

Annual Report 2011

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Fio banka

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I. General section

Introduction

The year 2011 will be recorded in the Bank's history as a very successful one. It marks another important milestone as this was the first full year for the Bank to deal with challenges of a highly competitive banking market in the Czech Republic. The results of the Bank are very favourable not only due to the increase of the number of clients but also thanks to a positive results of operation. As far as the new competitors on the banking market are concerned our Bank keeps a competitive edge with them and thanks to quality and price of our services we are able to attract more new clients than our competitors.

In 2011 we have built on our ambition to be a dynamic and innovative bank. We were the first Bank to offer our clients a possibility to manage their account using smart phones, thanks to our proprietary Smartbanking application. As a result of our high commitment the Bank was awarded the "Nejdynamičtější banka roku 2011 (Most dynamic bank of 2011)" and "Vstřícna banka 2011 (Friendly Bank 2011)" awards.

The accessibility of the services of the Bank was driven not only by electronic communication channels but also by an increase of the number of branches. In 2011 the bank opened several new branches not only in Prague but also in smaller towns. Branch network extension and quality improvement has been a long term priority of the Bank.

In 2011 the Bank was granted Visa and MasterCard association licence, which was one of the most important event of the year. The Bank has also made a substantial progress in its project of issuing our own banking cards. This will result in an important increase of quality and scope of our services, including our competitiveness. One of the most important events of 2012 will be the launch of this project. The Bank has also been increasing the number of our ATM network.

The year 2011 was also marked by entry of banks on the Czech banking market. European economic problems and risk of possible negative development scenarios had an impact on macro and micro economic environment of the Bank. On the other hand, we consider all negative aspects as a challenge and opportunity to change the current structure of the banking market of the Czech Republic, which gives the Bank a great chance to improve our position on the local banking market. It is necessary to be ready and keep the high level of competitiveness for the future.

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

A. Basic information

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

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

Company Registration Number: 618 58 374

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

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

C. Information about activities

Granted permissions to carry out activities:

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

Start of business activities: 31st August 1994

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

Fio banka, a.s. was incorporated through a single Memorandum of Association on 20th June 1994 - then under the trade name of Fio, burzovní společnost, a.s. The company was registered in the Commercial Register on 31st August 1994. Since 15th March 1995, the company has been a shareholder in Prague Stock Exchange (Burza cenných papírů Praha, a.s.), holding 100 pcs of share warrants in Prague Stock Exchange issued in the bearer's name with a nominal value of CZK 1,000.00 as of 31st December 2011. The company became a member of the Prague Stock Exchange on 20th February 1995, beginning to trade there in April 1995.

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

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

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

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

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

I (d), (g) and (h) is related to investment tools under the Capital Market Undertaking Act s. 3 (1) (a) and (b), i.e. to investment securities and collective investment securities.

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

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

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

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

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

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

Within the extent of main investment services

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

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

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

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

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

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

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

and within the extent of additional investment services

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

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

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

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

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

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

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

The evaluation in the area of commercial banking:

In the field of commercial banking services it can be said that the Bank's results exceeded all expectations for 2011. The Bank entered this year with only a short history of its own commercial banking services, which started only by the takeover of the former Fio, družstevní záložna (Fio Credit Union) on August 31, 2010. The Bank's business expectations were therefore naturally based on the then market position of Fio, družstevní záložna. Public interest in the services of the Bank, supported by an advertising campaign, including TV spots from the beginning of the year was very large and the Bank primarily saw a massive increase in the number of new clients. In terms of long-term development the most significant fact is that this substantial increase, which was initiated at the beginning of the year, proved to be sustainable, despite the fact that new competitors with similar business policy - ZUNO bank, Equa bank and Air bank – entered the market. The fact that the Bank has been perceived in a very good light by the public is shown by a number of prestigious awards the Bank gained (see Main Events in 2011).

The Bank continues to maintain the Fio brand business continuity, whose long-term, fundamental attribute in general terms are zero fees for bank account administration (including online administration) and payment and transfer processing in the Czech Republic, Slovak Republic and between the two countries themselves. In 2011 a new co-branded collaboration with a non-bank ATM Pharro network, ATMs of which can now be used by clients of the Bank with 10 free withdrawals per calendar month. This step allowed the Bank to fill the last gap in its product line, as a fee for ATM withdrawals had previously been the only significant pricelist item, which lagged behind the competition.

In addition to price competition in the form of "low-cost banking", the following features remained the integral part of Fio brand trade policy: hi-tech electronic platforms for clients, transaction processing speed and availability of services through a wide business network in comparison to other small and medium sized banks. In the area of technological progress, the Bank became a pioneer and as the first financial institution operating on the Czech market offered its clients a completely new Smartbanking application, which is an application allowing bank account administration via the so-called smart mobile phones. At first the application had been made available for mobile phones, than

an iPhone version was released and a few months later an Android based mobile phone version was released. The ongoing extension of the branch network was represented by the approval of the next phase of expansion strategy. As part of this strategy the Bank opened three new branches by the end of 2011, one in Prague 10, the other in Prague 6 and the final one in Blansko.

In 2011, the Bank acquired nearly 58,000 new customers who opened at least one payment or deposit account, of which nearly 1 800 new clients were acquired by our foreign affiliated company in Slovakia. The highest increase of new clients was seen in the corporate segment, where the Bank applies exactly the same price policy as in the natural person banking segment, which is a unique policy on the local market. The increase in the number of clients is naturally accompanied by increase in the amount of primary customer deposits, which (net of deposits of related entities) went up from CZK 5.5 billion at 1 January 2011 to 9.25 billion at December 31, 2011 CZK. Euro currency deposits over the same period increased from 20 million to 32 million, US dollar deposits went up from 10.5 million to 11.5 million. Clearly the most popular type of account was a current account sustaining the largest increase of clients' deposits, which indeed corresponds to the business policy of the Bank. Deposits on other types of accounts, especially on savings and deposit accounts recorded a moderate growth or even stagnated, due to a tougher competition in this area, especially from the new banks on the market, which are seeking to gain a market share by offering a higher interest rate on savings or deposit accounts.

In 2011, the Bank confirmed the upward trend in the credit area. The volume of liabilities against third parties (net of credit institutions) increased by 47% from CZK 3.541 million to 5.199 million CZK. The highest increase was recorded in the segment of business community financing. A significant increase was seen in the number of clients taking advantage of an overdraft credit line on their current accounts. The volume of leverage based credit products (for securities trading on the stock markets) went down. The cause was the continued high volatility and uncertainty of future development of major world economies, indebted South European countries and related development in the Czech Republic.

In 2011 the portfolio of loan products of the Bank was expanded to include mortgage loans. The Bank is responding to the growing number of its clients - natural persons, who need to get a loan to deal with their housing needs. The Bank launched a pilot operation in October. With respect to mortgage loans the Bank wants to apply the same zero fee policy as with all other products. Annually, the clients may repay without a penalty up to 20% of the initial loan balance.

In 2011 the credit offer was expanded by overdrafts, e.g. current accounts with enabled negative balance with two interest options, based on the client's choice. The overdrafts are provided to clients with at least two months history with the Bank and are a common product for all those who wish to have a certain financial provision on their account. Additionally, consumer loans were provided, mainly to existing clients.

As far as the entrepreneurial public is concerned, the bank successfully granted business credits of both operating and investment types. Moreover, it also focused on funding the developer sector and other specific types of credits, including agricultural credits with the chance of being granted agricultural subsidies from the Supportive and Guaranty Agrarian and Forestry Fund. By credit provision the Bank seeks to meet individual needs of their clients and credit terms are adapted to their requirements.

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

The evaluation in the area of investment banking:

Unlike commercial banking, where the Bank has seen significant growth, the evaluation of investment services is rather neutral. A positive fact is the improvement of our position in the segment of retail investment clients, as evidenced by, inter alia, the number of newly signed commissioner's agreements and portfolio management agreements, which resulted in almost 11 900 new clients. In 2010 this increase amounted to 8,200 new clients. This success is based, among others, on the

continuous commitment of the Bank to train the public in domestic capital markets by free workshops. In 2011 the Bank held 176 such workshops in the Czech Republic.

Continued strengthening of the Bank's position in the segment of retail investors is the best prerequisite for getting the most from renewed future growth of the markets.

The overview of the most important events in 2011

Full membership of MasterCard and VISA card associations

The bank followed the previous step which was to obtain an associate membership in the Association MasterCard, and successfully went through the process of obtaining the full membership in both associations, which in Europe, hold the vast majority of the market, e.g. MasterCard and VISA. A full membership is a necessary pre-requisite for the Bank to be able to issue their own credit cards. This project, completion of which is planned for the mid 2012, is definitely the most important of all development activities, because the Bank is fully aware of constraints with the current system of issuing cards by involving another banking institution. Custom bank cards are to support the functionality required by our clients, such as custom limit settings or PIN change. In addition, the Bank will expand the product range and offer contactless payment technology supporting cards, which is becoming more and more popular.

Co-branding co-operation with Pharro network

Since the Bank does not have its own ATM network, we decided to address this situation by establishing long term business cooperation based on an exclusive co-branding agreement with non-bank ATM networks of Pharro. Following the initiation of this co-operation a joint project of the expansion of ATM network, focusing mainly on installation of ATMs at the largest possible number of Bank branches, was launched. As mentioned above, the clients of the Bank may withdraw money from these ATMs at no cost, up to ten times per month. While at the beginning of the cooperation the Bank had approximately 60 proprietary ATMs, at the end of 2011 there were already about 80 with nearly 100 ATMs to be reached soon. The aim for 2012 is to have 150 ATMs throughout the Czech Republic. Based on the exclusive cooperation between Pharro and the Bank, our ATMs are labelled as "Fio Banka ATMs".

Smartbanking application

Given the very dynamic development in the technology of smart mobile phones the Bank targeted this area in order to keep a technological leadership and in 2011 a new Smartbanking application was launched. This application may be used by iPhone mobile phone owners and Android OS mobile phone owners to manage their bank account.

Normal mortgage

During 2011, the Bank also launched and successfully completed a project for the introduction of mortgage type credits in its current credit portfolio. This step was quite logical as the Bank had not offered this product and our current and potential clients frequently requested mortgage type credits. The commercial name of this product is Normal Mortgage and allows clients to fund the purchase, construction or reconstruction of real estate premises in the value exceeding 500 000 CZK, up to 80% of the total investment.

Continued expansion of branch network

After successful completion of the previous expansion project and branch network rebranding project since 2008, the Bank proceeded to the next development project, under which creation of 11 new branches was approved. These branches are to be located in Prague 6, Prague 10, Sokolov, Louny, Písek, Jindřichův Hradec, Nymburk, Blansko, Valašské Meziříčí, Bruntál a Český Těšín. Three of these new branches - Prague 6, Prague 10 and Blansko were opened in 2011, the remaining ones are to be opened within 2012. In order to improve the availability of branches and their overall quality, some branches were moved to more suitable places, such as the branches in Nový Jičín, Opava, Karviná, Náchod a Břeclav.

Changing partners for the provision of investment services in U.S. market

The company of Pershing, LLC, which is an affiliate of the best rated bank in USA (Bank of New York Mellon), became our new partner for brokerage services related with respect to share trading and ETF on U.S. market. As far as the futures are concerned, the Bank's new partner's name in U.S. is Pinnacle Capital Markets LLC.

Public awards

The clear evidence of the fact that the Bank is perceived positively by the public are of course the operating results of the Bank. However a further evidence of an excellent perception is also the number of prestigious awards, the Bank gained in public polls or contests featuring expert jury voting. In 2011 the Bank gained the following awards:



The Bank won the public poll Zlatý Měšec 2011 (Golden Purse 2011) in two categories - Banks and Credit Unions and Securities Traders.



The Bank also won the Vstřícna banka roku 2011 award (Friendliest Bank of 2011), which is a public and professional clients' bank rating organized by OVB.



In the ninth year of the Zlatá koruna (Golden Crown) contest, the Banks ranked first in the category of accounts and business accounts, where the best products on the Czech market were selected by an expert jury. The third award was Stříbrná koruna (Silver Crown) in the News of the Year category for the business account.



Broker Roku The Bank was also awarded the best Czech securities trader and broker award in the Broker Roku (Broker of the Year) poll. In this poll the winners are selected by both experts and members of the public.



The entrepreneurial community awarded the Bank the Best Bank for Entrepreneurs 2011 Award as part of the Český Patron (Czech Patron) 2010 contest, organized by the Economic Chamber of the Czech Republic.



In the Banka roku (Bank of the Year) contest the Bank got the Most Dynamic Bank of the Year 2011 Award. The jury of experts was impressed by the number of Bank product portfolio innovation and dynamic growth over the past year. The product Fio, osobní účet (Fio - personal account) won the second place in the Account of the Year 2011 category.

Branch network information

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

Branch Offices (as of 31st December 2011) – town, street, postcode, (country) and telephone:

Czech Republic

Blansko, nám. Svobody 5, 678 01, 224 346 750
Brno, Joštova 4, 602 00, 224 346 815 - 816, 818
Brno, Veverí 2581/102, 616 00, 224 346 865-6
Břeclav, J. Palacha 121/8, 690 02, 224 346 941
České Budějovice, Nám. Přemysla Otakara II. 117/32, 370 01, 224 346 858-9
Děčín, Masarykovo nám. 3, 405 02, 224 346 973

Frydek-Místek, Zámecké nám. 42, 738 01, 224 346 936-937
Cheb, Svobody 53, 350 02, 224 346 971
Chomutov, náměstí 1. máje 4, 430 01, 224 346 984-985
Chrudim, Resselovo náměstí 61, 537 01, 224 346 954
Haviřov, Hlavní třída 64, 736 01, 224 346 963 - 964
Havlíčkův Brod, Horní 16, 580 01, 224 346 958
Hodonín, Národní třída 79, 695 01, 224 346 913 - 914
Hradec Králové, Masarykovo náměstí 511, 500 02, 224 346 835-7
Jablonec nad Nisou, Mírové náměstí 19, 467 51, 224 346 975
Jihlava, Masarykovo náměstí 20, 586 01, 224 346 869 - 71
Karlovy Vary, T.G.Masaryka 38, 360 01, 224 346 872-873
Karviná- Fryštát, Fryštátská 87/6, 733 01, 224 346 892
Kladno, Osvobozených politických vězňů 379, 272 01, 224 346 924-925
Klatovy, Vídeňská 181, 339 01, 224 346 875
Kolín, Karlovo náměstí 7, 280 02, 224 346 932
Kroměříž, Riegrovo nám. 179, 767 01, 224 346 877
Liberec, nám. Dr. E. Beneše 14/II, 460 01, 224 346 879-81
Mladá Boleslav, Jaselská 67, 293 01, 224 346 926
Náchod, Tyršova 64, 547 01, 224 346 882
Most, Moskevská 3336, 434 01, 224 346 965
Nový Jičín, Dobrovského 1292/4, 741 01, 224 346 969 - 970
Olomouc, Dolní náměstí 20, 779 00, 224 346 920-21
Ostrava, Nádražní 39, 702 00, 224 346 846-8, 224 346 885-6
Opava, Ostrožná 262/9, 746 01, 224 346 930-31
Pardubice, Masarykovo náměstí 1544, 530 02, 224 346 841, 842, 843, 844
Pelhřimov, Palackého 61, 393 01, 224 346 956
Plzeň, Prešovská 13, 301 00, 224 346 977-9
Plzeň, Slovanská alej 30, 326 00, 224 346 829-31
Prague 1, Rybná 14, 110 00, 224 346 808-811
Prague 1, Senovážné nám. 24, 116 47, 224 346 801-805
Prague 1, V Celnici 1028/10, 117 21, 224 346 987-989
Prague 2, Ječná 35, 120 00, 224 346 895-897
Prague 4, Budějovická 1523/9a, 140 00, 224 346 863-4, 890
Prague 5, Radlická 608/2, 150 00, 224 346 945-7
Prague 6, Čs. armády 785/22, 160 00, 224 346 759-761
Prague 10, Moskevská 268/53, 101 00, 224 346 753-5
Prostějov, Hlaváčkovo nám. 2a, 796 01, 224 346 948
Přerov, Čechova 3216/33, 750 02, 224 346 950, 951
Příbram, Pražská 126, 261 02, 224 346 952
Strakonice, Palackého nám. 102, 386 01, 224 346 928
Svitavy, Nám. Míru 42, 568 02, 224 346 934
Šumperk, Bulharská 229/1, 787 01, 224 346 915, 916
Tábor, Palackého 359/1, 390 01, 224 346 898
Teplice, U Nádraží 5, 415 01, 224 346 960
Trutnov, Školní 154, 541 01, 224 346 900
Třebíč, Jihlavská brána 5/4, 674 01, 224 346 943 - 944
Třinec, Nám. Svobody 527, 739 61, 224 346 990
Uherské Hradiště, Mariánské náměstí 61, 686 01, 224 346 922 - 923
Ústí nad Labem, Dlouhá 3458/2A, 400 01, 224 346 902, 903, 904
Ústí nad Orlicí, 17.listopadu 1394, 562 01, 224 346 917
Vsetín, Hlásenka 1673/9, 755 01, 224 346 967
Zlín, Zarámí 92, 760 01, 224 346 906-908
Znojmo, Horní náměstí 8/2, 669 02, 224 346 909 - 910
Žďár nad Sázavou, Nádražní 6, 591 01, 224 346 911 - 912

Foreign Branch:

Fio banka, a.s., pobočka zahraničnej banky

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

Branch Offices:

- Bratislava, Kollárovo námestie 15, 811 06

- Košice, Hlavná 8, 040 01

- Žilina, Nám. Ľ. Štúra 2, 010 01

Trading on the company's own account

In 2011, Fio bank purchased bonds on its own account, gradually strengthening and building its portfolio, particularly with bonds, which grew up more than 3 times over the year. The main focus remained on CZK securities while the main investment instrument remained Czech government bonds. Investments in bonds in EUR and USD were made to a lower extent, mainly in premium companies with good investment rating. As far as the European government bonds are concerned, the Bank only owns the bonds of Slovakia and Poland. As far as treasuries investments are concerned, their number more than tripled over the past year. The Fio bank operates as a market maker in the SPAD segment of Prague Stock Exchange, carrying out the same activities also on RM-SYSTEM Stock Exchange market.

The information about the bank's holdings and financial situation

As at 31st December 2011, the company's total assets were CZK 13,534,546 thousand. This was mainly composed of a balance in cash and central bank deposits amounting to CZK 1,781,561 thousand, non-coupon government bonds in the value of CZK 1,093,407 thousand, funds in bank accounts and credit union accounts amounting to CZK 698,622 thousand, client receivables in the value of CZK 5,199,027 thousand, debt securities amounting to CZK 4,081,962 thousand, fixed assets in the value of CZK 160,462 thousand and other assets amounting to 500,016 thousand.

In 2011 the company recorded a net profit of CZK 188,264 thousand from fees and commissions, a net profit of CZK 127,093 thousand from interest and a loss of CZK 44,205 thousand from financial operations. The company's pre-tax profit from ordinary activities amounted to CZK 20,131 thousand.

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

The successful expansion of credit services of the Bank had naturally an impact on the Bank's capital adequacy. As at 31st December 2011 the capital adequacy of the Bank was 12.17%, which is much above the regulatory value of 8%. This level of capital adequacy represents a safe level for risk cover.

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

Board of Directors:

Mgr. Jan Sochor, Chairman of the Board of Directors

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

Mgr. Josef Valter, Member of the Board of Directors

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

Ing. David Hybeš, Member of the Board of Directors

graduated from the University of Economics, Faculty of Business Administration and has been active in the Fio Financial Group since 2006. Since that year he has also been in a position of the Chief

Operating Officer. He has been a Member of the Board of Directors for the company since 5th May 2010.

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

Supervisory Board:

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

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

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

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

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

Other information

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

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

Information regarding the average number of employees and changes in this number is provided in the notes to the 2011 financial statement included in this annual report. The increase in the Bank's personnel corresponds with its strategy to continuously improve the quality of the services provided.

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

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

Foreign Branch Manager:

Ing. Marek Polka

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

F. Information about persons responsible for the Annual Report

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

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

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

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

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

In Prague, on 30th April 2012

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

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

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

II. Auditor's Statement

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Fio Banka, a.s.

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

Report on the Financial Statement

Based on our audit, we issued the following report on the financial statement included in Chapter II of this Annual Report on 27th April 2012:

"We have audited the attached financial statement of Fio Banka, a.s., i.e. the balance sheet as of 31st December 2011, the profit and loss statement, the overview of changes in equity for the year ending as of that date and the notes to this financial statement, including a summary of significant accounting policies applied and additional supporting information.

Statutory Body's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statement gives a true and fair view of the financial position of Fio banka, a.s. as at 31st December 2011 and of its financial performance for the year then ended in accordance with Czech accounting standards and regulations."

Report on the report on relations

We have reviewed the factual accuracy of the information mentioned in the report on relations between persons related to Fio banka, a.s. as at 31st December 2011 included in this annual report in chapter IV. Creating this report on relations is the responsibility of the company's statutory body. Our responsibility is to express our view on the report on relations based upon our review.

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

Nothing has come to our attention based on our review that would indicate that the information included in the report on relations between connected persons of Fio banka, a.s. as at 31st December 2011 contains any substantial (material) factual misstatements.

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

Report on the Annual Report

We have also audited the annual report for consistency with the financial statement of the company of 31st December 2011. The company's statutory body is responsible for the accuracy of this annual report. Our responsibility is to express an opinion on the consistency of the annual report and the financial statement based upon our audit.

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

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

In Prague, 27th April 2012

Auditing company:

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

signature

Statutory auditor:

Diana Rádl Rogerová
certificate no. 2045

signature

III. Company financial statement as at 31st December 2011

FINANCIAL STATEMENT AS AT 31st DECEMBER 2011

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

Parts of the Financial Statement:

Balance Sheet
Income Statement
Statement of Changes in Equity
Notes

The Financial Statement was elaborated on 27th April 2012.

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

Business name	Fio banka, a.s.					
Business address	Praha 1, V Celnici 1028/10, PSČ 11721					
IČO	61858374					
Balance Sheet						
in CZK thousand						
				Current period		Previous
Design.	Text	Line	Gross	Corr.	Net	Net
1.	Cash-in-hand, deposits in central banks	1	1 787 561	0	1 787 561	776 041
2.	Governmental non-coupon bonds and other securities	2	1 093 407	0	1 093 407	298 231
2.a)	Issued by governmental agencies	3	1 093 407	0	1 093 407	298 231
2.b)	Other	4	0	0	0	0
3.	Receivables on behalf of banks and credit unions	5	698 622	0	698 622	2 710 672
3.a)	Payable on call	6	634 663	0	634 663	1 843 219
3.b)	Other receivables	7	63 959	0	63 959	867 453
4.	Receivables on behalf of clients	8	5 199 027	0	5 199 027	3 541 889
4.a)	Payable on call	9	3 665	0	3 665	0
4.b)	Other receivables	10	5 195 362	0	5 195 362	3 541 889
5.	Debt securities	11	4 081 962	0	4 081 962	1 032 801
5.a)	Issued by governmental agencies	12	3 418 431	0	3 418 431	890 043
5.b)	Issued by other persons	13	663 531	0	663 531	142 758
6.	Shares, share fund certificates and other shares	14	100	0	100	100
7.	Shares with substantial influence	15	0	0	0	0
	in banks thereof	16	0	0	0	0
8.	Shares with decisive influence	17	160 462	0	160 462	158 349
	in banks thereof	18	0	0	0	0
9.	Intangible Fixed Assets	19	17 182	14 546	2 636	3 201
9.a)	Installation costs thereof	20	0	0	0	0
9.b)	Goodwill thereof	21	-252	-67	-185	-235
10.	Tangible Fixed Assets	22	11 376	1 966	9 410	2 045
	land and facilities for operating activities	23	0	0	0	0
11.	Other assets	24	500 225	209	500 016	425 333
12.	Registered capital receivables	25	0	0	0	0
13.	Accrued expenses and revenues	26	1 343	0	1 343	3 099
	TOTAL ASSETS	27	13 551	16 721	13 534 546	8 951 761
1.	Obligations to banks and credit unions	28			381 383	250 458
1.a)	Payable on call	29			182 903	71 569
1.b)	Other obligations	30			198 480	178 889
2.	Obligations to clients	31			12 094 436	7 825 324
2a)	Payable on call	32			10 430 057	3 542 190
2b)	Other obligations	33			1 664 379	4 283 134
3.	Payables from debt related securities	34			0	0
3a)	issued debt related securities	35			0	0
3b)	other payables from debt related securities	36			0	0
4.	Other liabilities	37			350 169	175 311
5.	Accruals	38			0	0
6.	Reserves	39			5 546	5 836
6.a)	Pensions and similar obligations	40			0	0
6.b)	Taxes	41			2 668	3 960
6.c)	Other	42			2 878	1 876
7.	Subordinate obligations	43			40 000	40 000
8.	Registered capital	44			560 000	560 000
8.a)	paid registered capital	45			560 000	560 000
8.b)	own shares	46			0	0
8.c)	changes in registered capital	47			0	0
9.	Capital surplus	48			0	0
10.	Statutory reserves and other funds created from profit	49			6 614	4 501
11.a)	Mandatory reserves and risk funds	50			6 614	4 501
11.c)	other reserve funds	51			0	0
11.d)	other funds from profit	52			0	0
11.	Reserve fund for new valuation	53			0	0
12.	Capital funds	54			0	0
13.	Revaluation differences	55			0	8 614
13.a)	Revaluation differences – assets and liabilities	56			0	0
13.b)	Revaluation differences – security derivatives	57			0	0
13.c)	Revaluation differences – share revaluation	58			0	8 614
14.	Retained earnings from previous periods	59			79 605	39 449
15.	Profit (losses) for the accounting period	60			16 793	42 268
	TOTAL LIABILITIES	61			13 534 546	8 951 761

Profit and Loss Statement as at 31 December 2011				
in CZK				
Design.	Text	Line	Current	Previous
1.	Earnings from interest and similar earnings	PL1	430 345	111 093
	Interest from debt securities thereof	PL2	87 688	14 122
2.	Interest costs and similar costs	PL3	303 252	84 676
	Interest costs from securities with fixed earnings thereof	PL4	8 119	1 117
3.	Earnings from shares and share funds	PL5	36	0
3.a.	Earnings from shares with major influence	PL6	0	0
3.b.	Earnings from shares with decisive influence	PL7	0	0
3.c.	Earnings from other shares and share funds	PL8	36	0
4.	Earnings from fees and commissions	PL9	230 892	187 360
5.	Fees and commissions costs	PL10	42 628	45 073
6.	Net profit from financial operations	PL11	-44 205	-771
7.	Other operating revenues	PL12	9 844	27 156
8.	Other operating costs	PL13	18 965	6 261
9.	Administration costs	PL14	248 882	141 736
9.a.	Personnel costs	PL15	23 387	22 237
9.a.1.	Social security and health insurance thereof	PL16	5 968	5 250
9.b.	Other administrative costs	PL17	225 495	119 499
10.	Reversal of accrued liabilities and adjustments to tangible and intangible	PL18	0	17
11.	Depreciation, creation and use of reserves and adjustments to tangible and	PL19	1 691	1 103
12.	<i>Dissolution of reserves and adjusting entries to receivables and guarantees</i>	PL20	0	0
13.	<i>Write offs, creation and use of adjusting entries and reserves to receivables and guarantees</i>	PL21	2 090	0
14.	<i>Dissolution of adjusting entries – decisive or major influence shares</i>	PL22	0	0
15.	<i>Exchange losses – decisive or major influence shares</i>	PL23	0	0
16.	<i>Dissolution of other reserves</i>	PL24	0	0
17.	Creation and use of other reserves	PL25	0	0
18.	<i>Share in profit or loss – decisive or major influence shares</i>	PL26	10 727	0
19.	Pre-tax profit from regular activities for the accounting period	PL27	20 131	46 006
20.	Extraordinary revenues	PL28	0	0
21.	Extraordinary costs	PL29	0	0
22.	Pre-tax profit from extraordinary activities for the accounting period	PL30	0	0
23.	Income tax	PL31	3 338	3 738
24.	After-tax profit for the accounting period	PL32	16 793	42 268

Off Balance Sheet items at 31 December 2011

CZK
thousands

Design.	Text	current	previous
1.	Provided assurances and guaranties	4 036 212	923 635
2.	Provided liens	30 000	
3.	Receivables from spot operations		
4.	Receivables from fixed term operations	74 489	273 972
5.	Receivables from options		
6.	Written off receivables		
7.	Values handed over for custody, administration, storage or as safe deposit		
8.	Values handed over for processing		
9.	Received assurances and guaranties		
10.	Received liens	4 903 987	4 751 015
11.	Payables from spot operations		
12.	Payables from fixed term operations	74 507	275 485
13.	Payables from options		
14.	Values accepted as custody, administration, storage or as safe deposit	12 793 443	13 143 176
15.	Values accepted for processing	65 735	39 198

OVERVIEW OF CHANGES IN EQUITY FOR 2011

(in thousands CZK)

		Registered capital	Reserve funds	Revaluation reserves	Retained earnings/ (loss) from previous years	Profit / loss in the ratification process	Profit / loss for the accounting period	Total
	Balance as of 1 st January 2010	560,000	3,783	-2,576	25,818	14,349	0	89,601
	Exchange rate differences and revaluation reserves not included in the profit/loss			11,190				
	Net profit / loss for the accounting period						42,268	
	Transfers to funds		718		13,631	-14,349		
	Balance as of 1 st January 2010	560,000	4,501	8,614	39,449	0	42,268	654,832
	Balance as of 1 st January 2011	560,000	4,501	8,614	39,449	42,268	0	654,832
	Exchange rate differences and revaluation reserves not included in the profit/loss			-8,614				
	Net profit / loss for the accounting period						16,793	
	Transfers to funds		2,113		40,156	-42,268		
	Balance as of 31 st December 2011	560,000	6,614	0	79,605	0	16,793	663,012

NOTES TO THE FINANCIAL STATEMENT 2011

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

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1. GENERAL INFORMATION

1.1. Formation and characteristics of the company

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

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

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

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

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

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

Within the extent of main investment services

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

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

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

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

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

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

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

and within the extent of additional investment services

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

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

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

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

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

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

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

Balance sheet day: 31st December 2011

Financial statement elaborated: 25st April 2012

Accounting period: calendar year

Currency used in Financial statement: Czech koruna (CZK)

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

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

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

In 2011 there were no changes in the Trade Register record of Fio banka, a.s. managed by the City Court of Prague.

In 2011 there were the following changes in the Trade Register record of Fio banka, a.s., foreign bank branch, managed by the District Court of Bratislava I, Slovak Republic:

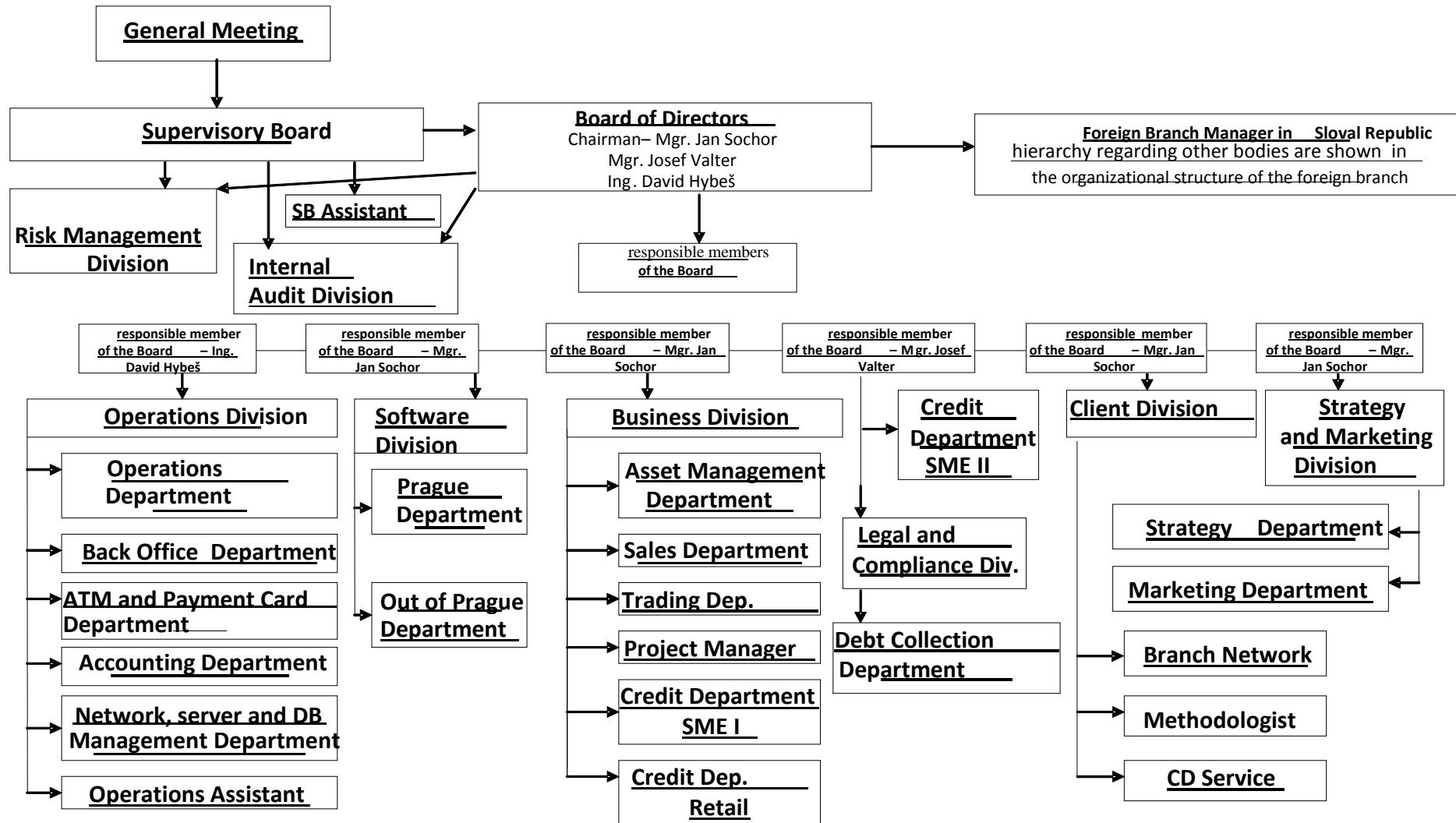
On 12 August 2011 the following subject of business was entered in the Trade Register: "Trading in foreign exchange for its own account or for account of customers."

On 12 August 2011 the following subject of business was entered in the Trade Register: portfolio management in relation to these financial instruments: a) transferable securities, b) shares in collective investment undertakings

On 12 August 2011 the following subject of business was entered in the Trade Register: safekeeping and administration of financial instruments on behalf of clients, including custodianship and related services, for example administration of cash or securities in relation to these financial instruments: a) transferable securities, b) shares in collective investment undertakings, c) options, futures, swaps, future interest rate agreements and other derivative contracts with respect to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash, d) options, futures, swaps, future interest rate agreements and other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of either party (otherwise than by reason of default or other event causing the termination), e) options, futures, swaps and other derivative contracts relating to commodities that can be physically settled provided that they are traded on a regulated market and / or MTF, f) options, futures, swaps, forwards and other derivative contracts relating to commodities that can be physically settled as specified under the preceding letter and not being for commercial purposes, which have characteristics of other derivative financial instruments and are cleared and settled through recognized clearing houses or are subject to regular settlement calls, g) derivative instruments for the transfer of credit risk, h) financial contracts for differences, i) options, futures, swaps, future interest rate agreements and other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled as option for one of the parties (otherwise than by reason of default or other event causing the termination), as well as other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise provided for in Section C of Annex I of Directive of the European Parliament and Council 2004 /39/EC traded on a regulated market or MTF and cleared and settled through recognized clearing houses or are subject to regular settlement calls.

On 12 August 2011 the following subject of business was entered in the Trade Register: provision of loans and credits to investors for execution of a transaction with one or more financial instruments, where the firm granting the credit or loan is involved in the transaction, with respect to these financial instruments: a) transferable securities papers, b) shares in collective investment undertakings.

1.3. *Company organisational structure*



1.4. Identification of the Group

The company is part of Fio financial group.

1.5. Board of Directors and Supervisory Board

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

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

2. BASIS FOR DRAWING UP THE FINANCIAL STATEMENT

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

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

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

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

The financial statement was compiled as of 31st December 2011.

This financial statement is unconsolidated.

3. SIGNIFICANT ACCOUNTING METHODS

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

3.1. The moment of the accounting transaction execution

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

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

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

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

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

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

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

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

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

3.3. Securities transactions on behalf of clients

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

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

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

3.4. Shares with decisive and substantial influence

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

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

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

3.5. Bank and clients receivables

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

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

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

3.6. Creating reserves

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

- there is an obligation (legal or material) to perform, which is a result of previous events

- it is likely that the performance will take place, requiring outflow of funds representing economic benefit, whereas “likely” means probability higher than 50%.
- it is possible to make considerably reliable estimate of the performance.

3.7. Tangible and intangible assets

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

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

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

3.8. Conversion of amounts in foreign currencies to Czech crowns

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

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

3.9. Financial derivatives

The bank uses all financial derivatives as trading derivatives.

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

3.10. Taxes

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

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

3.11. Interest income and expenses

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

3.12. Use of estimates

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

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

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

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

4.1. Cash in hand and deposits with central banks

	(thousands CZK)	
	31 st Dec 2011	31 st Dec 2010
Cash in hand	47,745	31,580
Deposits with central banks	239,654	144,380
Credits granted – repo operations	1,500,162	600,081
Total cash in hand and deposits with central banks	1,787,561	776,041

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

As of 31st December 2011, the bank kept governmental treasury bills in the value of CZK 1,093,407 thousand (2010: CZK 298,231 thousand).

4.3. Receivables on behalf of banks and credit unions

	(thousands CZK)	
	31 st Dec 2011	31 st Dec 2010
Current accounts	634,663	1,843,219
Credits granted – repo operations	63,959	867,453
Total receivables on behalf of banks and credit unions	698,622	2,710,672

4.4. Receivables on behalf of clients

In accordance with the maturity date

	(thousands CZK)	
	31 st Dec 2011	31 st Dec 2010
Short-term credits	4,640,808	3,225,514
Medium-term credits	433,398	250,801
Long-term credits	124,821	65,574
Total receivables on behalf of clients	5,199,027	3,541,889

In accordance with the territory

	(thousands CZK)	
	31 st Dec 2011	31 st Dec 2010
Czech Republic	5,077,477	3,414,548
Slovak Republic	115,868	110,140
Other countries	5,682	17,201
Total receivables on behalf of clients	3,541,889	3,541,889

In accordance with the type of clients

	(thousands CZK)	
	31 st Dec 2011	31 st Dec 2010
Individuals	1,116,063	823,885
Legal entities	4,082,964	2,718,004
Total receivables on behalf of clients	5,199,027	3 541 889

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

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

The receivables on behalf of clients are secured by real estates, personal estate, securities, receivables on behalf of a third person, governmental collateral etc. in a total amount of CZK 4,903,987 thousand (in 2010: CZK 4,751,015 thousand).

4.5. Debt securities

	(thousands CZK)	
	31 st Dec 2011	31 st Dec 2010
Governmental bonds in the trade portfolio	858,700	96,437
Non-governmental bonds in the trade portfolio	622,642	50,330
Governmental bonds kept until maturity	2,559,731	793,606
Non-governmental bonds kept until maturity	40,889	92,428
Total debt securities	4,081,962	1,032,801

4.6. Shares, share fund certificates and other shares

As of 31st December 2011, the company holds 100 shares of Burza cenných papírů Praha, a.s. with a nominal value of CZK 1,000 per share in a portfolio of realised securities with a book value of CZK 100,000 (31st December 2010: CZK 100,000).

4.7. Shares with decisive influence

2011

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

2010

						(thousands CZK)
Company name	Registered address	Purchase price	Share in the registered capital in %	Right of vote in %	Appreciation as of 31 st Dec 2011	
Fio o.c.p., a.s.	Kollárovo nám. 15, 811 06 Bratislava	59,257	100	100	55,513	
RM-SYSTÉM, česká burza cenných papírů a.s.	Prague 1, Nové Město, V Celnici 1028/10, Postcode 117 21	31,705	100	100	32,172	
Družstevní záložna PSD	Prague 1, V Celnici 1028/10, Postcode 117 21	58,744	73.4	73.4	70,664	
Total		149,706				158,349

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

4.8. Fixed assets

4.8.1. Intangible fixed assets

Purchase price

	(thousands CZK)						
	31 st Dec 2009	Acquisition s	Consumption	31 st Dec 2010	Acquisition s	Consumption	31 st Dec 2011
Software	4,581	11,900	0	16,481	153	0	16,634
Other IFA	800	0	0	800	0	0	800
Goodwill	0	-252	0	-252	0	0	-252
Total	5,381	11,648	0	17,029	0	0	17,182

Repairs

	(thousands CZK)						
	31 st Dec 2009	Acquisition s	Consumption	31 st Dec 2010	Acquisition s	Consumption	31 st Dec 2011
Software	382	12,663	0	13,045	768	0	13,813
Other IFA	800	0	0	800	0	0	800
Goodwill	0	-17	0	-17	-50	0	-67
Total	1,182	12,646	0	13,828	718	0	14,546

Residual value

	(thousands CZK)	
	31 st Dec 2010	31 st Dec 2011
Software	3,437	2,821
Other IFA	0	0
Goodwill	-235	-185
Total	4,199	2,636

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

4.8.2. Tangible fixed assets

Purchase price

	(thousands CZK)						
	31 st Dec 2009	Acquisitions	Consumption	31 st Dec 2010	Acquisitions	Consumption	31 st Dec 2011
Transport vehicles	474	323	0	797	0	0	797
Other TFA	1,552	689	0	2,241	8,338	0	10,579
Total	2,026	1,012	0	3,038	8,338	0	11,376

Repairs

	(thousands CZK)						
	31 st Dec 2009	Acquisitions	Consumption	31 st Dec 2010	Acquisitions	Consumption	31 st Dec 2011
Transport vehicles	171	229	0	400	44	0	444
Other TFA	359	174	0	593	929	0	1,522
Total	530	403	0	993	973	0	1,966

Residual value

	(thousands CZK)	
	31 st Dec 2010	31 st Dec 2011
Transport vehicles	397	353
Other TFA	1,648	9,057
Total	2,045	9,410

In 2011, the company purchased tangible assets accounted directly to costs in the amount of CZK 1,876 thousand and CZK 8,227 thousand in 2010. These assets represent minor tangible assets, which are other movables and sets of movables with a useful life of greater than one year which are not reported as fixed assets; they are accounted directly to costs.

4.9. Other assets

	(thousands CZK)	
	31 st Dec 2011	31 st Dec 2010
Granted guarantees and deposits	339,443	253,235
Securities market receivables	132,546	138,336
Estimated accounts	5,836	1,878
Guarantee funds	1,783	1,968
Margin deposit for derivatives trading	3,513	3,513
Positive real value of open derivatives (FX swap)	670	30
Other	16,434	26,527
Adjustments	-209	-154
Other assets, total	500,016	425,333

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

Granted long-term guarantees and deposits

	(thousands CZK)	
	31 st Dec 2011	31 st Dec 2010
UNIVYC a.s, deposited principal for the period of trading on the PSE	0	394
RM-Systém, a.s., deposited principal for the period of trading on the RM-S	200,000	200,000
BCPP a.s. bail - market maker guarantee	10,000	10,000
Fio Leasing, a.s., deposited principal for the period of the lease	4,385	841
RM-S FINANCE, s.r.o.	72,000	42,000
MasterCard bail	25,922	0
Others	27,136	0
Long-term receivables, total	339,443	253,235

4.10. Accrued expenses and revenues

Accrued expenses and revenues in the value of CZK 1,343 thousand (31st December 2010: CZK 3,099 thousand) are composed mainly of prepaid rent and subscriptions to press.

4.11. Obligations to banks, credit unions

	(thousands CZK)	
	31 st Dec 2011	31 st Dec 2010
Obligations collectable on call	182,903	71,569
Other	198,480	178,889
Total receivables on behalf of clients	381,383	250,458

4.12. Obligations to clients

	(thousands CZK)	
	31 st Dec 2011	31 st Dec 2010
Obligations collectable on call	10,430,057	3,542,190
Other	1,664,379	4,283,134
Total receivables on behalf of clients	12,094,436	7,825,324

4.13. Other liabilities

	(thousands CZK)	
	31 st Dec 2011	31 st Dec 2010
Real value of open derivatives (FX swap)	689	1,543
Outgoing payments	155,989	11,683
Obligations to drawers	0	0
Obligations to security markets	42,729	62,192
Obligations to employees	1,628	2,103
Estimated liability entries	106,895	65,574
Obligations to the government budget	2,365	2,738
Domestic suppliers	1,995	10,059
International suppliers	912	190
Unidentified deposits	5,237	6,153
Other	31,730	11,804
Other liabilities, total	350,169	175,311

Due obligations in respect to social and health insurance

The total obligations in respect to social security insurance and contributions to the government's employment policy amounted to CZK 693,000 as of 31st December 2011 (CZK 842,000 as of 31st December 2010). The company does not have any overdue obligations in respect to social security insurance and contributions to the government's employment policy.

The total due obligations in respect to public health insurance amounted to CZK 295,000 as of 31st December 2011 (CZK 357,000 as of 31st December 2010). The company has no overdue obligations in respect to public health insurance.

4.14. Reserves

The reserve as of 31st December 2011 in the amount of CZK 5,546 thousand (31st December 2010: CZK 5,836 thousand) is made by the income tax reserve for 2011 (CZK 2,668 thousand), the reserve for possible loss from deposited amounts at financial instrument trader (CZK 1,728 thousand), the

reserve for yet untaken holiday (CZK 612 thousand) and the costs of legal proceedings (CZK 539 thousand).

4.15. Subordinate commitments

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

4.16. Own equity

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

As of 31st December 2011, CZK 560,000 thousand was paid.
The registered capital was paid in full as of 27th January 2010.

As of 31st December 2011 and 31st December 2010, the company had none of its own shares in its possession.

Allocation of profit (loss)

In a decision taken by the sole shareholder acting in the capacity of the Company's general meeting, the following allocation of profits for 2010 and 2009 was approved:

	(thousands CZK)	
	2011	2010
Retained earnings from previous periods at the beginning of the period	39,449	25,818
Economic result (profit/loss) for the previous accounting period	42,269	14,349
Allocation to reserves	-2,113	-718
Retained earnings from previous periods at the end of the period	79,605	39,449

4.17. Interest earnings and costs

	(thousands CZK)	
	2011	2010
Interest from deposits provided to other banks	14,628	10,063
Interest from credits granted to clients	328,025	86,635
Interest from debt securities	87,688	14,122
Other interest	4	273
Earnings from interest and similar earnings	430,345	111,093
Interest from credits received from other banks	478	2
Interest from deposits received from clients	68,274	25,713
Other interest and interest related fees	220,348	55,839
Interest from debt securities	8,119	1,117
Interest from subordinate debt	6,033	2,005
Interest costs and similar costs	303,252	84,676
Net interest earnings	127,093	26,417

4.18. Fees and commissions

	(thousands CZK)	
	2011	2010
Fees from securities operations	149,004	161,889
Fees from other investment services	7,816	1,103
Fees from clients' accounts and credits	74,072	24,368
Earnings from fees and commissions, total	230,892	187,360
For making payments	5,945	1,881
For securities operations	36,683	43,147
For other services	0	45
Costs for fees and commissions, total	42,628	45,073
Net earnings from fees and commissions	188,264	142,287

4.19. Profit or loss from financial operations

	(thousands CZK)	
	2011	2010
Profit (loss) from securities	-108,425	-4,286
Profit from exchange rate differences	64,496	18,803
Profit (loss) from currency derivatives	-276	-15,288
Net profit or loss from financial operations	-44,205	-771

4.20. Other operating costs

Other operating costs in the value of CZK 18,965 thousand (2010: CZK 6,261 thousand) include particularly contributions towards the Securities Trader Guarantee Fund and Deposit Insurance Fund. The costs of the Securities Trader Guarantee Fund are CZK 3,133 thousand for 2011 (2010: CZK 3,502 thousand). The costs of the Fund and Deposit Insurance Fund are CZK 15,600 thousand for 2011 (2010: CZK 2,759).

4.21. Administration costs

	(thousands CZK)	
	2011	2010
Salaries and remuneration	16,980	16,627
Social security costs and health insurance	5,968	5,250
Other employee costs	439	360
Personnel costs and remuneration	23,387	22,237
Audits	1,084	1,356
Rent	32,772	16,656
Postage	1,494	386
Advertising	44,970	10,368
Sources of information	14,230	12,644
Other purchased services	131,945	78,089
Other administrative costs	225,495	119,499
Administration costs, total	248,882	141,736

4.22. Taxation

Due income tax

The company's economic result for the accounting period ending 31st December 2011 was a pre-tax profit amounting to CZK 20,131 thousand (2010: profit CZK 46,006 thousand) .

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

	(thousands CZK)	
	2011	2010
Pre-tax profit/loss	20,131	46,006
Non tax-deductible costs	13,839	2,702
Earnings not subject to taxation	21,606	(27,302)
Donations	50	(250)
Tax base	14,042	21,156
Tax obligation	2,668	4,020
Tax discounts	0	(60)
Modification of tax due from previous years	0	8
Due taxes, total	2,668	3,968
Change to status of deferred taxes	670	(230)
Total	3,338	3,738

Deferred tax

As stated in Art. 3.10. of the annex, as of the balance sheet date of 31st December 2011 the company registers a temporary difference in the tax and accounting residual value of fixed tangible assets and reserves for unused holiday time. As of 31st December 2011, the company registers a deferred tax receivable amounting to CZK 288 thousand (2010: CZK 382 thousand).

4.23. Off-balance sheet operations

The company has the following on off balance accounts:

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

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

	2011	2010
Employees	59	40
Members of the Board of Directors thereof	3	3
Members of the Supervisory Board	3	3

5. RELATIONS WITH ALLIED ENTITIES

Relations with allied entitled within the Fio group.

31.12.2011

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

31.12.2010

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

1.1. - 31.12.2011

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

1.1. - 31.12.2010

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

6. FINANCIAL INSTRUMENTS

6.1. Bank risk management

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

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

6.2. Market risks

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

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

6.2.1. Liquidity risk

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

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

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

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

6.2.2. Currency risk

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

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

Collateral currency operations are used to meet the determined standards.

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

6.2.3. Interest risk

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

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

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

6.2.4. The bank's trading on its own account

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

6.2.5. Credit risk

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

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

Typical procedures for risk reduction:

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

The most liquid Czech shares traded in the SPAD segment of Burza cenných papírů Praha, a.s. can particularly serve as the collateral. Observing the value of the collateral by these shares is governed by the internal regulation (the value of the collateral is observed every day). In other credit cases real property, liability, collateral promise, the debtor's collateral pledge with receivables to solvent business

partners and other types of collateral. The collateral is usually not required in case of small overdraft credits.

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

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

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

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

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

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

6.3. Operating risks

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

Basic procedures to reduce risk

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

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

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

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

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

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

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

7. RESIDUAL MATURITY OF ASSETS AND LIABILITIES

31. 12. 2011

(thousand s CZK)

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

31. 12. 2010

(thousand s CZK)

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

8. ASSETS AND LIABILITIES CLASSIFIED BY CURRENCIES

31. 12. 2011

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

31. 12. 2010

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

9. INTEREST RATE ANALYSIS

31. 12. 2011

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

31. 12. 2010

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

10. MATERIAL EVENTS AFTER THE DATE OF FINANCIAL STATEMENT

The company became a proper member of the Czech Banking Association

IV. Report on relations between affiliated entities

The report on the relations between the controlling person and the controlled person and on relations between the latter and other persons controlled by the same controlling person, elaborated according to s. 66a(9) Commercial Code for 2011

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

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

Due to the above stated, Fio banka, a.s. belonged to a group with the following companies as at 31st December 2011:

- AASRK, a.s., Company Registration Number: 282 05 367, Prague 1, V Celnici 1028/10, Postcode 117 21
- AFUS, spol. s r.o., Company Registration Number: 27407748, Senovážné náměstí 977/24, Postcode: 116 47, Czech Republic
- AGRO-VARIEL, spol. s r.o., Company Registration Number: 489 48 829, Prague 9, Nad rybníkem 134
- AKAM, s.r.o., Company Registration Number: 360 37 419, Zvolen, Lieskovská cesta 2737, Postcode 961 01, Slovakia
- APMAS, a.s., Company Registration Number: 282 06 436, Prague 1, V Celnici 1028/10, Postcode 117 21
- ATLANTA SAFE, spol. s r.o. (winding up), Company Registration Number: 148 90 658, Prague 2, Vocelova 3, Postcode 120 00
- AYA, s.r.o., Company Registration Number: 357 64 716, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- BASRK, a.s., Company Registration Number: 282 04 107, Prague 1, V Celnici 1028/10, Postcode 117 21
- BIOAGRO s.r.o., Company Registration Number: 362 93 318, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- BIOOVO s.r.o., Company Registration Number: 360 15 113, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- BPMAS, a.s., Company Registration Number: 282 12 703, Prague 1, V Celnici 1028/10, Postcode 117 21
- CASRK, a.s., Company Registration Number: 282 07 483, Prague 1, V Celnici 1028/10, Postcode 117 21
- CFT, a.s., company registration number: 61859079, Prague 1, V Celnici 1028/10, Postcode 117 21
- CPMAS, a.s., Company Registration Number: 282 11 138, Prague 1, V Celnici 1028/10, Postcode 117 21
- CZUS spol. s r.o., Company Registration Number: 283 93 091, Prague 1, V Celnici 1028/10, Postcode 117 21
- Čtyřka, spol. s r.o., Company Registration Number: 44268866, Krynická 504, Prague 9, Postcode 182 00
- DASRK, a.s., Company Registration Number: 282 12 711, Prague 1, V Celnici 1028/10, Postcode 117 21
- Družstevní záložna Kredit, Company Registration Number: 64946649, V Celnici 1028/10, Postcode 117 21
- Družstevní záložna PSD, Company Registration Number: 64946835, Prague 1, V Celnici 1028/10, Postcode 117 21
- DZ KREDIT a.s., Company Registration Number: 256 23 184, Prague 1, V Celnici 1028/10, Postcode 117 21
- DZUS spol. s r.o., Company Registration Number: 283 92 132, Prague 1, V Celnici 1028/10, Postcode 117 21
- EASRK, a.s., Company Registration Number: 282 06 576, Prague 1, V Celnici 1028/10, Postcode 117 21

- ELLIAD a.s., Company Registration Number: 256 23 192, Prague 1, V Celnici 1028/10, Postcode 117 21
- EPMAS, a.s., Company Registration Number: 282 06 517, Prague 1, V Celnici 1028/10, Postcode 117 21
- EZUS spol. s r.o., Company Registration Number: 241 67 622, Prague 1, V Celnici 1028/10, Postcode 117 21
- Finanční skupina Fio, a.s., Company Registration Number: 26761858, Prague 1, V Celnici 1028/10, Postcode 117 21
- Fio družstevní záložna (winding up), Company Registration Number: 64946843, Prague 1, V Celnici 1028/10, Postcode 117 21
- Fio holding, a.s., Company Registration Number: 60192763, Prague 1, V Celnici 1028/10, Postcode 117 21
- Fio o.c.p., a.s., Company Registration Number: 35960990, Kollárovo nám. 15, Bratislava 811 06, Slovakia
- Fio Polska spółka z o.o, Company Registration Number: 140192608, Szpitalna 1/17, 00-020 Warsaw, Poland
- Fio Slovakia, a.s., Company Registration Number: 35828137, Kollárovo nám. 15, Bratislava 811 06
- Fio záruční, a.s., Company Registration Number: 27650928, Prague 1, V Celnici 1028/10, Postcode 117 21
- FPMAS, a.s., Company Registration Number: 282 11 502, Prague 1, V Celnici 1028/10, Postcode 117 21
- FPSROG, spol. s r.o., Company Registration Number: 25718843, Prague 1, V Celnici 1028/10, Postcode 117 21
- FPSROH, spol. s r.o., Company Registration Number: 25738755, Prague 1, V Celnici 1028/10, Postcode 117 21
- GENT CZ spol. s r.o., Company Registration Number: 48593753, V Celnici 1028/10 Postcode 117 21
- KOFIMA, s. r.o., Company Registration Number: 25269241, Prague 9, Kolmá 5/597, Postcode 190 00
- KOPTRANS, spol. s r. o., Company Registration Number:: 465 77 335, Prague 9, Kolmá 5/597, Postcode 190 00
- Midleton a.s., company registration number: 35942177, Kollárovo nám. 15, Bratislava 811 06, Slovakia
- Místní jednotka, spol. s r.o., Company Registration Number: 27589587, Prague 1, V Celnici 1028/10, Postcode 117 21
- NOBLIGE a.s., Company Registration Number: 26145090, Prague 1, V Celnici 1028/10, Postcode 117 21
- Odbytové družstvo ovoce Český ráj, Company Registration Number: 276 51 347, Prague 9, Vysočany, Kolmá 5/597, Postcode 190 00
- OVOAGRI s.r.o., Company Registration Number: 364 63 388, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- OVOFARM s.r.o., Company Registration Number: 360 15 067, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- RM-S FINANCE, s.r.o., Company Registration Number: 62915240, Prague 1, V Celnici 1028/10, Postcode 117 21
- RM-SYSTÉM, česká burza cenných papírů a.s., Company Registration Number: 47116404, Prague 1, V Celnici 1028/10, Postcode 117021
- Sady Sobotka s.r.o., Company Registration Number: 275 96 567, Prague 9, Vysočany, Kolmá 597/5, Postcode 190 00, Czech Republic
- VARIEL, a.s., Company Registration Number: 451 48 287, Zruč nad Sázavou, Průmyslová 1034, Postcode 285 22
- VVISS a.s., Company Registration Number: 485 85 131, Prague 9, Kolmá 5/597, Postcode 190 00
- VVISS delta, s.r.o., Company Registration Number: 36 015 105, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- VVISS HUNGARY KFT, 1239 Budapest, Nagykőrösi út 353
- VVISS Lipence, s.r.o. (winding up), Company Registration Number: 645 81 314, Prague 9, Kolmá 5/597, Postcode 190 00
- VVISS Plzeň, s.r.o., Company Registration Number: 645 81 331, Prague 9, Kolmá 5/597, Postcode 190 00

- VVISS POLAND spółka z o.o, Cisownica 72, Goina, Golezów
- VVISS Ostrava, s.r.o., Company Registration Number: 645 81 322, Prague 9, Kolmá 5/597, Postcode 190 00, Czech Republic
- VVISS, spol. s r.o., Company Registration Number: 30 229 529, Kostolanská 2/540, Madunice, Postcode 922 42, Slovakia
- VVISS Terezín, s.r.o. (winding up), Company Registration Number: 251 25 931, Prague 9, Kolmá 5/597, Postcode 190 00

Overview of contracts entered into between Fio banka, a.s. and other companies affiliated with it in 2011 or entered into in previous years and which were still in effect in 2011:

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

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

- a) Remuneration Agreement
- b) Currency SWAP Agreement
- c) Contract for current account

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

- a) Share Subscription Agreement

- **VVISS, a.s.**

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

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

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

Prague, 30th April 2012

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

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

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

V. Annex to the Annual Report

Information regarding capital, credit requirements and ratio indicators

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

Information about capital on an individual basis as of 31st December 2011

(in thousands CZK)

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

Capital (Σ)	1	683,583
Original capital (Tier 1) (Σ)	2	643,583
Paid registered capital registered in the Commercial Register	3	560,000
Own shares	4	0
Issue premium	5	0
Reserve funds and retained earnings (Σ)	6	86,219
Mandatory reserve funds	7	6,614
Other funds from distributed earnings	8	0
Retained earnings from previous periods	9	79,605
After-tax profit for the accounting period	10	0
Uncompensated loss from previous periods	11	0
Final exchange rate differences from consolidation	12	0
Profit for the regular accounting period	13	0
Loss for the regular accounting period	14	0
Net profit from capitalisation of future income from securitization	15	0
Profit/loss from revaluating obligations in real value in respect to credit risk	16	0
Other exemptions from the original capital (Σ)	17	-2,636
Goodwill	18	185
Intangible assets other than goodwill	19	-2,821
Negative revaluation reserve from changes in the real value of implemented capital instruments	20	0
Participatory notes issued by an entity with qualified share in the bank	21	0
Total hybrid items (Σ)	22	0
Hybrid items included in initial equity	23	0
Hybrid items included in initial equity (up to 35%)	24	0
Hybrid items included in initial equity (up to 15%)	25	0
Additional capital (Tier 2) (Σ)	26	40,000
Main additional capital (Σ)	27	0
Surplus in covering expected loan losses at IRB	28	0
Hybrid item limit exceeding	29	0
Auxiliary additional capital (Σ)	30	40,000
Subordinated debt A	31	40,000
Positive revaluation reserve from changes in the real value of shares and share fund certificates	32	0
Exemptions from the original and additional capital (Tier1+Tier2) (Σ)	33	0
Capital investments over 10% into banks and other financial institutions	34	0
Capital investments over 10% into insurance companies	35	0
Capital investments up to 10% into institutions and financial institutions	36	0
Major prudential regulation during market revaluation or revaluation by a model	37	0
Securitization exposure with a risk weight of 1250%	38	0

**Information about capital requirements on an individual basis as of 31st December 2011
(in thousands CZK)**

Capital requirements, total (Σ)	1	449,396
Capital requirements for credit risk, total (Σ)	2	397,704
Capital requirements for credit risk during STA, total (Σ)	3	397,704
Capital requirements for credit risk to exposures during STA, total (Σ)	4	397,704
Capital requirement to exposures against central governments and banks during STA	5	31
Capital requirement to exposures against regional governments and local authorities during STA	6	0
Capital requirement to exposures against public sector authorities and others during STA	7	0
Capital requirement to exposures against international development banks during STA	8	0
Capital requirement to exposures against international organizations during STA	9	0
Capital requirement to exposures against institutions during STA	10	17,755
Capital requirement to business exposures during STA	11	365,036
Capital requirement to retail exposures during STA	12	1,299
Capital requirement to exposures secured by real estate during STA	13	0
Capital requirement to exposures in arrears during STA	14	0
Capital requirement to regulatory high risk exposures during STA	15	0
Capital requirement to exposures in covered bonds during STA	16	0
Capital requirement to exposures against institutions and business exposures during STA	17	0
Capital requirement to exposures against collective investment funds during STA	18	0
Capital requirement to other exposures during STA	19	13,583
Capital requirements for credit risk at IRB to exposures during STA, total (Σ)	20	0
Capital requirement at IRB to exposures against central governments and banks during STA	21	0
Capital requirement at IRB to exposures against institutions during STA	22	0
Capital requirement at IRB to business exposures during STA	23	0
Capital requirement at IRB to retail exposures during STA	24	0
Capital requirement at IRB to share exposures during STA	25	0
Capital requirement at IRB to other exposures during STA	26	0
Capital requirement during STA to credit risk to securitized exposures	27	0
Capital requirements for credit risk during IRB, total (Σ)	28	0
Capital requirements for credit risk during IRB to selected exposures, total (Σ)	29	0
Capital requirement during IRB to exposures against central governments and banks	30	0
Capital requirement during IRB to exposures against institutions	31	0
Capital requirement during IRB to business exposures	32	0
Capital requirement during IRB to retail exposures	33	0
Capital requirement to credit risk during IRB to stock exposures	34	0
Capital requirement to credit risk during IRB to securitized exposures	35	0
Capital requirement to credit risk during IRB to other exposures	36	0
Capital requirement to settlement risk	37	0
Capital requirement to rank, currency and commodity risk, total (Σ)	38	26,618
Capital requirements for market risk during standardized approach (STA), total (Σ)	39	26,618
Capital requirement to interest rate risk during STA	40	18,246
Capital requirement to share risk during STA	41	0
Capital requirements to currency risk during STA	42	8,372
Capital requirement to commodity risk during STA	43	0
Capital requirement to market risk using own model-based approach	44	0
Capital requirement to operational risk, total (Σ)	45	25,074
Capital requirement to operational risk during BIA	46	25,074
Capital requirement to operational risk during TSA	47	0
Capital requirement to operational risk during ASA	48	0
Capital requirement to operational risk during AMA	49	0
Capital requirement to risk of business portfolio involvement	50	0
Capital requirement to other business portfolio instruments	51	0
Temporary capital requirement - evening up to Basel 1	52	0

Ratio indicators

	31 st December 2011
Capital adequacy	12.17%
Return on average assets (ROAA)	0.15%
Return on average equity (ROAE)	2.4%
Assets per employee in CZK	229,399,085
Administrative costs per employee in CZK	4,218,317
After-tax profit or loss per employee in CZK	284,620