

Annual Report 2013

www.fio.cz



Fio banka

- I. **General section**
- II. **Auditor's Statement**
- III. **Company final accounts statement as of 31st December 2013**
- IV. **Report on relations between affiliated entities**
- V. **Annex to the Annual Report**

I. General section

Introduction

Dear readers,

The year 2013 was an exceptional one for Fio banka, a.s. in many aspects. At the beginning of the year we got over a 250k mark in number of clients and by the end of the year and despite of the strong competition we managed to increase the number of clients to 330 thousand. Acquisition of more than 105 thousand of new clients led to nearly 50% increase in the number of clients and the balance sheet total, while keeping the positive net income.

The bank also celebrated its third anniversary on the market and Fio Financial Group celebrated 20 year anniversary of Fio brand on the market. As part of the celebration a new service – bank account number selection – was launched. In fact, the whole year was marked by dynamic development of new products and services, including use of modern technologies (contactless payment cards provided free of charge, new or improved mobile applications) or by new service offerings for the clients, such as amendment of contractual documentation to make it less complex or online bank account opening service to make account opening for clients more comfortable.

Thanks to an active approach to improvement and development of the services, including the stable zero charge policy for standard banking services, helped Fio banka, a.s. keep its popularity among the growing number of clients and the public, which allowed us to retain the current awards and also get some new ones. For instance, the bank has been awarded the Zlatá koruna (Golden Crown) award for three times, including in 2013 and for the third time in the row the bank was awarded the Vstřícná banka (Friendly Bank) award.

I would like to thank all people involved in our achievements, not only to our colleagues and partners, but also to our customers and supporters. We believe that our strategy will continue working in a similar way in 2014 and that Fio bank will further improve its position on Czech banking market.

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 2013, 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 four 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 2013, the company has the following subsidiaries: Fio o.c.p., a.s., Company Registration Number: 35960990, Nám. SNP 21, Bratislava 811 01, Slovakia, Družstevní záložna PSD, Company Registration No: 64946835, Prague 1, V Celnici 1028/10, Postcode 117 21, Czech Republic and RM-SYSTÉM, česká burza cenných papírů a.s., Company Registration Number: 47116404, V Celnici 1028/10, Postcode: 11721, Czech Republic.
- Through the company Fio, o.c.p., a.s., Fio banka, a.s. holds a 100% stake in the company RM-S FINANCE, s.r.o., Company Registration Number: 62915240, V Celnici 1028/10, Postcode: 11721, Czech Republic.

C. Information about activities

Granted permissions to carry out activities:

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

Start of business activities: 31st August 1994

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

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

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

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

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

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

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

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

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

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

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

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

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

Within the extent of main investment services

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

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

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

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

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

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

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

and within the extent of additional investment services

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

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

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

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

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

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

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

The evaluation in the area of retail banking:

The year 2013 was again one of the most successful years of the bank. The number of clients in the field of retail banking went up by more than 100 thousand to reach the total of 286 thousand. Including the investment banking clients the bank reached a total of 330 thousand clients by the end of 2013.

The total volume of deposits went up from 17.4 billion CZK to 26.1 billion CZK. This means that the balance sheet total of the bank went up by nearly 50% in a year over year comparison. At the end of 2013 the balance sheet total reached 27.3 billion CZK. Despite the zero banking charge policy the bank managed to maintain a positive net income.

The bank mainly acquired clients, who actively use their bank accounts but also increased its position in the field of consumer credits, mainly mortgages, which were promoted by various special offers. In accordance with the trend of implementation of new technologies, the bank started to provide its clients with a free payment card MasterCard Debit PayPass featuring contactless payment technology, expanded the functionality of its smartbanking application and launched support for a new platform for smartphones using Windows Phone operating system. The bank also expanded its service portfolio by adding a tool for prepaid SIM card phone crediting into its internet banking system. Currently the system works with T-Mobile phone operator and with virtual operators using its network.

In addition to retail banking the services for corporate and business clients were also expanded, thanks to improvement in banking API. This allows not only automatic download of data from internet banking but also allows mass import of payment instructions. This comfortable connection to accounting software has generated a very positive feedback from business clients and non-profit organisations.

At the end of the year 2013 the bank completed several major projects focused on further major expansion of the service offerings at the beginning of 2014. The new services include VISA payment card provision to client, voluntary connection of the bank to European payment system (SEPA) and

implementation of support for further major foreign currencies. The support concerns current accounts in these currencies and payment services.

Last year the bank continued to further optimize its branch network and increased the number of ATMs both at the bank branches as well as at other public places. Based on the monitoring of the demand the branch network of the bank was expanded by two new locations, Valašské Meziříčí and Ostrava-Poruba and some other branches were moved to better premises, more accessible to clients. This concerns the branches in Plzeň-Slovany, Chomutov, Znojmo and Pelhřimov. The ATM network, which is managed by a partner based on an exclusive agreement, was expanded in 2013 by 20 new ATMs. The total number of ATMs reached 142.

The growth of the number of clients was supported by active marketing. The bank continued to promote its services by TV commercials featuring famous Czech actors and based on third party surveys the Fio banka brand awareness among Czech population reached 70%.

The evaluation in the area of investment banking:

In 2013, Czech stock markets in the Czech Republic (RM-SYSTÉM as well as BCPP – Prague Stock Exchange) generated a further decrease of total trading volume by about 20%. However the clients of the bank partly offset this decrease by investing on foreign markets and the total share of the foreign transactions reached 49%. The most popular foreign markets for our clients are USA and German Deutsche Börse AG. In 2013, the bank acquired about the same number of new clients – investors as in 2012 and the overall number of clients – investors reached a total of 68 thousand.

In 2013 the bank launched a brand new application called Smartbroker, which allows investing anywhere and anytime using smartphones or tablets with operating systems Android and iOS. The application was very successful and was downloaded by thousands of investors. About 3 thousand of them selected this application for active investing.

The main method of investment service promotion in 2013 were again the training workshops, which the bank traditionally organizes in cooperation with RM-SYSTÉM, česká burza cenných papírů a.s. company. The bank gave nearly 180 of these workshops in nearly 60 towns and cities throughout the Czech Republic and gave an opportunity to potential investors to get a complex overview of how to invest on capital markets. In accordance with the trend of foreign market shift the bank added a new workshop called “Investing on Foreign Stock Markets” to its “School of investing” program. This new workshop proved to be very popular and will be a part of the training program also in 2014. In 2013 the bank continued in proven cooperation with local colleges and economical faculties. This cooperation features a one semester investment game, in which the students learn about the capital market environment and may compare their success in a virtual investment contest. The bank is committed to support the education as we think it is the best way to promote the capital market investing within the members of the public, which may help in increasing the volume of investments to at least the same levels as in the past.

The overview of the most important events in 2013

Contactless payment cards for free

In February the bank started to offer Fio MasterCard Debit PayPass as the main payment card for its bank account. The card is offered free of charge and makes contactless payment accessible to all clients.

School of investing

In February the bank started, in co-operation with RM-SYSTÉM, česká burza cenných papírů a.s. company, registration to spring (already 18th) cycle of school of investing. In September another registration round took place.

Launch of Smartbroker

Investors valued the second month of the year very high also due to the launch of a brand new application for investing anywhere and anytime. The first version was designed for Android operating system mobile phones and several month later a version supporting both Android and iOS operating systems was launched.

Another year of Studentbroker

The start of the semester was also marked by opening of a new cycle of the Studentbroker project, in which students of special colleges and faculties get some practical experience from capital markets. This project, which is organized in cooperation with RM-SYSTÉM, česká burza cenných papírů a.s. company includes 17 schools and universities and continued in autumn 2013 as well.

Got over 250k number of clients mark

In March the bank announced surpassing of 250k number of clients mark, which was a confirmation of the successful strategy of provision of quality banking services at the best prices.

Fio API Plus user interface

The bank created and launched a new user interface Fio API plus allowing secured processing of bank statements and transactions on the account. This interface is available to our clients free of charge.

Fio Smartbanking application upgrade

In April the bank launched a new version of Android application allowing its clients to improve their experience while working with their bank accounts on their smartphones (e.g. new payment templates, possibility to send funds abroad using a mobile phone or bank statement downloads). QR code and iOS version implementation followed.

Spring offer of mortgages

In May the bank offered a discount of 0.1% from the mortgage interest to clients wanting to get a mortgage. Due to a very positive feedback and large demand for this product the offer was extended until the end of June.

Fio API banking interface upgrade + Google Glass application prototype

New feature was added to the Fio API banking interface in June. It was the possibility to enter the payment orders automatically. In this same month the first functional prototype of the Google Glass banking application. This prototype is based on the Fio API banking interface.

The bank became a partner of “Jawa around the world” project

The bank became a partner of Jawa around the world project, which is to represent the tradition of Czech brands to local and international audiences. As part of the cooperation the payment cards of the bank travelled worldwide and became a core element of success of this project.

Fio mortgage with 0.5% mortgage interest rate discount

In October the bank offered another bargain – autumn 0.5% p.a. mortgage interest rate discount. This offering was extended until the end of the year of 2013.

New mobile website

The bank launched a new mobile phone website for mobile phones and tablets. The users may find there all necessary information about products and services of the bank, including contacts.

Smartbanking for Windows Phone

At the end of October the bank satisfied the demand from its clients and launched a Smartbanking application supporting Windows Phone operating system smartphones. This is a new “smart” application for the third party platform.

Simplification of contractual documentation

November was another month marked by improvement of our services to clients. The first step was simplification and shortening of contractual documentation to a 1 A4 sheet.

Possibility to open bank accounts online with messenger delivering the documents

In addition to online bank account opening with forwarding the documentation by Czech Post or Fio bank branch, a new option allowing delivery of contractual documentation by messenger service was added. This service allows sending the contractual documentation to any place within the Czech Republic.

Celebration of 20 year anniversary of Fio + selection of account number by clients

The bank celebrated its 20 year anniversary on the Czech market and allowed clients to select a dedicated bank account number at the branches.

Prepaid phone service crediting using Fio internet banking

The bank added a new feature – prepaid phone service crediting to its internet banking system. The system currently supports T-Mobile prepaid cards, including all virtual operators using this network, In the future the bank expects to further expand cooperation with other mobile communication providers in the country.

Public awards



The bank was awarded the OVB Vstřičná banka (Friendliest Bank of 2013) award for the third time in the row.



Golden hat trick in the Zlatá koruna 2013 (Golden Crown) contest, the Banks ranked first in the category of accounts, business account and price of entrepreneurs). The bank was also awarded one Silver and two Bronze crowns (Securities trading, Price of the Public and News of the Year).



The Bank won the first place in the Zlatý Měsíc 2013 contest in categories Banks and Cooperatives and Securities traders (third time in row).



Banking innovator 2013 as part of the Best Bank 2013 contest of the newspaper Hospodářské noviny (Economic News)



Fio – personal bank account was awarded the 1st place in the Scott's product and the 2nd place in the Bank accounts as part of the Financial Product of the Year 2013 contest.

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 2013) – town, street, postcode, (country) and telephone:

Czech Republic

Blansko, nám. Svobody 5, 678 01, 224 346 750

Brno, Joštova 4, 602 00, 224 346 815 - 816, 818

Brno, Nové Sady 988/2, 602 00, 224 346 463 - 465

Brno, Veveří 2581/102, 616 00, 224 346 865-6

Břeclav, J. Palacha 121/8, 690 02, 224 346 941

Česká Lípa, Hrnčířská 737, 470 01, 224 346 854

České Budějovice, Nám. Přemysla Otakara II. 117/32, 370 01, 224 346 858-9

Český Těšín, Náměstí ČSA 182/7, 737 01, 224 346 764

Děčín, Masarykovo nám. 3, 405 02, 224 346 973

Frýdek-Místek, Zámecké nám. 42, 738 01, 224 346 936-937

Cheb, Svobody 53, 350 02, 224 346 971

Chomutov, náměstí 1. máje 4, 430 01, 224 346 984-985

Chrudim, Resselovo náměstí 61, 537 01, 224 346 954

Haviřov, Hlavní třída 64, 736 01, 224 346 963 - 964

Havlíčkův Brod, Horní 16, 580 01, 224 346 958

Hodonín, Národní třída 79, 695 01, 224 346 913 - 914

Hradec Králové, Masarykovo náměstí 511, 500 02, 224 346 835-7

Jablonec nad Nisou, Mírové náměstí 19, 467 51, 224 346 975

Jihlava, Masarykovo náměstí 20, 586 01, 224 346 869 - 71

Karlový Vary, T.G.Masaryka 38, 360 01, 224 346 872-873

Karviná- Fryštát, Fryštátská 87/6, 733 01, 224 346 892

Kladno, Osvozených politických vězňů 379, 272 01, 224 346 924-925

Klatovy, Vídeňská 181, 339 01, 224 346 875

Kolín, Karlovo náměstí 7, 280 02, 224 346 932

Kroměříž, Riegrovo nám. 179, 767 01, 224 346 877
Liberec, nám. Dr. E. Beneše 14/II, 460 01, 224 346 879-81
Louny, Česká 158, 440 01, 224 346 773
Mladá Boleslav, Jaselská 67, 293 01, 224 346 926
Most, Moskevská 3336, 434 01, 224 346 965
Náchod, Tyršova 64, 547 01, 224 346 882
Nový Jičín, Dobrovského 1292/4, 741 01, 224 346 969 - 970
Nymburk, Náměstí Přemyslovců 129, 288 02, 224 346 458
Olomouc, Dolní náměstí 20, 779 00, 224 346 920-21
Ostrava, Hlavní třída 682/110, 708 00, 224 346 445-447
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, Dr. Tyrše 58, 393 01, 224 346 956-957
Písek, Nerudova 88, 397 01, 224 346 767
Plzeň, Prešovská 13, 301 00, 224 346 977-9
Plzeň, Náměstí Generála Píky 2703/27, 326 00, 224 346 829-32
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 6, Křenova 438/3, 162 00, 224 346 473-474
Prague 10, Moskevská 268/53, 101 00, 224 346 753-5
Prostějov, Kostelní 6, 796 01, 224 346 948
Přerov, Čechova 3216/33, 750 02, 224 346 950, 951
Příbram, Pražská 126, 261 02, 224 346 952
Sokolov, 5. května 163, 356 01, 224 346 460
Strakonice, Palackého nám. 102, 386 01, 224 346 928
Svitavy, Nám. Míru 42, 568 02, 224 346 934
Šumperk, Bulharská 229/1, 787 01, 224 346 915, 916
Tábor, Palackého 359/1, 390 01, 224 346 898
Teplice, U Radnice 6/2, 415 01, 224 346 960-961
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
Valašské Meziříčí, Křížkovského 117/1, 757 01, 224 346 456-457
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 Nám. SNP 21, Bratislava 811 06

Branch Offices:

- Bratislava, Nám. SNP 21, 811 01

- Košice, Hlavná 8, 040 01

- Žilina, Na prckova 37, 010 01

Trading on stocks markets in the Czech Republic

The year 2013 has not been the most successful one at Prague Stock Exchange. The PX index lost nearly 50 points (-4.8%) to reach 989 points. Fortunately some stocks were very successful. The most profitable stocks were the ones of Fortuna company, value of which increased by +40%, also thanks to very positive financial results of the company. The stocks of Pegas Nonwovens came second with +20% increase, mainly driven by launch of new manufacturing line in Egypt. Stock of banks grew up as well, Erste bank stocks went up by +15% and Komerční banka stocks increased by +10%. On the other hand the year 2013 was not very good for NWR company stocks, which fell down by -75% of their market value. The company suffered from decrease of price of coal on world markets. The media group CETV continued to deal with economic problems, which led to a decrease of value by more than -30%. Stocks of ČEZ, energy company, lost more than -20% due to the electricity price decrease. Even Telefonica O2 stock went down by -10%, which was not a good news for the shareholders. During the year the AAA Auto car repair network stocks were withdrawn from the market due to the sale of the majority stake of the company by its holder, Mr. A.Denny. In addition to transaction volumes, dividend payment was another indicator, which either improved the year-over-year value increase of the stocks or decrease the loss. As far as dividend value is concerned, Fortuna came 1st with 16% of dividend income. Telefonica O2 provided more than 10%. Philip Morris ČR generated 8% and ČEZ generated 6% dividend value.

Trading on foreign markets

Stock exchange markets in developed countries generated above average results in 2013 and many of them repeatedly increased their historical maximums. In addition to gradually improving economic situation both USA and Europe, the most important growth factor was continuing activity of central banks. The classical American index Dow Jones grew by 26.5% during the year and surpassed the 16000 point mark. The broader S&P index got over 1800 points and grew by nearly 30%. Index DAX also reached historical maxima of nearly 9600 points and grew by double digit percentage (25.6%). Japanese stocks also went up and the Nikkei index grew by nearly 57%, which was partially caused by a huge increase of value of local currency.

American stocks generated some very strong growth at the beginning of the year and the broader S&P index grew by a double digit value. Low income from governmental bonds and continuing inflow of cheap money due to monetary expansion of the Central Bank (FED) forced the investors to look for more attractive opportunities for investments, which led to inflow of money to stock markets and supported the growth of stocks. The markets became little nervous just in the first quarter of the year due to the elections in Italy and Cyprus crisis, where local government had to ask EU for financial aid. Positive development and improvement of historical maxima stopped at the end of the second quarter, when FED started to talk about a possibility to gradually stop its stimuli. This fact was confirmed at June meeting where a possible schedule of stimuli stopping was presented. This FED intention made the markets a bit nervous and led to the only major downfall of American stock indices when S&P index went down by nearly 6%. The circumstances also caused that the bond market income opportunities were higher than the opportunities on stock markets, which led to funds flowing out of the stock exchange markets to bond markets. At the same time markets became nervous about the situation in developing countries, where large manifestations against the government and economic situation could be seen in Brazil and Turkey.

Maybe American central bankers were afraid of the market reaction and during the third quarter of the year they started saying that maybe the stimuli will not be stopped, which led to stock exchange market growth. European central bank (ECB) and BoE also repeatedly started supporting the stock exchange market while fixing the low interest rates for longer periods. The more friendly tone of American central bankers might have been governed by expected discussions with president Obama about the budget. FED did not want to complicate economic forecast of the country. However president Obama and the Congress did not reach an agreement, which led to a temporary blocking of state administration in USA and to a provisional budget. However the effects of this problem on stock exchange markets were mild. The crucial information at the end of the year was the first decrease of monetary stimuli by FED (somewhat surprising with respect to development of situation). However despite some fears, the majority investors finally became optimistic when FED partially changed its talks about a possibility to leave the interest rates on low level.

American indices grew up in all quarters and ended the year near their historical maxima. The S&P index growth was the strongest since 1997.

Trading on the company's own account

In 2013, Fio bank followed the trends from the previous years and continued to actively trade on financial markets. The bank has traditionally been the stock market creator, trading all liquid securities on the Prague Stock Exchange (BCPP) through the Xetra platform. Similarly the bank is a market creator also on the stock market of RM-SYSTÉM, česká burza cenných papírů a.s. , where the bank trades the same securities as in BCPP plus nine more securities, mainly foreign ones.

As far as debt securities are concerned the bank kept expanding its portfolio and the overall portfolio volume grew up by 18.5% in a year-over-year comparison. The bank prefers conservative investment strategy and this is why 85% of the debt related securities are Czech government bonds. 6.5% of the portfolio are Slovak government bonds. Nearly 6% of the investment portfolio are bonds issued by financial institutions in the Czech Republic and finally 2.5% of the portfolio are profitable corporate bonds. The aim of the bank is to keep the bonds until the maturity date, this means that ¾ of them are part of investment portfolio. The remaining ¼ of bonds are business type bonds in order to improve further the very good liquidity situation of the bank. However the aim of the bank is same for business type bonds, e.g. keep the bonds till maturity date.

The financial market has been influenced by low interest rates while throughout the year the basic interest rate of CNB (Czech National Bank) remained on a historical minimum of 0.05%. Market short term interest rates went down following a monetary intervention of CNB. Due to stable growth of deposits the bank reached larger transaction volumes on the market. The vast majority of transactions was with CNB, mainly two-week repo operations and deposit facilities. Last but not least an important growth of activity of the bank on FX market could be seen throughout 2013.

The information about the bank's holdings and financial situation

As at 31st December 2013, the company's total assets were CZK 27,260,397 thousand. This was mainly composed of a balance in cash and central bank deposits amounting to CZK 5,212,109 thousand, non-coupon government bonds in the value of CZK 3,865,403 thousand, funds in bank accounts and credit union accounts amounting to CZK 1,869,202 thousand, client receivables in the value of CZK 9,208,164 thousand, debt securities amounting to CZK 6,208,016 thousand, fixed assets in the value of CZK 172,092 thousand and other assets amounting to 675,108 thousand.

In 2013 the company recorded a net profit of CZK 188,415 thousand from fees and commissions, a net profit of CZK 220,478 thousand from interest and a profit of CZK 143,200 thousand from financial operations. The company's pre-tax profit from ordinary activities amounted to CZK 44,257 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 2013 the capital adequacy of the Bank was 10.93%, 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 2013 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 2013. As far as the labour relations are concerned, they are provided in the 2013 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, Nám. SNP 21 Bratislava 811 01, Slovak Republic.

The accounting unit shall continue performing its current activities.

There were no events after the final accounts date having a major impact on the information provided in this Annual Report.

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 were verified by the auditor:

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

In Prague, on 29th April 2014

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 28th April 2014:

"We have audited the attached financial statement of Fio Banka, a.s., i.e. the balance sheet as of 31st December 2013, 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 2013 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 2013 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 2013 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.

The relationship report has been created pursuant to provisions of §66a of the Act Number 513/1991 Coll. – Commercial Code.

Report on the Annual Report

We have also audited the annual report for consistency with the financial statement of the company of 31st December 2013. 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, 28th 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 2013

FINANCIAL STATEMENT AS AT 31st DECEMBER 2013

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 28th April 2014.

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	as at 31 December 2013					
in CZK thousand						
			Current period			Previous
Design.	Text	Line	Gross	Corr.	Net	Net
1.	Cash-in-hand, deposits in central banks	1	5 212 109	0	5 212 109	1 447 178
2.	Governmental non-coupon bonds and other securities	2	3 865 403	0	3 865 403	2 774 333
2.a)	Issued by governmental agencies	3	3 865 403	0	3 865 403	2 774 333
2.b)	Other	4	0	0	0	0
3.	Receivables on behalf of banks and credit unions	5	1 869 202	0	1 869 202	1 501 805
3.a)	Payable on call	6	1 743 301	0	1 743 301	1 373 965
3.b)	Other receivables	7	125 901	0	125 901	127 840
4.	Receivables on behalf of clients	8	9 328 634	120 470	9 208 164	6 464 752
4.a)	Payable on call	9	605 844	65 164	540 680	630 933
4.b)	Other receivables	10	8 722 790	55 306	8 667 484	5 833 819
5.	Debt securities	11	6 208 016	0	6 208 016	5 668 389
5.a)	Issued by governmental agencies	12	5 430 074	0	5 430 074	4 205 506
5.b)	Issued by other persons	13	777 942	0	777 942	1 462 883
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	172 092	0	172 092	163 740
	in banks thereof	18	0	0	0	0
9.	Intangible Fixed Assets	19	22 372	17 836	4 536	5 604
9.a)	Installation costs thereof	20	0	0	0	0
9.b)	Goodwill thereof	21	-252	-168	-84	-134
10.	Tangible Fixed Assets	22	26 263	9 728	16 535	15 910
	land and facilities for operating activities	23	0	0	0	0
11.	Other assets	24	675 320	212	675 108	516 765
12.	Registered capital receivables	25	0	0	0	0
13.	Accrued expenses and revenues	26	29 132	0	29 132	2 783
	TOTAL ASSETS	27	27 408	148 246	27 260 397	18 561 359
1.	Obligations to banks and credit unions	28			384 888	259 897
1.a)	Payable on call	29			219 480	258 923
1.b)	Other obligations	30			165 408	974
2.	Obligations to clients	31			25 694 674	17 174 084
2a)	Payable on call	32			24 289 010	15 614 449
2b)	Other obligations	33			1 405 664	1 559 635
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			317 128	333 768
5.	Accruals	38			0	0
6.	Reserves	39			11 085	17 157
6.a)	Pensions and similar obligations	40			0	0
6.b)	Taxes	41			8 116	14 154
6.c)	Other	42			2 969	3 003
7.	Subordinate obligations	43			90 000	50 000
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			10 626	7 454
11.a)	Mandatory reserves and risk funds	50			10 626	7 454
11.c)	other reserve funds	51			0	0
11.d)	other funds from profit	52			0	0
11.	Reserve fund for new valuation	53			0	0
12.	Capital funds	54			0	0
13.	Revaluation differences	55			0	0
13.a)	Revaluation differences – assets and liabilities	56			0	0
13.b)	Revaluation differences – security derivatives	57			0	0
13.c)	Revaluation differences – share revaluation	58			0	0
14.	Retained earnings from previous periods	59			155 827	95 558
15.	Profit (losses) for the accounting period	60			36 169	63 441
	TOTAL LIABILITIES	61			27 260 397	18 561 359

Profit and Loss Statement as at 31 December 2013				
in CZK				
Design.	Text	Line	Current	Previous
1.	Earnings from interest and similar earnings	PL1	548 342	536 190
	Interest from debt securities thereof	PL2	111 100	126 171
2.	Interest costs and similar costs	PL3	327 864	408 409
	Interest costs from securities with fixed earnings thereof	PL4	21 862	15 400
3.	Earnings from shares and share funds	PL5	44	36
3.a.	Earnings from shares with major influence	PL6	0	0
3.b.	Earnings from shares with decisive influence	PL7	0	0
3.c.	Earnings from other shares and share funds	PL8	44	36
4.	Earnings from fees and commissions	PL9	255 983	211 912
5.	Fees and commissions costs	PL10	67 568	51 626
6.	Net profit from financial operations	PL11	143 200	169 372
7.	Other operating revenues	PL12	5 353	5 114
8.	Other operating costs	PL13	35 168	25 117
9.	Administration costs	PL14	394 731	321 773
9.a.	Personnel costs	PL15	28 745	27 305
9.a.1.	Social security and health insurance thereof	PL16	7 108	6 539
9.b.	Other administrative costs	PL17	365 986	294 468
10.	Reversal of accrued liabilities and adjustments to tangible and intangible	PL18	0	0
11.	Depreciation, creation and use of reserves and adjustments to tangible and	PL19	7 043	4 487
12.	Dissolution of reserves and adjusting entries to receivables and guarantees	PL20	0	0
13.	Write offs, creation and use of adjusting entries and reserves to receivables and guarantees	PL21	84 643	36 001
14.	Dissolution of adjusting entries – decisive or major influence shares	PL22	0	0
15.	Exchange losses – decisive or major influence shares	PL23	0	0
16.	Dissolution of other reserves	PL24	0	0
17.	Creation and use of other reserves	PL25	0	0
18.	Share in profit or loss – decisive or major influence shares	PL26	8 352	3 278
19.	Pre-tax profit from regular activities for the accounting period	PL27	44 257	78 489
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	8 088	15 048
24.	After-tax profit or loss for the accounting period	PL32	36 169	63 441

Off Balance Sheet items at 31 December 2013

CZK
thousands

Design.	Text	current	previous
1.	Provided assurances and guaranties	5 470 626	4 194 893
2.	Provided liens	30 000	30 000
3.	Receivables from spot operations		
4.	Receivables from fixed term operations	51 277	94 157
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	11 279 694	6 892 123
11.	Payables from spot operations		
12.	Payables from fixed term operations	51 527	94 157
13.	Payables from options		
14.	Values accepted as custody, administration, storage or as safe deposit	27 318 922	18 335 013
15.	Values accepted for processing	64 724	62 049

OVERVIEW OF CHANGES IN EQUITY FOR 2013

(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 2012	560 000	6 614	0	79 605	16 793		663 012
Change of accounting methods							
Correction of major errors							
Exchange rate differences and revaluation reserves not included in the profit/loss							
Net profit / loss for the accounting period						63 441	
Dividends							
Transfer to funds		840		15 953	-16 793		
Use of funds							
Emission of stocks							
Decrease of own capital							
Purchase of own stocks							
Other changes							
Balance as of 31 st December 2012	560 000	7 454	0	95 558	0	63 441	726 453
Balance as of 1 st January 2013	560 000	7 454	0	95 558	63 441		726 453
Change of accounting methods							
Correction of major errors							
Exchange rate differences and revaluation reserves not included in the profit/loss							
Net profit / loss for the accounting period						36 169	
Transfers to funds		3 172		60 269	-63 441		

	Dividends							
	Use of funds							
	Emission of stocks							
	Decrease of own capital							
	Purchase of own stocks							
	Other changes							
	Balance as of 31 st December 2013	560 000	10 626	0	155 827	0	36 169	762 622

NOTES TO THE FINANCIAL STATEMENT 2013

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

6.1.	BANK RISK MANAGEMENT	52
6.2.	MARKET RISKS	52
6.2.1.	LIQUIDITY RISK	52
6.2.2.	CURRENCY RISK	52
6.2.3.	INTEREST RISK	553
6.2.4.	THE BANK'S TRADING ON ITS OWN ACCOUNT	553
6.2.5.	CREDIT RISK	553
6.3.	OPERATING RISKS	54
7.	RESIDUAL MATURITY OF ASSETS AND LIABILITIES	56
8.	ASSETS AND LIABILITIES CLASSIFIED BY CURRENCIES	57
9.	INTEREST RATE ANALYSIS	58
10.	MATERIAL EVENTS AFTER THE DATE OF FINANCIAL STATEMENT	59

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 2013

Financial statement elaborated: 24st April 2014

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 %

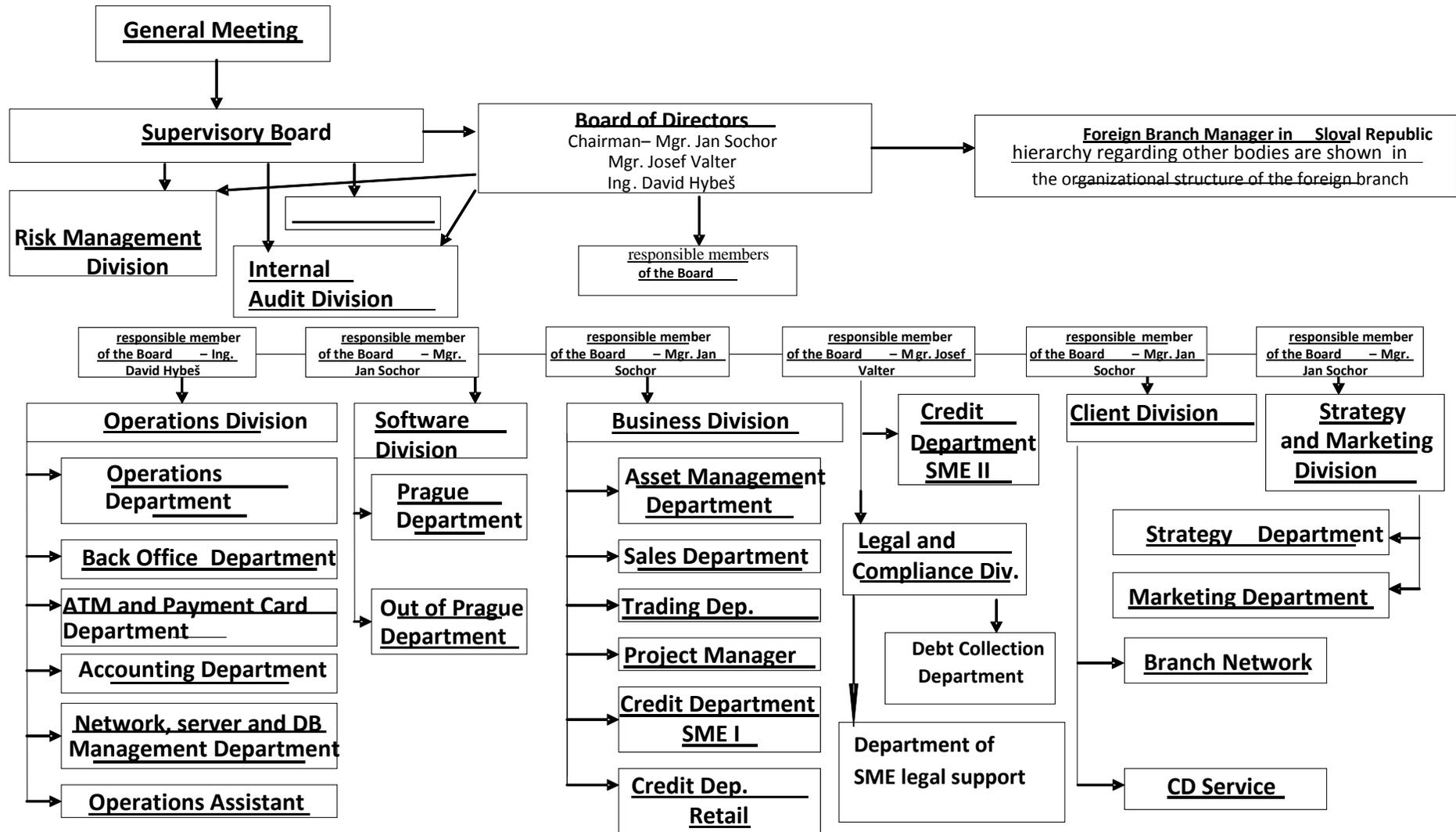
1.2. Changes and supplements in the Commercial Register in the past accounting period

In 2013 there were no changes in the Trade Register record of Fio banka, a.s. managed by the City Court of Prague.

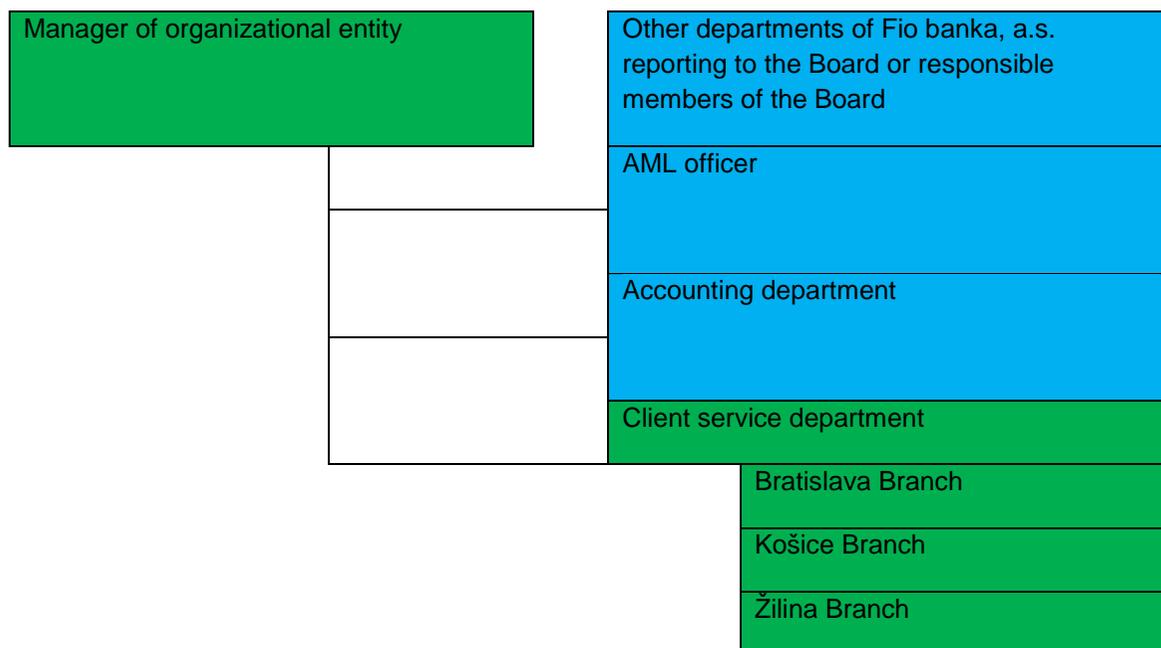
In 2013 there were no changes in the Trade Register record of Fio banka, a.s., foreign bank branch, managed by the District Court of Bratislava I, Slovak Republic:

1.3. Company organisational structure

1.3.1. Fio banka, a.s.



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



Complementary information:

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

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

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 2013.

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 2013	31 st Dec 2012
Cash in hand	79 688	81 571
Deposits with central banks	1 730 809	465 600
Credits granted – repo operations	3 000 031	900 007
Cash in ATMs	401 581	0
Total cash in hand and deposits with central banks	5 212 109	1 447 178

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

As of 31st December 2013, the bank kept governmental treasury bills in the value of CZK 3 865 403 thousand (2012: CZK 2 774 33 thousand).

4.3. Receivables on behalf of banks and credit unions

	(thousands CZK)	
	31 st Dec 2013	31 st Dec 2012
Current accounts	1 743 301	1 373 965
Credits granted – repo operations	125 901	127 840
Total receivables on behalf of banks and credit unions	1 869 202	1 501 805

4.4. Receivables on behalf of clients

In accordance with the maturity date

	(thousands CZK)	
	31 st Dec 2013	31 st Dec 2012
Short-term credits	4 718 015	5 423 265
Medium-term credits	1 667 382	860 755
Long-term credits	2 822 767	180 732
Total receivables on behalf of clients	9 208 164	6 464 752

In accordance with the territory

	(thousands CZK)	
	31 st Dec 2013	31 st Dec 2012
Czech Republic	8 532 298	6 087 590
Slovak Republic	674 962	374 484
Other countries	904	2 678
Total receivables on behalf of clients	9 208 164	6 464 752

In accordance with the type of clients

	(thousands CZK)	
	31 st Dec 2013	31 st Dec 2012
Individuals	4 189 380	1 188 292
Legal entities	5 018 784	5 276 460
Total receivables on behalf of clients	9 208 164	6 464 752

The increase of credits provided to individuals was caused by the growth of credits for purchasing of securities and growth of mortgages.

In accordance with classification

	31 st Dec 2013		31 st Dec 2012	
	gross	adjusting entry	net	net
Standard	7 358 116	0	7 358 116	4 748 069
Monitored	508 023	418	507 605	881 429
Non-standard	1 279 237	54 888	1 224 349	834 562
Doubtful	70 777	30 461	40 316	692
In loss	112 481	34 703	77 778	0
Total receivables on behalf of clients	9 328 634	120 470	9 208 164	6 464 752

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 11 279 694 thousand (in 2012: CZK 6 892 123 thousand).

4.5. Debt securities

	(thousands CZK)	
	31 st Dec 2013	31 st Dec 2012
Governmental bonds in the trade portfolio	799 678	859 308
Non-governmental bonds in the trade portfolio	236 355	365 147
Governmental bonds kept until maturity	4 630 396	3 346 197
Non-governmental bonds kept until maturity	541 587	1 097 737
Total debt securities	6 208 016	5 668 389

4.6. Shares, share fund certificates and other shares

As of 31st December 2013, 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 2012: CZK 100,000).

4.7. Shares with decisive influence

2013

Company name	Registered address	Purchase price	Share in the registered capital in %	Right of vote in %	(thousands CZK)
					Appreciation as of 31 st Dec 2013
Fio o.c.p., a.s.	Kollárovo nám. 15, 811 06 Bratislava	59 257	100	100	53 474
RM-SYSTÉM, česká burza cenných papírů a.s.	Prague 1, Nové Město, V Celnici 1028/10, Postcode 117 21	31 705	100	100	32 459
Družstevní záložna PSD	Prague 1, V Celnici 1028/10, Postcode 117 21	58 744	73.4	73.4	86 159
Total					172 092

2012

(thousands CZK)

Company name	Registered address	Purchase price	Share in the registered capital in %	Right of vote in %	Appreciation as of 31 st Dec 2012
Fio o.c.p., a.s.	Kollárovo nám. 15, 811 06 Bratislava	59 257	100	100	49 593
RM-SYSTÉM, česká burza cenných papírů a.s.	Prague 1, Nové Město, V Celnici 1028/10, Postcode 117 21	31 705	100	100	32 430
Družstevní záložna PSD	Prague 1, V Celnici 1028/10, Postcode 117 21	58 744	73.4	73.4	81 717
Total		149 706			163 740

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 2011	Acquisitions	Consumption	31 st Dec 2012	Acquisitions	Consumption	31 st Dec 2013
Software	16 634	840	0	17 474	478	0	17 952
Other IFA	800	3 597	0	4 397	275	0	4 672
Goodwill	-252	0	0	-252	0	0	-252
Total	17 182	4 437	0	21 619	753	0	22 372

Repairs

(thousands CZK)

	31 st Dec 2011	Acquisitions	Consumption	31 st Dec 2012	Acquisitions	Consumption	31 st Dec 2013
Software	13 813	970	0	14 783	1 196	0	15 979
Other IFA	800	550	0	1 350	675	0	2 025
Goodwill	-67	-51	0	-118	-50	0	-168
Total	1,182	1 469	0	16 015	1 821	0	17 836

Residual value

(thousands CZK)

	31 st Dec 2012	31 st Dec 2013
Software	2 691	1 973
Other IFA	3 047	2 647
Goodwill	-134	-84
Total	5 604	4 536

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 2011	Acquisitions	Consumption	31 st Dec 2012	Acquisitions	Consumption	31 st Dec 2013
Transport vehicles	797	0	0	797	2 076	474	2 399
Other TFA	10 579	9 515	0	20 094	3 770	0	23 864
Total	11 376	9 515	0	20 891	5 846	474	26 263

Repairs

	(thousands CZK)						
	31 st Dec 2011	Acquisitions	Consumption	31 st Dec 2012	Acquisitions	Consumption	31 st Dec 2013
Transport vehicles	444	114	0	558	352	474	436
Other TFA	1 522	2 901	0	4 423	4 869	0	9 292
Total	1 966	3 015	0	4 981	5 221	474	9 728

Residual value

	(thousands CZK)	
	31 st Dec 2012	31 st Dec 2012
Transport vehicles		239
Other TFA		15 671
Total	15 910	16 535

In 2013, the company purchased tangible assets accounted directly to costs in the amount of CZK 9 011 thousand (2012: CZK 6 661 thousand). 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 2013	31 st Dec 2012
Granted guarantees and deposits	398 051	348 508
Securities market receivables	156 746	130 064
Estimated accounts	402	896
Guarantee funds	1 327	3 174
Margin deposit for derivatives trading	9 788	9 338
Positive real value of open derivatives (FX swap)	28	138
Other	108 978	24 854
Adjustments	-212	-207
Other assets, total	675 108	516 765

Other assets mainly represent settlement accounts for card operation settlement, fund in transit accounts and unpaid balances receivables from business relations.

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 2013	31 st Dec 2012
RM-System, a.s., deposited principal for the period of trading on the RM-S	200 000	200 000
Fio Leasing, a.s., deposited principal for the period of the lease	5 847	15 948
RM-S FINANCE, s.r.o.	0	90 500
Card Association Bails	147 996	24 772
Others	44 208	17 288
Long-term receivables, total	398 051	348 508

4.10. Accrued expenses and revenues

Accrued expenses and revenues in the value of CZK 29,133 thousand (31st December 2012: CZK 2,783 thousand) are composed mainly of prepaid rent and future interest income.

4.11. Obligations to banks, credit unions

	(thousands CZK)	
	31 st Dec 2013	31 st Dec 2012
Obligations collectable on call	219 480	258 923
Other	165 408	974
Total receivables on behalf of clients	384 888	259 897

4.12. Obligations to clients

	(thousands CZK)	
	31 st Dec 2013	31 st Dec 2012
Obligations collectable on call	24 289 010	15 614 449
Other	1 405 664	1 559 635
Total receivables on behalf of clients	25 694 674	17 174 084

4.13. Other liabilities

	(thousands CZK)	
	31 st Dec 2013	31 st Dec 2012
Real value of open derivatives (FX swap)	278	865
Outgoing payments	200 435	133 870
Obligations to security markets	35 301	21 938
Obligations to employees	1 704	1 825
Estimated liability entries	16 109	144 719
Obligations to the government budget	1 747	1 976
Domestic suppliers	31 726	884
International suppliers	4 013	3 448
Unidentified deposits	4 913	3 729
Other	20 902	20 513
Other liabilities, total	317 128	333 768

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 728,000 as of 31st December 2013 (CZK 762,000 as of 31st December 2012). 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 309,000 as of 31st December 2013 (CZK 325,000 as of 31st December 2012). The company has no overdue obligations in respect to public health insurance.

4.14. Reserves

The reserve as of 31st December 2013 in the amount of CZK 11,085 thousand (31st December 2012: CZK 17,157 thousand) is made by the income tax reserve in the amount of CZK 8,116, the reserve for possible loss from deposited amounts at financial instrument trader (CZK 1,724 thousand), the reserve for yet untaken holiday (CZK 706 thousand) and the costs of legal proceedings (CZK 539 thousand).

4.15. Subordinate commitments

The company registers a subordinate commitment of CZK 90,000 as of 31st December 2013 (2012: CZK 50,000). This commitment yields the interest of 15% p. a. which is payable upon a notice with a five-year period of notice.

4.16. Own equity

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

As of 31st December 2013, CZK 560,000 thousand was paid.
The registered capital was paid in full as of 27th January 2010.

As of 31st December 2013 and 31st December 2012, 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 2012 and 2011 was approved:

	(thousands CZK)	
	2013	2012
Retained earnings from previous periods at the beginning of the period	95 558	79 605
Economic result (profit/loss) for the previous accounting period	63 441	16 793
Allocation to reserves	-3 172	-840
Retained earnings from previous periods at the end of the period	155 827	95 558

4.17. Interest earnings and costs

	(thousands CZK)	
	2013	2012
Interest from deposits provided to other banks	5 040	16 614
Interest from credits granted to clients	432 199	393 162
Interest from debt securities	111 100	126 171
Other interest	3	243
Earnings from interest and similar earnings	548 342	536 190
Interest from credits received from other banks	0	394
Interest from deposits received from clients	37 423	77 102
Other interest and interest related fees	253 531	309 431
Interest from debt securities	21 862	15 400
Interest from subordinate debt	12 522	6 082
Other interest	2 526	0
Interest costs and similar costs	327 864	408 409
Net interest earnings	220 478	127 781

4.18. Fees and commissions

	(thousands CZK)	
	2013	2012
Fees from securities operations	93 304	107 731
Fees from other investment services	9 650	9 973
Fees from clients' accounts and credits	153 029	94 208
Earnings from fees and commissions, total	255 983	211 912
For making payments	35 850	20 340
For securities operations	31 718	31 286
For other services	0	0
Costs for fees and commissions, total	67 568	51 626
Net earnings from fees and commissions	199 415	160 286

4.19. Profit or loss from financial operations

	(thousands CZK)	
	2013	2012
Profit (loss) from securities	1 485	82 616
Profit from exchange rate differences	147 945	90 885
Profit (loss) from currency derivatives	-3 644	-4 129
Profit (loss) from other operations	-2 586	0
Net profit or loss from financial operations	143 200	169 372

4.20. Other operating costs

Other operating costs in the value of CZK 35,168 thousand (2012: CZK 25,117 thousand) include particularly contributions towards the Securities Trader Guarantee Fund and Deposit Insurance Fund. The costs of the Securities Trader Guarantee Fund are CZK 1,935 thousand for 2013 (2012: CZK 1,750 thousand). The costs of the Fund and Deposit Insurance Fund are CZK 33,108 thousand for 2013 (2012: CZK 23,322).

4.21. Administration costs

	(thousands CZK)	
	2013	2012
Salaries and remuneration	21 066	20 258
Social security costs and health insurance	7 108	6 539
Other employee costs	571	508
Personnel costs and remuneration	28 745	27 305
Audits	1 799	1 172
Rent	40 918	33 008
Postage	2 319	1 914
Advertising	46 615	59 385
Sources of information	26 884	24 603
Outsourced services	119 167	88 467
Other purchased services	128 284	85 919
Other administrative costs	365 986	294 468
Administration costs, total	394 731	321 773

4.22. Taxation

Due income tax

The company's economic result for the accounting period ending 31st December 2013 was a pre-tax profit amounting to CZK 44,257 thousand (2012: profit CZK 78,489 thousand) .

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

	(thousands CZK)	
	2013	2012
Pre-tax profit/loss	44 257	78 489
Non tax-deductible costs	7 819	6 154
Earnings not subject to taxation	9 218	10 096
Donations	50	50
Tax base	42 808	74 497
Tax discounts	18	0
Modification of tax due from previous years	0	0
Due taxes, total	8 116	14 154
Change to status of deferred taxes	-28	894
Total	8 088	15 048

Deferred tax

As stated in Art. 3.10. of the annex, as of the balance sheet date of 31st December 2013 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 2013, the company registers a deferred tax payable amounting to CZK 993 thousand (2012: CZK 1,182 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

	2013	2012
Employees	59	59
Members of the Board of Directors thereof	3	3
Members of the Supervisory Board	3	3

5. RELATIONS WITH ALLIED ENTITIES

Relations with allied entitled within the Fio group.

31.12.2013

	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio družstevní záložna	Družstevní záložna PSD	RM-S FINANCE, s.r.o.	(thousands CZK) Fio o.c.p., a.s.
Receivables on behalf of banks and credit unions	0	0	54 527	0	0
Other assets	200 000	0	0	0	115 153
TOTAL ASSETS	200 000	0	54 527	0	115,153
Obligations to banks and credit unions	0	527	148 322	0	0
Other liabilities	43 478	0	0	181	189 337
TOTAL LIABILITIES	43 478	0	148 322	181	189 337

31.12.2012

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

1.1. - 31.12.2013

	RM-SYSTÉM, česká burza cenných papírů a.s.	Fio družstevní záložna	Družstevní záložna PSD	RM-S FINANCE, s.r.o.	(thousands CZK) Fio o.c.p., a.s.
Interest earnings	0	0	272	0	2 423
Interest costs	- 146	0	0	0	0
Fee and commission earnings	5	0	1	0	360
Fee and commission costs	-11 256	0	1	0	0
Profit/loss from financial operations	0	0	0	0	-3 770
Other operating revenues	0	0	0	0	0
Administration costs	-7 907	0		105 339	-745
TOTAL	19 304	0	272	105 339	1 732

1.1. - 31.12.2012

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

Overall credits, which the bank provided to members of the supervisory board and members of the board as of 31st December 2013 reached CZK 1 151 666 thousand. These represent credits for purchase of state bonds.

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. 2013

	(thousand s CZK)						
	On call within 7 days	Within 3 months	Between 3 months to 1 year	Between 1 year to 5 years	Over 5 years	Unspecifie d	Total
Cash, deposits in central banks	5 212 109	0	0	0	0	0	5 212 109
Governmental non-coupon bonds	0	1 899 759	1 9 65 644	0	0	0	3 865 403
Bank and savings bank receivables	1 743 302	0	104 493	21 407	0	0	1 869 202
Client receivables	600 498	1 099 254	4 020 273	2 414 918	1 073 221	0	9 208 164
Debt securities	0	85 795	621 907	3 733 770	1 766 544	0	6 208 016
Shares, share fund certificates and other shares	0	0	0	0	0	100	100
Shares with decisive influence	0	0	0	0	0	172 092	172 092
Tangible and intangible fixed assets	0	0	0	0	0	21 071	21 071
Other assets	631 125	35 529	8 454	0	0	0	675 108
Registered capital receivables	0	0	0	0	0	0	0
Accrued costs and income	0	0	29 132	0	0	0	29 132
TOTAL ASSETS	8 187 034	3 120 337	6 749 903	6 170 095	2 839 765	193 263	27 260 397
Bank and savings bank receivables	219 480	165 408	0	0	0	0	384 888
Client receivables	24 703 664	578 372	289 032	132 606	0	0	25 694 674
Other liabilities	276 770	39 365	993	0	0	0	317 128
Reserves	0	0	8116	0	0	2 969	11 085
Subordinated obligations	0	0	0	0	90 000	0	90 000
Equity	0	0	0	0	0	762 622	762 622
TOTAL LIABILITIES	25 199 914	783 145	298 141	123 606	90 000	765 591	27 260 397
Net liquid risk	-17 012 880	2 337 192	6 451 762	6 046 489	2 749 765	-572 328	0
Cumulative liquid risk	-17 012 880	-14 675 688	-8 223 926	-2 177 437	572 328	0	0

31. 12. 2012

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

8. ASSETS AND LIABILITIES CLASSIFIED BY CURRENCIES

31. 12. 2013

	(thousands CZK)				
	CZK	EUR	USD	Other	Total
Cash, deposits in central banks	4 737 355	472 346	2 395	13	5 212 109
Governmental non-coupon bonds	3 865 403	0	0	0	3 865 403
Bank and savings bank receivables	968 037	506 029	368 797	26 339	1 869 202
Client receivables	8 123 934	911 781	171 850	599	9 208 164
Debt securities	5 283 583	715 462	208 971	0	6 208 016
Shares, share fund certificates and other shares	100	0	0	0	100
Shares with decisive influence	118 618	53 474	0	0	172 092
Tangible and intangible fixed assets	21 071	0	0	0	21 071
Other assets	350 156	13 837	310 289	826	675 108
Registered capital receivables	0	0	0	0	0
Accrued costs and income	28 966	166	0	0	29 132
TOTAL ASSETS	23 497 223	2 673 095	1 062 302	27 777	27 260 397
Bank and savings bank receivables	353 500	9 419	21 969	0	384 888
Client receivables	22 025 341	2 603 660	1 040 786	24 887	25 694 674
Other liabilities	262 718	43 074	9 731	1 605	317 128
Reserves	9 361	0	1 724	0	11 085
Subordinated obligations	90 000	0	0	0	90 000
Equity	762 622	0	0	0	762 622
TOTAL LIABILITIES	23 503 542	2 656 153	1 074 210	26 492	27 260 397
Net liquid risk	-6 319	16 942	-11 908	1 285	0
Cumulative liquid risk	-6 319	10 623	-1 285	0	0

31. 12. 2012

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

9. INTEREST RATE ANALYSIS

31. 12. 2013

(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	5 212 109	0	0	0	0	5 212 109
Governmental non-coupon bonds	0	1 899 759	1 965 644	0	0	3 865 403
Bank and savings bank receivables	1 743 302	104 493	21 407	0	0	1 869 202
Client receivables	1 818 046	7 158 839	214 116	17 163	0	9 208 164
Debt securities	85 795	621 907	3 733 770	1 766 544	0	6 208 016
Shares, share fund certificates and other shares	0	0	0	0	100	100
Shares with decisive influence	0	0	0	0	172 092	172 092
Tangible and intangible fixed assets	0	0	0	0	21 071	21 071
Other assets	666 654	8 454	0	0	0	675 108
Registered capital receivables	0	0	0	0	0	0
Accrued costs and income	0	0	0	0	29 132	29 132
TOTAL ASSETS	9 525 906	9 793 452	5 934 937	1 783 707	222 395	27 260 397
Bank and savings bank receivables	384 888	0	0	0	0	384 888
Client receivables	25 282 036	289 032	123 606	0	0	25 694 674
Other liabilities	316 135	993	0	0	0	317 128
Reserves	0	8 116	0	0	2 969	11 085
Subordinated obligations	0	0	0	90 000	0	90 000
Equity	0	0	0	0	762 622	762 622
TOTAL LIABILITIES	25 983 059	298 141	123 606	90 000	765 591	27 260 397
Net liquid risk	-16 457 153	9 495 311	5 811 331	1 693 707	-543 196	0
Cumulative liquid risk	-16 457 153	-6 961 842	-1 150 511	543 196	0	0

31. 12. 2012

(thousands CZK)

	Within 3 months	Between 3 months to 1 year	Between 1 year to 5 years	Over 5 years	Unspecified	Total
Cash, deposits in central banks	1 365 607	0	0	0	81 571	1 447 178
Governmental non-coupon bonds	499 388	2 274 945	0	0	0	2 774 333
Bank and savings bank receivables	1 376 355	98 694	26 756	0	0	1 501 805
Client receivables	1 603 245	4 775 430	86 077	0	0	6 464 752
Debt securities	1 047 981	4 311 634	207 766	101 008	0	5 668 389
Shares, share fund certificates and other shares	0	0	0	0	100	100
Shares with decisive influence	0	0	0	0	163 740	163 740
Tangible and intangible fixed assets	0	0	0	0	21 514	21 514
Other assets	459 831	21 822	0	0	35 112	516 765
Registered capital receivables	0	0	0	0	0	0
Accrued costs and income	0	0	0	0	2 783	2 783
TOTAL ASSETS	6 352 407	11 482 525	320 599	101 008	304 820	18 561 359
Bank and savings bank receivables	259 897	0	0	0	0	259 897
Client receivables	16 790 496	320 460	63 128	0	0	17 174 084
Other liabilities	320 761	1 182	0	0	11 825	333 768
Reserves	0	14 967	0	0	2 190	17 157
Subordinated obligations	0	0	0	50 000	0	50 000
Equity	0	0	0	0	726 453	726 453
TOTAL LIABILITIES	17 371 154	336 609	63 128	50 000	740 468	18 561 359
Net liquid risk	-11 018 747	11 145 916	257 471	51 008	-435 648	0
Cumulative liquid risk	-11 018 747	127 169	384 640	435 648	0	0

10. MATERIAL EVENTS AFTER THE DATE OF FINANCIAL STATEMENT

There were no events affecting this annual report following the date of final accounts.

IV. Report on relations between affiliated entities

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

For the whole 2013, 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
- AGROPRODUKT – odbytové družstvo, Company Registration Number: 43903797, Madunice, Kostolanská 2/450, Postcode: 922 42, Slovakia
- AKAM, s.r.o., Company Registration Number: 360 37 419, Madunice, Kostolanská 2/450, Postcode: 922 42, Slovakia
- APMAS, a.s., Company Registration Number: 282 06 436, Prague 1, V Celnici 1028/10, Postcode 117 21
- ATLANTA SAFE, spol. s r.o. (winding up), Company Registration Number: 148 90 658, Prague 2, Vocelova 3, Postcode 120 00
- AYA, s.r.o., Company Registration Number: 357 64 716, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- BASRK, a.s., Company Registration Number: 282 04 107, Prague 1, V Celnici 1028/10, Postcode 117 21
- BIOAGRO s.r.o., Company Registration Number: 362 93 318, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- BIOOVO s.r.o., Company Registration Number: 360 15 113, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- BPMAS, a.s., Company Registration Number: 282 12 703, Prague 1, V Celnici 1028/10, Postcode 117 21
- CASRK, a.s., Company Registration Number: 282 07 483, Prague 1, V Celnici 1028/10, Postcode 117 21
- CFT, a.s., company registration number: 61859079, Prague 1, V Celnici 1028/10, Postcode 117 21
- CPMAS, a.s., Company Registration Number: 282 11 138, Prague 1, V Celnici 1028/10, Postcode 117 21
- CZUS spol. s r.o., Company Registration Number: 283 93 091, Prague 1, V Celnici 1028/10, Postcode 117 21
- Čtyřka, spol. s r.o., Company Registration Number: 44268866, Krynická 504, Prague 9, Postcode 182 00
- DASRK, a.s., Company Registration Number: 282 12 711, Prague 1, V Celnici 1028/10, Postcode 117 21
- Družstevní záložna Kredit, Company Registration Number: 64946649, V Celnici 1028/10, Postcode 117 21
- Družstevní záložna PSD, Company Registration Number: 64946835, Prague 1, V Celnici 1028/10, Postcode 117 21
- DZ KREDIT a.s., Company Registration Number: 256 23 184, Prague 1, V Celnici 1028/10, Postcode 117 21
- DZUS spol. s r.o., Company Registration Number: 283 92 132, Prague 1, V Celnici 1028/10, Postcode 117 21
- EASRK, a.s., Company Registration Number: 282 06 576, Prague 1, V Celnici 1028/10, Postcode 117 21

- ELLIAD a.s., Company Registration Number: 256 23 192, Prague 1, V Celnici 1028/10, Postcode 117 21
- EPMAS, a.s., Company Registration Number: 282 06 517, Prague 1, V Celnici 1028/10, Postcode 117 21
- EZUS spol. s r.o., Company Registration Number: 241 67 622, Prague 1, V Celnici 1028/10, Postcode 117 21
- Finanční skupina Fio, a.s., Company Registration Number: 26761858, Prague 1, V Celnici 1028/10, Postcode 117 21
- Fio 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, Nám. SNP 21, Bratislava 811 01, Slovakia
- Fio Polska spółka z o.o, Company Registration Number: 140192608, Szpitalna 1/17, 00-020 Warsaw, Poland
- Fio Slovakia, a.s., Company Registration Number: 35828137, Kollárovo nám. 15, Bratislava 811 06
- Fio záruční, a.s., Company Registration Number: 27650928, Prague 1, V Celnici 1028/10, Postcode 117 21
- FPMAS, a.s., Company Registration Number: 282 11 502, Prague 1, V Celnici 1028/10, Postcode 117 21
- FPSROG, spol. s r.o., Company Registration Number: 25718843, Prague 1, V Celnici 1028/10, Postcode 117 21
- FPSROH, spol. s r.o., Company Registration Number: 25738755, Prague 1, V Celnici 1028/10, Postcode 117 21
- GENT CZ spol. s r.o., Company Registration Number: 48593753, V Celnici 1028/10 Postcode 117 21
- KOFIMA, s. r.o., Company Registration Number: 25269241, Prague 9, Kolmá 5/597, Postcode 190 00
- KOPTRANS, spol. s r. o., Company Registration Number: 465 77 335, Prague 9, Kolmá 5/597, Postcode 190 00
- Midleton a.s., company registration number: 35942177, Kollárovo nám. 15, Bratislava 811 06, Slovakia
- Místní jednotka, spol. s r.o., Company Registration Number: 27589587, Prague 1, V Celnici 1028/10, Postcode 117 21
- NOBLIGE a.s., Company Registration Number: 26145090, Prague 1, V Celnici 1028/10, Postcode 117 21
- Odbytové družstvo ovoce Český ráj, Company Registration Number: 276 51 347, Prague 9, Vysočany, Kolmá 5/597, Postcode 190 00
- OVOAGRI s.r.o., Company Registration Number: 364 63 388, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- OVOFARM s.r.o., Company Registration Number: 360 15 067, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- RM-S FINANCE, s.r.o., Company Registration Number: 62915240, Prague 1, V Celnici 1028/10, Postcode 117 21
- RM-SYSTÉM, česká burza cenných papírů a.s., Company Registration Number: 47116404, Prague 1, V Celnici 1028/10, Postcode 117021
- Sady Sobotka s.r.o., Company Registration Number: 275 96 567, Prague 9, Vysočany, Kolmá 597/5, Postcode 190 00, Czech Republic
- T.O.R.S. s.r.o., Company Registration Number: 49682024, Prague 1, V Celnici 1028/10, Postcode: 117 21
- VARIEL, a.s., Company Registration Number: 451 48 287, Zruč nad Sázavou, Průmyslová 1034, Postcode 285 22
- VVISS a.s., Company Registration Number: 485 85 131, Prague 9, Kolmá 5/597, Postcode 190 00
- VVISS delta, s.r.o., Company Registration Number: 36 015 105, Madunice, Kostolanská 2/540, Postcode 922 42, Slovakia
- VVISS Lipence, s.r.o. (winding up), Company Registration Number: 645 81 314, Prague 9, Kolmá 5/597, Postcode 190 00
- VVISS Plzeň, s.r.o., Company Registration Number: 645 81 331, Prague 9, Kolmá 5/597, Postcode 190 00
- VVISS POLAND spółka z o.o, Cisownica 72, Goina, Goleszów

- VVISS, spol. s r.o., Company Registration Number: 30 229 529, Kostolanská 2/540, Madunice, Postcode 922 42, Slovakia
- VVISS Terežín, 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, burzovní společnost, a. s. and other companies affiliated with it in 2013 or entered into in previous years and which were still in effect in 2013:

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

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

- **Družstevní záložna PSD:**

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

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

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

- c) Contract for administration and development of information system and other information and communication equipment

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

- a) Remuneration Agreement
- b) Currency SWAP Agreement
- c) Contract for current account
- d) Contract on arranging for internal audit

- **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.

- **Mgr. Romuald Kopún**

Credit provision contract number 131000091
Credit provision contract number 131000078
Credit provision contract number 131000105
Credit provision contract number 131000119

- **RNDr Petr Marsa**

Credit provision contract number 131000093
Credit provision contract number 131000107
Credit provision contract number 131000121

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, 28th March 2014

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 2013

(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	811916
Original capital (Tier 1) (Σ)	2	721916
Paid registered capital registered in the Commercial Register	3	560000
Own shares	4	
Issue premium	5	
Reserve funds and retained earnings (Σ)	6	166452
Mandatory reserve funds	7	10626
Other funds from distributed earnings	8	
Retained earnings from previous periods	9	155826
After-tax profit for the accounting period	10	
Uncompensated loss from previous periods	11	
Final exchange rate differences from consolidation	12	
Profit for the regular accounting period	13	
Loss for the regular accounting period	14	
Net profit from capitalisation of future income from securitization	15	
Profit/loss from revaluating obligations in real value in respect to credit risk	16	
Other exemptions from the original capital (Σ)	17	-4536
Goodwill	18	84
Intangible assets other than goodwill	19	-4620
Negative revaluation reserve from changes in the real value of implemented capital instruments	20	
Participatory notes issued by an entity with qualified share in the bank	21	
Total hybrid items (Σ)	22	
Hybrid items included in initial equity	23	
Hybrid items included in initial equity (up to 35%)	24	
Hybrid items included in initial equity (up to 15%)	25	
Additional capital (Tier 2) (Σ)	26	90000
Main additional capital (Σ)	27	
Surplus in covering expected loan losses at IRB	28	
Hybrid item limit exceeding	29	
Auxiliary additional capital (Σ)	30	90000
Subordinated debt A	31	90000
Positive revaluation reserve from changes in the real value of shares and share fund certificates	32	
Exemptions from the original and additional capital (Tier1+Tier2) (Σ)	33	
Capital investments over 10% into banks and other financial institutions	34	
Capital investments over 10% into insurance companies	35	
Capital investments up to 10% into institutions and financial institutions	36	
Major prudential regulation during market revaluation or revaluation by a model	37	
Securitization exposure with a risk weight of 1250%	38	

Information about capital requirements on an individual basis as of 31st December 2013
(in thousands CZK)

Capital requirements, total (Σ)	1	594085
Capital requirements for credit risk, total (Σ)	2	531967
Capital requirements for credit risk during STA, total (Σ)	3	531967
Capital requirements for credit risk to exposures during STA, total (Σ)	4	531967
Capital requirement to exposures against central governments and banks during STA	5	0
Capital requirement to exposures against regional governments and local authorities during STA	6	
Capital requirement to exposures against public sector authorities and others during STA	7	
Capital requirement to exposures against international development banks during STA	8	
Capital requirement to exposures against international organizations during STA	9	
Capital requirement to exposures against institutions during STA	10	64437
Capital requirement to business exposures during STA	11	439880
Capital requirement to retail exposures during STA	12	1874
Capital requirement to exposures secured by real estate during STA	13	11374
Capital requirement to exposures in arrears during STA	14	
Capital requirement to regulatory high risk exposures during STA	15	
Capital requirement to exposures in covered bonds during STA	16	
Capital requirement at IRB to exposures against institutions and business exposures during STA	17	
Capital requirement to exposures against collective investment funds during STA	18	
Capital requirement to other exposures during STA	19	14402
Capital requirements for credit risk at IRB to exposures during STA, total (Σ)	20	
Capital requirement at IRB to exposures against central governments and banks during STA	21	
Capital requirement at IRB to exposures against institutions during STA	22	
Capital requirement at IRB to business exposures during STA	23	
Capital requirement at IRB to retail exposures during STA	24	
Capital requirement at IRB to share exposures during STA	25	
Capital requirement at IRB to other exposures during STA	26	
Capital requirement during STA to credit risk to securitized exposures	27	
Capital requirements for credit risk during IRB, total (Σ)	28	
Capital requirements for credit risk during IRB to selected exposures, total (Σ)	29	
Capital requirement during IRB to exposures against central governments and banks	30	
Capital requirement during IRB to exposures against institutions	31	
Capital requirement during IRB to business exposures	32	
Capital requirement during IRB to retail exposures	33	
Capital requirement to credit risk during IRB to stock exposures	34	
Capital requirement to credit risk during IRB to securitized exposures	35	
Capital requirement to credit risk during IRB to other exposures	36	
Capital requirement to settlement risk	37	
Capital requirement to rank, currency and commodity risk, total (Σ)	38	15183
Capital requirements for market risk during standardized approach (STA), total (Σ)	39	15183
Capital requirement to interest rate risk during STA	40	12303
Capital requirement to share risk during STA	41	
Capital requirements to currency risk during STA	42	2880
Capital requirement to commodity risk during STA	43	
Capital requirement to market risk using own model-based approach	44	
Capital requirement to operational risk, total (Σ)	45	46935
Capital requirement to operational risk during BIA	46	46935
Capital requirement to operational risk during TSA	47	
Capital requirement to operational risk during ASA	48	
Capital requirement to operational risk during AMA	49	
Capital requirement to risk of business portfolio involvement	50	
Capital requirement to other business portfolio instruments	51	
Temporary capital requirement - evening up to Basel 1	52	

Ratio indicators

	31 st December 2013
Capital adequacy	10.93%
Return on average assets (ROAA)	0.16%
Return on average equity (ROAE)	4.71%
Assets per employee in CZK	439 684
Administrative costs per employee in CZK	6 367
After-tax profit or loss per employee in CZK	583