item 27a.

Credit depreciated financial assets

By each financial statement report day, the accounting unit assesses whether the financial assets appraised at the current value and the debt-based financial assets appraised at a fair price against the Fair Value through Other Comprehensive Income (FVOCI) are not depreciated as credit. Financial assets are credit depreciated, provided one or more events have occurred that have a negative impact on anticipated future monetary flows from the financial asset.

Evidence that a financial asset has been credit depreciated includes the following noticeable facts:

- significant financial problems for the debtor or the emitter;
- breach of contract, e.g. failure on part of the debtor or failure to meet payment deadlines;
- it becomes likely that the debtor will file for insolvency, bankruptcy or any other financial reorganization, or;
- the cessation of an active securities market on grounds of financial difficulties.

Presentation of adjustable cost items for ECL in the financial statement

Adjustable cost items for ECL are presented in the following way:

Adjustable cost items for ECL created to counter expenditures are reported in the profit and loss statement under the "Deductions, creation and usage of adjustable cost items and reserves for liabilities and guarantees" heading. In this item, we also report the subsequent usage of adjustable cost items.

Dissolution of adjustable cost items for ECL due to their lack of necessity is reported in the profit and loss statement under the "Dissolution of adjustable cost items and reserves for liabilities and guarantees, earnings from previously deducted liabilities" heading.

c) Transaction Date

Depending on the type of transaction, the moment of transaction is set to the date of payment or receipt of cash; the date of purchase or sale of currency, foreign currency or securities; the date of payment or debit from the client's account; the date of the correspondent's payment order; the date of crediting the (foreign) funds according to a notice received from the correspondent of the company (notice means a report in the SWIFT system, a bank notice, an account statement or other documents); the date of the trade and the date of settlement of foreign exchange transactions, other derivatives; the date of issue or acceptance of the guarantee; or the date of service provision.

In the case of incoming invoices in a foreign currency, the date of execution of the taxable transaction is the date of provision of service or the date of issue of the invoice, unless the date of the provision of the service is clearly determined, or in cases such as the date of payment of advance overhead invoices from any European Community country. In the case of invoices received from commercial agents, the date of the taxable transaction is the last day of the month during which the service was provided.

d) Participating Interest with Controlling Influence

A subsidiary company (participation with controlling influence) is an accounting unit controlled by another accounting unit.

Taking control of a unit, into which the company has invested, means the investor controls the unit it has invested in, provided it can draw on variable earnings or has a right to them based on its engagement in that unit and can use its power, via these earnings, to influence the unit.

Thus an investor controls a unit, into which it has invested, only in the event that all the following points hold true:

- it has power over the unit into which it has invested,
- based on its engagement in the unit into which it has invested, it collects variable earnings or has a right to such earnings,
- it has the ability to use its power over the unit, into which it has invested, to influence the amount of its own earnings.

Participations with controlling influence are appraised at their purchase price.

Participations with controlling influence are appraised at their purchase price which is then lowered by adjustable cost items on grounds of the temporary decrease in the value of this participation. This is done individually for each participation.

Creation, dissolution and usage of related adjustable cost items are reported in the profit and loss statement under the "Dissolution of adjustable cost items for participations with controlling and significant influence" and "Losses from transfer of participation with controlling and significant influence, creation and usage of adjustable cost items for participations with controlling and significant influence" headings.

e) Tangible and Intangible Assets

Long-term tangible and intangible assets are processed (accounted for) at their historic purchase prices and are deducted fairly.

The deduction periods for individual categories of long-term tangible and intangible assets are as follows:

Buildings	10 years
Software	5 years
Appraisable rights	6 years
Technical appraisal for rented buildings	10 years
Computers	3 years
Inventory	3 to 10 years
Other	3 years
Vehicles	5 years

Accounting and tax deductions are not the same for long-term tangible assets.

LEASING FROM THE RENTER'S PERSPECTIVE

The accounting unit applies the international accounting standard, IFRS 16 Leasing. A contract is considered a leasing (act) provided it transfers the right to control usage of the identified asset for a defined period of time for a payment.

IFRS 16 brings about changes in charging and reporting for the renter. The accounting unit in the role of renter reports an asset based on usage rights for the rented assets and related obligations for the leasing (contract) with the following exceptions:

- the rental period is less than 12 months,
- or the underlying asset has a low purchase price – the Company set this value at 112 000 CZK.

Assets from usage rights

An asset based on usage rights is initially appraised at its purchase price which includes

- the initial appraisal of the leasing obligation (contract),

- leasing payments made by the start of, or prior to, the date after deducting all leasing incentives received,
- initial direct costs,
- estimated costs that the renters pay for the disassembly and liquidation of the leased asset.

Assets for usage rights are reported in the balance sheet under the heading "Long-term tangible assets" and are evenly deducted for the period until the end of the economic lifecycle of the underlying asset or until the end of their rental: this according to which period ends sooner. The relevant deductions are reported in the profit and loss statement under the heading "Deductions, creation and usage of reserves and adjustable cost items for long-term tangible and intangible assets".

In the case of the Company, this involves usage rights for the following assets:

- the building and parking spots in Nerudova Street in Hradec Králové,
- printers.

During 2021, two rental agreements for the usage rights of personal vehicles from the leaser AKCENTA LOGISTIC a.s. were terminated.

The amortization period is defined in the valid rental agreement.

Leasing liabilities

A leasing obligation is initially appraised for the amount of the current value of the leasing payments that have not been paid as of the date of the first reporting. Leasing payments are discounted by the interest rate that the renter would have to pay were he to borrow money to purchase the underlying asset when taking into consideration conditions related to the leasing process (e.g. duration of the lease, amount of the loan, etc.).

Afterwards, the leasing obligation is re-appraised provided a change in future leasing payments would occur (e.g. on grounds of changes in the appraisal, if and when an extension or premature ending of the lease would occur, etc.). If the leasing obligation is re-appraised as such, then an adjustment to the asset appraisal for usage rights will occur. Provided the asset for usage rights is null, then the given re-appraisal for the leasing obligation is accounted for (reported) in the profit and loss statement.

The leasing obligation is reported in the "Other obligations" item in the balance sheet.

Interest costs arising from the leasing obligation are reported in the profit and loss statement in the item "Costs for interest and similar costs" and are differentiated using an effective interest rate.

f) Reserves

Reserves represent probable performance with uncertain timing and amounts. Reserves are created at the expense of costs for an amount that is the best estimate of the expenses necessary to settle existing debt.

Reserves are formed provided the following criteria have been met

- a) there is a duty (legal or material) to perform (fulfil obligations) as a result of past events,
- b) it is probable or certain that a transaction will occur and will require an outflow of funds representing economic benefits, where "probable" means a likelihood greater than 50%;
- c) it is possible to make a reasonably reliable estimate of performance.

The Company creates a non-tax reserve for annual bonuses that are paid out in the following year. It also creates a reserve for unused vacation (holiday) time. These reserves are created such that they include related social security and health insurance costs.

g) Interest

Interest earnings, or interest costs, reported in the profit and loss statement under the "Interest earnings and similar earnings" or "Interest costs and similar costs" headings include interest from financial assets and financial liabilities assessed at their current price and calculated using an effective interest rate.

h) Taxation

The tax base for income tax is calculated from the company's financial results (profit or loss) for the current period by adding non-deductible expenses and deducting income that is not subject to income tax and has been further adjusted for tax rebates and any relevant tax credits paid abroad.

Deferred tax is based on any temporary differences between assets' and liabilities' accounting and tax values while using the expected tax rate applicable for the subsequent period. A deferred tax asset is accounted for (entered into the books) only if there is no doubt about its continued application in subsequent accounting periods.

i) Public Aid (Support)

The Company did not receive any public aid during the years 2021 and 2020.

j) Client Assets

The Company keeps records of client assets in the form of cash held on escrow accounts at banks. Reporting on these client assets is done as follows:

- Assets - Liabilities held for banks and credit unions
- Liabilities – Obligations to non-bank subjects

3. CHANGES TO ACCOUNTING METHODS

The accounting department (unit) did not make any changes to its accounting methods in 2021.

4. CORRECTIONS TO PREVIOUS PERIODS

In 2021, the accounting unit filed an additional tax return for legal entities for the years 2018, 2019 and 2020. On cautionary grounds, costs that were not in compliance with § 24 and § 25 of the Act No. 586/1992 Coll. on Income Tax were excluded on the premise that they were not sufficiently demonstrable (provable). Tax calculated for an amount of 660 000 CZK was reported in the accounts as Deferred profit from past periods and amounts listed in the reports for the previous accounting period (fiscal year) were adjusted for reasons of term (period) comparability.

5. NET INTEREST EARNINGS

thousands of CZK	2021	2020
Interest earnings from bank accounts	8	85
Interest earnings from loans made and credits	205	201
Total interest earnings	213	286
Interest costs and related costs	(304)	(341)
Interest costs from leasing obligations	(548)	(627)
Total interest costs	(852)	(968)
Net interest earnings	(639)	(682)

Interest earnings from loans provided and credits represent interest from loans made by NERUDOVA property s.r.o., Org. ID No. 04151640 for the amount of 205,000 CZK (2020: 201,000 CZK).

Expense/cost interest represents interest paid to banking institutions for an amount of 304,000 CZK (2020: 341,000 CZK).

Furthermore, we report here interest costs from leasing obligations based on application of the IFRS 16 accounting standard: this for an amount of 548,000 CZK (2020: 627,000 CZK).

Interest earnings and interest costs calculated based on the effective interest rate method for the following items are for the following amounts:

thousands of CZK	2021	2020
Interest costs from financial assets appraised at current value	213	286
Interest costs from financial liabilities appraised at current value	304	341

6. INCOME AND EXPENSES FROM FEES AND COMMISSIONS

thousands of CZK	2021	2020
Income from fees and commissions		
from spot operations, derivative operations and transfers	20 347	16 105
Total	20 347	16 105
Costs for fees and commissions		
from spot operations, derivative operations and transfers	(24 182)	(23 039)
Total	(24 182)	(23 039)
Net income from fees and commissions	(3 835)	(6 934)

The Company did not realize neither in 2021 nor in 2020 any income/expenses from fees/commissions for the trading, management, savings or holding of value funds.

7. PROFIT OR LOSS FROM FINANCIAL OPERATIONS

thousands of CZK	2021	2020
Total	335 363	296 251

8. OTHER OPERATING INCOME AND EXPENSES

thousands of CZK	2021	2020
Turnover from sales of services	2 038	1 237
Other	1 439	1 099
Total	3 477	2 336
Other operating expense	(1 989)	(1 632)
Total	(1 989)	(1 632)

Turnover from sales of services consist of income based on an outsourcing agreement with AKCENTA LOGISTIC, a.s., the sale of assets and early termination of operative leasing. The Other heading as part of Other operational earnings/revenues represents mainly compensation for damages from insurers.

Other operating expenses represent membership fees, insurance of property/assets and gifts.

9. ADMINISTRATIVE COSTS

thousands of CZK	2021	2020
Wages and employee bonuses	67 329	60 645
Social security and health insurance	27 693	24 885
Wages and bonuses paid to board members	17 397	9 473
Costs per employee	112 419	95 003
Other administrative costs	110 101	98 311
of this: bonuses/commissions for traders/consultants	57 428	53 036
of this: outsourcing costs	7 040	1 764
of this: statutory audit costs	1 069	720
of this: tax and legal consulting	1 516	2 366
of this: promotion, events, PR	4 277	4 510
of this: other services – software maintenance and support	4 135	8 833
of this: rental and other leasing	379	301
Total	222 520	193 314

The average adjusted number of employees was as follows:

	2021	2020
Employees	101	94
Board members	4	4
Supervisory Board members	5	2

Rentals and Leasing

Neither for the year 2021 nor the year 2020 were costs for rentals and leasing reported as administrative costs, because the Company, as of 1 Jan. 2019, reports assets from usage rights for this property, which are written off, and also leasing obligations for which interest costs are reported.

The Rental and other leasing costs heading contains costs relating to leasing payments that were not included in appraisals of leasing obligations for the year 2021. These amount to 340,000 CZK in 2021 (2020: 245,000 CZK). Because the Company, in cases of

- short-term leasing,
- or leasing at a low purchase price,

does not report assets from usage rights for such leasing agreements in its balance sheet, but rather uses the option for reporting costs related to those leasing agreements directly in its profit and loss statement (i.e., under the heading Other administrative costs). Thus, the Other heading contains these costs broken down as follows:

thousands of CZK	2021	2020
Costs related to short-term leasing agreements	90	0
Costs related to leasing agreements with low purchase prices	250	254
Total costs related to short-term leasing agreements and leasing agreements with low purchase prices	340	254

Total cash expenditure on all leasing agreements for 2021 were for a total amount of 1,856,000 CZK (2020: 3,021,000 CZK).

10. INCOME AND EXPENSES PER REGION OF ACTIVITY

a) Geographic Areas

thousands of CZK	Czech Republic		Central and Eastern Europe	
	2021	2020	2021	2020
Interest earnings and similar earnings	211	273	2	13
Interest costs and similar costs	804	908	48	60
Income from fees and commissions	5 257	3 204	15 090	12 901
Expenses for fees and commissions	9 133	7 048	15 049	15 991
Profit or loss from financial operations	275 459	229 539	59 904	66 712

11. TRANSACTIONS WITH RELATED PARTIES

thousands of CZK	31 Dec. 2021	31 Dec. 2020
Debts	738 544	449 472
Liabilities	44 629	775
Earnings	134 522	1 321
Costs	140 301	9 994

Liabilities with related parties as of 31 Dec. 2021 for an amount of 738,544,000 CZK (31 Dec. 2020: 449,472,000 CZK) consist of the following:

- liability (debt) from a loan for NERUDOVA property s.r.o. for the amount of 11,541,000 CZK (31 Dec. 2020: 11,336,000 CZK) based on a loan agreement payable by 9 July 2025. This liability (debt) has a fixed interest rate;
- deposits paid for rental deposits and services related to building rental paid for by NERUDOVA property s.r.o. for the amount of 1,301,000 CZK (2020: 1,303,000 CZK);
- liability (debt) for AKCENTA LOGISTICS a.s. for outsourcing services for the amount of 668,000 CZK (2020: 147,000 CZK);
- liability (debt) for True Finance s.r.o. for cross-invoicing expenses for upgrading the "zalep.to" portal for the amount of 518,000 CZK (2020: 451,000 CZK);
- liability (debt) for True Finance s.r.o. for providing deposits for services for the amount of 37,000 CZK (2020: 37,000 CZK);
- liability (debt) for Raiffeisenbank Group for balances on bank accounts for the amount of 722,855 CZK (2020: 436,596 CZK);
- liability (debt) for Raiffeisenbank Group for unsettled trades for the amount of 0 CZK (2020: 0 CZK);
- liability (debt) for Akcenta DE GmbH for deposits provided for services for the amount of 1,598,000 CZK (2020: 0 CZK).

Debts to related parties include debts for unpaid invoices for services from related parties that are already mature (due).

- liability (debt) for Raiffeisenbank Group for derivative trade hedging for the amount of 41,800 CZK (2020: 0 CZK).

Earnings from related parties consist mainly of interest on loans and revenues from outsourcing:

- turnover from sales of outsourcing services for the amount of 541,000 CZK (2020: 1,114,000 CZK);
- exchange rate profits for the amount of 94,214,000 CZK (2020: 0 CZK).

Costs from related parties represent mainly the following:

- outsourcing services for the amount of 7,040,000 CZK (2020: 1,721,000 CZK);
- costs stemming from rental of space for the amount of 2,333,000 CZK (2020: 2,501,000 CZK) and related services;
- costs related to car rental for the amount of 193,000 CZK (2020: 396,000 CZK);
- costs related to the rental of a telephone switchboard for the amount of 1,948,000 CZK (2020: 2,023,000 CZK);
- cost-related interest for the amount of 68,000 CZK (2020: 0 CZK);
- cost-related fees for the amount of 3,342,000 CZK (2020: 0 CZK);
- exchange rate losses from trades for the amount of 63,603,000 CZK (2020: 0 CZK).

12. RECEIVABLES FROM BANKS

thousands of CZK	31 Dec. 2021	31 Dec. 2020
Current accounts (nostro accounts)	2 383 276	2 073 826
Client resources	2 213 232	2 014 200
Operational resources	170 044	70 569
Backing for spot trades	55 177	78 660
Other liabilities	67	11 338
Liabilities for banks – gross amount	2 438 520	2 163 824
Adjustable cost items	0	(103)
Liabilities for banks – net amount	2 438 520	2 163 721

All liabilities for banks as of 31 Dec. 2021 and 31 Dec. 2020 are appraised at their current value per IFRS 9.

Client funds consist of client assets in the form of cash on bank escrow accounts, where in compliance with par. 1, § 12e of the Act No. 256/2004 Coll, the Capital Markets Act, it is forbidden to use these funds for trades on one's own account or that of another customer, see Chapter 6, No. 24 – Rules for Customer Interaction.

The backing for spot trades represents a debt to Saxo Bank a.s., organization unit, for the amount of 55,177,000 CZK as of 31 Dec. 2021 (31 Dec. 2020: 78,660,000 CZK). This is a deposit for ongoing spot trades.

The "Other liabilities" heading was created as of 31 Dec. 2021 and consists mainly of liability from ongoing spot trades with Saxo Bank for an amount of 0 CZK (31 Dec. 2020: 11,267,000 CZK) and for liabilities on grounds of limited ability to use monetary resources for an amount of 0 CZK (31 Dec. 2020: 7,087,000 CZK).

The limited ability to use (restrictions on using) those monetary resources was cancelled during 2021.

a) Classification of Liabilities for Banks at their Current Value per their Credit Risk Rating Level

as of 31 Dec. 2021, in thousands of CZK	Level 1	Level 2	Level 3	Total
	12-month expected credit loss	Expected credit loss for the full period that financial assets are not credit depreciated	Expected credit loss for the full period that financial assets are credit depreciated	
Liabilities for Banks Appraised at Current Value				
Credit rating Aaa-Aa3	44 535	-	-	44 535
Credit. rating A1-A3	1 533 230	-	-	1 533 230
Credit. rating Baa1-Baa3	462 999	-	-	462 999
Credit. rating Ba1-Ba3	397 756	-	-	397 756
Liabilities for banks – gross amount	2 438 520	-	-	2 438 520
Adjustment items	0	-	-	0
Liabilities for banks – net amount	2 438 520	-	-	2 438 520

as of 31 Dec. 2020, in thousands of CZK	Level 1	Level 2	Level 3	Total
	12-month expected credit loss	Expected credit loss for the full period that financial assets are not credit depreciated	Expected credit loss for the full period that financial assets are credit depreciated	
Liabilities for Banks Appraised at Current Value				
Credit rating Aaa-Aa3	31 811	-	-	31 811
Credit. rating A1-A3	1 271 636	-	-	1 271 636
Credit. rating Baa1-Baa3	652 183	-	-	652 183
Credit. rating Ba1-Ba3	208 194	-	-	208 194
Liabilities for banks – gross amount	2 163 824	-	-	2 163 824
Adjustment items	(103)	-	-	(103)
Liabilities for banks – net amount	2 163 721	-	-	2 163 721

b) Liabilities to Banks According to Residual Maturity

Liabilities to banks are contractually payable (become mature) within one month.

c) Analysis of Liabilities for Banks According to Collateral Type

Liabilities for banks do not represent collateral-backed liabilities.

13. LIABILITIES FOR NON-BANK SUBJECTS

a) Appraisal of Liabilities for Non-Bank Subjects

thousands of CZK	31 Dec. 2021	31 Dec. 2020
Liabilities for client – gross amount	14 793	13 895
Adjustable cost items	(12 452)	(11 802)
Liabilities for clients – net amount	2 341	2 093
Liabilities for related parties– gross amount	11 577	11 928
Total liabilities for non-bank subjects – net amount	13 918	14 021

All liabilities for non-bank subjects as of 31 Dec. 2021 and 31 Dec. 2020 are appraised at their current value per the IFRS 9.

LIABILITIES FOR CLIENTS

Liabilities for clients consist of liabilities for fees invoiced for trades and debt liabilities from trades.

Part of liabilities for clients also include liabilities on grounds of sending a duplicate payment to a client account for the amount of 5,753 CZK (31 Dec. 2020: 6,073 CZK) and a liability on the grounds of an exchange rate loss for the amount of 4,356 CZK (31 Dec. 2020: 4,244 CZK). Adjustable cost items were created for the liabilities listed.

b) Liabilities for Non-Bank Subjects at Current Value per Degree of Depreciation

as of 31 Dec. 2021, in thousands of CZK	Level 1	Level 2	Level 3	Total
	12-month expected credit loss	Expected credit loss for the full period that financial assets are not credit depreciated	Expected credit loss for the full period that financial assets are credit depreciated	
Liabilities for non-bank subjects appraised at current value				
Liabilities for non-bank subjects – gross amount	-	11 577	14 793	26 370
Adjustable cost item(s)	-	-	(12 452)	(12 452)
Liabilities for non-bank subjects – net amount	-	11 577	2 341	13 918

as of 31 Dec. 2020, in thousands of CZK	Level 1	Level 2	Level 3	Total
	12-month expected credit loss	Expected credit loss for the full period that financial assets are not credit depreciated	Expected credit loss for the full period that financial assets are credit depreciated	
Liabilities for non-bank subjects appraised at current value				
Liabilities for non-bank subjects – gross amount	-	11 928	13 895	25 823
Adjustable cost item(s)	-	-	(11 802)	(11 802)
Liabilities for non-bank subjects – net amount	-	11 928	2 093	14 021

Given that most of the liabilities for non-bank subjects consist of liabilities for related parties, the Company does not set a rating level for credit risk.

c) Analysis of Liabilities (Debts) for Non-bank Subjects According to Sector and Collateral Type

Liabilities for non-bank subjects consisted mainly of liabilities for related parties who have no special backing.

d) Debts Written-Off for Non-bank Subjects and Earnings from Debt Write-offs

Debt write-offs are described in Item No. 22 of this appendix.

14. PARTICIPATIONS WITH CONTROLLING INFLUENCE

As of 15 June 2015, the Company has a 100% stake in NERUDOVA property s.r.o., ID No. 04151640.

As of 13 March 2020, the Company has a 100% stake in True Finance s.r.o., ID No. 05177138.

On 23 February 2021, the Company established a subsidiary company with a 100% stake; this being AKCENTA DE GmbH in Germany.

BASIC INFORMATION (AS OF 31 DEC. 2021, IN THOUSANDS OF CZK)

Company name	Headquarters	Business activity	Share capital*	Other items OC*	Share of OC	Share of voting rights	Accounting value
NERUDOVA property s.r.o.	Gočárova 227/50 Hradec Králové	Rental of real estate, apartments and commercial spaces	200	11 456	100%	100%	9 700
True Finance s.r.o.	Nerudova 1361/31, Hradec Králové	Electronic marketplace for trading debt	20	(41)	100%	100%	5 207
AKCENTA DE GmbH	Axel-Springer-Platz 3, Hamburg	Negotiating, arranging contracts with clients in Germany	653	(161)	100%	100%	653
Total			873	11 254	100%	100%	15 560

BASIC INFORMATION (AS OF 31 DEC. 2020, IN THOUSANDS OF CZK)

Company name	Headquarters	Business activity	Share capital*	Other items OC*	Share of OC	Share of voting rights	Accounting value
NERUDOVA property s.r.o.	Gočárova 227/50 Hradec Králové	Rental of real estate, apartments and commercial spaces	200	10 657	100%	100%	9 700
True Finance s.r.o.	Nerudova 1361/31, Hradec Králové	Electronic market-place for trading debt	20	(75)	100%	100%	5 207
Celkem			220	10 582	100%	100%	14 907

* According to the Company's trial balance sheets

15. LONG-TERM INTANGIBLE ASSETS**a) Changes to long-term intangible assets**

thousands of CZK	Software	Appraisable rights	Unassigned assets	Total
Purchase price				
As of 1 Jan. 2020	16 727	32 540	17 595	66 862
Add-ons	2 407	-	3 631	6 038
Decreases	-	-	(2 407)	(2 407)
As of 31 Dec. 2020	19 134	32 540	18 819	70 493
As of 1 Jan. 2021	19 134	32 540	18 819	70 493
Add-ons	4 923	-	18 957	23 880
Decreases	-	-	(4 923)	(4 923)
As of 31 Dec. 2021	24 057	32 540	32 853	89 450
Adjustments and adjust. cost items				
As of 1 January 2020	15 450	32 540	-	47 990
Annual write-offs	809	-	-	809
Other changes	-	-	-	-
As of 31 December 2020	16 259	32 540	-	48 799
As of 1 January 2021	16 259	32 540	-	48 799
Annual write-offs	1 509	-	-	1 509
Decreases	-	-	-	-
As of 31 December 2021	17 768	32 540	-	50 308
Balance price				
As of 31 December 2020	2 875	-	18 819	21 694
As of 31 December 2021	6 289	-	32 853	39 142

The net growth (add-on) under the heading Unassigned Assets for the amount of 14,035,000 CZK for 2021 (2020: 1,224,000 CZK) relates mainly to the development and purchase of the new Alfa information system and software for Onboarding new clients. We expect to launch operations of both software systems during 2022.

16. LONG-TERM TANGIBLE ASSETS

a) Changes to long-term tangible assets

thousands of CZK	Land and buildings	Machines and devices	Vehicles	Total
As of 1 January 2020	14 099	9 594	8 319	32 012
Add-ons	-	1 755	5 021	6 776
Decreases	(14)	-	(1 130)	(1 144)
As of 31 December 2020	14 085	11 349	12 210	37 644
As of 1 January 2021	14 085	11 349	12 210	37 644
Add-ons	-	56	-	56
Decreases	-	-	(5 396)	(5 396)
As of 31 December 2021	14 085	11 405	6 814	32 304
Adjustments and adjust. cost items				
As of 1 January 2020	1 402	5 539	1 881	8 822
Annual deductions	1 357	1 198	2 347	4 902
Decreases	(14)	-	(120)	(134)
As of 31 December 2020	2 745	6 737	4 108	13 590
As of 1 January 2021	2 745	6 737	4 108	13 590
Annual deductions	1 245	1 425	4 371	7 041
Decreases	-	-	(5 396)	(5 396)
Other changes	-	-	-	-
As of 31 December 2021	3 990	8 162	3 083	15 235
Balance price				
As of 31 December 2020	11 340	4 612	8 102	24 054
As of 31 December 2021	10 095	3 243	3 731	17 069

b) Long-term tangible assets reporting in compliance with IFRS 16

As part of long-term tangible assets (see Item 16a), we report, as of 1 Jan. 2019, usage rights for the following types of assets

thousands of CZK	Land and buildings	Machines and devices	Vehicles	Total
As of 1 January 2020	13 456	483	2 594	16 533
Add-ons	-	-	-	-
Decreases	-	-	(1 130)	(1 130)
As of 31 December 2020	13 456	483	1 464	15 403
As of 1 January 2021	13 456	483	1 464	15 403
Add-ons	-	-	-	-
Decreases	-	-	(1 464)	(1 464)
As of 31 December 2021	13 456	483	-	13 939

As of 1 January 2020	1 240	89	806	2 135
Annual deductions	1 280	106	886	2 271
Decreases	-	-	(1 130)	(1 130)
As of 31 December 2020	2 520	195	562	3 277
As 1 January 2021	2 520	195	562	3 277
Annual deductions	1 182	106	902	2 190
Decreases	-	-	(1 464)	(1 464)
As of 31 December 2021	3 702	301	-	4 003
Balance price				
As of 31 December 2020	10 936	288	902	12 126
As of 31 December 2021	9 754	182	-	9 936

LAND AND BUILDINGS

The Company rents land and buildings for its headquarters, for housing and for parking. These rental arrangements usually last for a period of 13 years. Rental fees are denominated in Czech crowns.

MACHINES AND DEVICES

The Company rents printers for operational and commercial purposes. These rental arrangements usually last for a period of 60 months. Rental fees are denominated in Czech crowns.

VEHICLES

This involves personal cars the Company rents for business trips by its sales directors and company employees. Usually, rental agreements are entered into for 60 months. Rental fees are denominated in Czech crowns. Vehicle rentals were discontinued in 2021.

17. OTHER ASSETS

thousands of CZK	31 Dec. 2021	31 Dec. 2020
Positive fair value of derivatives	200 609	148 186
Deferred tax liability	6 731	5 130
Other	3 720	3 873
Total	211 060	157 189

a) Positive Fair Value of Derivatives

Derivatives are backed by cash collateral for an initial value of 10% of the nominal trade value. From the moment of the trade close up to maturity, the fair trade value is monitored using the Marked to Market (MTM) method. Provided the MTM value achieves 80% of the collateral value, the client is asked to add to the collateral such that the MTM value falls below 60% of the collateral value.

b) Other

The "Other" heading represents mainly the following:

- operating deposits provided for an amount of 3,623,000 CZK (31 Dec. 2020: 1,585,000 CZK); and
- liabilities on behalf of employees for an amount of 36,000 CZK (31 Dec. 2020: 50,000 CZK).

18. LIABILITIES TO BANKS AND ACCEPTED PLEDGES AND GUARANTEES

The credit agreement with Komerční banka (KB) with a nominal value of 20 million CZK has not been drawn from as of 31 Dec. 2021. The unused balance is reported in the non-balance sheet accounts under the heading Accepted pledges and guarantees.

thousands of CZK	31 Dec. 2021	31 Dec. 2020
Type of credit (loan)	overdraft account	overdraft account
Portion of credit drawn down	-	-
Unused balance	20 000	20 000
Maturity	-	-
Payment calendar	one-off renewal	one-off renewal
Repayable within 1 year	-	-
Repayable within 1-5 years	-	-

19. LIABILITIES TO NON-BANK ENTITIES

a) Analysis of Commitments to Non-bank entities Based on Maturity

thousands of CZK	31 Dec. 2021	31 Dec. 2020
(Re)payable on demand	2 213 232	2 003 257
From client collateral	76 144	66 195
Total	2 213 232	2 003 257

Obligations toward non-bank subjects represent balances on company clients' internal payment accounts (IPAs). The latter serve for payment transactions and currency operations.

b) Liabilities to Participations with Controlling Influence

The Company does not have any liabilities to participations with controlling influence.

20. OTHER LIABILITIES

thousands of CZK	31 Dec. 2021	31 Dec. 2020
Negative fair amounts of derivatives	133 366	98 562
Suppliers	5 293	8 327
Liabilities to employees	6 936	6 095
Liabilities to healthcare insurance and social security fund	3 225	3 684
Liabilities to the national budget	1 125	2 268
Liabilities from trades	75 685	30 661
Liabilities from leasing	10 547	12 595
Debt cost estimate items	10 734	2 197
Essox obligation (liability)	309	441
Total	247 220	164 830

LIABILITIES TO THE HEALTH INSURANCE AND SOCIAL SECURITY FUND

Liabilities to the health insurance and social security fund amounted to 3,225,000 CZK (as of 31 Dec. 2020, they equaled 3,684,000 CZK). None of these liabilities are past their maturity date.

LIABILITIES FROM LEASING

Liabilities from leasing for the amount of 10,547,000 CZK represent obligations for leasing related to the application of the IFRS 16 accounting standard as of 1 Jan. 2019 (as of 31 Dec. 2020 these obligations equaled 12,595,000 CZK).

LIABILITIES FROM TRADING

Growth in the item Liabilities from Trading was caused primarily by an increase in receipt of collateral from commercial banks and credit unions for the amount of 65,417,000 CZK (13,911,000 CZK as of 31 Dec. 2020).

Liabilities from leasing based on maturity are segmented as follows:

Time frame, year 2021	Future leasing payments	Interest	Current value of min. leasing payments
Payable within a year	1 626	459	1 167
Payable within 1-5 years	7 633	1 474	6 159
Payable within over 5 years	3 396	175	3 221
Total	12 655	2 108	10 547

Time frame, year 2020	Future leasing payments	Interest	Current value of min. leasing payments
Payable within a year	1 970	547	1 423
Payable within 1-5 years	6 900	1 547	5 353
Payable within over 5 years	6 415	596	5 819
Total	15 285	2 690	12 595

21. RESERVES

a) Evolution of Reserves

thousands of CZK	Other reserves	Reserves for income tax	Total
Balance as of 1 January 2020	4 830	-	4 830
Creation	17 288	5 758	23 046
Dissolution of unnecessary reserves	(2 415)	-	(2 415)
Usage	(2 415)	-	(2 415)
Reserves balance as of 31 Dec. 2020	17 288	5 758	23 046
Balance as of 1 January 2021	17 288	5 758	23 046
Creation	25 931	7 478	33 409
Dissolution of unnecessary reserves	(794)	-	(794)
Usage	(16 494)	(5 758)	(22 252)
Reserves balance as of 31 Dec. 2021	25 931	7 478	33 409

Segmentation of creation of other reserves for 2021 for the amount of 25,931,000 CZK (2020: 17,288,000 CZK) consists of the following:

- creation of reserves for bonuses for the amount of 19,700,000 CZK (2020: 15,050,000 CZK);
- a reserve for vacations for the amount of 5,068,000 CZK (2020: 2,238,000 CZK);
- creation of reserves for severance for the amount of 663,000 CZK;
- creation of reserves for non-invoiced expenses from Akcenta DE GmbH for the amount of 500,000 CZK (2020: 0 CZK);
- reserves for income tax were reduced by the amount paid in deposits for 2021 for the amount of 12,459,000 CZK.

22. ADJUSTABLE COST ITEMS FOR LIABILITIES

a) Evolution of adjustable cost items for liabilities for non-bank subjects and for liabilities for banks

thousands of CZK	Non-tax deductible OP Liabilities for non-bank subjects	Non-tax deductible OP Liabilities for banks	Total
Balance as of 1 January 2020	10 691	97	10 788
Creation	1 175	5	1 180
Dissolution	-	-	-
Usage	-	-	-
Exchange rate difference	(64)	1	(63)
Adjustable cost item balance as of 31 December 2020	11 802	103	11 905

thousands of CZK	Non-tax deductible OP Liabilities for non-bank subjects	Non-tax deductible OP Liabilities for banks	Total
Balance as of 1 January 2021	11 802	103	11 905
Creation	1 413	220	1 633
Dissolution	174	322	-
Usage	355	-	-
Exchange rate difference	(234)	(1)	(235)
Adjustable cost item balance as of 31 December 2021	12 452	-	12 452

In 2021, we wrote off liabilities for a total amount of 487,000 CZK (2020: 0 CZK).

WRITTEN-OFF UNPAID CONTRACTUAL AMOUNT OF FINANCIAL ASSETS

The unpaid contractual amount of financial assets that was written off during the fiscal year and which is still subject to recovery had a null amount for 2021 and 2020.

23. SHARE CAPITAL

Share capital as of 31 Dec. 2021 for an amount of 100,125,000 CZK consisted of 21 shares of common stock in the bearer's name at a nominal value of 1,875,000 CZK per share and 162 shares of common stock in the bearer's name at a nominal value of 375,000 CZK per share.

Company shareholder structure as of 31 Dec. 2020:

Name	Headquarters	Number of shares (pc.)	Share of basic capital (%)
AKCENTA GROUP SE, Org. ID No 28252900	Gočárova třída 227/50, Pražské Předměstí, 500 02 Hradec Králové	183	100%
Total		183	100%

On 1 June 2021, 100% of the Company shares were transferred to Raiffeisen Group.

Company shareholder structure as of 31 December 2021:

Name	Headquarters	Number of shares (pc.)	Share of basic capital (%)
Raiffeisen Bank International AG Org. ID No: 90004205	Am Stadtpark 9, 1030 Vienna, Austria	103	70,04%
Raiffeisenbank a.s. Org. ID No: 49240901	Hvězdova 1716/2b, 140 78 Prague 4, Czech Republic	80	29,96%
Total		183	100%

The Company plans to transfer profits from 2021 for the full amount of 73,060,000 CZK to the non-distributed profit for the prior period (for 2020 the amount of transferred profit equaled 24,901,000 CZK). Planned transfer of profits is subject to approval by the shareholders meeting (general assembly).

24. INCOME TAX

Segmentation of income tax is as follows:

thousands of CZK	2021	2020
Payable tax	20 083	18 166
Changes to deferred taxes reported in P/L statement	1 601	(2 391)
Total income tax	18 482	15 775

a) Payable Income Tax (Tax Due)

thousands of CZK	2021	2020
Pre-tax profit or loss for the fiscal period	91 397	76 676
Non-tax deductible costs increasing the tax base	35 487	22 184
Other items lowering the tax base	(22 225)	(5 992)
Subtotal	104 659	92 868
Tax calculated at the 19% rate	19 885	17 645
Tax paid abroad	3 093	3 101
Cumulative taxes paid abroad	(2 895)	(2 580)
Total tax liability	20 083	18 166

Total costs due to payable income tax for 2021 equaled 20,083,000 CZK (2020: 18,166,000 CZK).

b) Deferred Tax Obligations / Liabilities

Deferred tax liabilities and debts consist of the following items:

thousands of CZK	31 Dec. 2021	31 Dec. 2020	Change
	Deferred tax liability (+) / debt (-)	Deferred tax liability (+) / debt (-)	
Long-term tangible and intangible assets	(562)	(397)	(165)
Adjustable cost items for liabilities for non-bank subjects	2 366	2 242	124
Bonus and vacation (holiday) reserve fund	4 927	3 285	1 642
Net deferred tax debt/liability for which changes are reported in the profit and loss statement	6 731	5 130	1 601

As of 31 December 2021, the Company reported a deferred tax debt in its other assets for the amount of 6,731,000 CZK (31 December 2020: 5,130,000 CZK) calculated with a 19% income tax rate.

The impact of the tax deferral under the Income Tax heading in the profit and loss statement for 2021 equaled earnings amounting to 1,601,000 CZK (2020: earnings of 2,391,000 CZK).

25. OFF-BALANCE SHEET ITEMS

a) Debts / Liabilities from Spot and Fixed Trade Operations

The Company charges forward and swap trades with clients in its off-balance sheet accounts and records them there until the moment the trades are settled.

Furthermore, spot operations that are not settled neither on the debt side nor on the liability side are transferred to the off-balance sheet accounts.

Off-balance sheet debts and liabilities represent nominal (contractual) non-discount values.

b) Debts / Liabilities from Fixed Trade Operations and Options

thousands of CZK	31 Dec. 2021 Off-balance sheet items			31 Dec. 2020 Off-balance sheet items		
	Debt	Oblig.	Diff.	Debt	Oblig.	Diff.
Trading instruments						
Fixed currency operations	14 840 437	(14 793 486)	46 951	10 181 662	(10 129 839)	51 823
Currency options	-	-	-	15 554	(15 524)	30
Total	14 840 437	(14 793 486)	46 951	10 197 216	(10 145 363)	51 853

Off-balance sheet debts and liabilities are reported for their nominal (contractual) non-discount value amounts.

The following table contains the division of nominal values for individual types of financial derivatives based on their residual repayment (pay-back) periods.

as of 31 Dec. 2021, in thousands of CZK	Within 3 months	3 months to 1 year	1-5 years	Over 5 years	Unspecified	Total
Trading Instruments						
Fixed currency operations (debts)	6 690 770	7 006 542	1 143 125	-	-	14 840 437
Fixed currency operations (liabilities)	(6 667 595)	(6 974 610)	(1 151 281)	-	-	(14 793 486)
Currency options (debts)	-	-	-	-	-	-
Currency options (liabilities)	-	-	-	-	-	-

as of 31 Dec. 2020, in thousands of CZK	Within 3 months	3 months to 1 year	1-5 years	Over 5 years	Unspecified	Total
Trading Instruments						
Fixed currency operations (debts)	4 003 072	5 598 431	580 159	-	-	10 181 662
Fixed currency operations (liabilities)	(4 004 840)	(5 550 667)	(574 332)	-	-	(10 129 839)
Currency options (debts)	15 554	-	-	-	-	15 554
Currency options (liabilities)	(15 524)	-	-	-	-	(15 524)

26. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table provides a matching of items in the financial statement and the appraisal categories for financial instruments as of 31 Dec. 2021 and 31 Dec. 2020:

as of 31 Dec. 2021, in thousands of CZK	Mandatory in FVTPL	Current value	Purchase price	Total
1 Cash on hand and central bank deposits				
3 Liabilities for banks and credit unions	-	2 438 520	-	2 438 520
4 Liabilities for non-bank subjects	-	13 918	-	13 918
8 Participations with controlling influence	-	-	15 560	15 560
11 Other assets that are financial instruments	200 609	3 685	-	204 294
Total financial assets	200 609	2 456 157	15 560	2 672 326

as of 31 Dec. 2021, in thousands of CZK	Mandatory in FVTPL	Current value	Total
1 Liabilities for banks and credit unions			
2 Liabilities to clients – credit union members	-	2 213 232	2 213 232
4 Other liabilities that are financial instruments	133 366	91 833	225 199
Total financial liabilities	133 366	2 305 431	2 438 797

as of 31 Dec. 2020, in thousands of CZK	Mandatory in FVTPL	Current value	Purchase price	Total
1 Cash on hand and central bank deposits	-	49	-	49
3 Liabilities for banks and credit unions	-	2 163 721	-	2 163 721
4 Liabilities for non-bank subjects	-	14 021	-	14 021
8 Participations with controlling influence	-	-	14 907	14 907
11 Other assets that are financial instruments	148 186	1 650	-	149 836
Total financial assets	148 186	2 179 441	14 907	2 342 534

as of 31 Dec. 2020, in thousands of CZK	Mandatory in FVTPL	Current value	Total
1 Liabilities for banks and credit unions	-	12	12
2 Liabilities to clients – credit union members	-	2 003 257	2 003 257
4 Other liabilities that are financial instruments	98 562	52 023	150 585
Total financial liabilities	98 562	2 055 292	2 153 854

27. CREDIT RISK

As part of its activities, the Company does not take on, to a significant degree, credit risk.

Settlement of most payment transactions and limited trades for foreign currencies agreed with clients always occurs after money arrives from the client onto the Company's account.

Beyond this, the Company asks of most of its clients, with whom it enters into forward and swap trades, for the blocking of client finances for the purpose of covering potential losses from these trades in the future (e.g., cash-collateral). In the event of negative developments during the trade period, the Company asks that this collateral be increased.

The Company's credit risk is also tied to the deposit of free financial resources held by the Company and client financial resources the Company holds onto bank accounts. The Company limits this risk and follows a rule that it chooses only banks (counterparties) who have ratings assigned by international rating agencies; namely, Moody's Investors Service and Standard & Poor's Corporation. Said ratings indicate that these institutions are sufficiently able to meet their own financial liabilities (commitments).

a) Setting Expected Credit Losses (ECL)

For the purpose of setting expected credit losses (ECL), the Company has divided up the Liabilities for banks and credit unions category (heading) based on quantitative and qualitative criteria for liabilities:

- not failing and without significant credit risk growth (Stage 1),
- with significant credit risk growth since the initial accounting (Stage 2),
- failing (Stage 3).

Furthermore, for purposes of calculating expected credit losses (ECL), the Company makes use of a simplified approach for the Liabilities for non-bank subjects category (heading), i.e., ECL is always for the amount of the full-life credit loss.

CALCULATION OF EXPECTED CREDIT LOSSES (ECL) FOR LIABILITIES FOR BANKS

The Company calculates expected credit losses (ECL) for liabilities for banks based on the following equation: $ECL = PD * EAD * LGD$

Key outputs and requirements for ECL calculation include the following variables/parameters:

a) probability of default (PD)

PD for each exposure has been set dependent on the counterparty's external credit rating based on data from Moody's.

In the event that the counterparty does not have an assigned external credit rating, its rating is calculated based on the following:

- the parent company's rating; provided it involves a subsidiary company or bank subsidiary outside the EU, the counterparty's rating is reduced by one rating level;
- the average external credit rating of the five largest financial institutions in the given country which is reduced by the relevant number of rating levels depending on the counterparty's CET1 capital ratio. Provided the CET1 ratio is not available, the average rating is automatically reduced by three levels.

b) exposure at default (EAD)

The gross accounting value as of the date of ECL calculation is classified as EAD.

c) loss given default (LGD)

The user of this instrument has the option of choosing an LGD regulator value or a value set dependent on the counterparty's external rating based on data from Moody's.

DIVISION OF LIABILITIES FOR BANKS INTO INDIVIDUAL LEVELS OF DEVALUATION (DEFAULT)

Calculation of ECL for liabilities for banks based on individual levels of devaluation is as follows:

- Level 1 devaluation – for the amount of 12-month credit loss
- Level 2 and 3 devaluation – for the amount of full-life credit loss

Liabilities for banks are divided into individual levels of devaluation dependent on the number of days due (after maturity) with the exception of low credit risk and a credit risk increase following the initial accounting.

Assets in Level 1 devaluation:

- Financial assets less than 30 days overdue (past maturity);
- Financial assets whose counterparty has a credit rating on the Moody's scale of Baa3 or better (assets with a low credit risk for the counterparty);

Assets in Level 2 devaluation:

- Financial assets 30 or more days overdue (past maturity); however, maximum 90 days overdue (past maturity);
- Financial assets that have had a drop in their counterparty's credit rating on the Moody's scale by two or more levels since their initial accounting/processing (a significant increase in their credit risk since the initial accounting) and where the counterparty also has a credit rating of Ba1 or worse on the Moody's scale.

Assets in Level 3 devaluation:

- Financial assets 90 or more days overdue (past maturity);
- Financial assets marked as purchased or where credit devaluation of the financial assets has occurred (POCI);
- Financial assets whose counterparty has a CET1 capital ratio of less than 4.5%.

b) Matching of Initial and Final Balances for Adjustable Cost Items

Liabilities for banks and credit unions appraised at their current price – 31 Dec. 2021:

as of 31 Dec. 2021, in thousands of CZK	Level 1	Level 2	Level 3	POCI	Total
	12-month ECL	Full-life ECL for financial assets that are not in credit devaluation (default)	Full-life ECL for financial assets that are in credit devaluation (default)	Purchased or provided credit devaluated financial assets	
Balance as of 1 Jan. 2021	103	-	-	-	103
Reappraisals and exchange rate differences	(103)	-	-	-	(103)
Balance as of 31 Dec. 2021	-	-	-	-	-

Liabilities for banks and credit unions appraised at their current price – 31 Dec. 2020

as of 31 Dec. 2020, in thousands of CZK	Level 1	Level 2	Level 3	POCI	Total
	12-month ECL	Full-life ECL for financial assets that are not in credit devaluation (default)	Full-life ECL for financial assets that are in credit devaluation (default)	Purchased or provided credit devaluated financial assets	
Balance as of 1 Jan. 2020	97	-	-	-	97
Reappraisals and exchange rate differences	6	-	-	-	6
Balance as of 31 Dec. 2020	103	-	-	-	103

Liabilities for non-bank subjects appraised at current value – 31 Dec. 2021

as of 31 Dec. 2021, in thousands of CZK	Level 1	Level 2	Level 3	POCI	Total
	12-month ECL	Full-life ECL for financial assets that are not in credit devaluation (default)	Full-life ECL for financial assets that are in credit devaluation (default)	Purchased or provided credit devaluated financial assets	
Balance as of 1 Jan. 2021	-	-	(11 802)	-	(11 802)
Reappraisals and exchange rate differences	-	-	(650)	-	(650)
Balance as of 31 Dec. 2021	-	-	(12 452)	-	(12 452)

The nominal value of devalued assets is 13,270,000 CZK, adjustable cost items created equal 12,452,000 CZK.

During 2021, no significant changes to adjustable cost items occurred due to changes in the gross accounting value of financial assets.

Liabilities for non-bank subjects appraised at current value – 31 dec. 2020

as of 31 Dec. 2020, in thousands of CZK	Level 1	Level 2	Level 3	POCI	Total
	12-month ECL	Full-life ECL for financial assets that are not in credit devaluation (default)	Full-life ECL for financial assets that are in credit devaluation (default)	Purchased or provided credit devaluated financial assets	
Balance as of 1 Jan. 2020	-	-	(10 691)	-	(10 691)
Reappraisals and exchange rate differences	-	-	(1 111)	-	(1 111)
Balance as of 31 Dec. 2020	-	-	(11 802)	-	(11 802)

The nominal value of devalued assets is 13,254,000 CZK, adjustable cost items created equal 11,802,000 CZK.

During 2020, no significant changes to adjustable cost items occurred due to changes in the gross accounting value of financial assets.

c) Maximum Exposure to Credit Risk

as of 31 Dec. 2021, in thousands of CZK	Balance sheet	Off-balance sheet	Total credit risk exposure	Collateral provided	Main collateral type
Liabilities for banks and credit unions	2 438 520	-	2 438 520	-	-
Liabilities for non-bank subjects	13 918	-	13 918	-	-
Other assets that are financial instruments and appraised at a fair value	200 609	-	200 609	-	-
Other assets that are financial instruments and appraised at current value	3 685	-	3 685	-	-
Total	2 656 732	-	2 656 732	-	-

as of 31 Dec. 2020, in thousands of CZK	Balance sheet	Off-balance sheet	Total credit risk exposure	Collateral provided	Main collateral type
Liabilities for banks and credit unions	2 163 721	-	2 163 721	-	-
Liabilities for non-bank subjects	14 021	-	14 021	-	-
Other assets that are financial instruments and appraised at a fair value	148 186	-	148 186		
Other assets that are financial instruments and appraised at current value	1 650	-	1 650		
Total	2 327 578	-	2 327 578	-	-

d) Concentration Based on Sector

as of 31 Dec. 2021, in thousands of CZK	Financial organizations	Non-financial organizations	Total
Liabilities for banks	2 438 520	-	2 438 520
Liabilities for non-bank subjects	-	13 918	13 918
Total	2 438 520	13 918	2 452 438

as of 31 Dec. 2020, in thousands of CZK	Financial organizations	Non-financial organizations	Total
Liabilities for banks	2 163 721	-	2 163 721
Liabilities for non-bank subjects	-	14 021	14 021
Total	2 163 721	14 021	2 177 742

e) Concentration Based on Geographic Area

as of 31 Dec. 2021, in thousands of CZK	Czech Republic	EU (not incl. Czech Rep.)	Total
Liabilities for banks			
Liabilities for non-bank subjects	12 513	1 405	13 918
Total	1 131 954	1 320 484	2 452 438

as of 31 Dec. 2020, in thousands of CZK	Czech Republic	EU (not incl. Czech Rep.)	Total
Liabilities for banks			
Liabilities for non-bank subjects	12 832	1 189	14 021
Total	1 301 327	876 415	2 177 742

28. CURRENCY RISK

Currency risk is the most noticeable market risk that the Company faces given the nature of its activities.

Currency risk is managed using the following:

- cautious and efficient management of open currency positions,
- setting stop/loss limits,
- setting and checking internal limits for maximum amounts for total open currency positions.

Currency positions for balance sheet and off-balance sheet items based on the main currencies are as follows:

in thousands of CZK	EUR	USD	PLN	HUF	CZK	Other	Total
As of 31 Dec. 2021							
Cash on hand and central bank deposits	1	-	-	2	31	-	34
Liabilities for banks	744 276	212 455	529 186	384 152	274 877	293 574	2 438 520
Liabilities for non-bank subjects	147	61	1 014	64	12 628	4	13 918
Participations with controlling influence	653	-	-	-	14 907	-	15 560
Long-term tangible and intangible assets	-	-	-	-	56 211	-	56 211
Other assets	1 659	1	-	-	209 400	-	211 060
Expenditure and income for coming period	-	-	-	-	2 640	-	2 640
Total	746 736	212 517	530 200	384 218	570 694	293 578	2 737 943
Liabilities to banks	-	-	-	26	340	-	366
Liabilities to non-bank subjects	1 185 879	251 940	172 067	334 720	159 429	109 197	2 213 232
Other debts	34 618	538	1 028	1 760	208 346	930	247 220
Revenues and expenditure for coming period	21	-	22	-	197	-	240
Reserves	-	-	-	-	33 409	-	33 409
Ownership capital	-	-	-	-	243 476	-	243 476
Total	1 220 518	252 478	173 117	336 506	645 197	110 127	2 737 943
Long positions from FX spots and Derivatives	7 286 635	706 515	2 736 952	286 244	4 880 543	597 157	16 494 046
Short positions from FX spots and Derivatives	6 846 676	672 177	3 054 442	461 836	4 716 791	694 556	16 446 478
Net currency position	439 959	34 338	(317 490)	(175 592)	163 752	(97 399)	47 568

in thousands of CZK	EUR	USD	PLN	HUF	CZK	Other	Total
As of 31 Dec. 2020							
Cash on hand and central bank deposits	1	-	7	2	20	19	49
Liabilities for banks	1 191 185	266 710	91 184	102 632	189 749	322 261	2 163 721
Liabilities for non-bank subjects	197	518	194	552	12 553	7	14 021
Participations with controlling influence	-	-	-	-	14 907	-	14 907
Long-term tangible and intangible assets	-	-	-	-	45 748	-	45 748
Other assets	2 403	-	-	-	154 786	-	157 189
Expenditure and income for coming period	-	-	-	-	2 079	-	2 079
Total	1 193 786	267 228	91 385	103 186	419 842	322 287	2 397 714
Liabilities to banks	-	-	-	-	-	12	12
Liabilities to non-bank subjects	1 008 700	392 056	160 383	169 074	161 611	111 433	2 003 257
Other debts	20 725	1 137	983	1 967	135 819	3 539	164 170
Revenues and expenditure for coming period	-	-	-	-	154	-	154
Reserves	679	-	-	491	21 876	-	23 046
Ownership capital	-	-	-	-	207 075	-	207 075
Total	1 030 104	393 193	161 366	171 532	526 535	114 984	2 397 714
Long positions from FX spots and Derivatives	4 972 864	859 123	2 250 904	484 701	3 120 671	374 493	12 062 756
Short positions from FX spots and Derivatives	5 207 270	744 363	2 142 183	420 103	2 931 623	571 939	12 017 481
Net currency position	(70 724)	(11 205)	38 740	(3 748)	82 355	9 857	45 275

The Other column includes the following currencies: GBP, CHF, SEK, AUD, JPY, CAD, DKK, RUB, NOK, CNY, RON, HRK and TRY.

29. INTEREST RATE RISK

The Company does not view interest risk to be significant and this mainly due to the fact that 93% of its total trades executed for clients consist of spot trades. Forward trades are usually repayable (mature) within three months.

30. LIQUIDITY RISK

In the Company's case, liquidity is defined as the Company's ability to fulfil its obligations to clients in a timely and due manner as relates to realization of currency conversions and payment transactions related thereto.

The Company has mechanisms in place that separate client funds from the Company's operating funds.

The greater portion of spot/forward trades concluded are settled by the Company once the Company receives finances from clients to cover the trades. This means that trades which are not covered (backed) are not carried out; this in fact prevents liquidity risk within the Company. The exception is trades for clients who draw on a short-term credit line (the Company provides credit-based payment services within the scope of its payment institution license; said credits are payable within 1-2 business days), because, since 1 December 2016, the Company has offered eligible clients the possibility to draw on a short-term credit line.

a) Residual Contractual Maturity (Amounts Payable)

The following tables show the residual contractual maturity for financial liabilities:

as of 31 Dec. 2021, in thousands of CZK	Account. value	Non-discret. monetary flows	In 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
FINANCIAL LIABILITIES							
Non-derivative liabilities							
Liabilities to banks and credit unions	366	366	366	-	-	-	-
Liabilities to non-bank subjects	2 213 232	2 213 232	2 213 232	-	-	-	-
Other debts that are financial instruments	91 833	91 833	80 915	322	877	6 454	3 265
Total	2 305 431	2 305 431	2 294 513	322	877	6 454	3 265
Derivative liabilities							
Instruments for trading:	(133 366)						
Expenditure		(4 356 257)	(984 429)	(505 419)	(1 485 205)	(381 204)	-
Income		4 222 891	1 957 698	459 699	1 427 419	378 075	-

as of 31 Dec. 2020, in thousands of CZK	Account. value	Non-discret. monetary flows	In 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
FINANCIAL LIABILITIES							
Non-derivative liabilities							
Liabilities to banks and credit unions	12	12	12	-	-	-	-
Liabilities to non-bank subjects	2 003 257	2 003 257	2 003 257	-	-	-	-
Other debts that are financial instruments	52 053	52 053	39 119	263	1 161	5 370	6 110
Total	2 055 322	2 055 322	2 042 388	263	1 161	5 370	6 110
Derivative liabilities							
Instruments for trading:	(98 562)						
Expenditure		(4 586 623)	(858 416)	(1 239 680)	(2 299 023)	(156 758)	-
Income		4 488 061	868 337	1 216 456	2 261 532	151 658	-

The balances shown in the tables above are calculated and reported on as follows:

Type of financial instrument	Means, requirements and reasons for determining residual contractual maturity
Non-derivative financial instruments	Non-discounted monetary flows that include anticipated interest payments
Trade derivatives that the accounting unit has concluded with its customers	Contractual non-discounted monetary flows. The reason is that these derivatives are usually not concluded prior to the date of their contractual maturity. Therefore, the accounting unit believes that contractual maturity is critical to understanding the timing of cash flows tied to these derivatives.

31. OPERATIONAL RISK

The Company defines operational risk as the risk of loss due to the influence of a lack, or failure, of internal processes, human resources or systems and the risk of loss of due to the influence of external factors: including risks arising as a result of breach of, or failure to fulfil, requirements in legal norms.

The process for managing operational risk in Company conditions is expressed in a summary of activities that are carried out regularly (on a quarterly basis). This includes mainly identification, assessment and monitoring of risk, in addition to checks on fulfilment of preventive and other measures meant to mitigate individual types of risk. These activities' outputs are recorded in the internal Risk Matrix document. Operational risk tied to Company activities are mitigated in Company conditions using:

- systemic support for all processes,
- thorough separation of the broker roles, trade settlement and trade accounting,
- configuration of user rights for all systems,
- standardization of work processes,
- multi-tier checks on processes with a quantitatively high impact on the profit and loss statement,
- application of 4-eye checks,
- expert supervision by the Compliance, Internal Audit and Risk Management Departments,
- back-up plans for handling extraordinary circumstances.

32. FAIR VALUE

Appraisal Methods

Appraisal methods include the following:

- net current value and models based on discount cashflows,
- comparisons with similar instruments for which there are observable prices,
- setting of fair values based on net accounting ownership capital (i.e., appraisal according to the subsidiary company NAV).

Requirements and Inputs

Requirements and inputs used in appraisal methods include the following:

- risk-free interest rates (levels),
- currency exchange rates,
- reference interest rates,
- swap rates,
- counterparty's credit risk,
- anticipated settlement date.

Aim of Appraisal Method

The aim of the appraisal method is to establish a fair value that reflects the price obtained through an asset sale or paid for acquisition of an obligation as part of a standard transaction between market participants on the day of appraisal.

Processes and Controls (Checks)

The accounting unit has put in place a set of checks (controls) for fair value appraisal. The given controls include the following:

- verifying monitorable inputs and prices;
- cross-check model-based recalculation;
- checks and approval procedures for new appraisal models and changes thereto;
- analysis and investigation of significant daily differences in appraisals.

Financial Instruments that Are Not Reported at Fair Value in the Balance Sheet

Accounting values and fair values of financial assets and liabilities that are not reported at their real value in the accounting unit's balance sheet are shown in the table below:

thousands of CZK	31 Dec. 2021 Accounting value	31 Dec. 2021 Fair value
FINANCIAL ASSETS		
1 Cash on hand and central bank deposits	34	34
3 Liabilities for banks and credit unions	2 438 520	2 438 520
4 Liabilities for non-bank subjects	13 918	13 918
8 Participations with controlling influence	15 560	n/a
11 Other assets that are financial instruments	3 685	3 685
FINANCIAL LIABILITIES		
1 Liabilities to banks and credit unions	366	366
2 Liabilities to non-bank subjects	2 213 232	2 213 232
4 Other liabilities that are financial instruments	91 833	91 833

thousands of CZK	31 Dec. 2020 Accounting value	31 Dec. 2020 Fair value
FINANCIAL ASSETS		
1 Cash on hand and central bank deposits	49	49
3 Liabilities for banks and credit unions	2 163 721	2 163 721
4 Liabilities for non-bank subjects	14 021	14 021
8 Participations with controlling influence	14 907	15 108
11 Other assets that are financial instruments	1 650	1 650
FINANCIAL LIABILITIES		
2 Liabilities to non-bank subjects	12	12
4 Other liabilities that are financial instruments	2 003 257	2 003 257

The accounting unit uses the following inputs and techniques to determine fair value:

Cash on Hand and Central Bank Deposits

Accounting value equals fair value. These financial assets are ranked at Level 1 in the fair value hierarchy.

Liabilities for Banks and Credit Unions

Given the short maturity of these liabilities, their accounting value is closer to their fair value. These financial assets are ranked at Level 1 in the fair value hierarchy.

Liabilities for Non-bank Subjects

Estimates for the fair value of liabilities come from discounted future expected cashflows while using the counterparty's no-risk interest rate and credit risk (assessment). For devalued credits (loans), we work with the current value of future expected cashflows including expected earnings from possible collateral realization (usage).

These financial assets rank at Level 3 in the fair value hierarchy.

Participations with Controlling Influence

A fair value for investment in participations with controlling influence cannot be reliably established, given these are non-liquid assets.

Financial Instruments that Are Reported at their Fair Value in the Financial Statement

The following table shows individual levels of fair value for financial assets and financial liabilities which are reported at their fair value in the balance sheet:

as of 31 Dec. 2021, in thousands of CZK	Level 1	Level 2	Level 3
FINANCIAL ASSETS			
11 Other assets – Positive fair value of derivatives	-	88 851	110 392
FINANCIAL LIABILITIES			
4 Other liabilities – Negative fair value of derivatives	-	29 492	103 328
as of 31 Dec. 2020, in thousands of CZK	Level 1	Level 2	Level 3
FINANCIAL ASSETS			
11 Other assets – Positive fair value of derivatives	-	78 569	69 617
FINANCIAL LIABILITIES			
4 Other liabilities – Negative fair value of derivatives	-	89 767	8 795

Transfers Between Level 1 and Level 2

During 2021 and 2020, no transfers between Level 1 and Level 2 occurred.

Valuation Techniques and Inputs Used for Level 2 and Level 3

Derivatives' fair value is set based on the current value of expected cash flows deriving from transactions with a view to market inputs such as rates for currency spots and forwards, reference interest rate, swap rate, etc.




For certain currency forwards presented in the prior table as derivatives with an appraisal uncertainty Level 3, the settlement date is established on a framework basis and authorizes the client to execute transactions in full or partial volume at any time during the set time period. When planning expected cash flows, the Company estimates the expected date for executing the transaction by the client and related transaction volumes. These estimates have a fundamental influence on setting the value for the given derivative(s) and there is a significant risk that the actual dates of trades and their volumes will differ in the subsequent accounting period. Thus, the resulting profit or loss from those trades can, in the future, vary significantly from the estimated results which are reflected in the set (established) fair value.

As of 31 December 2021, the Company set the current value of these derivatives using an appraisal model based on the likelihood of drawdown of the derivatives midway through their remaining lifecycle. According to the Company, this approach reflects client behavior corresponding to the variability in timing for the partial or full settlement of the given trades.

Derivative valuation is significantly sensitive to this variability. Should a change occur in the anticipated settlement date for those derivatives existing as of 31 December 2021 shifting by one month earlier / later, this would lead to the decrease / increase of unaccrued (unrealized) profit from their reappraisal: by roughly 10 million CZK.

33. IMPORTANT EVENTS AFTER THE CLOSING OF THE ACCOUNTING REPORT

As of the date of completing this financial report, there are no other significant subsequent events that are known to us that would influence this financial statement covering the period up to 31 December 2021. This also includes the Russian Federation's launching of a war against Ukraine which, on a global level, could lead to a slow-down in economic growth or an increase in inflationary pressures or higher volatility on the currency trading market. Nonetheless, we do not expect these events to have any negative impact on the Company's financial results due to measures already taken and limited exposure to subjects in Russia, Belarus and Ukraine.

Dispatched on	Stamp and signature of the statutory body	Person responsible for accounting	Person responsible for the financial statement
29 April 2022	 Milan Cerman	 Daniel Johanis	 Romana Mašíňová



Contacts

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