



**Raiffeisen**  
**LEASING**

ANNUAL REPORT  
**2019**

## Contents



About Raiffeisen - Leasing, s.r.o.	3
Business Activities in 2019 and Plans for 2020	4
Position of Raiffeisen - Leasing, s.r.o. on the market	5
General Information on the Company as at 31 December 2019	6
Company's management	6
Labour Relations Activities	7
Corporate Social Responsibility Principles	7
Capital Investments	7
Auditor's Report	12
Financial Statements as at 31 December 2019	17
Statement of Financial Position	19
Statement of Profit or Loss and Other Comprehensive Income	20
Statement of Changes in Equity	21
Statement of Cash Flows	22
Notes to the Financial Statements	23
Report on Related Party Transactions	106

## About Raiffeisen - Leasing, s.r.o.

Raiffeisen - Leasing, s.r.o. has been among the TOP players on the Czech lease market for many years. In 2019, we reached a market share of 9% in the volume of aggregate receivables from active contracts based on the statistics of the Czech Lease and Finance Association.

We have been active on the Czech financial market since 1994 and since the very beginning we have held the stable role of a reliable and responsible financing partner. We belong to the Raiffeisen financial group and our parent company is Raiffeisenbank a.s.

The satisfaction of our clients is of crucial importance for our activities. Therefore, we emphasise our wide spectrum of financial and related services, which we are developing ceaselessly. We finance cars to private persons using both loans and full-service operative leases. We offer a unique range of financing to companies to cover their investment needs. We provide financing for cars, trucks, heavy vehicles, buses, machines, equipment and technology. Apart from standard objects, our financing provided to corporate clientele often includes specific assets, such as air planes and locomotives. We pride ourselves on having exceptional know-how in lease financing of real estate projects. Thanks to our unique knowledge of non-banking real estate financing, we participate in the construction or reconstruction of hotels, shopping centres, residential areas and other attractive projects. The universality and width of our services is one of the key parameters of our success.

In the long term, we have had excellent cooperation with clients from small and medium-sized enterprises, mirrored both in the total financing volume and successfully fulfilled individual client needs. The corporate clientele is also significantly represented in our portfolio; the number of consumers has been continuously growing.

We endeavour to use the synergy with our parent company for the benefit of our clients, and thus offer an effective combination of banking and lease services and products. Clients from the segment of non-entrepreneurial individuals, small companies and entrepreneurs have the direct possibility of negotiating car financing from us using the bank's branch network.

An important factor in our successful growth is an experienced and professional team of employees. We are glad that we hold the position of a sought-after employer and we are very proud that we have loyal employees who have worked in our Company for many years.

We are characterised by our strong orientation on the client. We continuously strive to optimise our products and make our processes more effective and automate them to meet our clients' expectations to the best of our abilities. Our clients' favourable experiences with our services and attractiveness of products are key for us. Reliability, high quality of services and helpfulness towards the customer – these are the values that inspire us.

Raiffeisen - Leasing, s.r.o. keeps a very good quality of contract portfolio in the long-term. Our effort is to have the level of credit risk and profitability of business transactions under control as best we can.

We are a long-time member of the Czech Lease and Finance Association (CLFA), German-Czech Chamber of Industry and Commerce and American Chamber of Commerce in the Czech Republic.

We have all applicable authorisations and licenses necessary for us to run our business. We hold the Czech National Bank's license authorising us to provide consumer loans.

Our Company's basic philosophy includes corporate social responsibility, which we develop both on a state-wide scale and regional level through CSR projects.

Our activities follow the strategy of the Raiffeisen group, and we support group corporate values.

## Business Activities in 2019 and Plans for 2020

2019 was outstandingly successful for Raiffeisen - Leasing, s.r.o. We concluded a total of 9,454 new financing contracts with our clients, and secured financing in a total volume of **CZK 10.178 billion**, which represented year-on-year growth of 5%. This is the aggregate financed value provided by Raiffeisen - Leasing, s.r.o., including all its subsidiaries. In the volume of aggregate assets, which totalled CZK 23.22 billion as at 31 December 2019, Raiffeisen - Leasing, s.r.o. had a market share of 9%. Profit after tax under IFRS amounted to CZK 348.2 million in 2019, representing a year-on-year increase of 96%.

In 2019, **subsidy advisory** was included in our portfolio of services, which is sought-after and highly appreciated by our clients. We prepare our products so that our customers are able to enjoy the benefits of all available subsidy and guarantee schemes. We continued in the successfully set-up cooperation with Českomoravská záruční a rozvojová banka as part of the Expansion and Energy Saving programme. Newly, we have become involved in the INFIN programme. We have also joined soft investment financing with an EIF guarantee within the InnovFin SME Guarantee Facility programme.

In June 2019, we launched a new client centre, which professionally addresses our clients' needs from our workplace located in Teplice.

We primarily acquire new business transactions through our own sales network, which is able to serve clients in all regions of the Czech Republic. We pride ourselves that our sales network includes the experienced and professional employees of Raiffeisen - Leasing, s.r.o. An important distribution channel has traditionally also been Raiffeisenbank a.s., which brings us a significant share of the volume of newly closed business transactions.

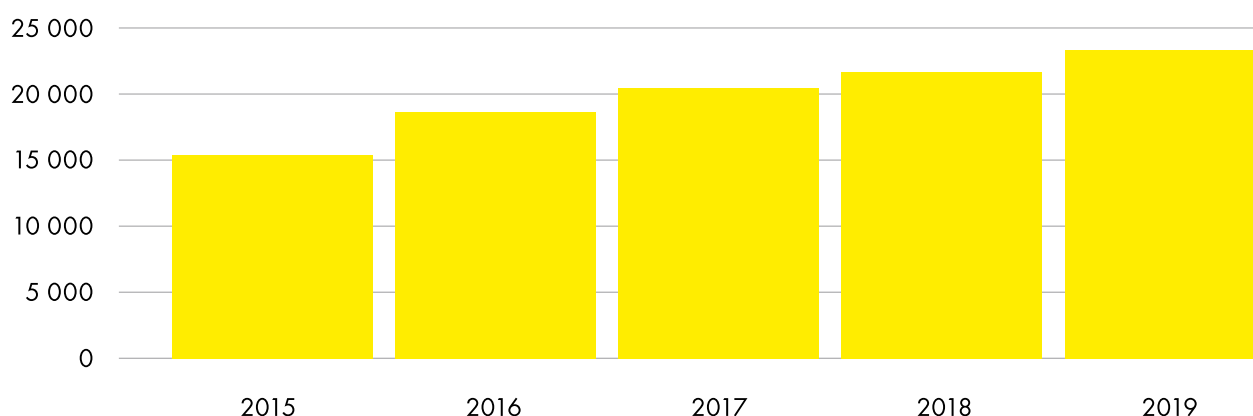
Bank clients can also simply and comfortably use lease products as part of cross-sell activities with the Raiffeisenbank parent company. The cooperation between Raiffeisenbank a.s. and Raiffeisen - Leasing, s.r.o. has been stable in the area of corporate transactions, where we present our clients with joint offers, and in some cases, we create the structure of the transaction together. As mentioned above, for several years, we have been providing direct offers of car financing using the bank's branch network to clients from the segment of small companies, entrepreneurs and consumers.

In 2019, we again focused on the quality of our products and services, as well as on a fair approach to our clients and business partners in line with our strategy.

In 2020, we will focus on the further reinforcement of our market position in the area of financing cars and utility vehicles, real estate, machines and equipment, handling equipment and transportation technology. We will continue in the successfully set-up cooperation with Raiffeisenbank, a.s. In 2020, we will launch a new front-end system focused on the support of vehicle financing. Making the processes across the entire company more effective and automated will be at the forefront of our interest. In 2020, with the global COVID-19 pandemic decelerating economic growth in the whole world, we are endeavouring to assess and adopt such measures that will appropriately respond to the current development and individual needs of our clients.

### Receivables from active contracts

(aggregate for Raiffeisen - Leasing, s.r.o. and subsidiaries) in MCZK

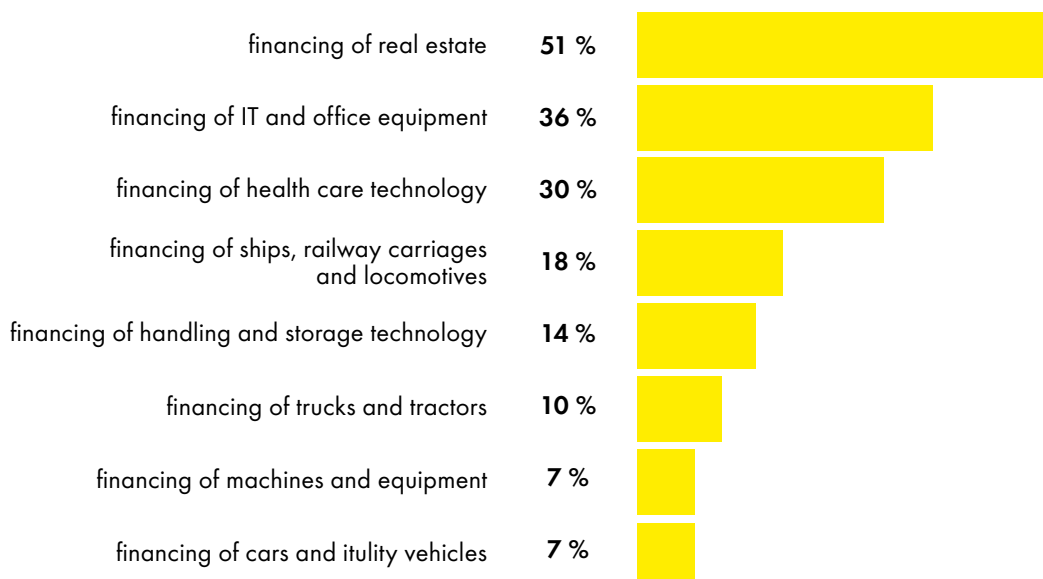


## Position of Raiffeisen - Leasing, s.r.o. on the market

In 2019, according to rankings published by the Czech Lease and Finance association, Raiffeisen - Leasing, s.r.o., **with a market share of 51 %, continues to hold the first place in non-banking financing of real estate**, based on the volume of newly concluded business transactions. Real estate financing has been one of the most successful business activities of our Company for over 20 years.

We also hold a significant market position in other commodities. In 2019, **14 % of the lease market belonged to us in the financing of handling and storage technology**, 10% in the financing of trucks, semi-trailers and trailers, and 7% of the market share was achieved by us in the financing of machines and equipment. We permanently hold a significant market position **in the financing of health care technology**, where our market share in 2019 totalled **30 %**, and **18 %** of the lease market belonged to us in the financing of planes, railway carriages and locomotives category.

**Raiffeisen - Leasing, s.r.o. market shares among the CLFA members based on the volume of newly closed business transactions**



Source: CLFA statistics for 2019

Not only the volume of new business transactions, but also the value of the aggregate volume of assets ranks us long-term among the biggest lease companies active on the Czech market.

## General Information on the Company

as at 31 December 2019

Company name:	Raiffeisen - Leasing, s.r.o. (hereinafter also "Company")
Legal status:	Limited liability company
Recorded in the Register of Companies:	22 June 1994
Corporate ID:	61467863
Registered office:	Prague 4, Hvězdova 2b
Registered capital:	CZK 450,000,000
Owner:	Raiffeisenbank, a.s. (100%; as of 4 October 2017)
Company's management	Tomáš Gürtler, general manager
	Alois Lanegger, statutory representative responsible for front office
	Josef Langmayer, statutory representative responsible for back office
Website	www.rl.cz

## Company's management



Tomáš Gürtler



Alois Lanegger



Josef Langmayer

## Labour Relations Activities

Raiffeisen - Leasing, s.r.o. is aware that the support of employees is one of the key activities to secure its successful operations. With the help of a regular survey among our employees, we identify their needs and set up activities accordingly. We develop training courses and language learning courses for both new and current employees. In 2019, we continued in the cafeteria system where our employees can draw funds for learning, sport, culture, health care and travel. We strive to continuously improve the internal communication system and the sharing of information across the entire Company.

The Company's focus on employee personal and career growth applied in the past year and shall continue to apply. We want to continuously increase our employees' potential and quality of work, and improve interpersonal relationships in the workplace. We accommodate part-time workloads and working from home if at all possible and viable.

The adherence to legal regulations, equal working opportunities, personal development and employee satisfaction have always been and shall continue to be our priority.

## Corporate Social Responsibility Principles

In 2019 as in previous years, we supported the activities of a number of non-profit organisations. We have been a long-term partner of Tichý svět, o.p.s., which raises funds for services for the hearing-impaired. In 2019, we also supported the "Apolinář preemies" project, which helps prematurely born infants. Apart from charitable events, we are also active in the field of educational and cultural activities and in the support of sport activities for children.

As part of our activity, we endeavour to positively influence the environment, for instance by way of paperless approach.

## Capital Investments

**As at 31 December 2019**, Raiffeisen - Leasing, s.r.o. owned **a total of 113** special purpose vehicles:

- › less than a 100% ownership in **9** special purpose vehicles (for more details see below)
- › a 100% indirect ownership in **11** special purpose vehicles (for more details see below)
- › a 100% direct ownership in **93** special purpose vehicles (for more details see below)

**As at 31 December 2019**, Raiffeisen - Leasing, s.r.o.'s ownership of **9** special purpose vehicles was as follows:

**a) companies that are economically controlled by the Company and are considered subsidiaries in accordance with International Financial Reporting Standards (IFRS) adopted by the EU:**

- › **10%** owned in the special-purpose vehicle Luna Property, s.r.o., where the remaining 90% is owned by Raiffeisen - Leasing International Gesellschaft m.b.H.;
- › **10%** owned in the special-purpose vehicle Kalypso Property, s.r.o., where the remaining 90% is owned by Raiffeisen - Leasing International Gesellschaft m.b.H.;
- › **10%** owned in the special-purpose vehicle Viktor Property, s.r.o., where the remaining 90% is owned by RLKG Raiffeisen - Leasing Gesellschaft m.b.H.

The above-mentioned 3 project companies are economically controlled by the Company, on the basis of a trust agreement, for more information refer to Note 4.18 to the financial statements.

- › 77% owned in Létó Property, s.r.o., where the remaining 23% is owned by RUHL FVE s.r.o.

**b) companies that are not economically controlled by the Company and are not considered subsidiaries in accordance with International Financial Reporting Standards (IFRS) adopted by the EU:**

- › 77 % owned in the special-purpose vehicle Sky Solar Distribuce s.r.o. indirectly via Létó Property, s.r.o.; the remaining 23% is owned by RUHL FVE s.r.o.;
- › 90 % owned in the special-purpose vehicle GS55 Sazovice s.r.o., where the remaining 10% is owned by GS5 s.r.o.;
- › 90 % owned in the special-purpose vehicle Palace Holding s.r.o., where the remaining 6 % is owned by Petr Skrla and the remaining 4% is owned by Milan Hagan;
- › 95 % owned in the special-purpose vehicle Hebe Property, s.r.o., where the remaining 5% is owned by Pavel Diviš;
- › 95 % owned in the special-purpose vehicle Rheia Property, where the remaining 5% is owned by Snow-How ČR, s.r.o..

**As at 31 December 2019, Raiffeisen - Leasing, s.r.o. indirectly owned 100% in the following 11 companies:**

- › Appolon Property, s.r.o. (90% Raiffeisen - Leasing, s.r.o., 10% Raiffeisen FinCorp, s.r.o.)
- › KAPMC s.r.o. (100% Dike Property, s.r.o.)
- › PILSENINVEST, uzavřený investiční fond, a.s. (1,4% Inó Property, s.r.o., 98,6% Niobé Property, s.r.o.)
- › OSTROV PROPERTY a.s. (1,4% Inó Property, s.r.o., 98,6% Niobé Property, s.r.o.)
- › Strašnická realitní a.s. (100% Harmonia Property, s.r.o.)
- › RDI Czech 1 s.r.o. (100% Raiffeisen Direct Investments CZ, s.r.o.)
- › RDI Czech 3 s.r.o. (100% Raiffeisen Direct Investments CZ, s.r.o.)
- › RDI Czech 4 s.r.o. (100% Raiffeisen Direct Investments CZ, s.r.o.)
- › RDI Czech 5 s.r.o. (100% Raiffeisen Direct Investments CZ, s.r.o.)
- › RDI Czech 6 s.r.o. (100% Raiffeisen Direct Investments CZ, s.r.o.)
- › RDI Management s.r.o. (100% Raiffeisen Direct Investments CZ, s.r.o.)

**Raiffeisen - Leasing, s.r.o. as at 31 December 2019 directly owned 100% share in the following 93 companies:**

**a) companies that are economically controlled by the Company and are considered subsidiaries in accordance with International Financial Reporting Standards (IFRS) adopted by the EU:**

Raiffeisen FinCorp, s.r.o.	Janus Property, s.r.o.	Argos Property, s.r.o.
Fidurock Residential a.s.	Médea Property, s.r.o.	Aglaia Property, s.r.o.
Gaia Property, s.r.o.	Hestia Property, s.r.o.	Hefaios Property, s.r.o.
Orchideus Property, s.r.o.	Ananké Property, s.r.o.	Plutos Property, s.r.o.
RESIDENCE PARK TŘEBEŠ, s.r.o.	Déméter Property, s.r.o.	Thaumas Property, s.r.o.
Hermes Property, s.r.o.	Raiffeisen Direct Investments CZ s.r.o.	Ligea Property, s.r.o.
RLRE Ypsilon Property, s.r.o.	Theseus Property, s.r.o.	Dero Property, s.r.o.
RLRE Carina Property, s.r.o.	Kétó Property, s.r.o.	Cranto Property, s.r.o.
Appolon Property, s.r.o.	Folos Property, s.r.o.	Beroe Property, s.r.o.



**b) companies that are not economically controlled by the Company and are not considered subsidiaries in accordance with International Financial Reporting Standards (IFRS) adopted by the EU:**

RLRE Beta Property, s.r.o.	Photon SPV 10 s.r.o.	Boreas Property, s.r.o.
RLRE Eta Property, s.r.o.	Selene Property s.r.o.	Logistický areál Hostivař, s.r.o.
Kaliopé Property, s.r.o.	ALT POHLEDY s.r.o.	SIGMA PLAZA s.r.o.
JFD Real s.r.o.	SeEnergy PT, s.r.o.	Apaté Property, s.r.o.
CRISTAL PALACE Property, s.r.o.	FVE Cihelna s.r.o.	Fobos Property, s.r.o.
Iris Property, s.r.o.	Credibilis a.s.	Nereus Property, s.r.o.
Sirius Property, s.r.o.	Morfeus Property, s.r.o.	Nyx Property, s.r.o.
Hypnos Property, s.r.o.	Zefyros Property, s.r.o.	Eunomia Property, s.r.o.
Zatíší Rokytka s.r.o.	Astra Property, s.r.o.	RUBY Place s.r.o.
Chronos Property, s.r.o.	Kleió Property, s.r.o.	Kappa Estates, s.r.o.
Holečková Property, s.r.o.	Inó Property, s.r.o.	Carolina Corner, s.r.o.
Pontos Property, s.r.o.	Niobé Property, s.r.o.	Ares Property, s.r.o.
Dike Property, s.r.o.	Na Stárce, s.r.o.	Foibe Property, s.r.o.
Terasa LAVANDE s.r.o.	Dafné Property, s.r.o.	GEONE Holešovice Two s.r.o.
UPC Real, s.r.o.	Áté Property, s.r.o.	KARAT s.r.o.
Photon SPV 3 s.r.o.	Theia Property, s.r.o.	Daimon Property, s.r.o.
Photon Energie s.r.o.	Erató Property, s.r.o.	Belos Property, s.r.o.
Photon SPV 8 s.r.o.	Harmonia Property, s.r.o.	FIDUROCK Projekt 20, s.r.o.
Exit 90 SPV s.r.o.	Ofión Property, s.r.o.	FIDUROCK Projekt 18, s.r.o.
Onyx Energy s.r.o.	Grainulos s.r.o.	Stará 19 s.r.o.
Onyx Energy projekt II s.r.o.	GRENA REAL s.r.o.	Vlhká 26 s.r.o.
Photon SPV 4 s.r.o.	Melpomené Property, s.r.o.	
Photon SPV 6 s.r.o.	Éós Property, s.r.o.	

## Information on Pricing, Credit and Liquidity Risks Faced by the Reporting Entity, and Risk Management Aims and Methods including the Company's Policy on Using Hedging Derivatives

Raiffeisen - Leasing, s.r.o. maintains sufficient liquidity through loans. Leased assets are not pledged in favour of creditors. The pricing policy and the Company's risk management (i.e. interest rate, currency and economic risks) are subject to standard processes of the Raiffeisen Group.

## Research and development

In 2019, Raiffeisen - Leasing, s.r.o. did not record any research and development activity.

## Branch or another part of business enterprise abroad

In 2019, the Company did not have any branch or another part of its business enterprise abroad.

## Financial Statements for the Current Reporting Period

The annual financial statements for the current reporting period are an integral part of this Annual Report, and they clearly show an overview of the Company's assets.

## Information on Material Post Balance Sheet Events

On 1 January 2020, the Company underwent a demerger by spin-off involving a merger with Janus Property s.r.o. ("the Successor"). The net book value of the Company's assets transferred to the successor Janus Property s.r.o., totalled TCZK 158,326.

On 11 March 2020, the World Health Organisation declared the ongoing COVID-19 ("coronavirus") outbreak a pandemic.

As at the date of the signing of the financial statements, the Company is fully operable. The Company assessed the current situation and existing and planned measures adopted by the Czech government which might negatively impact the Company. Based on the publicly available information at the date these financial statements were approved by the Company, the Company's management considered a number of emergency but plausible scenarios with respect to the potential development of the outbreak and its expected impact on the Company, especially on change in quality of receivables from clients, change in expected financial result for the year and change in liquidity position.

The basic assumptions of emergency but plausible scenarios include:

- › increase of credit risk for portfolios of financial assets, i.e. identification of the portfolio of receivables from clients that may be most endangered by economic impacts in connection with COVID-19 (e.g. by type of financed activity or debtor's assets, etc.);
- › the possibility of using moratorium on repayments by debtors in connection with the COVID-19 pandemic.

To ensure the safe continuation of all our operations and our liquidity position, the Company's management has implemented the following measures:

- › implementation of essential technical measures to enable working from home for the majority of the Company's employees;
- › suspension of all activities resulting in personal contact between employees and clients, incl. trainings, conferences, business travel;
- › minimisation of personal contact, introducing shift work for employees who need to perform their work at the Company's premises;
- › provision of essential protective and hygiene supplies for employees who need to perform their work at the Company's premises;
- › adaptation of Company processes to the current financial situation of the clients – implementation of payment deferment for lending products;
- › continuous monitoring of current situation in relation to current and planned measures of the Czech government.

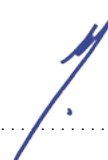
The current outbreak of the COVID-19 pandemic in 2020 means a decrease in economic growth expectations and related deterioration of economic activities which may lead to a significantly negative impact on the Company's revenues, a negative effect on the current ratings of receivables from clients, and therefore to significantly higher than expected adjustments and provisions to credit risk. The potential impact of the COVID-19 pandemic on global economy may affect the Company's ability to meet its planned financial targets. At this time, it is premature to quantify the potential impact on the Company's business results in 2020 and after. The economic impact on the Company will depend on the intensity and length of the pandemic. Based on the assessment of the current situation and the plausible scenarios, the Company's management nonetheless expects there is no significant uncertainty in relation with the events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. At present, it is impossible to rule out a repeated extension or renewal of the current measures or the subsequent negative impact of the measures on the economic environment of the Company, or the negative impact of the situation on the Company, its financial position and performance, both in mid-term and long-term horizon. The Company's management monitors the situation and is prepared to adopt appropriate measures in relation to actual developments.

The statutory representatives declare that the information contained in the Annual report reflects the actual state of affairs and that they are not aware of any significant events that occurred between the balance sheet date and the date of the Annual report preparation.

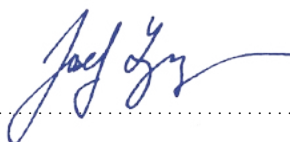
In Prague, on 25 June 2020



**Tomáš Görtler**  
statutory representative



**Alois Lanegger**  
statutory representative



**Josef Langmayer**  
statutory representative

# Auditor's Report







**KPMG Česká republika Audit, s.r.o.**

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

**Independent Auditor's Report to the Member of Raiffeisen  
– Leasing, s.r.o.**

***Opinion***

We have audited the accompanying financial statements of Raiffeisen – Leasing, s.r.o. ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

***Basis for Opinion***

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



### ***Other Information***

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

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

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

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

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

### ***Responsibilities of the Statutory Body and Supervisory Board for the Financial Statements***

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance





is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



***Statutory Auditor Responsible for the Engagement***

Milan Bláha is the statutory auditor responsible for the audit of the financial statements of Raiffeisen – Leasing, s.r.o. as at 31 December 2019, based on which this independent auditor's report has been prepared.

Prague  
25 June 2020

A handwritten signature in blue ink, appearing to read 'KPMG Česká republika Audit, s.r.o.', written in a cursive style.

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

A handwritten signature in blue ink, appearing to read 'Milan Bláha', written in a cursive style.

Milan Bláha  
Partner  
Registration number 2007



**Financial Statements  
as at 31 December 2019**



## FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

Name of the Company:	Raiffeisen - Leasing, s.r.o.
Registered Office:	Hvězdova 1716/2b, 140 00 Praha 4 - Nusle
Legal Status:	Limited Liability Company
Corporate ID:	614 67 863

### Components of the Financial Statements as at 31 December 2019 prepared under IFRS as adopted by the EU:

Statement of financial position



Statement of profit or loss and other comprehensive income

Statement of changes in equity

Statement of cash flows

Notes to the Financial Statements

These financial statements were prepared on 25 June 2020.

Statutory body of the reporting entity	Signature
Alois Lanegger Josef Langmayer	 

## Financial statements

### Statement of financial position

As at 31 December 2019

TCZK	Note	31.12.2019	31.12.2018
<b>ASSETS</b>			
Cash and balances with banks payable on demand	4.14.	400 533	315 222
Receivables from clients	4.15. and 4.16.	20 916 116	17 681 197
Positive fair values of financial derivatives	4.17. and 4.30.	9 489	89 362
Equity investments in subsidiaries	4.18.	458 130	456 700
Intangible fixed assets	4.19.	40 949	19 294
Property, plant and equipment	4.19.	1 015 446	762 716
Investment property	4.19.	145 949	148 400
Current tax assets	4.20.	17 027	25 254
Other assets	4.21.	214 680	429 684
<b>TOTAL ASSETS</b>		<b>23 218 319</b>	<b>19 927 829</b>
<b>LIABILITIES AND EQUITY</b>			
Payables to banks	4.22.	20 433 083	17 462 562
Payables to clients	4.23.	194 732	80 962
Negative fair values of financial derivatives	4.24. and 4.30.	867	6 160
Deferred tax liability	4.25.	159 197	94 817
Provisions	4.26.	40 775	30 901
Other liabilities	4.27.	154 284	180 761
Share capital	4.28.	450 000	450 000
Cash-flow hedge reserve	4.28.	0	9 500
Retained profits/accumulated losses	4.28.	1 437 166	1 434 510
Profit for the period	4.28.	348 215	177 656
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>23 218 319</b>	<b>19 927 829</b>

## Financial statements

### Statement of profit or loss and other comprehensive income

for the year ended 31 December 2019

TCZK	Note	2019	2018
Interest income and similar income	4.1.	595 792	508 865
Of which: interest income calculated based on effective interest rate		349 770	268 201
Interest expense and similar expense	4.2.	-86 181	-167 633
<b>Net interest income</b>		<b>509 611</b>	<b>341 232</b>
Impairment losses from receivables from clients and off-balance sheet exposures	4.3.	-26 702	4 656
<b>Interest income net of loss allowances</b>		<b>482 909</b>	<b>345 888</b>
Fee and commission income	4.4.	27 005	29 122
Fee and commission expense	4.5.	-5 198	-12 500
<b>Net fee and commission income</b>		<b>21 807</b>	<b>16 622</b>
Foreign exchange gains/losses	4.6.	2 647	2 355
Profit and loss from derivative operations	4.7.	7 395	1 510
Dividend income	4.8.	20 125	37
Profit and loss from investments	4.9.	53 418	0
General operating expenses	4.10.	-516 245	-439 428
Other operating revenues	4.11.	543 535	484 106
Other operating expenses	4.12.	-168 701	-208 590
<b>Profit before tax</b>		<b>446 890</b>	<b>202 500</b>
Income tax	4.13.	-98 675	-24 844
<b>Profit for the period</b>		<b>348 215</b>	<b>177 656</b>

Items that are or may be reclassified to income statement:

Change in cash-flow hedge reserve (net of tax)	4.28.	-9 500	601
<b>Other comprehensive income (net of tax)</b>		<b>-9 500</b>	<b>601</b>
<b>Total comprehensive income for the accounting period</b>		<b>338 715</b>	<b>178 257</b>

## Financial statements

### Statement of changes in equity

for the year ended 31 December 2019

TCZK	Share capital	Cash-flow hedge reserve	Retained profits	Profit for the period	Total equity
<b>Balance as at 1 January 2018</b>	<b>450 000</b>	<b>8 899</b>	<b>1 136 497</b>	<b>298 013</b>	<b>1 893 409</b>
Transfers to retained profits			298 013	-298 013	0
Net profit for the period				177 656	177 656
Other comprehensive income (net of tax)		601			601
<b>Balance as at 31 December 2018</b>	<b>450 000</b>	<b>9 500</b>	<b>1 434 510</b>	<b>177 656</b>	<b>2 071 666</b>
Dividends			-175 000		-175 000
Transfers to retained profits			177 656	-177 656	0
Net profit for the period				348 215	348 215
Other comprehensive income (net of tax)		-9 500			-9 500
<b>Balance as at 31 December 2019</b>	<b>450 000</b>	<b>0</b>	<b>1 437 166</b>	<b>348 215</b>	<b>2 235 381</b>

## Financial statements

### Statement of cash flows

for the year ended 31 December 2019

TCZK	2019	2018
<b>Opening balance of cash and cash equivalents</b>	<b>315 222</b>	<b>423 351</b>
<b>Profit before tax</b>	<b>446 890</b>	<b>202 500</b>
<b>Adjustment for non-cash operations</b>	<b>-303 513</b>	<b>-196 237</b>
Balance of additions/release of allowances for risk financing, write-off of receivables	26 702	-4 656
Depreciation/amortisation of tangible and intangible assets	189 323	148 741
Balance of additions/release of provisions	9 874	3 599
Change in the fair value of derivatives	62 851	-1 289
Dividends received by the Company	-20 125	-37
Gain/ loss from the sale of tangible and intangible assets	-3 867	-2 102
Gain/ loss on sale of equity investments	-53 418	-
Foreign currency positions revaluation	-5 243	739
Interest expenses and income	-509 610	-341 232
<b>Operating profit before the change of operating assets and liabilities</b>	<b>143 377</b>	<b>6 263</b>
<b>Change in working capital</b>	<b>-3 057 465</b>	<b>-3 557 891</b>
Change in receivables and accruals of assets	-3 321 946	-3 307 990
Change in liabilities and accruals of liabilities	111 306	-23 347
Change in other assets	222 672	-187 221
Change in other liabilities	-69 497	-39 333
Interest paid	-91 944	-165 220
Interest received	586 128	497 166
Dividends received	20 125	37
<b>Net cash flow from operating activities before tax</b>	<b>-2 399 779</b>	<b>-3 219 645</b>
Income tax paid	-23 840	-94 259
<b>Net cash flow from operating activities</b>	<b>-2 423 619</b>	<b>-3 313 904</b>
<b>Cash flows from investing activities</b>		
Proceeds from the sale of fixed assets	57 285	2 102
Purchase of tangible and intangible assets	-410 539	-273 712
<b>Net cash flows from investing activities</b>	<b>-353 254</b>	<b>-271 610</b>
<b>Cash flows from financing activities</b>		
Increase (utilisation) of liabilities to bank institutions	13 328 044	9 578 678
Decrease (repayment) of liabilities to bank institutions	-10 282 291	-6 101 293
Lease liabilities	-8 569	-
<b>Impact of changes in equity</b>	<b>-175 000</b>	<b>-</b>
Dividends paid	-175 000	-
<b>Net cash flow from financing activities</b>	<b>2 862 184</b>	<b>3 477 385</b>
<b>Net change of cash and cash equivalents</b>	<b>85 311</b>	<b>-108 129</b>
<b>Closing balance of cash and cash equivalents</b>	<b>400 533</b>	<b>315 222</b>

## Notes to the Financial Statements as at 31 December 2019

<b>Name of the Company:</b>	<b>Raiffeisen - Leasing, s.r.o.</b>
Registered Office:	Hvězdova 1716/2b, 140 00 Praha 4 - Nusle
Legal Status:	Limited Liability Company
Corporate ID:	614 67 863



## Content

<b>1. GENERAL INFORMATION AND PRINCIPAL ACTIVITIES</b>	<b>27</b>
1.1. INCORPORATION AND DESCRIPTION OF BUSINESS	27
1.2. ENTITIES WITH EQUITY INTERESTS IN THE COMPANY	27
1.3. STATUTORY BODY AND THE SUPERVISORY BOARD AS AT 31 DECEMBER 2019	27
1.4. CHANGES IN THE COMMERCIAL REGISTER	28
1.5. ORGANISATIONAL STRUCTURE	28
1.6. CONSOLIDATION GROUP IDENTIFICATION	28
<b>2. ASSUMPTIONS FOR PREPARATION OF FINANCIAL STATEMENTS AND CHANGES IN ACCOUNTING POLICIES IN 2019</b>	<b>29</b>
2.1. CHANGES IN ACCOUNTING POLICIES IN 2019	29
(A) NEWLY APPLIED STANDARDS AND INTERPRETATIONS WHOSE APPLICATION HAS HAD A SIGNIFICANT IMPACT ON THE FINANCIAL STATEMENTS	29
(B) NEWLY APPLIED STANDARDS AND INTERPRETATIONS WHOSE APPLICATION HAS NOT HAD A SIGNIFICANT IMPACT ON THE FINANCIAL STATEMENTS	30
(C) STANDARDS AND INTERPRETATIONS ISSUED BY IASB AND ADOPTED BY THE EUROPEAN UNION	31
(D) STANDARDS AND INTERPRETATIONS ISSUED BY IASB BUT NOT YET ADOPTED BY THE EUROPEAN UNION	31
<b>3. SIGNIFICANT ACCOUNTING POLICIES AND VALUATION METHODS</b>	<b>32</b>
3.1. TRANSACTION RECOGNITION DATE	32
3.2. INTANGIBLE FIXED ASSETS AND PROPERTY, PLANT AND EQUIPMENT (TANGIBLE FIXED ASSETS)	32
3.3. INVESTMENT PROPERTY	33
3.4. EQUITY INVESTMENTS	33
3.5. FINANCIAL ASSETS	33
3.5.1. Classification and measurement of financial assets	33
3.5.2. Impairment of financial assets	36
3.6. PROVISIONS	44
3.6.1. Provisions for off-balance sheet items	44
3.7. TRADE PAYABLES	45
3.8. RECEIVED LOANS	45
3.9. FINANCIAL DERIVATIVES	45
3.10. LEASES	47
3.10.1. The Company as a lessor	47
3.10.2. The Company as a lessee – methods applicable starting on 1 January 2019	48
3.10.3. The Company as a lessee – methods applicable until 31 December 2018	48
3.11. INCOME AND EXPENSE RECOGNITION	49
3.11.1. Interest income and expense	49
3.11.2. Fees and commissions	49
3.11.3. Dividends	49
3.11.4. Other income and expenses reported in the statement of profit or loss and other comprehensive income	49



3.12.	INCOME TAX	49
3.12.1.	Current income tax	49
3.12.2.	Deferred tax	49
3.13.	FOREIGN CURRENCY TRANSLATION	50
3.14.	USE OF ESTIMATES	50
3.15.	STATEMENT OF CASH FLOWS	50
<b>4.</b>	<b>ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>52</b>
4.1.	INTEREST INCOME AND SIMILAR INCOME	52
4.2.	INTEREST EXPENSE AND SIMILAR EXPENSE	52
4.3.	IMPAIRMENT LOSSES FROM RECEIVABLES FROM CLIENTS AND OFF-BALANCE SHEET EXPOSURE	52
4.3.1.	Impairment losses from receivables from clients and off-balance sheet exposures (net)	53
4.4.	FEE AND COMMISSION INCOME	55
4.5.	FEE AND COMMISSION EXPENSE	55
4.6.	FOREIGN EXCHANGE GAINS/LOSSES	55
4.7.	PROFIT AND LOSS FROM DERIVATIVE OPERATIONS	55
4.8.	DIVIDEND INCOME	56
4.9.	INCOME FROM INVESTMENTS	56
4.10.	GENERAL OPERATING EXPENSES	58
4.10.1.	Employees and Executives	58
4.11.	OTHER OPERATING REVENUES	59
4.12.	OTHER OPERATING EXPENSES	60
4.13.	INCOME TAX	60
4.14.	CASH AND BALANCES WITH BANKS PAYABLE ON DEMAND	61
4.15.	RECEIVABLES FROM CLIENTS	61
4.15.1.	Receivables analysis by type of financing	61
4.15.2.	Aging of Receivables from Customers	62
4.15.3.	Allocation of financial assets at amortised cost and finance lease receivables based on internal rating and stage of impairment	62
4.15.4.	Analysis of Receivables from Customers by Sector and Type of Collateral	65
4.15.5.	Receivables from clients by segment	66
4.15.6.	Structure of receivables from clients by segment and stage of impairment	67
4.15.7.	Participation loans	67
4.16.	ALLOWANCES FOR RECEIVABLES FROM CLIENTS	68
4.16.1.	Structure of allowances for receivables from clients by segment and stage of impairment	68
4.16.2.	Quantitative information about the collateral for impaired financial assets	69
4.16.3.	Changes in allowances by impairment stage	69
4.16.4.	Allowances for Receivables from Related Parties	70
4.17.	POSITIVE FAIR VALUES OF FINANCIAL DERIVATIVES	72
4.18.	EQUITY INVESTMENTS IN SUBSIDIARIES	72
4.19.	TANGIBLE AND INTANGIBLE FIXED ASSETS	74
4.20.	CURRENT TAX ASSETS	77
4.21.	OTHER ASSETS	77
4.22.	PAYABLES TO BANKS	78
4.22.1.	Payables to Banks by Creditors	78
4.22.2.	Payables to Banks by maturity	78

4.23.	PAYABLES TO CLIENTS	78
4.24.	NEGATIVE FAIR VALUES OF FINANCIAL DERIVATIVES	79
4.25.	DEFERRED TAX LIABILITY	79
4.26.	PROVISIONS	80
4.26.1.	Structure of provision for contingencies and financial guarantees by impairment	80
4.26.2.	Changes in provisions for contingencies and financial guarantees	81
4.27.	OTHER LIABILITIES	81
4.28.	EQUITY	82
4.29.	FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES – LEVEL 3	82
4.30.	FINANCIAL DERIVATIVES	83
4.31.	AGEING OF RECEIVABLES FROM FINANCE LEASES	84
4.32.	STRUCTURE OF ASSETS HELD UNDER FINANCE LEASES	85
4.33.	FUTURE OPERATING LEASE PAYMENTS OF THE LESSOR	85
<b>5.</b>	<b>RELATED PARTY TRANSACTIONS</b>	<b>86</b>
5.1.	TRADE RECEIVABLES AND PAYABLES	86
5.2.	SALES AND PURCHASES	89
5.3.	RECEIVED LOANS AND BORROWINGS	92
5.4.	GRANTED LOANS	92
<b>6.</b>	<b>LEGAL DISPUTES</b>	<b>95</b>
<b>7.</b>	<b>RISK MANAGEMENT</b>	<b>95</b>
7.1.	CREDIT RISK	95
7.2.	INTEREST RATE RISK	97
7.3.	CURRENCY RISK	99
7.4.	LIQUIDITY RISK	100
7.4.1.	Financial liabilities including future contractual interest	102
<b>8.</b>	<b>SUBSEQUENT EVENTS</b>	<b>104</b>

# 1. GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

## 1.1. Incorporation and Description of Business

Raiffeisen - Leasing, s.r.o. (the "Company" or "Accounting Entity") was registered in the Commercial Register of the Municipal Court in Prague, File C, Insert 29553, on 22 June 1994. The Company was formed through a Deed of Association at the beginning of 1994. The Company started its operations on 1 July 1994.

The principal business of the Company comprises:

- › provision or mediation of consumer loans;
- › valuation of immovable assets;
- › production, trade and services not listed in appendices 1 to 3 to the Trade Licensing Act. These primarily include: lease of movable and immovable assets (leases), purchase of goods for resale, provision of loans and borrowings, services regarding administration and organisational and economic services; and
- › activities of accounting advisers, bookkeeping, and maintenance of tax records.

In addition to the principal activities, the Company is authorised to perform all activities that seem to be necessary or useful for the achievement of its interests. The Company may form branches and/or subsidiaries in the Czech Republic or abroad and be involved in their operations in any legal form.

In 2019 and 2018, the Company generated all its sales from its principal activity in the Czech Republic.

As at 31 December 2019, the amount of the paid-in share capital is TCZK 450,000 (as at 31 December 2018: TCZK 450,000).

## 1.2. Entities with Equity Interests in the Company

Owners as of 31 December 2019	Share
Raiffeisenbank a.s., Hvězdova 1716/2b, Nusle, 140 00 Praha 4, Czech Republic	100%
<b>Total</b>	<b>100%</b>

## 1.3. Statutory Body and the Supervisory Board as at 31 December 2019

Statutory body	Position
Mag. Alois Lanegger	Statutory executive
Josef Langmayer	Statutory executive
Tomáš Gürtler	Statutory executive

Supervisory board	Position
František Ježek	Chairman of the Supervisory Board
Igor Vida	Member of the Supervisory Board
Tomáš Jelínek	Member of the Supervisory Board
Michael Hackl	Member of the Supervisory Board
Mag. iur. Dr. iur. Martin Stotter	Member of the Supervisory Board

#### 1.4. Changes in the Commercial Register

The following changes were recorded in the Commercial Register in the reporting period:

- › On 9 September 2019, Igor Vida withdrew from the position of a chairman of the Supervisory Board;
- › On 16 September 2019, František Ježek was elected chairman of the Supervisory Board;
- › On 21 October 2019, Markus Kirchmair was dismissed from the Supervisory Board;
- › Recorded the change in the number of members of the Supervisory Board from 6 to 5;
- › On 14 October 2019, the change of the Company's registered office was recorded, consisting of a change in the postal code.

#### 1.5. Organisational structure

The Company is internally organised into the Sales Department (Car Financing, Technology Financing, Real Estate Financing), Administration Department, Accounting Department, Risk Management Department, including Asset Valuation, (Corporate Clients and Real Estate, Retail Clients), Finance Controlling Department, Risk Controlling Department, IT Department, Legal Department and Management Support, Real Estate Legal Department, Car Fleet Management, Marketing and Product Development, Real Estate Investment Department, Secretariat, Asset Remarketing Department, and Project Management Department. The following activities are outsourced to a company in the group: internal audit, compliance, HR activities, ALM and procurement.

As of 31 December 2019, the Company had branches with registered offices in Pardubice, Brno, Teplice and Ostrava.

#### 1.6. Consolidation Group Identification

The Company is part of the Raiffeisen financial group that is controlled by Raiffeisen Bank International AG, Vienna. Raiffeisen Bank International AG prepares the consolidated financial statements which are available for public use and which comply with International Financial Reporting Standards as adopted by the European Union.

The Company is part of the consolidation sub-group of Raiffeisenbank a.s., whose registered office is located at Hvězdova 1716/2b, 140 00, Prague 4. Consolidated financial statements are prepared by Raiffeisenbank, a.s. The Company does not prepare the consolidated financial statements.

## 2. ASSUMPTIONS FOR PREPARATION OF FINANCIAL STATEMENTS AND CHANGES IN ACCOUNTING POLICIES IN 2019

The Company used the accounting policies described in Note 3 consistently throughout the reporting period and the previous period, with the exception described in note 2.1.

The financial statements include the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements including accounting policies and explanatory comments.

The financial statements were prepared:

- › on an accrual principle;
- › on the basis that transactions and other facts were recognised at the time of their origination and recognised in the financial statements in the period to which they relate on an accrual basis;
- › and under the going concern assumption.

These financial statements were prepared on a cost valuation basis, except for financial assets and financial liabilities at fair value through profit or loss (including all financial derivatives).

The financial statements are unconsolidated and do not include the effect of financial statements of jointly controlled entities. The Company prepares the financial statements pursuant to the requirements of Act No. 563/1991 Coll., on Accounting, as amended.

The financial statements are prepared as of the balance sheet date on 31 December 2019. The reporting period is the calendar year.

These financial statements are presented in TCZK (thousands Czech crowns).

### 2.1. CHANGES IN ACCOUNTING POLICIES IN 2019

#### **a) Newly applied standards and interpretations whose application has had a significant impact on the financial statements**

**IFRS 16 Leases** – effective for periods beginning on or after 1 January 2019 replaced IAS 17.

As with IAS 17, lessors classify leases as operating or finance in nature. A lease is classified as a finance lease if it transfers all substantial risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

Under IFRS 16, a lessee recognises a right-of-use asset and a lease liability. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the implicit rate in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

As at 1 January 2019, the Company recognised the right-of-use assets of leased assets (namely the right-of-use asset relating to the lease of the Company's office) totalling TCZK 51,589, and lease liabilities in the same amount. The impact of the transition to IFRS 16 on retained earnings was zero. The Company applied the modified retrospective approach in the transition to IFRS 16. Comparable information for the prior period have not been adjusted.

In applying IFRS 16, the Company applies exemptions for lease terms of 12 months or less (short-term leases) and exemptions for leases where the underlying asset has a low value when new. The Company sets the low-value limit at TCZK 129 (about TEUR 5). In such cases, the right-of-use asset or the relating liability are not reported. As at 1 January 2019, the weighted average incremental interest rate of the lessee was 0.49 %.

#### Reconciliation of future operating lease payments (IAS 17) to lease liabilities (IFRS 16):

TCZK	
Future operating lease payments as at 31 Dec 2018	52,874
Future operating lease payments as at 31 Dec 2018 discounted as at 1 Jan 2019	51,898
Adjustments for:	
Short-term leases	(309)
<b>Total lease liabilities as at 1 January 2019</b>	<b>51,589</b>

#### Impact of transition to IFRS 16 on the balance sheet:

Balance sheet item	As at 31 Dec 2018 under IAS 17	Impact of the transition to IFRS 16	As at 1 Jan 2019 under IFRS 16
Property, plant and equipment	762,716	51,589	814,305
Other liabilities	180,761	51,589	232,350

The new accounting policies for leases are described in note 3.

#### b) Newly applied standards and interpretations whose application has not had a significant impact on the financial statements

The following amendments to the current standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current accounting period:

- › **Annual improvement of IFRS for the 2015–2017 cycle** (effective for annual periods beginning on or after 1 January 2019), including amendments to IAS 23, IAS 12, IFRS 3 and IFRS 11;
- › **Amendments to IAS 19: Employee Benefits** (effective for annual periods beginning on or after 1 January 2019);
- › **Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures** (effective for annual periods beginning on or after 1 January 2019);
- › **IFRIC 23 Uncertainty over Income Tax Treatments** (effective for annual periods beginning on or after 1 January 2019. Earlier application permitted.);
- › **Amendments to IFRS 9: Prepayment Features with Negative Compensation** (effective for annual periods beginning on or after 1 January 2019).

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

### c) Standards and interpretations issued by IASB and adopted by the European Union

The following standards, amendments to existing standards and interpretations were adopted by the EU as at the date of approval of these financial statements:

- › **Amendments to IFRS 3 Business Combinations** (effective for annual periods beginning on or after 1 January 2020);
- › **Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform** (effective for annual periods beginning on or after 1 January 2020);
- › **Amendments to IAS 1 and IAS 8 Definition of “Material”** (effective for annual periods beginning on or after 1 January 2020);
- › **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on or after 1 January 2020).

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

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

Below are the following standards, amendments and interpretations that were not adopted for use in the EU as at the date of approval of the financial statements (the effective dates listed below apply to the IFRS standards issued by the IASB):

- › **IFRS 17 Insurance Contracts** (effective for annual periods beginning on or after 1 January 2021; to be applied prospectively. Earlier application permitted.);
- › **Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current** (effective for annual periods beginning on or after 1 January 2022; to be applied retrospectively. Earlier application permitted.);
- › **Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** (the European Commission has decided to postpone the approval indefinitely).

### 3. SIGNIFICANT ACCOUNTING POLICIES AND VALUATION METHODS

#### 3.1. Transaction Recognition Date

The transaction recognition date is the day when a delivery is performed, a payable is settled, a receivable is collected, an advance payment is made or received, a shortfall, deficit, surplus or damage is determined, an asset is transferred within the reporting entity or when other events occur arising from the internal circumstances of the Company that are subject to accounting and that occurred in the Company or can be supported by relevant documents.

#### 3.2. Intangible Fixed Assets and Property, Plant and Equipment (tangible fixed assets)

Tangible fixed assets include internal assets with an estimated useful life greater than one year and an acquisition cost greater than TCZK 40 on an individual basis. Tangible fixed assets also include vehicles held under operating lease (fleet management).

Intangible fixed assets include internal assets with an estimated useful life greater than one year and an acquisition cost greater than TCZK 60.

The cost of fixed asset improvements exceeding TCZK 60 or TCZK 40 for the taxation period increases the acquisition cost of the related intangible and tangible fixed asset, respectively. Fixed assets improvement increases the acquisition cost of the fixed assets.

Intangible fixed assets with an acquisition cost lower than TCZK 60 and tangible fixed assets with an acquisition cost lower than TCZK 40 treated as low value intangible or tangible assets are expensed in the period of acquisition. These assets are not reported on the face of the balance sheet.

#### Measurement

Tangible and intangible fixed assets are stated at cost less accumulated depreciation and allowances and are depreciated in the statement of profit or loss and other comprehensive income in "General operating expenses" starting from the moment when they are ready for use, on a straight line basis over the anticipated useful lives.

#### Depreciation for Accounting Purposes

Assets are depreciated over the following periods using the following methods:

Intangible Fixed Assets and Tangible Fixed Assets	Method	Period
Software - Core system	Straight-line	4–10 years
Machinery and equipment first depreciation group	Straight-line	3–4 years
Machinery and equipment second depreciation group	Straight-line	4 years
Vehicles (company cars)	Straight-line	5 years
Vehicles (fleet management contracts)	Straight-line	Based on lease contract and determined net book value
Buildings	Straight-line	30–50 years
Right-of-use	Straight-line	based on the lease contract
Improvements on leased premises	Straight-line	72 months (based on the lease contract)



Usability of assets

The Company periodically examines the estimated life of assets and tests them for impairment.

Regular repairs and maintenance are reported in the statement of profit or loss and other comprehensive income in “General operating expenses” in the year in which the relating expenses were incurred.

**3.3. Investment Property**

Investment property is the property held to earn rentals or for capital appreciation (including property in the phase of construction to be used as investment property at a later date). Investment property is measured at cost including any auxiliary expenses relating to the acquisition of the property. Investment property is depreciated and recognised net of all accumulated depreciation and accumulated impairment losses for which investment property is tested annually. Impairment losses and any reduction of the losses are recognised in profit or loss.

Investment property is derecognised at sale or when the investment property is permanently removed from the use and no future economic benefits are expected from its sale. Profit or loss arising from property derecognition (determined as the difference between proceeds from the sale and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Business and administrative investment property is depreciated on a straight line basis over 50 years.

**3.4. Equity Investments**

Equity investments in subsidiary and associated undertakings and joint ventures are recorded at acquisition cost including transaction costs less allowances for any temporary impairment losses or write-downs due to other-than-temporary impairment.

At the financial statement date or interim financial statement date, the Company assesses equity investments in subsidiary or associated undertakings and joint ventures for impairment. Impairment of equity investments in subsidiary or associated undertakings is identified as a difference between the net book value and the recoverable value of the investment. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use determined as a sum of discounted expected cash flows. Impairment of equity investments in subsidiary or associated undertakings is reflected through the recognition of allowances.

**3.5. Financial assets****3.5.1. Classification and measurement of financial assets**

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

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

Financial assets measured at amortised cost (AC)

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

In the balance sheet, financial assets at amortised cost are recognised in "Receivables from clients (net)" and include loans and advances to customers.

The amortised cost is the cost minus repayments of principal, plus accrued interest, increased or decreased by amortisation of discount or premium, if any, and decreased by expected credit losses using a loss allowance. The amortised cost is calculated using the effective interest rate method. Fees and related transaction costs are an integral part of the effective interest rate. All loans and advances are recognised when funds are provided to customers. Interest income from financial assets at amortised cost is reported in the statement of profit or loss and other comprehensive income in "Interest income and similar income". Impairment losses are reported in the statement of profit or loss and other comprehensive income in "Impairment losses on impaired client receivables and off-balance sheet exposures".

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

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

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

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

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

Analysis of contractual cash flow characteristics

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

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

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

### Business model

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

- › the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, the Company considers whether the management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- › how the performance of the business model is measured and reported to the Company's key management personnel;
- › the risks that affect the performance of the business model and financial assets held within this business model, and how those risks are managed;
- › how managers of the entity are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

the Company classifies financial assets into the following two business model categories:

- (i) "Hold and collect contractual cash flows"; and
- (ii) "Derivatives held for risk management purposes".

The Company does not have any other business models.

#### (i) "Hold and collect contractual cash flows" business model

Loans and debt securities in the "hold and collect contractual cash flows" category are held for the purpose of acquiring contractual cash flows over the entire useful life of the instrument. The Company expects and has the intention and ability to hold these loans and debt securities to maturity. When determining whether cash flows will be generated by collecting financial assets' contractual cash flows, the Company assesses the frequency, value and timeline of sales in previous periods as well as reasons why these sales were carried out and expectations regarding the future selling activities within the given portfolio.

The Company considers the following sales to be consistent with the "hold and collect contractual cash flows" business model:

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

## (ii) “Derivatives held for risk management purposes” business model

Derivative transactions categorised as falling in the “hold and collect contractual cash flows” category represent hedging derivatives intended to manage the Company’s interest rate and currency risks. Hedging derivatives are used according to the type of hedging relationship, i.e. fair value hedges or cash flow hedges.

**3.5.2. Impairment of financial assets**

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

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

- › financial assets at amortised cost;
- › receivables from finance leases;
- › financial guarantees and loan commitments.

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

Stage 1 includes financial assets the credit risk of which has not increased significantly since initial recognition and assets with low credit risk as at the reporting date. The 12-month expected credit losses are recognised for all assets in this category. Interest income is calculated on the basis of the gross carrying amount of financial assets. The parameters of the probability of default (“PD”), loss given default (“LGD”), the amount of the receivable, qualitative and statistical data on contracts and data on future contractual cash flows are taken into account in the calculation. In addition, macroeconomic factors need to be considered in the calculation.

Stage 2 includes financial assets the credit risk of which has increased significantly since initial recognition but for which there is no objective evidence of impairment. Expected credit losses are recognised for these assets over their lifetime. Interest income is calculated on the basis of the gross carrying amount of financial assets. The same parameters need to be considered in the calculation as for the calculation in Stage 1.

Stage 3 includes financial assets for which there is objective evidence of the borrower’s default. Expected credit losses are recognised for these assets over their entire lifetime. Interest income is calculated on the basis of the net carrying amount of the assets. Allowances for corporate for Stage 3 are calculated as estimated loss over the entire useful life of the contract using a minimum of two scenarios (Going concern, Gone concern) with a corresponding probability of implementation. The scenarios are prepared based on expected cash flow (client/contractual cash flow, cash flows from collaterals, expected supply in insolvency proceeding, etc.). Due to the adjustment of the ECL estimate in 2019, there were changes in retail clients, and adjustments for retail clients in 2019 are estimated in the retail segment using the best expected estimate of loss (“BEEL”).

The default of the borrower (receivable) is defined as a situation when at least one of the following conditions is met:

- › It can be assumed that the borrower is unlikely to repay in full his loan obligation to the Company, its parent or any of its subsidiaries without the Company taking steps such as collaterals realisation;
- › Any of the borrower’s substantial credit obligations to the Company, its parent or any of its subsidiaries is more than 90 days overdue.

Purchased or originated credit-impaired financial assets (“POCI”) are those financial assets that are credit-impaired on initial recognition. Their expected credit loss is always measured on a lifetime basis.

Expected credit losses (ECL)

The measurement of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of the money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

**I. GENERAL APPROACH**

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions about future economic conditions and payment behaviour. Significant judgements are required in applying the accounting requirements for measuring expected credit losses, inter alia:

- › determining criteria for significant increase in credit risk;
- › choosing appropriate models and assumptions for the measurement of expected credit losses;
- › establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses;
- › establishing groups of similar financial assets for the purposes of measuring expected credit losses.

For the Company (as defined in the methodology of RBI Group), credit risk arises from the risk of suffering financial loss should any customers, clients or market counterparties fail to fulfil their contractual obligations. Credit risk arises mainly from commercial and consumer leases, loans and loan commitments arising from such lending activities, but can also arise from financial guarantees given, such as, credit guarantees.

The estimation of the credit risk for risk management purposes is complex and requires the use of models, as the risk varies with changes in market conditions, expected cash flows and the passage of time. The assessment of the credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring and related default indicators. The Company measures credit risk using the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"). This is the predominant approach used for the purposes of measuring expected credit losses under IFRS 9.

Financial instruments in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next twelve months. Instruments in Stage 2 have their expected credit losses measured based on expected credit losses on a lifetime basis. Instruments in Stage 3 have their expected credit losses measured based on the best expected estimate of loss method ("BEEL") in the retail segment, and based on individual method in the non-retail segment. According to IFRS 9, when measuring expected credit losses it is necessary to consider forward-looking information.

**II. SIGNIFICANT INCREASE IN CREDIT RISK**

Raiffeisen Bank International (RBI Group) (note: the methodology is implemented by the Company) considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

## Quantitative criteria

RBI Group uses quantitative criteria as the primary indicator of significant increase in credit risk for all portfolios.

Upon meeting the below criteria, the instrument is transferred to Stage 2:

- › 30 days past due;
- › Based on expert opinion, i.e. holistic flag.

For financial institutions', corporate and project finance portfolios, if the debtor meets one or more of the following criteria:

- › The debtor is transferred to PreWorkout Action in the Early Warning System (EWS);
- › Quantitative criterion – compares the lifetime PD curve at reporting date with the forward lifetime PD curve at the date of initial recognition. To make the two curves comparable, the PDs are scaled down to annualized PDs. A significant increase in credit risk is considered to have occurred if the PD increase was 250% or higher. For longer maturities the threshold of 250% is reduced to account for a maturity effect.

With regard to the threshold at which a financial instrument must be transferred to Stage 2, RBI has decided on the aforementioned thresholds based on the current market practice.

For retail exposures, the quantitative criterion of PD curves comparison is not applicable as the portfolio lacks continuous rating enabling quantitative comparison of credit risk at the beginning of the credit exposure and in the present. Here, the 30 days past due and the expert judgement criteria are applied.

## III.DEFINITION OF DEFAULT

### Definition of default – methodology valid in 2019

The definition of default used to calculate the expected credit losses is identical to the definition of default used for internal credit risk management. Default is evaluated based on both quantitative and qualitative indicators.

Firstly, the debtor is considered a debtor in default if it is in default of a specific material credit liability for over 90 days. No attempt is made to rebut the presumption that financial assets which are more than 90 days past due are to be shown in Stage 3.

The new definition of default also presents a new definition of the days past due ("DPD"). DPD calculation considers all receivables from the specific client and not just individual contracts.

DPD calculation starts when the debt past due exceeds the materiality threshold set by the Company.

In case of partial repayment where the debt remains above the materiality threshold set by the Company, the DPD calculation shall not take into account the DPD from other receivables of the same debtor which becomes the eldest unpaid receivable but continues with DPD calculation for the client as if the payment was not made.

The debtor is also considered in default if it meets the criteria for unlikeliness to pay which show that the debtor has material financial difficulties and it is unlikely the debtor could pay any credit liability in full. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout Company's expected loss calculations. A credit obligation is considered to no longer be in default after a probation period of minimum 3 months (12 months after a distressed restructuring), where during the probation period the debtor demonstrated good payment discipline and no other indication of unlikeliness to pay was observed.

The new definition of default represents a significant change in the approach to the definition of default which requires the company to re-evaluate their models for PD and LGD estimates as they must be done over recalculated historical data.

The new definition of default impacts two areas of the profit and loss:

- › The first is the increase or decrease of ECL due to the change in the credit quality stage, namely the change in the volume of stage 3;
- › The second is the decrease or increase of ECL due to adjustments to the stage 1 and 2 models to new default levels.

Due to the nature of the changes, the impact of the first change will not be completely offset by the impact of the second. ECL adjustments shall increase due to the change in the calculation of the DPD, result of cross default of several contracts of one individual – the debtor, and longer probation periods.

### **Definition of default – methodology valid before in 2018**

RBI defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

#### **Quantitative criteria**

The debtor is more than 90 days past due on a material credit obligation. No attempt is made to rebut the presumption that financial assets which are more than 90 days past due are to be shown in Stage 3.

#### **Qualitative criteria**

The debtor meets the unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty and unlikely to repay any credit obligation in full. The indications of unlikeliness to pay include:

- › a credit contract was prematurely terminated due to the debtor's failure to meet contractual obligations;
- › a credit obligation is sold at a material economic loss;
- › a credit obligation is subject to a distressed restructuring;
- › the debtor is bankrupt/insolvent;
- › the debtor committed a credit fraud;
- › the debtor is deceased.

The above criteria have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout expected loss calculations of RBI Group.

A credit obligation is considered to no longer be in default after a probation period of minimum 3 months (6 months after a distressed restructuring in retail), where during the probation period the customer demonstrated good payment discipline and no other indication of unlikeliness to pay was observed.

#### IV. EXPLANATION OF INPUTS, ASSUMPTIONS AND ECL CALCULATION TECHNIQUES

The expected credit loss is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. Expected credit losses are the discounted product of the probability of default (PD), loss given default (LGD), exposure at default (EAD) and discount factor (D).

##### Probability of Default (PD)

The probability of default represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months or over the remaining lifetime of the obligation. Various statistical methods are used to generate an estimate of how the default profile will develop from the point of initial recognition throughout the lifetime of the loan or portfolio of loans. The profile is based on historical observed data and parametric functions.

Different models have been used to estimate the default profile of outstanding lending amounts and these can be grouped into the following categories:

- › For corporate customers, project finance and financial institutions the default profile is generated using a parametric survival regression (Weibull) approach. Forward looking information is incorporated into the probability of default using the Vasicek one-factor model. The default rate calibration is based on the Kaplan-Maier methodology with withdrawal adjustment;
- › For retail leases and retail lending, the default profile is generated using the Kaplan-Maier methodology for parametric survival regression in the month from the exposure start and following default in competing risk frameworks.

##### Loss Given Default

Loss given default represents the Company's expectation of the extent of loss on a defaulted exposure. Loss given default varies by type of counterparty and product. Loss given default is expressed as a percentage loss per unit of exposure at the time of default.

Different models have been used to estimate the loss given default of outstanding lending amounts and these can be grouped into the following categories:

- › For corporate customers, project financing, and financial institutions, the loss given default is generated by discounting cash flows collected during the workout process. Forward looking information is incorporated into the loss given default using the Vasicek one-factor model;
- › For retail leases and retail lending, the LGD is generated using discounted cash flows acquired through the collection process, which comprise two main sources – direct payments by the client and sale of seized vehicles. The cost of the debt recovery and collection is deducted from the cash flows.

##### Exposure at Default

Exposure at default is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. Where relevant, early repayment/refinance assumptions are also considered in the calculation.



For off-balance exposures, the exposure at default is predicted by taking current drawn balance and adding a credit conversion factor which allows for the expected drawdown of the remaining limit by the time of default. The prudential regulatory margins are removed from the credit conversion factor.

### Discount Factor

Discount rate applied to calculate the discount factor equals the effective interest rate.

### Calculation

The expected credit loss is calculated as PD multiplied by LGD and multiplied by EAD multiplied by the probability not to default prior to the considered time period. The latter is expressed by the survivorship function *S*. This effectively calculates future values of expected credit losses, which are then discounted back to the reporting date and summed. The calculated values of expected credit losses are then weighted by forward looking scenario.

## V. FORWARD LOOKING INFORMATION

Both the assessment of significant increase in credit risk and the calculation of expected credit losses incorporate forward-looking information. RBI Group has performed historical data analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the probability of default, loss given default and exposure at default vary by category type. Forecasts of these economic variables (the base economic scenario) are provided by Raiffeisen Research on a quarterly basis and provide the best estimate view of the economy over the next three years. The set of forward looking information also includes the currently assumed state of the credit cycle (in form of the so called 'credit clock') and the derived outlook of the credit cycle development. After three years, a mean reversion approach has been used to project the economic variables for the full remaining lifetime of each instrument, which means that economic variables tend to either a long-term average rate or a long-term average growth rate until maturity. The impact of these economic variables on the probability of default, loss given default and exposure at default has been determined by performing statistical regression to understand the impact changes in these variables have had historically on default rates and on the components of loss given default and exposure at default.

In addition to the base economic scenario, Raiffeisen Research also estimates an optimistic and a pessimistic scenario to ensure non-linearities are captured. Expert judgment on idiosyncratic risks has also been applied in this process on the level of Raiffeisen Research in coordination with RBI Group risk management, resulting in selective adjustments to the optimistic and pessimistic scenarios. In case of a potential negative or positive forecast bias of selected macroeconomic indicators a potential bias correction might be performed on a single country level. Probable results of each individual scenario are taken into account.

The probability-weighted expected credit losses are determined by running each macro scenario represented by the macro-coefficient vectors which reflect the increase/decrease of the future ECL against the average ECL estimate for the period in the future. For retail, the period comprises future months, and for non-retail, future years. The macro coefficients are multiplied by an average estimate for the relevant ECL model for the period in future and by appropriate scenario weighting.

The probability-weighted expected credit losses are determined by usage of each scenario in the appropriate expected credit loss (ECL) model and multiplied by the appropriate weight of that scenario.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Company considers

these forecasts to represent its best estimate of the future outcomes and cover any potential non-linearities and asymmetries within the Company's different portfolios.

The Company accepts economic scenarios from Raiffeisen Research. In retail segment, the Company applies its benchmark models of macro-economic coefficients for PD and LGD. In non-retail, the coefficients are applied directly by RBI to the calculation of loss allowances. Below are the most significant presumptions used in the estimates of the macro-economic coefficients:

Real GDP	Scenario	2020	2021	2022
Czech Republic	Optimistic	3.0%	2.9%	3.1%
	Base	0.1%	(0.1)%	0.3%
	Pessimistic	0.1%	(0.6)%	0.2%

3M Pribor	Scenario	2020	2021	2022
Czech Republic	Optimistic	0.9%	0.3%	1.0%
	Base	1.9%	1.5%	2.0%
	Pessimistic	3.2%	3.0%	3.3%

Housing index recalculated to annual changes	Scenario	2020	2021	2022
Czech Republic	Optimistic	8.1%	6.7%	4.6%
	Base	5.7%	3.8%	2.2%
	Pessimistic	2.3%	(0.2)%	(1.2)%

The weightings assigned to each scenario at quarter end are as follows:

- › 25% for the optimistic scenario;
- › 50% for the base scenario;
- › 25% for the pessimistic scenario.

### Sensitivity analysis

The following presumptions have the largest impact on ECL sensitivity:

- › Gross domestic product;
- › 3M Pribor;
- › Housing index.

The table below provides a comparison between the reported accumulated impairment for expected credit losses for financial assets in Stage 1 and 2 (weighted by 25 per cent optimistic, 50 per cent base and 25 per cent pessimistic scenarios) and then each scenario weighted by 100% on their own. The optimistic and pessimistic scenarios do not reflect extreme cases, but the average of the scenarios which are distributed in these cases.

**31 December 2019 – Accumulated impairment (Stage 1 & 2)**

(TCZK)	Reported	Optimistic	Base	Pessimistic
Retail exposures	3,122	2,986	3,088	3,328
Non-retail exposures	56,471	54,006	55,844	60,190
<b>Total</b>	<b>59,593</b>	<b>56,992</b>	<b>58,932</b>	<b>63,518</b>

**31 December 2018 – Accumulated impairment (Stage 1 & 2)**

(TCZK)	Reported	Optimistic	Base	Pessimistic
Retail exposures	16,072	14,417	15,004	19,864
Non-retail exposures	56,690	53,425	55,287	62,760
<b>Total</b>	<b>72,762</b>	<b>67,842</b>	<b>70,291</b>	<b>82,624</b>

The table below shows the impact of staging on the Company's accumulated impairment for financial assets by comparing the reported amounts accumulated for all performing assets subject to the above calculation with the special case where all accumulated impairment is measured based on 12 month expected losses (Stage 1).

**31 December 2019 – Accumulated impairment (Stage 1 & 2)**

(TCZK)	Reported	Accumulated impairment (Stage 1)	Decrease of allowances
Retail exposures	3,122	2,868	(254)
Non-retail exposures	56,471	39,870	(16,601)
<b>Total</b>	<b>59,593</b>	<b>42,738</b>	<b>(16,855)</b>

**31 December 2018 – Accumulated impairment (Stage 1 & 2)**

(TCZK)	Reported	Accumulated impairment (Stage 1)	Decrease of allowances
Retail exposures	16,072	14,242	(1,830)
Non-retail exposures	56,690	44,859	(11,831)
<b>Total</b>	<b>72,762</b>	<b>59,101</b>	<b>(13,661)</b>

The table below shows the impact of staging on the Company's accumulated impairment for financial assets by comparing the reported amounts accumulated for all performing assets subject to the above calculation with the special case where all accumulated impairment is measured based on lifetime expected losses (Stage 2). As there are no historical data on the use of stages, it is impossible to estimate adequate increase at present. However, we do not expect the share of assets in Stage 2 to ever reach 100%.

**31 December 2019 – Accumulated impairment (Stage 1 & 2)**

(TCZK)	Reported	Accumulated impairment (Stage 2)	Increase in allowances
Retail exposures	3,122	58,064	54,942
Non-retail exposures	56,471	139,143	82,672
<b>Total</b>	<b>59,593</b>	<b>197,207</b>	<b>137,614</b>

**31 December 2018 – Accumulated impairment (Stage 1 & 2)**

(TCZK)	Reported	Accumulated impairment (Stage 2)	Increase in allowances
Retail exposures	16,072	285,089	267,017
Non-retail exposures	56,690	181,677	124,987
<b>Total</b>	<b>72,762</b>	<b>466,766</b>	<b>394,004</b>

**Write-offs**

Loans and debt securities are written-off (either partially or fully) where there is no reasonable expectation of recovery. This happens when the borrower does not have any operating income and collateral values cannot generate sufficient cash flows to repay amounts subject to the write-off.

Receivables are written-off if the financed item has been sold and the income from the sale was not sufficient to cover the receivable, and further successful recovery from the debtor does not seem likely. Only then are the receivables written-off.

**3.6. Provisions**

Provisions are probable liabilities of uncertain timing or amount. Provisions are recognised only when all of the following criteria are met:

- › the Company has a present obligation (legal or constructive) as a result of a specific past event;
- › it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- › a reliable estimate can be made of the amount of the obligation.

The Company recognises provisions for outstanding vacation days of employees, legal disputes, bonuses paid to the management and employees, and other provisions relating to the operations of the Company.

**3.6.1. Provisions for off-balance sheet items**

In off-balance assets, the Company reports potential receivables relating to guarantees issued and binding credit promises (undrawn portion). Loss allowances to estimated losses of these receivables are created based on the same principles as loss allowances to financial assets. Changes in these provisions are reported in "Impairment losses on client receivables and off-balance sheet exposures".

### 3.7. Trade payables

Trade payables are stated at carrying amount using the effective interest rate method.

### 3.8. Received loans

Received loans are stated at carrying amount using the effective interest rate method.

Interest on loans is accrued and reported in the profit or loss for the period to which it relates on an accrual basis.

### 3.9. Financial Derivatives

The Company uses derivative instruments to hedge the risks. In order to provide economic hedging of its interest rate and currency risks, the Company concludes interest rate swaps and forwards. This interest risk ensues from different interest rates of assets and liabilities.

#### Derivatives measurement

As at the date of acquisition, derivatives are measured at fair value. As at the date of the financial statements, derivatives are remeasured at fair value, which is based upon quoted market prices or pricing models based on qualified fair value measurement of all expected cash flows taking into account current market and contractual prices of the underlying instruments, as well as the time value and yield curve or volatility factors underlying the positions.

Fair value changes in respect of trading derivatives are recognised as a financial expense or income as appropriate.

Fair value changes in respect of derivatives that are classified as fair value hedges are also included in financial expenses or income together with the relevant change of the fair value of the hedged asset or liability attributable to the hedged risk.

The effective portion of changes in fair value of derivatives (hedging instrument) that are classified as cash flow hedges are recognised in other comprehensive income. The ineffective portion of the gain or loss on hedging instrument is recognised immediately directly in financial expenses or income as appropriate.

Fair values are reported in the statement of financial position as "Positive fair value of financial derivative transactions" and "Negative fair value of financial derivative transactions". Realised and unrealised gains and losses are recognised in the statement of profit or loss and other comprehensive income line "Profit or loss from derivative transactions".

In addition, the Company recognises accrued interest income and expenses of interest rate swaps which are reported as net interest income or expense under interest income or interest expenses in the statement of profit or loss and other comprehensive income as appropriate.

#### Embedded Derivatives

The Company does not separate embedded foreign currency derivatives denominated in EUR from the host contracts which represent lease contracts concluded in EUR. The Company acts on the assumption that EUR is the commonly used currency in lease contracts in the Czech economic environment. The above lease contracts are also funded in EUR.

### Fair value hedges

The Company has a derivative in the form of interest swap (hedging instrument) which hedges a provided loan (hedged item) to hedge against interest rate risk. In order to prevent fluctuations in profit or loss due to the remeasurement of derivative instruments to fair value, the Company applied the fair value hedge method to its profit or loss.

The derivative instrument complied with the following conditions:

- › at the inception of the hedging, a decision was made on the hedged item, the hedging instrument, the risks to be hedged and the method of calculation and evidence supporting effectiveness of hedging; the hedging relationship is formally documented;
- › the hedging is highly effective (ranging from 80% to 125%); and effectiveness of hedging is reliably measurable and is continuously assessed as of the date of hedging inception and at the end of each calendar month.

The derivative instrument was measured at fair value. In line with the accounting policies, profit or loss arising from the changes in the fair value of the hedged item and the hedging instrument were recognised in income or expenses when the fair value hedge method is applied. Interest income and expenses arising from the derivative instrument were recognised together with the interest expense of the hedged granted loans to interest expenses.

In 2019, the above fair value measurement was terminated due to interest rate swap termination (hedging instrument).

### Cash flow hedges

The Company has concluded interest rate swaps (hedging instruments) to hedge cash flows from received loans (hedged items) to hedge against interest rate risk. The Company decided to apply hedge accounting to prevent fluctuations of profit and loss caused by remeasurement of derivatives to fair value. The Company classified the transaction as a cash flow hedge. As of the balance sheet date, the hedging interest rate swap is measured at fair value, with the effective portion of the hedging instrument being recognised through equity.

The derivative instrument complies with the following conditions:

- › at the inception of the hedging, a decision was made on the hedged item, the hedging instrument, the risks to be hedged and the method of calculation and evidence supporting effectiveness of hedging; the hedging relationship is formally documented;
- › the hedging is highly effective (ranging from 80% to 125%); and effectiveness of hedging is reliably measurable and is continuously assessed as of the date of hedging inception and at the end of each calendar month.

In 2019, the above cash flow hedges were terminated as the received loans (hedged items) were repaid. The effective part of the hedging instrument was reclassified from equity to profit and loss. Interest rate swaps are further reported as trading derivatives.

### 3.10. Leases

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

Another IFRS 16 requirement is separating the lease-related parts of contract from the non-related. Each lease-related part must be reported separately. An independent lease means that:

- › the lessee can make use of the subject of the use either separately or in connection with other resources at its disposal;
- › the subject of the lease is not highly dependent on or related to other assets in the contract

Payments which do not transfer any goods or services to the lessee may be related to the contract. This may include insurance payments, property tax etc. The payments are part of fixed payments and appear both in the price of the liability and the price of the lease asset.

Parts of the contract not related to the lease are reported by the lessee/lessor according to relevant principles. This may include e.g. cleaning services, water and sewage charges, and utilities.

#### 3.10.1. The Company as a lessor

The Company provides financing in the form of finance and operating leases. The Company determines the lease form at the product level. Products in whose financing there is a significant transfer of remuneration and risks relating to the ownership of the financed assets from the lease provider to the lease beneficiary are reported as finance leases.

##### The accounting treatment of finance lease

A long-term, gradually amortised receivable (over the contract period) is recorded in "Receivables from clients". The payment for the provision of finance is the interest that is reported in the statement of profit or loss and other comprehensive income in "Interest income and similar income". The income from finance leases is allocated to reporting period in order to reflect a constant periodic level of return of the net investment of the Company in finance leases.

The gross investment in leases is the total of lease payments from the perspective of the lessor that will be made in the lease period plus potential uncollateralised net book value of a specific asset.

The difference between the gross investment in leases and unrealised financial income is the "net investment in leases".

The original direct expenditure directly relate with the lease are timely deferred over the duration of lease contract.

The calculation method for finance lease receivables impairment is described in chapter 3.5.

##### The accounting treatment of operating lease

Vehicles held under operating leases are accounted for as tangible fixed assets (refer to Note 3.2).

The income from operating lease is accounted for when it originates and is recognised through "Other operating income".

Services relating to operating lease are accounted for when they originate and are recognised through "Other operating expenses".

Operating lease receivables impairment is calculated by a simplified method based on the expected loss throughout the term of the receivable.

### **3.10.2. The Company as a lessee – methods applicable starting on 1 January 2019**

Under IFRS 16, a lessee recognises a right-of-use asset and a lease liability. A right-of-use asset is initially measured at cost and is subsequently depreciated until the end of its useful life or until the end of the lease contract term. The Company reports the right-of-use of leased assets in "Property, plant and equipment".

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

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

Lease liabilities are reported in the balance sheet under "Other liabilities". Interest is reported in the statement of profit or loss and other comprehensive income in "Interest expense and similar expense".

In applying IFRS 16, the Company applies exemptions for lease terms of 12 months or less and not containing a purchase option (short-term leases), and exemptions for leases when the underlying asset has a low value when new. The Company sets the low-value limit at TCZK 129. In such cases, the right-of-use asset or the relating liability is not reported and the relevant payments are reported in the statement of profit or loss and other comprehensive income in "General operating expenses".

### **3.10.3. The Company as a lessee – methods applicable until 31 December 2018**

Until 31 December 2018, the Company as a lessee differentiated between finance and operating leases.

#### Finance lease reporting methods applied by the lessee – methods applicable until 31 December 2018.

The Company did not have any finance lease under IAS 17.

#### Operating lease reporting methods applied by the lessee – methods applicable until 31 December 2018.

The cost of operating lease were reported in the statement of profit or loss and other comprehensive income in "General operating expenses".



### **3.11. Income and Expense Recognition**

#### **3.11.1. Interest income and expense**

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income lines "Interest income and similar income" and "Interest expense and similar expense" when earned or incurred, on an accrual basis. The Company accounts for the accruals of interest using the effective interest rate method. The effective interest rate method is an approach to calculating the amortised cost of a financial asset, lease liability or financial liability using the effective interest rate. The effective interest rate is used to discount the nominal value of future cash flows as at the maturity date to the present value.

Income from finance lease receivables is presented in financial statements under "Interest income and similar income".

#### **3.11.2. Fees and commissions**

Fees and commissions revenues comprise administrative fees (e.g. early settlement fees, change in the repayment schedule or contract cession), and bonuses for mediation of insurance.

#### **3.11.3. Dividends**

Income from dividends on equity investments is recorded as declared and included as a receivable in the statement of financial position line "Other assets" and in "Dividend income" in the statement of profit or loss and other comprehensive income. Upon receipt of the dividend, the receivable is offset against the collected cash.

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

#### **3.11.4. Other income and expenses reported in the statement of profit or loss and other comprehensive income**

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

### **3.12. Income tax**

Income tax on the profit for the year comprises current income tax and the change in deferred tax.

#### **3.12.1. Current income tax**

The current income tax is based on taxable profit for the reporting period. The profit of the current period is adjusted by adding non-tax-deductible expenses and deducting income that is exempt from income tax. In addition, it is adjusted by tax relief. The calculation of the tax payable is made at the end of the taxation period in accordance with Act No. 586/1992 Coll., on Income Taxes. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

#### **3.12.2. Deferred tax**

Deferred tax is accounted for using the balance sheet liability method.

Under the liability method, deferred tax is calculated at the income tax rate that is expected to apply in the period when the tax liability is settled or the asset realised. The balance sheet liability method focuses on temporary differences which are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount that will be deductible for tax purposes in the future.

The deferred tax asset or deferred tax liability are determined as the sum of all products of the resulting temporary differences and the tax rate that is expected to apply in the period in which individual differences will be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the statement of profit or loss and other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, if certain criteria are met.

### **3.13. Foreign currency translation**

The functional and presentation currency of the Company is the Czech crown (CZK). Transactions denominated in foreign currencies during the year are translated using the exchange rate of the Czech National Bank prevailing on the date preceding the date of the transaction.

At the balance sheet date, monetary assets and liabilities are translated at the Czech National Bank's exchange rate prevailing as of that date. Any resulting foreign exchange gains or losses are recognised as financial income or financial expenses as appropriate and reported in "Foreign exchange rate gains or losses".

Fixed assets acquired in foreign currencies are recognised in Czech crowns using the foreign exchange rate applicable when these assets were acquired or individual items of assets were included into assets.

Unrealised foreign exchange rate gains or losses are recognised in the profit or loss of the current period.

Income or expenses denominated in foreign currencies are reported in Czech crowns and are retranslated using the foreign exchange rate of the Czech National Bank as of the transaction date. Any resulting foreign exchange gains or losses are recognised as other financial income or other financial expenses as appropriate and are reported in "Foreign exchange rate gains or losses".

### **3.14. Use of estimates**

The presentation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. Actual results may differ from the estimates.

The Company regularly reviews its portfolio of receivables arising from leases and advanced loans for potential impairment. Receivables past their due dates are allowed for in accordance with internal guidelines. The allowance recognition policy is disclosed in Note 3.5.

### **3.15. Statement of cash flows**

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance.

Cash and cash equivalents can be analysed as follows:

(TCZK)	31 Dec 2019	31 Dec 2018
Cash on hand and cash in transit	93	86
Cash at bank	400,440	315,136
<b>Total cash and cash equivalents</b>	<b>400,533</b>	<b>315,222</b>

The cash flow statement is segmented into cash flows from operating, investment and financial activities.

Reconciliation of liabilities arising from funding, including changes arising from cash flows and non-cash changes:

		Cash flows		Non-cash changes		
	At 1 January 2019	Inflow	Outflow	Other non-cash changes	Remeasurement of foreign currency positions	At 31 December 2019
Payables to banks	17,462,562	13,328,044	(10,282,291)	-	(75,232)	20,433,083
Lease liability	51,589		(8,569)	2,047	(588)	44,479

		Cash flows		Non-cash changes		
	At 1 January 2018	Inflow	Outflow	Other non-cash changes	Remeasurement of foreign currency positions	At 31 December 2018
Payables to banks	13,936,437	9,578,678	(6,101,293)	-	48,740	17,462,562

## 4. ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### 4.1. Interest income and similar income

TCZK	2019	2018
from financial assets at amortised cost based on the effective interest rate	349,770	268,201
<i>of which: interest from impaired assets</i>	13,662	3,452
<i>of which: interest income from late payments</i>	2,294	2,199
from finance leases receivables	233,697	207,285
<i>of which: interest from impaired assets</i>	9,535	7,388
from financial derivatives – IRS	12,325	33,379
<b>Total interest income and similar income</b>	<b>595,792</b>	<b>508,865</b>

The income of the Company is primarily generated from the provision of financing contracts (leases, consumer loans, credit financing and instalment sale) and related services provided to clients. The Company generated all sales from principal activities in 2019 and 2018 in the Czech Republic.

### 4.2. Interest expense and similar expense

TCZK	2019	2018
From loans at banks	(84,698)	(156,596)
From lease liabilities	(241)	-
From financial derivatives	(1,242)	(11,037)
<b>Total interest expense and similar expense</b>	<b>(86,181)</b>	<b>(167,633)</b>

### 4.3. Impairment losses from receivables from clients and off-balance sheet exposure

TCZK	2019	2018
Recognition of allowances	(127,782)	(108,985)
Release of allowances	91,901	107,641
Utilisation of loss allowances	17,244	2
Nominal value of assigned and written-off receivables	(17,279)	(106)
<i>of which: direct write-offs of receivables</i>	(35)	(104)
Income from written-off/sold receivables	1,790	1,125
Income from the sale of seized items	7,026	4,838
<b>Total change in allowances</b>	<b>(27,100)</b>	<b>4,515</b>
<b>Provision for off-balance sheet credit risks</b>		
Recognition of provisions	(3,017)	(2,432)
Release of the provision	3,415	2,573
<b>Total change in provisions for off-balance sheet credit risks</b>	<b>398</b>	<b>141</b>
<b>Impairment losses from receivables from clients and off-balance sheet exposures</b>	<b>(26,702)</b>	<b>4,656</b>

#### 4.3.1. Impairment losses from receivables from clients and off-balance sheet exposures (net)

The table below includes the net expenses on additions to and revenue from release of allowances to inter-company receivables. The data below are part of the movements in lines “recognition of allowances” and “release of allowances” in the table presented in Note 4.3.

TCZK	2019	2018
Orchideus Property, s.r.o.	(126)	43,241
Steffany's Court s.r.o.	-	(99)
Viktor Property, s.r.o.	9	1
Landia – Jordánská, s.r.o.	-	(73)
Áté Property, s.r.o.	92	(92)
ALT POHLEDY s.r.o.	(37,122)	2,395
Ares Property, s. r. o.	(19)	-
RLRE Carina Property, s.r.o.	288	(742)
FVE Cihelna s.r.o.	19	(15)
Carolina Corner s.r.o.	(151)	-
CRISTAL PALACE Property, s.r.o.	603	(659)
Credibilis a.s.	7	(83)
Dafné Property, s.r.o.	646	(673)
Exit 90 SPV s.r.o.	(157)	-
Euros Property, s.r.o.	-	(22)
GHERKIN, s.r.o.	-	(12)
Fobos Property, s.r.o.	(78)	(203)
Gaia Property, s.r.o.	(3,464)	(20)
GEONE Holešovice Two s.r.o.	(34)	-
Grainulos s.r.o.	(760)	-
GS55 Sazovice s.r.o.	(191)	-
GRENA REAL s.r.o.	471	(484)
Hestia Property, s.r.o.	(284)	(68)
TERASA Lavande s.r.o.	7	(87)
Holečkova Property, s.r.o.	(52)	-
Hypnos Property, s.r.o.	(58)	-
Inó Property, s.r.o.	1	1
Don Giovanni Properties, s.r.o.	-	(55)
Logistický areál Hostivař, s.r.o.	(147)	(34)
Luna Property, s.r.o.	147	(147)
Kappa Estates s.r.o.	(196)	-
Kleió Property, s.r.o.	(68)	-
Melpomené Property, s.r.o.	(18)	(39)

TCZK	2019	2018
NATUM Alfa s.r.o.	-	(6)
Niobé Property, s.r.o.	2	(3)
Nereus Property, s.r.o.	(16)	(3)
JFD Real, s.r.o.	(28)	(61)
KAPMC s.r.o.	181	(181)
Palace Holding s.r.o.	(132)	-
Ofion Property, s.r.o.	(24)	-
Onyx Energy s.r.o.	(106)	-
Onyx Energy Projekt II s.r.o.	(101)	-
Photon Energie s.r.o.	7	1
Photon SPV 3 s.r.o.	(68)	-
Photon SPV 4 s.r.o.	(89)	-
Photon SPV 6 s.r.o.	(91)	-
Photon SPV 8 s.r.o.	(142)	-
Photon SPV 10 s.r.o.	(128)	-
SIGMA PLAZA s.r.o.	9	(136)
RDI Czech 4 s.r.o.	(51)	-
Rheia Property, s.r.o.	17	(27)
RUBY Place s.r.o.	(158)	-
Selene Property s.r.o.	(333)	1
Stará 19 s.r.o.	(56)	-
Strašnická realitní a.s.	98	(327)
Sirius Property, s.r.o.	(252)	-
SeEnergy PT, s.r.o.	69	(134)
Raiffeisen FinCorp, s.r.o.	51	7
UPC Real, s.r.o.	2,333	(1,252)
Zatiší Rokytka s.r.o.	462	(462)
PZ Projekt a.s.	-	36,250
<b>Total</b>	<b>(39,181)</b>	<b>75,698</b>

In 2019, an adjustment to receivable from ALT POHLEDY s.r.o., of TCZK 37,122, was created due to lower than expected funds to settle the receivable to which the adjustment was created.

The allowance to the receivable from PZ Projekt a.s. of TCZK 36,250 was released in 2018 due to full repayment of the receivable to which the adjustment was created.

The allowance to the receivable from Orchideus Property, s.r.o. of TCZK 43,241 was released in 2018 due to the appreciation of the relevant collateral for the receivable.

**4.4. Fee and commission income**

TCZK	2019	2018
Administrative fees	10,504	17,247
Bonuses for the mediation of insurance	15,410	10,773
Fee for the provision of a guarantee	1,091	1,102
<b>Total fee and commission income</b>	<b>27,005</b>	<b>29,122</b>

Administrative fees include, for example, early settlement fees, change in the repayment schedule or contract cession and variable lease payment.

**4.5. Fee and commission expense**

TCZK	2019	2018
Bank account administration fees	(3,784)	(7,352)
Fees for received bank guarantees	(905)	(4,469)
Other commission and expense related to fees from the provision of services to clients	(509)	(679)
<b>Total fee and commission expense</b>	<b>(5,198)</b>	<b>(12,500)</b>

**4.6. Foreign exchange gains/losses**

Foreign exchange rate gains or losses include realised and unrealised foreign exchange rate gains or losses from the revaluation of assets and liabilities denominated in foreign currencies of TCZK 2,647 (2018: TCZK 2,355).

**4.7. Profit and loss from derivative operations**

TCZK	2019	2018
From IRS	(5,065)	919
<i>of which: IRS held for trading</i>	<i>(5,273)</i>	<i>716</i>
<i>of which: IRS used to hedge fair value (hedging instrument)</i>	<i>208</i>	<i>203</i>
revaluation of hedged item – fair value hedges	(307)	49
of forwards held for trading	(2,023)	542
<b>Total profit and loss from derivative operations</b>	<b>(7,395)</b>	<b>1,510</b>

In 2019, the fair value measurement was terminated due to interest rate swap termination (hedging instrument).



**4.8. Dividend income**

TCZK	2019	2018
GS55 Sazovice s.r.o.	47	37
FORZA SOLE s.r.o.	78	-
Gaia Property, s.r.o.	10,000	-
Hermes Property, s.r.o.	10,000	-
<b>Dividend income total</b>	<b>20,125</b>	<b>37</b>

**4.9. Income from investments**2019

Sold investments	Selling price	Net book value	Income from sold investments
Euros Property, s.r.o.	200	200	0
RLRE Jota Property, s.r.o.	200	200	0
Daimon Property, s.r.o.	5	5	0
Neptun Property, s.r.o.	50	50	0
Landia – Jordánská, s.r.o.	50	50	0
Photon SPV 11 s.r.o.	200	200	0
FORZA SOLE s.r.o.	4,098	200	3,898
Hyperion Property, s.r.o.	50	50	0
Steffany's Court s.r.o.	50	50	0
Peitó Property, s.r.o.	50	50	0
NATUM Alfa s.r.o.	200	200	0
Don Giovanni Properties, s.r.o.	7,558	50	7,508
GHERKIN, s.r.o.	50	50	0
PZ PROJEKT a.s.	42,032	20	42,012
<b>Income from investments total</b>	<b>54,793</b>	<b>1,375</b>	<b>53,418</b>

In 2019 the Company sold with profit totalling of TCZK 42,012 100% share in the company PZ PROJEKT a.s., the real-estate project.

2018

Sold investments	Selling price	Net book value	Income from sold investments
Amfión Property, s.r.o.	50	50	0
RLRE HOTEL ELLEN, s.r.o.	100	100	0
Áté Property, s.r.o.	50	50	0
Polymnia Property, s.r.o.	50	50	0
NC Ivančice, s.r.o.	200	200	0
Michalka – Sun s.r.o.	200	200	0
Rezidence Pod Skálou s.r.o.	200	200	0
Nereus Property, s.r.o.	50	50	0
RIOBAU s.r.o.	10	10	0
FERDINAND Palace s.r.o.	50	50	0
<b>Total sold investments</b>	<b>960</b>	<b>960</b>	<b>0</b>

**4.10. General operating expenses**

<b>TCZK</b>	<b>2019</b>	<b>2018</b>
<b>Payroll expenses</b>	<b>(235,850)</b>	<b>(208,434)</b>
Wages and salaries	(172,318)	(152,358)
Social security and health insurance	(54,310)	(49,815)
Other employee costs	(7,070)	(7,140)
Additions to/release of provisions for severance payments	(2,152)	879
<b>Operating expenses</b>	<b>(91,072)</b>	<b>(82,253)</b>
Rental, repairs and other services relating to the operation of offices	(4,818)	(13,743)
Marketing costs	(15,525)	(9,674)
Expenses paid to the statutory auditor	(724)	(931)
Other audit expenses	-	(275)
Tax advisory	(1,057)	(714)
Other advisory	(31,628)	(28,010)
Costs relating to IT support	(16,974)	(13,320)
Telecommunication, postal fees and other services	(4,175)	(4,536)
Insurance of assets	(1,239)	(1,109)
Training costs	(1,869)	(1,217)
Travel costs	(1,136)	(739)
Fuel, repairs and maintenance	(3,364)	(3,772)
Office supplies	(3,701)	(1,330)
Other operating expenses	(4,862)	(2,883)
<b>Depreciation/amortisation of tangible and intangible assets</b>	<b>(189,323)</b>	<b>(148,741)</b>
<b>General operating expenses total</b>	<b>(516,245)</b>	<b>(439,428)</b>

**4.10.1. Employees and Executives**

2019

<b>TCZK</b>	<b>Number of employees</b>	<b>Payroll costs</b>	<b>Social security</b>
Employees	162	(132,231)	(44,020)
Executives	17	(40,087)	(10,290)
<b>Total</b>	<b>179</b>	<b>(172,318)</b>	<b>(54,310)</b>

2018

TCZK	Number of employees	Payroll costs	Social security
Employees	175	(121,622)	(42,153)
Executives	15	(30,736)	(7,662)
<b>Total</b>	<b>190</b>	<b>(152,358)</b>	<b>(49,815)</b>

In 2019, members of the statutory and advisory bodies were paid bonuses of TCZK 3,253 (2018: TCZK 2,152).

Statutory representatives of the Company and executives may use Company cars for private purposes.

In 2019 and 2018, members of statutory bodies received no loans, granted guarantees, prepayments and other benefits, and own no equity investments in the Company.

Other employee costs primarily include the expenses on the benefit scheme for employees and catering provided to all Company employees.

**4.11. Other operating revenues**

TCZK	2019	2018
Revenue from operating lease of vehicles	317,161	240,754
Revenue from sale of operating lease assets	49,787	121,953
Revenue from operating leases of property (investment property)	16,959	17,307
Revenue from management fee	142,229	92,685
Revenue from services connected with finance lease	-	4,351
Other income from financed assets	6,904	2,408
Sales of own-used assets	1,961	1,478
Income from the release of other provisions	1,439	2,451
Sundry income	7,095	719
<b>Total other operating revenues</b>	<b>543,535</b>	<b>484,106</b>

**4.12. Other operating expenses**

TCZK	2019	2018
Expenses relating to the provided operating lease	(91,230)	(69,574)
Expenses on the disposal of assets under operating leases	(46,520)	(120,540)
Expenses on property operating leases (investment property)	(1,102)	(723)
Revenue from services connected with finance lease	(88)	-
Expenses on the insurance	(3,845)	(1,434)
Other expenses for financed assets	(3,934)	(3,204)
Expenses on the disposal of internal assets	(1,361)	(790)
Expenses for the recognition of other provisions	(3,530)	-
Taxes and fees	(8,841)	(6,871)
Property taxes and fees	(625)	(662)
Sundry expenses	(7,625)	(4,792)
<b>Other operating expenses total</b>	<b>(168,701)</b>	<b>(208,590)</b>

**4.13. Income tax**

Income tax for 2019 and 2018 comprises the following items:

TCZK	2019	2018
Current tax	(32,066)	(17,722)
Income/expense from deferred tax changes	(66,609)	(7,122)
<b>Total income tax</b>	<b>(98,675)</b>	<b>(24,844)</b>

The reconciliation of the Income tax item and the theoretical income tax calculated from profit before tax and the calculation of the effective tax rate for 2019 and 2018 are as follows:

TCZK	2019	2018
Profit before tax	446,890	202,500
theoretical income tax calculated with the 19% tax rate	84,909	38,475
Non-tax deductible expenses (tax effect)	26,869	17,961
Revenue not subject to taxation (tax effect)	(13,973)	(32,163)
Income tax for the period	97,805	24,273
Income tax for the previous period	870	571
<b>Income tax</b>	<b>98,675</b>	<b>24,844</b>
Effective tax rate	22.08%	12.27%

The line non-tax-deductible expenses comprises principally expense relating to thin capitalisation or expense relating to recognition of allowances to Group receivables.

The line non-tax income comprises principally dividend income, income from the sale of equity investments, and income relating to release of loss allowances for Group receivables.

The lower effective tax rate in 2018 was predominantly caused by release of loss allowances for receivables within the Group in 2018.

#### 4.14. Cash and balances with banks payable on demand

TCZK	2019	2018
Cash in hand	93	86
Deposits in banks – payable on demand	400,440	315,136
<b>Total cash in hand and deposit payable on demand</b>	<b>400,533</b>	<b>315,222</b>

#### 4.15. Receivables from clients

##### 4.15.1. Receivables analysis by type of financing

TCZK	31 Dec 2019	31 Dec 2018
Receivables from finance leases	8,741,478	8,118,920
Receivables at amortised cost from provided loans	12,385,425	9,748,908
Receivables at amortised cost from instalment sale	4,935	10,718
<b>Total gross receivables from clients</b>	<b>21,131,838</b>	<b>17,878,546</b>
Allowances	(215,722)	(197,349)
<b>Total net receivables from customers</b>	<b>20,916,116</b>	<b>17,681,197</b>

Receivables from finance lease include both receivables described below in Notes 4.31 and 4.32, and billed and as yet unmade finance lease payments.

**4.15.2. Aging of Receivables from Customers**31 Dec 2019

TCZK	Not past due	Under 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Over 1 year	Total
Stage 1	18,391,080	743,687	8,203	-	-	-	19,142,970
Stage 2	1,289,632	86,122	12,838	-	-	-	1,388,592
Stage 3	313,950	179,341	49,928	7,046	16,683	33,328	600,276
<b>Gross</b>	<b>19,994,662</b>	<b>1,009,150</b>	<b>70,969</b>	<b>7,046</b>	<b>16,683</b>	<b>33,328</b>	<b>21,131,838</b>
Loss allowances	(131,846)	(35,649)	(17,509)	(2,382)	(5,810)	(22,526)	(215,722)
<b>Net</b>	<b>19,862,816</b>	<b>973,501</b>	<b>53,460</b>	<b>4,664</b>	<b>10,873</b>	<b>10,802</b>	<b>20,916,116</b>

31 Dec 2018

TCZK	Not past due	Under 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Over 1 year	Total
Stage 1	15,391,791	852,613	656	-	-	-	16,245,060
Stage 2	1,153,733	96,458	62,945	-	-	-	1,313,136
Stage 3	33,306	115,673	28,518	14,628	26,165	102,060	320,350
<b>Gross</b>	<b>16,578,830</b>	<b>1,064,744</b>	<b>92,119</b>	<b>14,628</b>	<b>26,165</b>	<b>102,060</b>	<b>17,878,546</b>
Allowances	(112,977)	(28,098)	(9,672)	(10,229)	(20,231)	(16,142)	(197,349)
<b>Net</b>	<b>16,465,853</b>	<b>1,036,646</b>	<b>82,447</b>	<b>4,399</b>	<b>5,934</b>	<b>85,918</b>	<b>17,681,197</b>

The Company records overdue receivables arising mainly from outstanding payments from finance leases and loans, and from residual principal of prematurely terminated financing contracts.

**4.15.3. Allocation of financial assets at amortised cost and finance lease receivables based on internal rating and stage of impairment**
**a) Rating stage**Corporate exposures

To each loan exposure, the Company assigns a credit risk rating stage on the rating model relevant for the exposure, debtor's segment and product type if applicable (project financing – special rating model).

The Company recognizes 2 types of rating stages for corporate exposures:

- › corporate (scale of 29 rating stages);
- › project (scale of 5 rating stages).



Rating models and credit risk rating stages are defined based on statistical models and techniques. The allocated credit risk rating stage is a result of a combination of qualitative and quantitative parameters which indicate the probability of default of the credit exposure.

Each credit exposure must be allocated to a credit risk rating stage. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk rating stage. Throughout the relation with the Company, the exposure and debtor can be transferred to a different credit risk rating stage. The monitoring typically involves use of the following data:

- › Information obtained from a borrower – request for a loan, audited financial statements, management accounts, financial budget and projections, structure of sales, customers, receivables, costs, suppliers and liabilities, bank loans structure, intragroup transactions, competitors, management, etc.;
- › Internally collected data – overdue status, fulfilment of financial covenants, internal monitoring of the client and credit exposure, and property valuation;
- › Data from credit reference agencies, press articles, changes in external credit ratings;
- › Quoted securities prices of the borrower where applicable;
- › Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.

#### Retail exposures

For retail exposures, the Company does not assign a rating stage.

### **b) Rating categories**

#### Corporate and Retail exposures

Each corporate and retail exposure has a specified probability of default (PD). And then the exposures are divided into 6 rating categories according to PD as follows:

Credit risk rating categories:	Probability of default (in %)
Excellent	0.0000–0.0300
Strong	0.0310–0.1878
Good	0.1879–1.1735
Satisfactory	1.1736–7.3344
Substandard	7.3345–99.999
Credit-impaired	100

31 Dec 2019

TCZK	Strong	Good	Satisfactory	Substandard	Credit-impaired	No rating	Total
Stage 1	706,687	12,925,757	5,427,502	56,829	-	26,195	19,142,970
Stage 2	1,250	299,686	779,609	233,866	-	74,181	1,388,592
Stage 3	-	-	-	409	599,867	-	600,276
<b>Total gross receivables</b>	<b>707,937</b>	<b>13,225,443</b>	<b>6,207,111</b>	<b>291,104</b>	<b>599,867</b>	<b>100,376</b>	<b>21,131,838</b>

31 Dec 2018

TCZK	Strong	Good	Satisfactory	Substandard	Credit-impaired	No rating	Total
Stage 1	938,904	10,139,491	4,725,995	351,333	-	89,337	16,245,060
Stage 2	2,328	70,239	821,837	384,303	-	34,429	1,313,136
Stage 3	-	93,109	-	29,784	197,457	-	320,350
<b>Total gross receivables</b>	<b>941,232</b>	<b>10,302,839</b>	<b>5,547,832</b>	<b>765,420</b>	<b>197,457</b>	<b>123,766</b>	<b>17,878,546</b>

**4.15.4. Analysis of Receivables from Customers by Sector and Type of Collateral**31 Dec 2019

<b>TCZK</b>	<b>Receivables collateralised by real estate</b>	<b>Receivables collateralised by movable assets</b>	<b>Total</b>
Agriculture, game-keeping, forestry, fishing	-	400,783	400,783
Mining of minerals	-	114,931	114,931
Production sector	137,658	3,048,098	3,185,756
Production and distribution of electricity, gas and water	-	1,452,664	1,452,664
Construction industry	-	1,123,559	1,123,559
Wholesale and retail; repair of motor vehicles, motorcycles	110,988	2,257,114	2,368,102
Accommodation and public catering	-	152,163	152,163
Banking and insurance	553,170	31,262	584,432
Transport, storage and communications	-	4,349,322	4,349,322
Activities in real estate and lease, other business activities	1,993,675	568,996	2,562,671
Public administration; obligatory social security	-	5,844	5,844
Education	-	12,738	12,738
Healthcare and social care	-	380,592	380,592
Other public, social and personal services	559,990	1,681,753	2,241,743
Activities of households	-	2,196,538	2,196,538
<b>Total</b>	<b>3,355,481</b>	<b>17,776,357</b>	<b>21,131,838</b>

31 Dec 2018

<b>TCZK</b>	<b>Receivables collateralised by real estate</b>	<b>Receivables collateralised by movable assets</b>	<b>Total</b>
Agriculture, game-keeping, forestry, fishing	-	457,968	457,968
Mining of minerals	-	81,963	81,963
Production sector	157,911	2,340,651	2,498,562
Production and distribution of electricity, gas and water	-	1,422,621	1,422,621
Construction industry	52,172	815,004	867,176
Wholesale and retail; repair of motor vehicles, motorcycles	-	2,609,209	2,609,209
Accommodation and public catering	-	175,829	175,829
Transport, storage and communications	-	4,273,362	4,273,362

TCZK	Receivables collateralised by real estate	Receivables collateralised by movable assets	Total
Activities in real estate and lease, other business activities	1,645,046	831,399	2,476,445
Public administration; obligatory social security	-	7,213	7,213
Education	-	266,158	266,158
Healthcare and social care	-	465,043	465,043
Other public, social and personal services	616,552	1,532,931	2,149,483
Activities of households	-	127,514	127,514
<b>Total</b>	<b>2,471,681</b>	<b>15,406,865</b>	<b>17,878,546</b>

Collateral accepted from client receivables is reported in the amount based on the internal evaluation prepared by a special Company department or based on expert opinions. The recoverable amount of the collateral is subsequently determined based on this value by applying a correction coefficient that reflects the ability to realise the collateral. The value of the collateral and the amount of the correction coefficients are regularly reassessed. Received collateral is reported for individual contracts up to the amount of current contract exposure.

Received collateral in respect of receivables from clients by type:

TCZK	31 Dec 2019	31 Dec 2018
Real estate pledged as collateral for a loan receivable	3,086,239	2,225,894
Real estate as a leased asset	150,791	173,411
Leased movable assets	10,252,528	8,964,908
Received guarantees	229,561	250,283
<b>Total</b>	<b>13,719,119</b>	<b>11,614,496</b>

#### 4.15.5. Receivables from clients by segment

31 Dec 2019

TCZK	Gross carrying amount	Allowances	Net carrying amount
Government institutions	1,786	(1)	1,785
Other financial institutions	584,432	(4,333)	580,099
Non-financial institutions	18,349,082	(183,752)	18,165,330
Households	2,196,538	(27,636)	2,168,902
<b>Total receivables from clients</b>	<b>21,131,838</b>	<b>(215,722)</b>	<b>20,916,116</b>

31 Dec 2018

TCZK	Gross carrying amount	Allowances	Net carrying amount
Other financial institutions	193,546	(24)	193,522
Non-financial institutions	17,557,485	(196,987)	17,360,498
Households	127,515	(338)	127,177
<b>Total receivables from clients</b>	<b>17,878,546</b>	<b>(197,349)</b>	<b>17,681,197</b>

#### 4.15.6. Structure of receivables from clients by segment and stage of impairment

31 Dec 2019

TCZK	Stage 1	Stage 2	Stage 3	Total
Government institutions	1,535	251	-	1,786
Other financial institutions	437,262	147,170	-	584,432
Non-financial institutions	16,827,434	998,841	522,807	18,349,082
Households	1,876,739	242,330	77,469	2,196,538
<b>Total gross receivables from clients</b>	<b>19,142,970</b>	<b>1,388,592</b>	<b>600,276</b>	<b>21,131,838</b>

31 Dec 2018

TCZK	Stage 1	Stage 2	Stage 3	Total
Other financial institutions	193,546	-	-	193,546
Non-financial institutions	15,924,447	1,312,863	320,175	17,557,485
Households	127,067	273	175	127,515
<b>Total gross receivables from clients</b>	<b>16,245,060</b>	<b>1,313,136</b>	<b>320,350</b>	<b>17,878,546</b>

#### 4.15.7. Participation loans

To finance some transactions, the Company concludes purpose participation loans with Raiffeisenbank a.s., the reason of which is participation in the risk of non-payment of the relevant receivable. The loans provided to the clients are thus recognised at the value less the amount of the received participation loan. Any acts made towards the borrower relating to realisation of the collateral must be approved in writing by the provider of the purpose participation loan. The total amount of the received participation loans reducing the value of the financial assets is TCZK 1,081,656 (2018: TCZK 662,372).

Overview of gross provided receivables before the reduction by the value of the participation loan

TCZK	31 Dec 2019	31 Dec 2018
50% participation	1,226,024	842,526
66.67% participation	-	248,031
100 % participation	476,469	84,932
<b>Total</b>	<b>1,702,493</b>	<b>1,175,489</b>

Due to the different timing of the cash flows, temporary differences between the value reducing financial assets and the amount of receivables from clients arise.

**4.16. Allowances for Receivables from Clients****4.16.1. Structure of allowances for receivables from clients by segment and stage of impairment**31 Dec 2019

TCZK	Stage 1	Stage 2	Stage 3	Total
Government institutions	(1)	(1)	-	(1)
Other financial institutions	(849)	(3,484)	-	(4,333)
Non-financial institutions	(28,999)	(18,887)	(135,866)	(183,752)
Households	(955)	(6,418)	(20,262)	(27,636)
<b>Allowances for Receivables from Clients</b>	<b>(30,804)</b>	<b>(28,790)</b>	<b>(156,128)</b>	<b>(215,722)</b>

31 Dec 2018

TCZK	Stage 1	Stage 2	Stage 3	Total
Other financial institutions	(24)	-	-	(24)
Non-financial institutions	(40,141)	(32,295)	(124,551)	(196,987)
Households	(293)	(9)	(36)	(338)
<b>Allowances for Receivables from Clients</b>	<b>(40,458)</b>	<b>(32,304)</b>	<b>(124,587)</b>	<b>(197,349)</b>

**4.16.2. Quantitative information about the collateral for impaired financial assets**2019

TCZK	Gross carrying amount	Security
Financial assets at amortised cost (Stage 3)	600,276	221,599
<b>Total</b>	<b>600,276</b>	<b>221,599</b>

2018

TCZK	Gross carrying amount	Security
Financial assets at amortised cost (Stage 3)	320,350	153,941
<b>Total</b>	<b>320,350</b>	<b>153,941</b>

The main types of security are movable assets and real estate.

The difference between the gross carrying amount and the amount of the collateral of TCZK 378,677 (2018: TCZK 166,409) is covered by an allowance of TCZK 156,128 (2018: TCZK 124,587). The remaining portion of TCZK 222,549 (2018: TCZK 41,822) is covered by the ability to acquire cash flows from financial assets.

**4.16.3. Changes in allowances by impairment stage**2019

TCZK	Stage 1	Stage 2	Stage 3	Total
<b>Allowances as at 1 Jan 2019</b>	<b>40,459</b>	<b>32,303</b>	<b>124,587</b>	<b>197,349</b>
Transfers between stages within year	10,328	(12,763)	2,435	-
Increase arising from originations and acquisitions	15,193	2,714	1,885	19,792
Decrease arising from full repayment of exposure	(3,739)	(2,156)	(23,407)	(29,302)
Decrease in allowance due to write-offs			(17,244)	(17,244)
Changes resulting from a change in the credit risk	(31,287)	8,861	68,336	45,910
Foreign exchange differences	(150)	(169)	(464)	(783)
<b>Allowances as at 31 Dec 2019</b>	<b>30,804</b>	<b>28,790</b>	<b>156,128</b>	<b>215,722</b>



2018

TCZK	Stage 1	Stage 2	Stage 3	Total
<b>Allowances as at 1 Jan 2018</b>	<b>24,966</b>	<b>27,602</b>	<b>143,438</b>	<b>196,006</b>
Transfers between stages within year	46,596	(5,525)	(41,071)	-
Increase arising from originations and acquisitions	21,364	4,475	4,839	30,678
Decrease arising from full repayment of exposure	(4,024)	(5,248)	(45,341)	(54,613)
Decrease in allowance due to write-offs	-	-	(2)	(2)
Changes resulting from a change in the credit risk	(48,598)	10,923	62,513	24,838
Foreign exchange differences	155	76	207	438
<b>Allowances as at 31 Dec 2018</b>	<b>40,459</b>	<b>32,303</b>	<b>124,587</b>	<b>197,349</b>

**4.16.4. Allowances for Receivables from Related Parties**

TCZK	31 Dec 2019	31 Dec 2018
Palace Holding s.r.o.	132	-
Orchideus Property, s.r.o.	239	113
Steffany's Court s.r.o.	-	99
Viktor Property, s.r.o.	207	216
Ares Property, s.r.o.	19	-
Landia – Jordánská, s.r.o.	-	73
Áté Property, s.r.o.	-	92
ALT POHLEDY s.r.o.	41,297	4,175
RLRE Beta Property, s.r.o.	2	1
RLRE Carina Property, s.r.o.	454	742
FVE Cihelna s.r.o.	77	96
CRISTAL PALACE Property, s.r.o.	56	659
Credibilis a.s.	87	94
Photon SPV 10 s.r.o.	128	-
RUBY Place s.r.o.	158	-
Dafné Property, s.r.o.	27	673
Euros Property, s.r.o.	-	113
GHERKIN, s.r.o.	-	12
Fobos Property, s.r.o.	282	203
GEONE Holešovice Two s.r.o.	34	-
Gaia Property, s.r.o.	3,483	20
GRENA REAL s.r.o.	13	484
Grainulos s.r.o.	760	-
Hypnos Property, s.r.o.	58	-
Holečkova Property, s.r.o.	52	-

TCZK	31 Dec 2019	31 Dec 2018
Hestia Property, s.r.o.	354	70
Terasa LAVANDE s.r.o.	79	87
Inó Property, s.r.o.	-	2
Don Giovanni Properties, s.r.o.	-	55
Kappa Estates s.r.o.	196	-
Kleió Property, s.r.o.	68	-
Exit 90 SPV s.r.o.	157	-
Logistický areál Hostivař, s.r.o.	180	34
Luna Property, s.r.o.	-	147
Melpomené Property, s.r.o.	57	39
NATUM Alfa s.r.o.	-	6
Niobé Property, s.r.o.	1	3
Nereus Property, s.r.o.	19	3
Ofión Property, s.r.o.	24	-
JFD Real, s.r.o.	89	61
KAPMC s.r.o.	-	181
Photon Energie s.r.o.	25	32
Photon SPV 3 s.r.o.	68	-
SIGMA PLAZA s.r.o.	127	136
RDI Czech 4 s.r.o.	51	-
Rheia Property, s.r.o.	131	148
GS55 Sazovice s.r.o.	191	-
Photon SPV 6 s.r.o.	91	-
Selene Property s.r.o.	354	21
Carolina Corner s.r.o.	151	-
Strašnická realitní a.s.	229	327
SeEnergy PT, s.r.o.	66	134
Raiffeisen FinCorp, s.r.o.	-	24
Stará 19 s.r.o.	56	-
Sirius Property, s.r.o.	252	-
Photon SPV 4 s.r.o.	89	-
UPC Real, s.r.o.	5,509	7,842
Onyx Energy s.r.o.	106	
Onyx Energy projekt II s.r.o.	101	-
Zatiší Rokytka s.r.o.	-	462
Photon SPV 8 s.r.o.	142	-
<b>Total Allowances for Receivables from Related Parties</b>	<b>56,528</b>	<b>17,679</b>

In 2019, the adjustment to receivable from ALT POHLEDY s.r.o., of TCZK 41,297 (2018: TCZK 4,175) was increased due to the reduction of expected cash flows for the repayment of the receivable to which the adjustment was created.

#### 4.17. Positive fair values of financial derivatives

In the course of its business, the Company conducts transactions with financial derivatives. Financial derivatives include interest rate swaps and forwards and are used to hedge risks and mitigate their impact.

The fair value of financial derivatives is based on valuation models that reflect the present market and contractual values of the underlying instrument similarly as the time value and yield curve or volatility factors. Subsequent to the initial recognition, financial derivatives are measured at fair value in level 2 of the fair value hierarchy. The valuation of IRS and forwards is based on quoted yield curves. These markets are active. Market inputs directly correspond to the valued instruments.

TCZK	31 Dec 2019	31 Dec 2018
Interest rate swap – held for risk management purposes	6,920	76,703
Interest rate swap – fair value hedges – hedging instrument	-	384
Interest rate swap – cash flow hedges – hedging instrument	-	11,729
Forward exchange contract	2,569	546
<b>Total</b>	<b>9,489</b>	<b>89,362</b>

In 2019, the fair value measurement was terminated due to interest rate swap termination (hedging instrument).

In 2019, cash flow hedges were terminated as the received loans (hedged items) were repaid. The effective part of the hedging instrument was reclassified from equity to profit and loss. Interest rate swaps are further reported as trading derivatives (economic hedging).

#### 4.18. Equity investments in subsidiaries

31 December 2019

	Share	Equity as at 31 Dec 2019	Share in equity	Profit (loss) for the period until 31 Dec 2019, net of tax	Net book value as at 31 Dec 2019
Raiffeisen FinCorp, s.r.o.	100 %	693,860	693,860	13,468	451,588
Létó Property s.r.o.	77 %	5,425	4,177	245	3,064
Fidurock Residential a.s.	100 %	571	571	(29)	600
Gaia Property, s.r.o.	100 %	21,760	21,760	5,114	200
Orchideus Property, s.r.o.	100 %	(4,795)	-	(724)	200
Luna Property, s.r.o.	100 %	9,224	9,224	10,930	200
Kalypso Property, s.r.o.	100 %	44	44	(3)	200
Viktor Property, s.r.o.	100 %	70,512	70,512	29,346	200
RESIDENCE PARK TŘEBEŠ, s.r.o.	100 %	9,659	9,659	87	200
Hermes Property, s.r.o.	100 %	9,817	9,817	8,883	200
RLRE Ypsilon Property, s.r.o.	100 %	(327)	-	(399)	200
RLRE Carina Property, s.r.o.	100 %	45,435	45,435	(2,749)	198

	Share	Equity as at 31 Dec 2019	Share in equity	Profit (loss) for the period until 31 Dec 2019, net of tax	Net book value as at 31 Dec 2019
Appolon Property, s.r.o.	90 %	(45,829)	-	31,300	180
Janus Property, s.r.o.	100 %	28	28	(3)	50
Médea Property, s.r.o.	100 %	104	104	105	50
Hestia Property, s.r.o.	100 %	(1,188)	-	(65)	50
Ananké Property, s.r.o.	100 %	35	35	(15)	50
Déméter Property, s.r.o.	100 %	38	38	(12)	50
Raiffeisen Direct Investments CZ s.r.o.	100 %	946	946	1,669	50
Theseus Property, s.r.o.	100 %	36	36	(14)	50
Kétó Property, s.r.o.	100 %	34	34	(16)	50
Folos Property, s.r.o.	100 %	37	37	(13)	50
Argos Property, s.r.o.	100 %	37	37	(13)	50
Aglaia Property, s.r.o.	100 %	36	36	(14)	50
Hefaistos Property, s.r.o.	100 %	36	36	(14)	50
Plutos Property, s.r.o.	100 %	36	36	(14)	50
Thaumas Property, s.r.o.	100 %	36	36	(14)	50
Ligea Property, s.r.o.	100 %	37	37	(13)	50
Dero Property, s.r.o.	100 %	38	38	(12)	50
Cranto Property, s.r.o.	100 %	38	38	(12)	50
Beroe Property, s.r.o.	100 %	37	37	(13)	50
<b>Total</b>					<b>458,130</b>

### 31 December 2018

	Share	Equity as at 31 Dec 2018	Share in equity	Profit (loss) for the period until 31 Dec 2018, net of tax	Net book value as at 31 Dec 2018
Raiffeisen FinCorp, s.r.o.	100 %	680,392	680,392	42,886	451,588
Létó Property s.r.o.	77 %	(5,230)	-	176	3,064
Gaia Property, s.r.o.	100 %	26,646	26,646	4,934	200
Orchideus Property, s.r.o.	100 %	(4,252)	-	41,808	200
Luna Property, s.r.o.	100 %	(71)	-	661	200
Kalypso Property, s.r.o.	100 %	47	47	(1)	200
Viktor Property, s.r.o.	100 %	41,165	41,165	26,148	200
RESIDENCE PARK TŘEBEŠ, s.r.o.	100 %	9,573	9,573	(97)	200
Hermes Property, s.r.o.	100 %	10,362	10,362	4,412	200
RLRE Carina Property, s.r.o.	100 %	48,184	48,184	(3,088)	198
Appolon Property, s.r.o.	90 %	(75,729)	-	14,005	180
Janus Property, s.r.o.	100 %	31	31	(3)	50

	Share	Equity as at 31 Dec 2018	Share in equity	Profit (loss) for the period until 31 Dec 2018, net of tax	Net book value as at 31 Dec 2018
Médea Property, s.r.o.	100 %	(1)	-	(254)	50
Hestia Property, s.r.o.	100 %	(1,123)	-	(1,163)	50
Nyx Property, s.r.o.	100 %	(16)	-	(34)	50
Deimos Property, s.r.o.	100 %	49	49	(1)	50
PZ PROJEKT a.s.	100 %	(107,223)	-	5,174	20
<b>Total</b>					<b>456,700</b>

The Company holds equity investments predominantly in companies trading with real estate and companies engaged in power production from renewable sources. Most subsidiaries were founded for the purpose.

All equity investments are in companies with registered offices in the Czech Republic.

The statutory accounting records of subsidiaries are maintained according to Czech Accounting Standards. The figures on equity as at 31 December 2019 and 31 December 2018, and the income statements for 2019 and 2018 are based on preliminary financial statements of the relevant companies.

Equity investments are based on economic ownership of subsidiaries that may be different from legal ownership of shares in subsidiaries. The differences are in companies with respect to which the Company concluded trust agreements for equity investments in subsidiaries with Raiffeisen - Leasing International G.m.b.H. and RLKG Raiffeisen - Leasing Gesellschaft m.b.H. Companies with a trust agreement are stated in the table below.

Corporate name	Equity investment in the company held based on a trust agreement in %
Luna Property, s.r.o.	90 %
Kalypso Property, s.r.o.	90 %
Viktor Property, s.r.o.	90 %

#### 4.19. Tangible and intangible fixed assets

##### Acquisition cost

TCZK	Balance at 31 Dec 2018	Initial application of IFRS 16	Balance at 1 Jan 2019	Additions	Disposals	Balance at 31 Dec 2019
IFA – core system	48,813	-	48,813	2,133	-	50,946
Software	10,899	-	10,899	10,561	-	21,460
Intellectual property rights	105	-	105	-	-	105
IFA - under construction	11,442	-	11,442	25,527	(13,036)	23,933
<b>Intangible assets</b>	<b>71,259</b>	<b>-</b>	<b>71,259</b>	<b>38,221</b>	<b>(13,036)</b>	<b>96,444</b>

TCZK	Balance at 31 Dec 2018	Initial application of IFRS 16	Balance at 1 Jan 2019	Additions	Disposals	Balance at 31 Dec 2019
Other buildings and land	2,728	-	2,728	-	-	2,728
Vehicles	39,930	-	39,930	8,229	(5,187)	42,972
Right to use a property	-	51,589	51,589	1,627	-	53,216
Machinery and equipment	6,267	-	6,267	1,562	-	7,829
Low value assets	1,604	-	1,604	-	-	1,604
Operating lease assets	931,960	-	931,960	546,380	(220,339)	1,258,001
FA - under construction	1,301	-	1,301	8,361	(9,662)	-
Other	2,044	-	2,044	-	(28)	2,016
<b>Fixed assets</b>	<b>985,834</b>	<b>51,589</b>	<b>1,037,423</b>	<b>566,159</b>	<b>(235,216)</b>	<b>1,368,366</b>
Buildings under operating leases	188,007	-	188,007	1,446	-	189,453
Land under operating leases	15,000	-	15 000	-	-	15 000
<b>Investment property</b>	<b>203,007</b>	<b>-</b>	<b>203,007</b>	<b>1,446</b>	<b>-</b>	<b>204,453</b>
<b>Total</b>	<b>1,260,100</b>	<b>51,589</b>	<b>1,311,689</b>	<b>605,826</b>	<b>(248,252)</b>	<b>1,669,263</b>

The right of use a property comprises principally the right to use the leased premises of the Company's office.

#### Accumulated depreciation and loss allowances

TCZK	Balance at 31 Dec 2018	Additions	Disposals	Balance at 31 Dec 2019
IFA – core system	(42,593)	(2,628)	-	(45,221)
Software	(8,682)	(902)	-	(9,584)
IFA - under construction	(690)	-	-	(690)
<b>Intangible assets</b>	<b>(51,965)</b>	<b>(3,530)</b>	<b>-</b>	<b>(55,495)</b>
Other buildings and land	(1,905)	(101)	-	(2,006)
Vehicles	(17,382)	(9,420)	5,187	(21,615)
Right to use a property	-	(8,430)	283	(8,147)
Machinery and equipment	(4,464)	(1,008)	-	(5,472)
Low value assets	(1,604)	-	-	(1,604)
Operating lease assets	(197,411)	(164,454)	48,254	(313,611)
Other	(352)	(141)	28	(465)
<b>Fixed assets</b>	<b>(223,118)</b>	<b>(183,554)</b>	<b>53,752</b>	<b>(352,920)</b>
Buildings under operating leases	(54,607)	(3,897)	-	(58,504)
<b>Investment property</b>	<b>(54,607)</b>	<b>(3,897)</b>	<b>-</b>	<b>(58,504)</b>
<b>Total</b>	<b>(329,690)</b>	<b>(190,981)</b>	<b>53,752</b>	<b>(466,919)</b>

Net Book Value

TCZK	Balance at 31 Dec 2019	Balance at 31 Dec 2018
IFA – core system	5,725	6,220
Software	11,876	2,217
Intellectual property rights	105	105
IFA - under construction	23,243	10,752
<b>Intangible assets</b>	<b>40,949</b>	<b>19,294</b>
Other buildings and land	722	823
Vehicles	21,357	22,548
Right to use a property	45,069	-
Machinery and equipment	2,357	1,803
Low value assets	-	-
FA - under construction	-	1,301
Operating lease assets	944,390	734,549
Other	1,551	1,692
<b>Fixed assets</b>	<b>1,015,446</b>	<b>762,716</b>
Buildings under operating leases	130,949	133,400
Land under operating leases	15,000	15,000
<b>Investment property</b>	<b>145,949</b>	<b>148,400</b>
<b>Total</b>	<b>1,202,344</b>	<b>930,410</b>

Depreciation and Allowances

TCZK	Balance at 31 Dec 2019	Balance at 31 Dec 2018
IFA – core system	2,628	2,771
Software	902	1,565
<b>Intangible assets</b>	<b>3,530</b>	<b>4,336</b>
Other buildings and land	101	211
Vehicles	7,762	7,237
Machinery and equipment	1,008	941
Right to use a property	8,430	-
Operating lease assets	164,454	132,006
Other	141	142
<b>Fixed assets</b>	<b>181,896</b>	<b>140,537</b>
Buildings under operating leases	3,897	3,868
<b>Investment property</b>	<b>3,897</b>	<b>3,868</b>
<b>Total</b>	<b>189,323</b>	<b>148,741</b>

The fair value of a building and land under operating leases, determined by an internal expert in real estate, is TCZK 150,000.

#### Low Value Intangible and Tangible Assets

In 2019, low value tangible assets acquired in the current accounting period and expensed directly totalled TCZK 4,467 (2018: TCZK 2,410).

#### **4.20. Current tax assets**

Current tax assets totalling TCZK 17,027 (2018: TCZK: 25,254) represent the positive difference between the income tax prepayments and the estimated current tax for the period.

#### **4.21. Other assets**

TCZK	31 Dec 2019	31 Dec 2018
Operating receivables	65,168	61,219
Prepayments made for tangible assets – leased assets	-	11,260
Acquisition of tangible assets – leased assets	57,347	220,545
Equity investments	51,243	51,802
Stamps and vouchers	2,344	1,759
Operating prepayments made	3,578	3,484
Estimated receivables – insurance	4,814	2,140
VAT entitlement for December	15,448	65,973
Other assets	14,738	11,502
<b>Total</b>	<b>214,680</b>	<b>429,648</b>

As at 31 December 2019, the line Operating receivables includes inter-company receivables of TCZK 43,396 (2018: TCZK 44,145) for services relating to the companies' operations.

As at 31 December 2019, the line Equity investments includes ownership interests in non-controlled entities totalling TCZK 51,243 (as at 31 December 2018: TCZK 51,802).

To improve accuracy of reporting, as at 31 December 2019, the Company decided to report ownership interests in non-controlled entities in the Other assets line in the Statement of financial position. In the financial statements as at 31 December 2018, ownership interests in non-controlled entities totalling TCZK 51,802 were reported in line Equity investments in subsidiaries. The above specification during the current period resulted in change in the comparable information.



#### 4.22. Payables to banks

Liabilities to bank institutions comprise received loans, principally to finance the Company's transactions. The loans are provided in CZK, EUR and USD.

As at 31 December 2019, the loans are secured by a bank guarantee from a foreign related bank of TCZK 0 (31 December 2018: TCZK 20,000) and a bank guarantee from a local related bank of TCZK 0 (2018: TCZK 1,419,800).

Short-term loans additionally include overdraft loans.

##### 4.22.1. Payables to Banks by Creditors

TCZK	31 Dec 2019	31 Dec 2018
Creditor A	-	566,752
Creditor B	20,433,083	15,278,265
Creditor C	-	-
Creditor D	-	786,182
Creditor E	-	115,142
Creditor F	-	716,221
<b>Total</b>	<b>20,433,083</b>	<b>17,462,562</b>

##### 4.22.2. Payables to Banks by maturity

TCZK	31 Dec 2019	31 Dec 2018
Within 3 months	1,609,097	1,628,954
3 months to 1 year	4,603,548	3,320,193
1 - 5 years	12,794,006	11,332,379
Over 5 years	1,426,432	1,181,036
<b>Total</b>	<b>20,433,083</b>	<b>17,462,562</b>

#### 4.23. Payables to clients

Payables to clients totalling TCZK 194,732 (2018: TCZK 80,962) comprise:

- › unreleased portion of an up-front lease payment for operating lease agreements of TCZK 6,722 (2018: TCZK 7,345);
- › up-front lease payments relating to inactive finance lease agreements of TCZK 3,138 (2018: TCZK 28,469);
- › received intra-group loan of TCZK 130,036 (2018: TCZK 0);
- › and received prepayments for the net book value, received deposits and premature payments for uninvoiced repayments of TCZK 54,836 (2018: TCZK 45,148).

#### 4.24. Negative fair values of financial derivatives

The fair value of financial derivatives is based on valuation models that reflect the present market and contractual values of the underlying instrument similarly as the time value and yield curve or volatility factors. Subsequent to the initial recognition, financial derivatives are measured at fair value on level 2 of the fair value hierarchy. The valuation of IRS and forwards is based on quoted yield curves. These markets are active. Market inputs directly correspond to the valued instruments.

TCZK	31 Dec 2019	31 Dec 2018
Interest rate swap – held for risk management purposes	867	6,160
<b>Total</b>	<b>867</b>	<b>6,160</b>

The Company uses interest rate derivatives for the hedging of the interest rate risk that relates to drawn loans.

#### 4.25. Deferred tax liability

TCZK	31 Dec 2019	31 Dec 2018
Deferred tax liability	159,197	94,817

Deferred tax liability and deferred tax asset are calculated from temporary differences in the following table:

TCZK	31 Dec 2019	31 Dec 2018
<b>Deferred tax liability</b>	<b>(168,398)</b>	<b>(135,435)</b>
Temporary differences arising from finance lease	(141,058)	(133,206)
Difference between accounting and tax value of tangible fixed assets	(27,340)	-
Revaluation of derivative instruments – cash flow hedges (deferred tax reported in equity)	-	(2,229)
<b>Deferred tax asset</b>	<b>9,201</b>	<b>40,618</b>
Difference between accounting and tax value of tangible fixed assets	-	17,408
Difference between accounting and tax allowances	1,678	15,494
Provisions	6,130	5,208
Valuation difference on acquired assets	1,393	2,508
<b>Deferred tax liability (-) / Deferred tax asset (+) total</b>	<b>(159,197)</b>	<b>(94,817)</b>

Deferred tax as at 31 December 2019 is calculated using the tax rate of 19% (31 December 2018: 19%).

**4.26. Provisions**2019

TCZK	Balance at 1 Jan 2019	Additions to provisions	Use of provisions	Release of provisions	Balance at 31 Dec 2019
Provision for bonuses	21,905	35,269	(26,550)	(4,549)	26,075
Provision for untaken holidays	4,634	1,858	-	-	6,492
Provision for contingencies and financial guarantees	3,491	3,017	-	(3,414)	3,094
Provision for severance pay	-	2,152	-	-	2,152
Other provisions	871	2,876	(35)	(750)	2,962
	<b>30,901</b>	<b>45,172</b>	<b>(26,585)</b>	<b>(8,713)</b>	<b>40,775</b>

2018

TCZK	Balance at 1 Jan 2018	Additions to provisions	Use of provisions	Release of provisions	Balance at 31 Dec 2018
Provision for bonuses	16,757	36,496	(25,941)	(5,407)	21,905
Provision for untaken holidays	6,344	-	-	(1,710)	4,634
Provision for contingencies and financial guarantees	3,633	-	-	(142)	3,491
Income tax provision	51,283	-	51,283	-	-
Provision for severance pay	879	-	(879)	-	-
Other provisions	3,322	-	(104)	(2,347)	871
	<b>82,218</b>	<b>36,496</b>	<b>(78,207)</b>	<b>(9,606)</b>	<b>30,901</b>

**4.26.1. Structure of provision for contingencies and financial guarantees by impairment**31 Dec 2019

TCZK	Stage 1	Stage 2	Stage 3	Total
Provision for contingencies and financial guarantees	(2,851)	(243)	-	(3,094)

31 Dec 2018

TCZK	Stage 1	Stage 2	Stage 3	Total
Provision for contingencies and financial guarantees	(3,452)	(39)	-	(3,491)

As at 31 December 2019, total credit commitments which represent loans and financial leases already concluded but not yet drawn were TCZK 659,216 (as at 31 December 2018: TCZK 1,357,951).

As at 31 December 2019, the Company provided intra-group guarantee totalling TCZK 246,419 (as at 31 December 2018: TCZK 2,665,278).

#### 4.26.2. Changes in provisions for contingencies and financial guarantees

##### 2019

TCZK	Stage 1	Stage 2	Stage 3	Total
Provision for contingencies and financial guarantees As at 1 Jan 2019	(3,452)	(39)	-	(3,491)
Changes resulting from a change in the credit risk (net)	601	(204)	-	397
Provision for contingencies and financial guarantees As at 31 Dec 2019	(2,851)	(243)	-	(3,094)

##### 2018

TCZK	Stage 1	Stage 2	Stage 3	Total
Provision for contingencies and financial guarantees As at 1 Jan 2018	(3,187)	(446)	-	(3,633)
Changes resulting from a change in the credit risk (net)	(265)	407	-	142
Provision for contingencies and financial guarantees As at 31 Dec 2018	(3,452)	(39)	-	(3,491)

#### 4.27. Other liabilities

TCZK	31 Dec 2019	31 Dec 2018
Payables to suppliers	37,042	85,102
Payables to employees	-	8,064
Payables to tax authority	-	2,282
Social security and health insurance liabilities	-	4,099
Lease liability	44,479	-
Accruals for wages, social security and health insurance payments	14,034	-
Accruals payables for insurance	18,748	9,358
Accruals for operations	19,018	9,757
Deferred revenues – early paid interest	1,666	1,797
Deferred revenues – other	113	160
Other	19,184	60,142
<b>Total</b>	<b>154,284</b>	<b>180,761</b>

The year-on-year increase in lease liability is due to the initial application of the new IFRS 16 (Leases) as at 1 January 2019.

#### **4.28. Equity**

##### Share capital

As at 31 December 2019, the amount of the paid-in share capital is TCZK 450,000 (as at 31 December 2018: TCZK 450,000).

##### Cash-flow hedge reserve

As a result of revaluation of the interest rate swap hedging the cash flows in the hedge accounting (i.e. effective hedging), the other comprehensive income in 2018 reported a change of TCZK 742 (due to deferred tax of TCZK 141).

In 2019, cash flow hedging was cancelled due to the termination of hedging relationship and the positive valuation difference of TCZK 11,729 (i.e. before the impact of deferred tax of TCZK 2,229) was transferred from cash-flow hedge into the statement of profit or loss.

##### Dividends

In 2019, dividend was paid to the sole shareholder of TCZK 175,000. In 2018, the Company did not pay out any dividends.

#### **4.29. Fair values of financial assets and liabilities – level 3**

Level 3 category is the category of financial instruments measured at fair value determined using the techniques based on input information not based on data observable on the market.

The Company used the following methods and estimates in determining the fair values of financial assets and liabilities.

##### Cash and balances with banks payable on demand

Reported cash and balances with banks payable on demand correspond to their fair values.

##### Receivables from clients

The fair values of receivables with a variable interest rate that are often remeasured or receivables with the final maturity within one year for which the credit risk changes are immaterial are essentially equivalent to the reported amounts.

The fair values of fixed-rate loans are estimated based on discounted cash flows using the discount interest rate that is standard for loans with similar terms and conditions provided to borrowers with a similar risk profile, including the impact of collateral.

The fair values of delinquent loans are estimated based on discounted cash flows, including proceeds from a collateral foreclosure, if any.

Payables to Banks and Clients

The fair values of deposits repayable on demand at the reporting date are equal to the amounts repayable on demand (i.e. their reported amounts).

The carrying amounts of variable-rate payables are essentially equivalent to their fair values at the reporting date.

The fair values of fixed-rate payables are estimated based on discounted cash flows using market interest rates.

31 Dec 2019

TCZK	Carrying amounts	Fair values	Difference
Cash and balances with banks	400,533	400,533	-
Receivables from clients	20,916,116	21,324,682	408,566
Payables to Banks and Clients	20,627,815	20,929,262	301,447

31 Dec 2018

TCZK	Carrying amounts	Fair values	Difference
Cash and balances with banks	315,222	315,222	-
Receivables from clients	17,681,197	17,792,426	111,229
Payables to Banks and Clients	17,543,524	17,478,577	(64,947)

**4.30. Financial Derivatives**

Off-balance sheet follows financial derivatives in nominal values:

TCZK	31 Dec 2019	31 Dec 2018
Interest rate swap - cash flow hedging	-	611,311
Interest rate swap - fair value hedging	-	72,351
Interest rate swap - economic hedging	856,067	6,709,243
<b>Total interest rate swap</b>	<b>856,067</b>	<b>7,392,905</b>
Forward exchange contract - receivables – economic hedging	70,000	70,000
Forward exchange contract - liabilities – economic hedging	(67,431)	(67,902)
<b>Total forward exchange contract</b>	<b>2,569</b>	<b>2,098</b>

Residual maturity of financial derivatives by contractual non-discounted cash flows:

31 Dec 2019

TCZK	Within 1 year	1–5 years	More than 5 years	Total
Interest rate swap - economic hedging	-	856,067	-	856,067
<b>Total interest rate swap</b>	<b>-</b>	<b>856,067</b>	<b>-</b>	<b>856,067</b>
Forward exchange contract - receivables – economic hedging	70,000	-	-	70,000
Forward exchange contract - liabilities – economic hedging	(67,431)	-	-	(67,431)
<b>Total forward exchange contract</b>	<b>2,569</b>	<b>-</b>	<b>-</b>	<b>2,569</b>

31 Dec 2018

TCZK	Within 1 year	1–5 years	More than 5 years	Total
Interest rate swap – economic hedging	123,322	5,554,068	1,031,853	6,709,243
Interest rate swap - cash flow hedging	199,344	411,967	-	611,311
Interest rate swap - fair value hedges	1 605	70,746	-	72,351
<b>Total interest rate swap</b>	<b>324,271</b>	<b>6,036,781</b>	<b>1,031,853</b>	<b>7,392,905</b>
Forward exchange contract - receivables – economic hedging	-	70,000	-	70,000
Forward exchange contract - liabilities – economic hedging	-	(67,902)	-	(67,902)
<b>Total forward exchange contract</b>	<b>-</b>	<b>2,098</b>	<b>-</b>	<b>2,098</b>

#### 4.31. Ageing of Receivables from Finance Leases

TCZK	31 Dec 2019	31 Dec 2018
<b>Gross investments in finance leases</b>	<b>9,284,468</b>	<b>8,651,033</b>
Under 3 months	700,927	616,106
3 months to 1 year	2,189,531	1,983,649
1–5 years	5,920,230	5,667,597
Over 5 years	473,780	383,681
<b>Unrealised financial income</b>	<b>542,990</b>	<b>532,113</b>
Under 3 months	63,987	61,823
3 months to 1 year	160,456	156,351
1–5 years	285,486	292,491
Over 5 years	33,061	21,448
<b>Net investments in finance leases</b>	<b>8,741,478</b>	<b>8,118,920</b>

**4.32. Structure of Assets Held under Finance Leases**

<b>TCZK</b>	<b>2019</b>	<b>2018</b>
Lease of motor vehicles	6,433,803	5,760,486
Lease of real estate	151,279	173,416
Lease of facilities	2,156,396	2,185,018
<b>Total</b>	<b>8,741,478</b>	<b>8,118,920</b>

**4.33. Future Operating Lease Payments of the Lessor**

<b>TCZK</b>	<b>2019</b>	<b>2018</b>
Under 1 year	273,827	213,378
1–5 years	338,864	269,587
<b>Total</b>	<b>612,691</b>	<b>482,965</b>



## 5. RELATED PARTY TRANSACTIONS

Related party transactions include transactions with entities from the Raiffeisen group.

### 5.1. Trade receivables and payables

	Receivables at 31 Dec		Payables at 31 Dec	
	2019	2018	2019	2018
Raiffeisenbank, a.s.	261	465	46,653	3,615
Raiffeisen FinCorp, s.r.o.	124	30	-	-
Maloja Investment SICAV a.s.	-	4	-	-
Aglaia Property, s.r.o.	1	-	-	-
Ananke Property, s.r.o.	1	-	-	-
Astra Property, s.r.o.	114	129	-	-
Ares Property, s.r.o.	205	-	-	-
ALT POHLEDY s.r.o.	140	51	-	-
Beroe Property, s.r.o.	1	-	-	-
Boreas Property, s.r.o.	661	140	-	-
Carolina Corner s.r.o.	1,313	-	-	-
CRISTAL PALACE Property, s.r.o.	380	319	-	-
Daimon Property, s.r.o.	267	-	-	-
Dafné Property, s.r.o.	267	694	-	-
Don Giovanni Properties, s.r.o.	-	1,326	-	-
Eunomia Property, s.r.o.	1,242	-	-	-
Erató Property, s.r.o.	-	58	-	-
FIDUROCK Projekt 18, s.r.o.	123	-	-	-
FIDUROCK Projekt 20, s.r.o.	226	-	-	-
Fidurock Residential a.s.	29	-	-	-
FVE Cihelna s.r.o.	-	12	-	-
GEONE Holešovice Two s.r.o.	307	-	-	-
Grainulos s.r.o.	172	231	-	-
Hefaistos Property, s.r.o.	1	-	-	-
Hypnos Property, s.r.o.	625	118	-	-
Hyperion Property, s.r.o.	-	108	-	-
Holečkova Property, s.r.o.	362	571	-	-
Chronos Property, s.r.o.	232	248	-	-
Iris Property, s.r.o.	179	786	-	-

	Receivables at 31 Dec		Payables at 31 Dec	
	2019	2018	2019	2018
Kaliope Property, s.r.o.	99	-	-	-
Kappa Estates, s.r.o.	1,691	808	-	-
KARAT s.r.o.	31	-	-	-
Kétó Property, s.r.o.	6	-	-	-
Kleió Property, s.r.o.	354	57	-	-
Ligea Property, s.r.o.	1	-	-	-
Photon SPV 3, s.r.o.	204	161	-	-
UPC Real, s.r.o.	1,223	462	-	-
Appolon Property, s.r.o.	3	17	-	-
Photon SPV 8 s.r.o.	426	305	-	-
Exit 90 SPV s.r.o.	473	376	-	-
Gaia Property, s.r.o.	160	249	-	-
GHERKIN, s.r.o.	-	190	-	-
Hermes Property, s.r.o.	541	930	-	-
Photon SPV 10 s.r.o.	384	302	-	-
Photon SPV 11 s.r.o.	-	336	-	-
Na Stárce, s.r.o.	134	186	-	-
Steffany's Court s.r.o.	-	1,236	-	-
Melpomené Property, s.r.o.	1,231	660	-	-
Ofión Property, s.r.o.	274	66	-	-
Onyx Energy Projekt II s.r.o.	595	213	-	-
Onyx Energy s.r.o.	316	252	-	-
Palace Holding, s.r.o.	429	123	-	-
PILSENINVEST SICAV, a.s.	10	10	-	-
Plutos Property, s.r.o.	1	-	-	-
Photon SPV 6 s.r.o.	273	214	-	-
Photon SPV 4 s.r.o.	267	190	-	-
KAPMC s.r.o.	481	868	-	-
Pontos Property, s.r.o.	6,841	6,805	-	-
RESIDENCE PARK TŘEBEŠ, s.r.o.	19	79	-	-
RLRE Beta Property, s.r.o.	220	577	-	-
RLRE Carina Property, s.r.o.	544	2,865	-	-

	Receivables at 31 Dec		Payables at 31 Dec	
	2019	2018	2019	2018
RLRE Eta Property, s.r.o.	191	284	-	-
RLRE Jota Property, s.r.o.	-	271	-	-
RUBY Place s.r.o.	1,656	-	-	-
Selene Property, s.r.o.	4,538	5,108	-	-
SeEnergy PT s.r.o.	165	122	-	-
Sirius Property, s.r.o.	2,818	448	-	-
Stará 19 s.r.o.	1	-	-	-
Strašnická realitní a.s.	611	446	-	-
Thaumas Property, s.r.o.	1	-	-	-
Theia Property, s.r.o.	-	4	-	-
Viktor Property, s.r.o.	106	85	-	-
Vlhká 26 s.r.o.	1	-	-	-
Zátiší Rokytka s.r.o.	1,769	196	-	-
Credibilis a.s.	546	1,181	-	-
FORZA SOLE s.r.o.	-	387	-	-
Hébé Property, s.r.o.	23	26	-	-
Luna Property, s.r.o.	108	474	-	-
Orchideus Property, s.r.o.	3	4,320	-	-
Landia – Jordánská, s.r.o.	-	185	-	-
Áté Property, s.r.o.	-	1,206	-	-
Apaté Property, s.r.o.	120	129	-	-
Fobos Property, s.r.o.	1,511	95	-	-
GRENA REAL s.r.o.	468	738	-	-
Hestia Property, s.r.o.	207	530	-	-
Terasa LAVANDE s.r.o.	1,246	566	-	-
Logistický areál Hostivař, s.r.o.	1,286	1,477	-	-
Médea Property, s.r.o.	13	88	-	-
NATUM Alfa s.r.o.	-	428	-	-
Nereus Property, s.r.o.	-	6	-	-
JFD Real, s.r.o.	352	595	-	-
SIGMA PLAZA s.r.o.	1,398	1,284	-	-
<b>Total</b>	<b>43,602</b>	<b>44,506</b>	<b>46,653</b>	<b>3,615</b>

In addition, the Company recognised a payable of TCZK 867 (2018: TCZK 6,160) and a receivable of TCZK 2,572 (2018: TCZK 77,249) in respect of Raiffeisenbank a.s., arising from concluded derivatives.

As at 31 December 2019, the Company recognised a balance on bank accounts with Raiffeisenbank, a.s. of TCZK 316,164 (2018: TCZK 247,548). As at 31 December 2019, the balance on the bank account held at Raiffeisen Bank International AG is TCZK 2,581 (2018: TCZK 2,909).

In 2018, an adjustment of TCZK 2,929 was created to receivables from Orchideus Property, s.r.o. In 2019, the adjustment remained unchanged.

## 5.2. Sales and purchases

	Sales for year		Purchases for year	
	2019	2018	2019	2018
Raiffeisenbank a.s.	30,727	53,792	102,994	154,527
Raiffeisen Bank International AG	-	-	2,601	3,339
RLRE Beta Property, s.r.o.	881	1,332	-	-
RLRE Eta Property, s.r.o.	2,332	1,039	-	-
RLRE Jota Property, s.r.o.	-	1,589	-	-
RLRE Ypsilon Property, s.r.o.	-	9	-	-
Selene Property, s.r.o.	15,653	9,672	-	-
Sirius Property, s.r.o.	9,486	2,037	-	-
Gaia Property, s.r.o.	3,220	1,760	-	-
Dafné Property, s.r.o.	1,934	1,543	-	-
Carolina Corner s.r.o.	4,249	-	-	-
CRISTAL PALACE Property, s.r.o.	1,779	931	-	-
Credibilis a.s.	3,357	3,349	-	-
FVE Cihelna s.r.o.	3,066	3,644	-	-
RLRE Carina Property, s.r.o.	2,695	2,580	-	-
Appolon Property, s.r.o.	24	62	-	-
Ares Property, s.r.o.	281	-	-	-
Boreas Property, s.r.o.	513	199	-	-
Daimon Property, s.r.o.	781	-	-	-
Iris Property, s.r.o.	104	1,179	-	-
Orchideus Property, s.r.o.	1,327	2,033	-	-
Raiffeisen FinCorp, s.r.o.	4,254	10,496	-	-
Chronos Property, s.r.o.	801	881	-	-
UPC Real, s.r.o.	3,684	3,056	-	-
ALT POHLEDY s.r.o.	11,377	10,235	-	-

	Sales for year		Purchases for year	
	2019	2018	2019	2018
Photon SPV 3 s.r.o.	2,231	1,593	-	-
Photon Energie s.r.o.	1,484	1,361	-	-
Don Giovanni Properties, s.r.o.	-	5,297	-	-
Hermes Property, s.r.o.	1,391	2,067	9	22
Holečková Property, s.r.o.	729	865	-	-
Hyperion Property, s.r.o.	-	479	-	-
Kappa Estates s.r.o.	5,806	2,663	-	-
KARAT s.r.o.	1,016	-	-	-
Kleio Property, s.r.o.	1,223	201	-	-
Hypnós Property, s.r.o.	2,055	369	-	-
Luna Property, s.r.o.	700	1,816	-	-
Erató Property, s.r.o.	229	(61)	-	-
GHERKIN, s.r.o.	-	672	-	-
Eunomia Property, s.r.o.	4,662	-	-	-
Euros Property, s.r.o.	-	4,931	-	-
Exit 90 SPV s.r.o.	4,968	3,498	-	-
FIDUROCK Projekt 18, s.r.o.	263	-	-	-
FIDUROCK Projekt 20, s.r.o.	597	-	-	-
FORZA SOLE s.r.o.	-	1,442	-	-
GEONE Holešovice Two s.r.o.	1,253	-	-	-
Inó Property, s.r.o.	1	-	-	-
Maloja Investment SICAV a.s.	-	624	-	-
Grainulos s.r.o.	573	284	-	-
GS55 Sazovice s.r.o.	2,415	102	-	-
Médea Property, s.r.o.	259	85	-	-
Melpomené Property, s.r.o.	5,667	3,614	-	-
Steffany's Court s.r.o.	-	3,440	-	-
Neptun Property, s.r.o.	-	24	-	-
Nyx Property, s.r.o.	91	-	-	-
Ofión Property, s.r.o.	943	249	-	-
Onyx Energy projekt II s.r.o.	3,212	2,259	-	-
Onyx Energy s.r.o.	3,374	2,388	-	-
Palace Holding, s.r.o.	1,573	413	-	-
Photon SPV 10 s.r.o.	4,027	2,826	-	-

	Sales for year		Purchases for year	
	2019	2018	2019	2018
Photon SPV 11 s.r.o.	-	3,578	-	-
Photon SPV 6 s.r.o.	2,905	2,051	-	-
Photon SPV 8 s.r.o.	4,466	3,116	-	-
Photon SPV 4 s.r.o.	2,851	1,998	-	-
PILSENINVEST SICAV, a.s.	120	120	-	-
PZ Projekt a.s.	-	5,122	-	582
Viktor Property, s.r.o.	8,235	8,082	-	-
Rheia Property, s.r.o.	3,934	3,865	-	-
Theia Property, s.r.o.	348	36	-	-
RESIDENCE PARK TŘEBEŠ, s.r.o.	74	172	-	-
RUBY Place s.r.o.	5,852	-	-	-
SeEnergy PT s.r.o.	1,055	394	-	-
Stará 19 s.r.o.	117	-	-	-
Strašnická realitní a.s.	4,375	576	-	-
Zátiší Rokytka s.r.o.	17,379	2,409	-	-
Astra Property, s.r.o.	403	445	-	-
Hébé Property, s.r.o.	88	107	-	-
Na Stárce, s.r.o.	915	645	-	-
KAPMC s.r.o.	4,244	2,077	-	-
Landia – Jordánská, s.r.o.	-	359	-	-
Áté Property, s.r.o.	(350)	1,427	-	-
Apaté Property, s.r.o.	492	430	-	-
Fobos Property, s.r.o.	5,492	194	-	-
GRENA REAL s.r.o.	2,760	763	-	-
Hestia Property, s.r.o.	1,940	1,611	-	-
Terasa LAVANDE s.r.o.	5,629	2,649	-	-
Logistický areál Hostivař, s.r.o.	4,452	2,250	-	-
NATUM Alfa s.r.o.	-	356	-	-
Nereus Property, s.r.o.	1,195	36	-	-
JFD Real, s.r.o.	2,719	866	-	-
SIGMA PLAZA s.r.o.	6,693	4 123	-	-
Niobé Property, s.r.o.	2	1	-	-
<b>Total</b>	<b>241,652</b>	<b>204,777</b>	<b>105,604</b>	<b>158,470</b>

Sales primarily include interest revenue from bank accounts, derivatives and granted loans and fees for related party administration.

Purchases primarily include provided services regarding treasury (costs of provided guarantees to received loans, interest expense, banking fees), costs relating to derivative instruments, risk management and rental including services relating to the lease of office premises.

The relation to Raiffeisenbank a.s. is described in Note 1.2. Raiffeisen Bank International AG is a group entity (the shareholder of Raiffeisenbank a.s.).

### 5.3. Received Loans and Borrowings

	31 Dec 2019	31 Dec 2018
Raiffeisenbank a.s.	20,433,083	15,278,263
Raiffeisen FinCorp, s.r.o.	130,036	-
<b>Total</b>	<b>20,563,119</b>	<b>15,278,263</b>

Loans are provided as uncollateralised.

### 5.4. Granted Loans

	31 Dec 2019	31 Dec 2018
RLRE Carina Property, s.r.o.	25,860	18,958
Orchideus Property, s.r.o.	53,377	46,239
UPC Real, s.r.o.	65,154	72,620
Inó Property, s.r.o.	39	39
Euros Property, s.r.o.	-	71,091
Viktor Property, s.r.o.	111,899	130,105
Rheia Property, s.r.o.	65,366	86,564
RLRE Beta Property, s.r.o.	800	798
Ares Property, s.r.o.	14,528	-
ALT POHLEDY s.r.o.	190,913	202,476
Carolina Corner s.r.o.	91,683	-
FVE Cihelna s.r.o.	41,158	68,341
Daimon Property, s.r.o.	73,774	-
Eunomia Property, s.r.o.	80,078	-
Exit 90 SPV s.r.o.	80,737	-
FIDUROCK Projekt 18, s.r.o.	29,842	-
FIDUROCK Projekt 20, s.r.o.	81,146	-

	31 Dec 2019	31 Dec 2018
GEONE Holešovice Two s.r.o.	28,871	-
Grainulos s.r.o.	17,231	-
Niobé Property, s.r.o.	111	89
Holečkova Property, s.r.o.	43,927	-
Hypnos Property, s.r.o.	51,012	-
Iris Property, s.r.o.	4,385	-
Kappa Estates, s.r.o.	172,179	-
KARAT s.r.o.	60,201	-
Kleió Property, s.r.o.	59,513	-
Na Stárce, s.r.o.	20,084	-
Onyx Energy projekt II s.r.o.	51,367	-
Onyx Energy s.r.o.	53,746	-
Ofión Property, s.r.o.	20,921	-
Palace Holding s.r.o.	54,572	-
Photon Energie s.r.o.	25,166	31,192
Photon SPV 10 s.r.o.	65,212	-
Photon SPV 6 s.r.o.	46,336	-
Photon SPV 8 s.r.o.	72,296	-
Photon SPV 4 s.r.o.	45,439	-
Photon SPV 3 s.r.o.	34,740	-
RDI Czech 4 s.r.o.	45,667	-
RLRE Eta Property, s.r.o.	46,837	-
RUBY Place s.r.o.	115,540	-
Selene Property, s.r.o.	309,477	18,560
Sirius Property, s.r.o.	231,105	-
Stará 19 s.r.o.	48,807	-
Credibilis a.s.	77,057	81,585
Hestia Property, s.r.o.	82,020	28,335
Raiffeisen FinCorp, s.r.o.	-	193,547
Maloja Investment SICAV a.s.	-	106,048
Landia – Jordánská, s.r.o.	-	62,832
Áté Property, s.r.o.	-	77,770
Apaté Property, s.r.o.	18,031	19,364
CRISTAL PALACE Property, s.r.o.	54,309	66,954



	31 Dec 2019	31 Dec 2018
Dafné Property, s.r.o.	28,143	74,989
GHERKIN, s.r.o.	-	26,040
Fobos Property, s.r.o.	116,391	147,730
Gaia Property, s.r.o.	146,422	146,395
GRENA REAL s.r.o.	81,122	85,813
TERASA LVANDE s.r.o.	108,900	73,822
Don Giovanni Properties, s.r.o.	-	48,164
Logistický areál Hostivař, s.r.o.	158,097	29,546
Luna Property, s.r.o.	-	53,087
Melpomené Property, s.r.o.	50,453	33,863
NATUM Alfa s.r.o.	-	5,025
Steffany's Court s.r.o.	-	134,292
Nereus Property, s.r.o.	65,844	2,707
JFD Real, s.r.o.	67,169	70,135
KAPMC s.r.o.	94,660	157,308
Peitó Property, s.r.o.	-	74
SIGMA PLAZA s.r.o.	123,367	115,807
GS55 Sazovice s.r.o.	47,320	20,013
Strašnická realitní a.s.	97,359	103,720
SeEnergy PT s.r.o.	29,370	35,177
Zátiší Rokytka s.r.o.	237,855	248,031
<b>Total loans and borrowings</b>	<b>4,414,985</b>	<b>2,995,245</b>
<b>Revaluation of a collateralised loan</b>	<b>(762)</b>	<b>(1,245)</b>
<b>Total</b>	<b>4,414,223</b>	<b>2,994,000</b>

## 6. LEGAL DISPUTES

### Legal disputes relating to monetary supplies

As at 31 December 2019, Raiffeisen - Leasing, s.r.o., there were active court litigations where the Company was as a plaintiff and where sued total amounts were at TCZK 3,783 (31 December 2018: TCZK 6,870).

In the case of a major passive litigation, there was an agreement reached on its amicable termination as at 31 December 2019. The litigation is formally settled as at the date of preparation of these financial statements.

As at 31 December 2019, the Company's management assessed all other passive litigations against the Company. Based on the assessment of these litigations in terms of the risk of possible loss and the amounts that are the subject of these litigations, the Company did not recognize any provision in connection with these passive litigations as at 31 December 2019.

### Other disputes

In September 2014, the Company became another defendant in the proceedings on ineffectiveness of juridical acts, specifically a contract for the transfer of an ownership interest in ALT POHLEDY s.r.o. concluded between ALTENERGIE DEVELOP s.r.o. as the transferor and the Company as the acquirer. The action was filed with the District Court in Svitavy by RR-Inkasní s.r.o., initially against ALT POHLEDY s.r.o. and subsequently against the Company (see above). The proceedings were suspended until the decision is made in another dispute between RR-Inkasní s.r.o. and ALTENERGIE DEVELOP s.r.o. The Company does not expect the renewal of these proceedings sooner than in several years. Based on the assessment of this dispute in terms of the risk of possible loss, the Company did not recognize any provision in connection with this dispute as at 31 December 2019.

## 7. RISK MANAGEMENT

### 7.1. Credit Risk

The credit risk of the Company primarily relates to receivables arising from contracts for financing (lease contracts, loan contracts, instalment sale contracts). The risk of lease and loan receivables is largely covered by collateral. The Company requires the provided receivables to be secured before being provided. The Company considers collaterals in the form of real estate, machinery and equipment and bank guarantees acceptable security reducing the gross credit exposure. In determining the recoverable amount of the collateral for the purposes of calculating the allowances, the Company uses an internal appraisal prepared by a special department or expert reports. The recoverable amount of the collateral is subsequently determined based on this value by applying a correction coefficient that reflects the ability to realise the collateral. The value of the collateral and the amount of the correction coefficients are regularly reassessed.

The collateral is reflected in the calculation of the allowances only if there is a provable and enforceable legal claim to realisation of the collateral, the extent of the collateral is clear and uncontested and the collateralised liability is properly documented. Regardless of the reflected collateral, the Company continues to fully assess the credit risk connected with the relevant exposure.

The credit risk in respect of liquid funds is limited, as the counterparties are banks with high rating by international rating agencies.

The Company reports no significant concentration of credit risks as its exposures are distributed among a significant number of counterparties and clients.

The credit risk is monitored on a monthly basis in monitoring the receivables, allowances, default rates, and structure of the portfolio by rating. The assessment is made by the Receivables Committee that approves the amount of allowances. Members of the committee are the Company's statutory representatives, risk department manager, workout department, administrative department manager, accounting department manager and the controlling department manager.

Furthermore, there is a Committee for distressed loans, which meets at least once a month and makes decisions with the aim to achieve the highest net present values of receivables relating to the Company's exposures, taking into account the risks connected with every alternative Workout strategy.

	Balance sheet exposure (carrying amount)	Off-balance sheet exposure (carrying amount)	Total exposure (carrying amount)	Total collateral
<b>31 Dec 2019</b>				
<b>ASSETS</b>				
Cash and balances with banks payable on demand	400,533	-	400,533	-
Receivables from clients	21,131,838	905,635	22,037,473	13,719,119
Allowance for receivables from clients	(215,722)	-	(215,722)	-
Positive fair values of financial derivatives	9,489	-	9,489	-
Equity investments in subsidiaries	458,130	-	458,130	-
Intangible fixed assets	40,949	-	40,949	-
Tangible fixed assets	1,015,446	-	1,015,446	-
Investment property	145,949	-	145,949	-
Current tax assets	17,027	-	17,027	-
Other assets	214,680	-	214,680	-
<b>TOTAL ASSETS</b>	<b>23,218,319</b>	<b>905,635</b>	<b>24,123,954</b>	<b>13,719,119</b>
<b>31 Dec 2018</b>				
<b>ASSETS</b>				
Cash and balances with banks payable on demand	315,222	-	315,222	-
Receivables from clients	17,878,546	4,023,229	21,901,775	13,028,567
Allowance for receivables from clients	(197,349)	-	(197,349)	-
Positive fair values of financial derivatives	89,362	-	89,362	-
Equity investments in subsidiaries	456,700	-	456,700	-
Intangible fixed assets	19,294	-	19,294	-
Tangible fixed assets	762,716	-	762,716	-
Investment property	148,400	-	148,400	-
Current tax assets	25,254	-		
Other assets	429,684	-	429,684	-
<b>TOTAL ASSETS</b>	<b>19,927,829</b>	<b>4,023,229</b>	<b>23,951,058</b>	<b>13,028,567</b>

The value of the collateral as at 31 December 2018 differs from the collateral disclosed in Note 4.30 by the value of the received collateral to the off-balance sheet exposure.

## 7.2. Interest Rate Risk

Interest rate risk is the risk of loss from the difference between interest expense and interest revenue, i.e. the risk that the interest rate of receivables from contracts for financing may change differently than the interest rate based on which these receivables are refinanced (fixed and floating rates). Contracts that are financed using fixed rates are hedged through interest rate swaps, or the financing drawn bears a fixed rate. On the basis of contracts for interest rate swaps, the Company undertakes to swap the difference between the amount of fixed and variable interest calculated from contracted principal amounts.

Financial risk management and reporting in the Company follows the Framework agreement on the provision of services concluded between the Company and Raiffeisenbank a. s. ("RBCZ"), and the principles of Raiffeisen Bank International Capital Markets Rule Book. Under this agreement, authorised persons from the HO Asset & Liability Management department of RBCZ are responsible for ALM activities. The Company's intent is not to speculate with market movements and expose itself to the market risk. The Company may assume the market risk only in such situations and in such quantity as deemed necessary to facilitate day-to-day refinancing administration. To mitigate market risks, liquid, foreign currency and interest limits are reported and monitored by HO Market Risk department of RBCZ.

According to the calculation of the interest rate sensitivity, the increase in interest rates by 1 bp would result in a decrease of the Company's profit by TCZK 92 (2018: TCZK 377).

The table for 2019 (2018) includes assets and liabilities structured by the risk of a change in the interest rate.

31 Dec 2019	Under 3 months	3 months to 1 year	1 - 5 years	Over 5 years	On request	Unspecified	Total
<b>ASSETS</b>							
Cash and balances with banks payable on demand	-	-	-	-	400,533	-	400,533
Receivables from clients	4,273,410	53,917	13,773,993	3,030,518	-	-	21,131,838
Allowance for receivables from clients	(59,596)	(40)	(109,163)	(46,923)	-	-	(215,722)
Positive fair values of financial derivatives	9,489	-	-	-	-	-	9,489
Equity investments in subsidiaries	-	-	-	-	-	458,130	458,130
Intangible fixed assets	-	-	-	-	-	40,949	40,949
Tangible fixed assets	-	-	-	-	-	1,015,446	1,015,446
Investment property	-	-	-	-	-	145,949	145,949
Current tax assets	-	-	-	-	-	17,027	17,027
Other assets	-	-	-	-	-	214,680	214,680
<b>TOTAL ASSETS</b>	<b>4,223,303</b>	<b>53,877</b>	<b>13,664,830</b>	<b>2,983,595</b>	<b>400,533</b>	<b>1,892,181</b>	<b>23,218,319</b>
<b>LIABILITIES</b>							
Payables to banks	3,738,699	246,108	8,191,435	8,256,841	-	-	20,433,083
Payables to clients	194,732	-	-	-	-	-	194,732
Negative fair value financial derivatives	867	-	-	-	-	-	867
Deferred tax liability	-	-	-	-	-	159,197	159,197
Provisions	-	-	-	-	-	40,775	40,775
Other liabilities	-	-	-	-	-	154,284	154,284
Share capital	-	-	-	-	-	450,000	450,000
Retained profits/accumulated losses	-	-	-	-	-	1,437,166	1,437,166
Profit for the period	-	-	-	-	-	348,215	348,215
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,934,298</b>	<b>246,108</b>	<b>8,191,435</b>	<b>8,256,841</b>	<b>-</b>	<b>2,589,637</b>	<b>23,218,319</b>
<b>OFF-BALANCE SHEET</b>							
Interest rate swap – economic hedging	-	-	824,915	31,152	-	-	856,067
<b>TOTAL OFF-BALANCE SHEET</b>	<b>-</b>	<b>-</b>	<b>824,915</b>	<b>31,152</b>	<b>-</b>	<b>-</b>	<b>856,067</b>

31 Dec 2018	Under 3 months	3 months to 1 year	1 - 5 years	Over 5 years	On request	Unspecified	Total
<b>ASSETS</b>							
Cash and balances with banks payable on demand	-	-	-	-	315,222	-	315,222
Receivables from clients	2,941,415	228,960	12,342,953	2,365,218	-	-	17,878,546
Allowance for receivables from clients	(13,279)	(65)	(134,653)	(49,352)	-	-	(197,349)
Positive fair values of financial derivatives	89,362	-	-	-	-	-	89,362
Equity investments in subsidiaries	-	-	-	-	-	456,700	456,700
Intangible fixed assets	-	-	-	-	-	19,294	19,294
Tangible fixed assets	-	-	-	-	-	762,716	762,716
Investment property	-	-	-	-	-	148,400	148,400
Current tax assets	-	-	-	-	-	25,254	25,254
Other assets	-	-	-	-	-	429,684	429,684
<b>TOTAL ASSETS</b>	<b>3,017,498</b>	<b>228,895</b>	<b>12,208,300</b>	<b>2,315,866</b>	<b>315,222</b>	<b>1,842,048</b>	<b>19,927,829</b>
<b>LIABILITIES</b>							
Payables to banks	9,230,081	175,891	6,860,712	1,195,878	-	-	17,462,562
Payables to clients	80,962	-	-	-	-	-	80,962
Negative fair value financial derivatives	6,160	-	-	-	-	-	6,160
Deferred tax liability	-	-	-	-	-	94,817	94,817
Provisions	-	-	-	-	-	30,901	30,901
Other liabilities	-	-	-	-	-	180,761	180,761
Share capital	-	-	-	-	-	450,000	450,000
Retained profits/accumulated losses	-	-	-	-	-	1,444,010	1,444,010
Profit for the period	-	-	-	-	-	177,656	177,656
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>9,317,203</b>	<b>175,891</b>	<b>6,860,712</b>	<b>1,195,878</b>	<b>-</b>	<b>2,378,145</b>	<b>19,927,829</b>
<b>OFF-BALANCE SHEET</b>							
Interest rate swap – cash flow hedges	-	-	611,311	-	-	-	611,311
Interest rate swap – fair value hedges	-	-	72,351	-	-	-	72,351
Interest rate swap – economic hedging	-	-	2,893,925	3,815,318	-	-	6,709,243
<b>TOTAL OFF-BALANCE SHEET</b>	<b>-</b>	<b>-</b>	<b>3,577,587</b>	<b>3,815,318</b>	<b>-</b>	<b>-</b>	<b>7,392,905</b>

At year-end, the Company contracted IRS with the total nominal amount of TCZK 856,067 (2018: TCZK 7,392,905), which are disclosed in Note 4.30. They hedge the discrepancy between the payables to banks sensitive to the interest rate risk within 3 months and receivables with sensitivity to the interest rate risk in categories “1–5 years”, and “over 5 years”.

### 7.3. Currency Risk

Pursuant to its risk management strategy, the Company generally applies a rule under which all business activities in the specific currency are refinanced by bank loans in the identical currency.

The table as at 31 December 2019 (2018) includes the Company's currency position in realised currencies (the amounts in the table are translated into CZK).

According to the currency risk sensitivity analysis, a 5% change in the exchange rate (with negative impact on both currencies) would result in reduction of the Company's profits by TCZK 870.

#### 31 Dec 2019

TCZK	Total	CZK	EUR	USD
<b>ASSETS</b>				
Cash and balances with banks payable on demand	400,533	335,922	62,277	2,334
Receivables from clients	21,131,838	14,024,620	6,823,700	283,518
Allowance for receivables from clients	(215,722)	(150,763)	(63,824)	(1,135)
Positive fair values of financial derivatives	9,489	9,489	-	-
Equity investments in subsidiaries	458,130	458,130	-	-
Intangible fixed assets	40,949	40,949	-	-
Tangible fixed assets	1,015,446	1,015,446	-	-
Investment property	145,949	145,949	-	-
Current tax assets	17,027	17,027	-	-
Other assets	214,680	168,446	46,234	-
<b>TOTAL ASSETS</b>	<b>23,218,319</b>	<b>16,065,215</b>	<b>6,868,387</b>	<b>284,717</b>
<b>LIABILITIES</b>				
Payables to banks	20,433,083	13,276,664	6,880,388	276,031
Payables to clients	194,732	184,857	9,794	81
Negative fair value financial derivatives	867	867	-	-
Deferred tax liability	159,197	159,197	-	-
Provisions	40,775	38,792	1,983	-
Other liabilities	154,284	86,701	67,583	-
Share capital	450,000	450,000	-	-
Retained profits/accumulated losses	1,437,166	1,437,166	-	-
Profit for the period	348,215	348,215	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>23,218,319</b>	<b>15,982,459</b>	<b>6,959,748</b>	<b>276,112</b>
<b>Total foreign currency position at 31 Dec 2019</b>		<b>82,756</b>	<b>(91,361)</b>	<b>8,605</b>

31 Dec 2018

TCZK	Total	CZK	EUR	USD
<b>ASSETS</b>				
Cash and balances with banks payable on demand	315,222	252,571	59,783	2,868
Receivables from clients	17,878,546	12,312,205	5,241,256	325,085
Allowance for receivables from clients	(197,349)	(168,517)	(28,832)	-
Positive fair values of financial derivatives	89,362	89,362	-	-
Equity investments in subsidiaries	456,700	456,700	-	-
Intangible fixed assets	19,294	19,294	-	-
Tangible fixed assets	762,716	762,716	-	-
Investment property	148,400	148,400	-	-
Current tax assets	25,254	25,254		
Other assets	429,684	225,179	204,504	1
<b>TOTAL ASSETS</b>	<b>19,927,829</b>	<b>14,123,164</b>	<b>5,476,711</b>	<b>327,954</b>
<b>LIABILITIES</b>				
Payables to banks	17,462,562	11,686,889	5,458,497	317,176
Payables to clients	80,962	47,626	33,256	80
Negative fair values of financial derivatives	6,160	6,160	-	-
Deferred tax liability	94,817	94,817	-	-
Provisions	30,901	30,901	-	-
Other liabilities	180,761	149,319	31,442	-
Share capital	450,000	450,000	-	-
Retained profits/accumulated losses	1,444,010	1,444,010	-	-
Profit for the period	177,656	177,656	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>19,927,829</b>	<b>14,087,378</b>	<b>5,523,195</b>	<b>317,256</b>
<b>Total foreign currency position at 31 Dec 2018</b>		<b>35,786</b>	<b>(46,484)</b>	<b>10,698</b>

#### 7.4. Liquidity Risk

The liquidity risk is the risk that the Company will not have sufficient available funds to settle payables arising from financial contracts. It includes both the risk of the ability to finance assets by instruments with appropriate maturity and the ability to sell assets for a reasonable price within a reasonable time frame.

The purpose of liquidity management is to ensure that the Company will have sufficient funds to provide funding to its clients. The Company has been drawing loan tranches from the bank based on information on client loans in order to ensure sufficient funds to make payments on the Company's accounts. In practice, deviations from the expected drawing and repayment of client loans occur and therefore it is necessary to keep a sufficient liquidity reserve on the bank accounts.

Client loans for movable assets funding are financed by the bank either on portfolio basis or, for large transactions and real estate funding, on the back-to-back funding (1:1, matched funding).

The short-term liquidity of the Company is monitored on the key current accounts separately for individual currencies: CZK, EUR and USD. CZK and EUR also have a comfort and requisite limit of the total available liquidity on the bank accounts which form the basis for regular monthly funding for the portfolio-based drawing of tranches. In case of drop below the requisite limit, the funds are immediately drawn up to the comfort limit. In case of surplus of funds significantly over the comfort limit, the surplus funds are repaid. Usually once a month, portfolio utilisation for the relevant currency is assessed and the funding with the payment structure corresponding to the package is drawn to close the liquidity risk.

The below table includes assets and liabilities structured by residual maturities, i.e. from the financial statements date to the contractual maturity date. Assets and liabilities without the contracted maturity date are presented in the “Unspecified” column.

31 Dec 2019	Under 3 months	3 months to 1 year	1–5 years	Over 5 years	On request	Unspecified	Total
<b>ASSETS</b>							
Cash and balances with banks payable on demand	-	-	-	-	400,533	-	400,533
Receivables from clients	1,593,020	4,860,096	13,277,292	1,280,585	120,845	-	21,131,838
Allowance for receivables from clients	(1,559)	(9,164)	(149,121)	(55,878)	-	-	(215,722)
Positive fair values of financial derivatives	-	2,569	6,920	-	-	-	9,489
Equity investments in subsidiaries	-	-	-	-	-	458,130	458,130
Intangible fixed assets	-	-	-	-	-	40,949	40,949
Tangible fixed assets	-	-	-	-	-	1,015,446	1,015,446
Investment property	-	-	-	-	-	145,949	145,949
Current tax assets	-	17,027	-	-	-	-	17,027
Other assets	140,338	21,140	1,959	-	-	51,243	214,680
<b>TOTAL ASSETS</b>	<b>1,731,799</b>	<b>4,891,668</b>	<b>13,137,050</b>	<b>1,224,707</b>	<b>521,378</b>	<b>1,711,717</b>	<b>23,218,319</b>
<b>LIABILITIES</b>							
Payables to banks	1,609,097	4,603,548	12,794,006	1,426,432	-	-	20,433,083
Payables to clients	176,159	3,138	12,431	-	3,004	-	194,732
Negative fair values of financial derivatives	-	-	867	-	-	-	867
Deferred tax liability	-	-	-	-	-	159,197	159,197
Provisions	-	-	-	-	-	40,775	40,775
Other liabilities	65,461	41,852	2,492	-	-	-	109,805
Lease liability	2,142	6,427	35,910	-	-	-	44,479
Share capital	-	-	-	-	-	450,000	450,000
Retained profits/accumulated losses	-	-	-	-	-	1,437,166	1,437,166
Profit for the period	-	-	-	-	-	348,215	348,215
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,852,859</b>	<b>4,654,965</b>	<b>12,845,706</b>	<b>1,426,432</b>	<b>3,004</b>	<b>2,435,353</b>	<b>23,218,319</b>



31 Dec 2018	Under 3 months	3 months to 1 year	1–5 years	Over 5 years	On request	Unspecified	Total
<b>ASSETS</b>							
Cash and balances with banks payable on demand	-	-	-	-	315,222	-	315,222
Receivables from clients	1,188,533	3,802,201	11,294,738	1,399,348	193,726	-	17,878,546
Allowance for receivables from clients	(40)	(3,758)	(168,280)	(25,271)	-	-	(197,349)
Positive fair values of financial derivatives	385	890	66,116	21,971	-	-	89,362
Equity investments in subsidiaries	-	-	-	-	-	456,700	456,700
Intangible fixed assets	-	-	-	-	-	19,294	19,294
Tangible fixed assets	-	-	-	-	-	762,716	762,716
Investment property	-	-	-	-	-	148,400	148,400
Current tax assets	-	25,254	-	-	-	-	25,254
Other assets	360,480	14,340	1,606	-	1,456	51,802	429,684
<b>TOTAL ASSETS</b>	<b>1,549,358</b>	<b>3,838,927</b>	<b>11,194,180</b>	<b>1,396,048</b>	<b>510,404</b>	<b>1,438,912</b>	<b>19,927,829</b>
<b>LIABILITIES</b>							
Payables to banks	1,628,954	3,320,193	11,332,379	1,181,036	-	-	17,462,562
Payables to clients	34,398	28,469	18,095	-	-	-	80,962
Negative fair values of financial derivatives	-	67	6,093	-	-	-	6,160
Deferred tax liability	-	-	-	-	-	94,817	94,817
Provisions	-	-	-	-	-	30,901	30,901
Other liabilities	110,130	68,783	1,848	-	-	-	180,761
Share capital	-	-	-	-	-	450,000	450,000
Retained profits/accumulated losses	-	-	-	-	-	1,444,010	1,444,010
Profit for the period	-	-	-	-	-	177,656	177,656
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,773,482</b>	<b>3,417,512</b>	<b>11,358,415</b>	<b>1,181,036</b>	<b>-</b>	<b>2,197,384</b>	<b>19,927,829</b>

#### 7.4.1. Financial liabilities including future contractual interest

31 Dec 2019	Under 3 months	3 months to 1 year	1–5 years	Over 5 years	On request	Total contractual liabilities	Net book value
Liabilities to bank institutions	1,625,817	4,650,011	12,907,302	1,437,843	-	20,620,973	20,433,083
Payables to clients	176,159	3,138	12,431	-	3,004	194,732	194,732
Loan commitments issued	187,122	212,494	176,346	83,254	-	659,216	659,216
Provided guarantees	-	214,376	32,043	-	-	246,419	246,419
<b>Total non-derivative financial liabilities</b>	<b>1,989,098</b>	<b>5,080,019</b>	<b>13,128,122</b>	<b>1,521,097</b>	<b>3,004</b>	<b>21,721,340</b>	<b>21,533,450</b>

<b>31 Dec 2018</b>	<b>Under 3 months</b>	<b>3 months to 1 year</b>	<b>1–5 years</b>	<b>Over 5 years</b>	<b>On request</b>	<b>Total contractual liabilities</b>	<b>Net book value</b>
Liabilities to bank institutions	1,681,255	3,457,104	11,601,743	1,216,712	-	17,956,814	17,462,562
Payables to clients	34,398	28,469	18,095	-	-	80,962	80,962
Loan commitments issued	196,413	103,853	800,435	257,250	-	1,357,951	1,357,951
Provided guarantees	-	46,294	2,031,777	587,207	-	2,665,278	2,665,278
<b>Total non-derivative financial liabilities</b>	<b>1,912,066</b>	<b>3,635,720</b>	<b>14,452,050</b>	<b>2,061,169</b>	<b>-</b>	<b>22,061,005</b>	<b>21,566,753</b>

Undiscounted future cash flows for derivative transactions are presented in Note 4.30. of these financial statements.

## 8. SUBSEQUENT EVENTS

On 1 January 2020, the Company underwent a demerger by spin-off involving a merger with Janus Property s.r.o. ("the Successor"). The net book value of the Company's assets transferred to the successor Janus Property s.r.o., totalled TCZK 158,326.

On 11 March 2020, the World Health Organisation declared the ongoing COVID-19 ("coronavirus") outbreak a pandemic.

As at the date of the signing of the financial statements, the Company is fully operable. The Company assessed the current situation and existing and planned measures adopted by the Czech government which might negatively impact the Company. Based on the publicly available information at the date these financial statements were approved by the Company, the Company's management considered a number of emergency but plausible scenarios with respect to the potential development of the outbreak and its expected impact on the Company, especially on change in quality of receivables from clients, change in expected financial result for the year and change in liquidity position.

The basic assumptions of emergency but plausible scenarios include:

- › increase of credit risk for portfolios of financial assets, i.e. identification of the portfolio of receivables from clients that may be most endangered by economic impacts in connection with COVID-19 (e.g. by type of financed activity or debtor's assets, etc.);
- › the possibility of using moratorium on repayments by debtors in connection with the COVID-19 pandemic.

To ensure the safe continuation of all our operations and our liquidity position, the Company's management has implemented the following measures:

- › implementation of essential technical measures to enable working from home for the majority of the Company's employees;
- › suspension of all activities resulting in personal contact between employees and clients, incl. trainings, conferences, business travel;
- › minimisation of personal contact, introducing shift work for employees who need to perform their work at the Company's premises;
- › provision of essential protective and hygiene supplies for employees who need to perform their work at the Company's premises;
- › adaptation of Company processes to the current financial situation of the clients – implementation of payment deferment for lending products;
- › continuous monitoring of current situation in relation to current and planned measures of the Czech government.

The current outbreak of the COVID-19 pandemic in 2020 means a decrease in economic growth expectations and related deterioration of economic activities which may lead to a significantly negative impact on the Company's revenues, a negative effect on the current ratings of receivables from clients, and therefore to significantly higher than expected adjustments and provisions to credit risk. The potential impact of the COVID-19 pandemic on global economy may affect the Company's ability to meet its planned financial targets. At this time, it is premature to quantify the potential impact on the Company's business results in 2020 and after. The economic impact on the Company will depend on the intensity and length of the pandemic. Based on the assessment of the current situation and the plausible scenarios, the Company's management nonetheless expects there is no significant uncertainty in relation with the events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. At present, it is impossible to rule out a repeated extension or renewal of the current

measures or the subsequent negative impact of the measures on the economic environment of the Company, or the negative impact of the situation on the Company, its financial position and performance, both in mid-term and long-term horizon. The Company's management monitors the situation and is prepared to adopt appropriate measures in relation to actual developments.

The management of the Company is not aware of any other significant subsequent events which would have impact on these financial statements.

## Related Party Transaction Report



## Related Party Transaction Report

pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives, as amended (hereinafter the “Act on Business Corporations”)

1.1 The statutory body of Raiffeisen - Leasing, s.r.o., with its registered office at Hvězdova 1716/2b, 140 78 Prague 4, corporate ID: 61467863, recorded in the Register of Companies held by the Municipal Court in Prague, File No. C 29553 (hereinafter the “Company”) prepared this related party transaction report in accordance with Section 82 of Act No. 90/2012 Coll., and the legal regulation regarding business secrecy in accordance with Section 504 of Act No. 89/2012 Coll., Civil Code.

1.2 The statutory body of the Company used the information in the Register of Companies in identifying controlling entities.

### 2. Structure of Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Controlling Entity (the “Related Parties”)

2.1 The Company is controlled by Raiffeisenbank a.s., corporate ID: 492 40 901, with its registered office at Hvězdova 1716/2b, 140 78 Prague 4, recorded in the Register of Companies held by the Municipal Court in Prague, File No. B 2051 (hereinafter also „Parent company”), which holds an equity investment of 100%.

2.2 Related parties are the following companies:

**a) companies that are economically controlled by the Company and are considered subsidiaries in accordance with International Financial Reporting Standards (IFRS) adopted by the EU:**

Direct ownership
Raiffeisen FinCorp, s.r.o., which is fully owned by the Company.
Fidurock Residential a.s., which is fully owned by the Company.
Gaia Property, s.r.o., which is fully owned by the Company.
Orchideus Property, s.r.o., which is fully owned by the Company.
RESIDENCE PARK TŘEBEŠ, s.r.o., which is fully owned by the Company.
Hermes Property, s.r.o., which is fully owned by the Company.
RLRE Ypsilon Property, s.r.o., which is fully owned by the Company.
RLRE Carina Property, s.r.o., which is fully owned by the Company.
Appolon Property, s.r.o., which is fully owned by the Company.
Janus Property, s.r.o., which is fully owned by the Company.
Médea Property, s.r.o., which is fully owned by the Company.
Hestia Property, s.r.o., which is fully owned by the Company.
Ananké Property, s.r.o., which is fully owned by the Company.
Démétér Property, s.r.o., which is fully owned by the Company.
Raiffeisen Direct Investments CZ s.r.o., which is fully owned by the Company.

**Direct ownership**

Theseus Property, s.r.o., which is fully owned by the Company.

Kétó Property, s.r.o., which is fully owned by the Company.

Folos Property, s.r.o., which is fully owned by the Company.

Argos Property, s.r.o., which is fully owned by the Company.

Aglia Property, s.r.o., which is fully owned by the Company.

Hefaistos Property, s.r.o., which is fully owned by the Company.

Plutos Property, s.r.o., which is fully owned by the Company.

Thaumas Property, s.r.o., which is fully owned by the Company.

Ligea Property, s.r.o., which is fully owned by the Company.

Dero Property, s.r.o., which is fully owned by the Company.

Cranto Property, s.r.o., which is fully owned by the Company.

Beroe Property, s.r.o., which is fully owned by the Company.

Létó Property, s.r.o., which is owned from 77% by the Company and the rest of 23% is owned by RUHL FVE s.r.o.

**Ownership based on trust agreement**

Luna Property, s.r.o., which is owned from 10% by the Company and the rest of 90% is owned by Raiffeisen - Leasing International Gesellschaft m.b.H.

Kalypso Property, s.r.o., which is owned from 10% by the Company and the rest of 90% is owned by Raiffeisen - Leasing International Gesellschaft m.b.H.

Viktor Property, s. r. o., which is owned from 10% by the Company and the rest of 90% is owned by RLKG Raiffeisen - Leasing Gesellschaft m.b.H

The above mentioned companies are economically controlled by the Company, on the basis of a trust agreement.

**b) companies that are not economically controlled by the Company and are not considered subsidiaries in accordance with International Financial Reporting Standards (IFRS) adopted by the EU:**

Based on concluded contracts, the Company does not have the power to control and manage the relevant activities of the companies and the Company is not exposed to risks related to the given entities. These companies therefore do not constitute controlled or jointly controlled companies, nor companies under significant influence. Loans were granted to these companies.

**Direct ownership**

RLRE Beta Property, s.r.o., which is fully owned by the Company.

RLRE Eta Property, s.r.o., which is fully owned by the Company.

Palace Holding, s.r.o., which is fully owned by the Company.

Kaliopé Property, s.r.o., which is fully owned by the Company.

JFD Real s.r.o., which is fully owned by the Company.

CRISTAL PALACE Property, s.r.o., which is fully owned by the Company.

Iris Property, s.r.o., which is fully owned by the Company.

Sirius Property, s.r.o., which is fully owned by the Company.

**Direct ownership**

Hypnos Property, s.r.o., which is fully owned by the Company.

Zatiší Rokytka s.r.o., which is fully owned by the Company.

Chronos Property, s.r.o., which is fully owned by the Company.

Holečkova Property, s.r.o., which is fully owned by the Company.

Pontos Property, s.r.o., which is fully owned by the Company.

Dike Property, s.r.o., which is fully owned by the Company.

Terasa LAVANDE s.r.o., which is fully owned by the Company.

UPC Real, s.r.o., which is fully owned by the Company.

Photon SPV 3 s.r.o., which is fully owned by the Company.

Photon Energie s.r.o., which is fully owned by the Company.

Photon SPV 8 s.r.o., which is fully owned by the Company.

Exit 90 SPV s.r.o., which is fully owned by the Company.

Onyx Energy s.r.o., which is fully owned by the Company.

Onyx Energy projekt II s.r.o., which is fully owned by the Company.

Photon SPV 4 s.r.o., which is fully owned by the Company.

Photon SPV 6 s.r.o., which is fully owned by the Company.

Photon SPV 10 s.r.o., which is fully owned by the Company.

Selene Property s.r.o., which is fully owned by the Company.

ALT POHLEDY s.r.o., which is fully owned by the Company.

SeEnergy PT, s.r.o., which is fully owned by the Company.

FVE Cihelna s.r.o., which is fully owned by the Company.

Credibilis a.s., which is fully owned by the Company.

Morfeus Property, s.r.o., which is fully owned by the Company.

Zefyros Property, s.r.o., which is fully owned by the Company.

Astra Property, s.r.o., which is fully owned by the Company.

Kleió Property, s.r.o., which is fully owned by the Company.

Inó Property, s.r.o., which is fully owned by the Company.

Niobé Property, s.r.o., which is fully owned by the Company.

Na Stárce, s.r.o., which is fully owned by the Company.

Dafné Property, s.r.o., which is fully owned by the Company.

Áté Property, s.r.o., which is fully owned by the Company.

Theia Property, s.r.o., which is fully owned by the Company.

Erató Property, s.r.o., which is fully owned by the Company.

Harmonia Property, s.r.o., which is fully owned by the Company.

Ofión Property, s.r.o., which is fully owned by the Company.



**Direct ownership**

Grainulos s.r.o., which is fully owned by the Company.

GRENA REAL s.r.o., which is fully owned by the Company.

Melpomené Property, s.r.o., which is fully owned by the Company.

Éós Property, s.r.o., which is fully owned by the Company.

Boreas Property, s.r.o., which is fully owned by the Company.

Logistický areál Hostivař, s.r.o., which is fully owned by the Company.

SIGMA PLAZA s.r.o., which is fully owned by the Company.

Apaté Property, s.r.o., which is fully owned by the Company.

Fobos Property, s.r.o., which is fully owned by the Company.

Nereus Property, s.r.o., which is fully owned by the Company.

Nyx Property, s.r.o., which is fully owned by the Company.

Eunomia Property, s.r.o., which is fully owned by the Company.

RUBY Place s.r.o., which is fully owned by the Company.

Kappa Estates, s.r.o., which is fully owned by the Company.

Carolina Corner, s.r.o., which is fully owned by the Company.

Ares Property, s.r.o., which is fully owned by the Company.

Foibe Property, s.r.o., which is fully owned by the Company.

GEONE Holešovice Two s.r.o., which is fully owned by the Company.

KARAT s.r.o., which is fully owned by the Company.

Daimon Property, s.r.o., which is fully owned by the Company.

Belos Property, s.r.o., which is fully owned by the Company.

FIDUROCK Projekt 20, s.r.o., which is fully owned by the Company.

FIDUROCK Projekt 18, s.r.o., which is fully owned by the Company.

Stará 19 s.r.o., which is fully owned by the Company.

Vlhká 26 s.r.o., which is fully owned by the Company.

GS55 Sazovice s.r.o., which is owned from 90% by the Company and the rest of 10% is owned by GS5 s.r.o.

Palace Holding s.r.o., which is owned from 90% by the Company and, the rest of 6% is owned Petr Skrla and 4 % is owned Milan Hagan.

Hébé Property, s.r.o., which is owned from 95% by the Company and the rest of 5% is owned by Pavel Diviš.

Rheia Property, s.r.o. which is owned from 95% by the Company and the rest of 5% is owned by Snow-How ČR, s.r.o.

**Indirect ownership**

Sky Solar Distribuce s.r.o. which is owned from 77% by the Company indirectly through Létó Property, s.r.o., the rest of 23% is owned by RUHL FVE s.r.o.

Appolon Property, s.r.o., which is fully owned by the Company indirectly through Raiffeisen FinCorp, s.r.o.

KAPMC s.r.o., which is fully owned by the Company indirectly through Dike Property, s.r.o.

PILSENINVEST, uzavřený investiční fond, a.s., which is fully owned by the Company indirectly through Inó Property, s.r.o. and Niobé Property, s.r.o.

OSTROV PROPERTY a.s., which is fully owned by the Company indirectly through Inó Property, s.r.o. and Niobé Property, s.r.o.

Strašnická realitní a.s., which is fully owned by the Company indirectly through Harmonia Property, s.r.o.

RDI Czech 1 s.r.o., which is fully owned by the Company indirectly through Raiffeisen Direct Investments CZ, s.r.o.

RDI Czech 3 s.r.o., which is fully owned by the Company indirectly through Raiffeisen Direct Investments CZ, s.r.o.

RDI Czech 4 s.r.o., which is fully owned by the Company indirectly through Raiffeisen Direct Investments CZ, s.r.o.

RDI Czech 5 s.r.o., which is fully owned by the Company indirectly through Raiffeisen Direct Investments CZ, s.r.o.

RDI Czech 6 s.r.o., which is fully owned by the Company indirectly through Raiffeisen Direct Investments CZ, s.r.o.

RDI Management s.r.o., which is fully owned by the Company indirectly through Raiffeisen Direct Investments CZ, s.r.o.

**3. Role of the Controlled Entity in the Structure of Relations of Related Parties.**

- 3.1 The Company is a subsidiary of the Parent company operating autonomously and independently of the parent company in non-banking financing of movable and immovable assets.

**4. Method and Means of Control**

- 4.1 The Company is controlled through resolutions of the parent company acting in the capacity of the general meeting in matters that are within the authority of the general meeting or the sole owner pursuant to law. The Company is not subject to unified management as per Section 79 et seq. of the Act on Business Corporations.
- 4.2 Decisions are made in the Company at the level of the statutory body, with no one being allowed to give the Company's statutory body binding instructions regarding the business management of the Company.

**5. List of Acts Made in the Reporting Period at the Initiative or in the Interest of the Controlling Entity or Entities Controlled by the Controlling Entity that related to Assets that Exceed 10% of Equity of the Controlled Entity Identified according to the Most Recent Set of Financial Statements**

- 5.1 No such acts were made.

**6. List of Contracts concluded in the Reporting Period with Related Parties**

Contract (change to the contract)	Counter-party	Conclusion date
Amendment no. 11 to framework contract – Services in market risk management area	Raiffeisenbank a.s.	1 Jan 2019
Lease contract no. 5019003687	Raiffeisenbank a.s.	2 Jan 2019
Lease contract no. 5019003731	Raiffeisenbank a.s.	17 Jan 2019
Lease contract no. 5019003842	Raiffeisenbank a.s.	26 Feb 2019
Lease contract no. 5019003846	Raiffeisenbank a.s.	26 Feb 2019
Lease contract no. 5019003845	Raiffeisenbank a.s.	26 Feb 2019
Lease contract no. 5019003844	Raiffeisenbank a.s.	26 Feb 2019
Lease contract no. 5019003843	Raiffeisenbank a.s.	26 Feb 2019
Amendment no. 3 to contract on risk participation and the provision of a special-purpose loan	Raiffeisenbank a.s.	8 Apr 2019
Amendment to framework contract on financial market trading CMA/0001/APR405/02/61467863	Raiffeisenbank a.s.	17 Apr 2019
Lease contract no. 5019004078	Raiffeisenbank a.s.	2 May 2019
Lease contract no. 5019004065	Raiffeisenbank a.s.	2 May 2019
Amendment no. 28 to loan contract no. 110157/2012/01	Raiffeisenbank a.s.	14 May 2019
Appendix no. 12 to framework contract on service provision – Services of the client centre	Raiffeisenbank a.s.	23 May 2019
Contract on account opening and maintenance no. 5170013966	Raiffeisenbank a.s.	10 Jun 2019
Contract on account opening and maintenance no. 5170013974	Raiffeisenbank a.s.	10 Jun 2019
Appendix no. 13 to framework contract on service provision – Services in operational risk management area	Raiffeisenbank a.s.	13 Jun 2019
Amendment no. 4 to contract on risk participation and the provision of a special-purpose loan	Raiffeisenbank a.s.	13 Jun 2019
Lease contract no. 5019004191	Raiffeisenbank a.s.	17 Jun 2019
Lease contract no. 5019004197	Raiffeisenbank a.s.	12 Jul 2019
Contract on account opening and maintenance no. 5170014029	Raiffeisenbank a.s.	15 Jul 2019
Contract on risk participation and the provision of a special-purpose loan LS/7008005192	Raiffeisenbank a.s.	21 Aug 2019
Lease contract no. 5019004369	Raiffeisenbank a.s.	22 Aug 2019
Lease contract no. 5019004538	Raiffeisenbank a.s.	24 Sep 2019
Amendment no. 1 to lease contract no. 5019000419	Raiffeisenbank a.s.	26 Sep 2019
Amendment no. 1 to lease contract no. 5019000393	Raiffeisenbank a.s.	26 Sep 2019
Amendment no. 1 to lease contract no. 5019003006	Raiffeisenbank a.s.	26 Sep 2019
Amendment no. 1 to lease contract no. 5019000395	Raiffeisenbank a.s.	26 Sep 2019
Amendment no. 1 to lease contract no. 5019003586	Raiffeisenbank a.s.	26 Sep 2019
Amendment no. 1 to lease contract no. 5019003613	Raiffeisenbank a.s.	26 Sep 2019
Amendment no. 1 to lease contract no. 5019002663	Raiffeisenbank a.s.	26 Sep 2019
Amendment no. 1 to lease contract no. 5019000405	Raiffeisenbank a.s.	26 Sep 2019
Amendment no. 1 to lease contract no. 5019000402	Raiffeisenbank a.s.	26 Sep 2019
Amendment no. 1 to lease contract no. 5019000401	Raiffeisenbank a.s.	26 Sep 2019

Contract (change to the contract)	Counter-party	Conclusion date
Amendment no. 1 to lease contract no. 5019000396	Raiffeisenbank a.s.	26 Sep 2019
Amendment no. 1 to lease contract no. 5019000398	Raiffeisenbank a.s.	26 Sep 2019
Amendment no. 1 to lease contract no. 5019002594	Raiffeisenbank a.s.	26 Sep 2019
Amendment no. 5 contract on risk participation and the provision of a special-purpose loan	Raiffeisenbank a.s.	27 Sep 2019
Lease contract no. 5019004490	Raiffeisenbank a.s.	1 Oct 2019
Lease contract no. 5019004491	Raiffeisenbank a.s.	1 Oct 2019
Lease contract no. 5019004492	Raiffeisenbank a.s.	1 Oct 2019
Lease contract no. 5019004539	Raiffeisenbank a.s.	7 Oct 2019
Lease contract no. 5019004244	Raiffeisenbank a.s.	11 Oct 2019
Lease contract no. 5019004245	Raiffeisenbank a.s.	11 Oct 2019
Lease contract no. 5019004243	Raiffeisenbank a.s.	11 Oct 2019
Lease contract no. 5019004370	Raiffeisenbank a.s.	11 Oct 2019
Lease contract no. 5019004241	Raiffeisenbank a.s.	11 Oct 2019
Lease contract no. 5019004242	Raiffeisenbank a.s.	11 Oct 2019
Lease contract no. 5019004246	Raiffeisenbank a.s.	16 Oct 2019
Lease contract no. 5019004247	Raiffeisenbank a.s.	21 Oct 2019
Lease contract no. 5019004248	Raiffeisenbank a.s.	21 Oct 2019
Lease contract no. 5019004249	Raiffeisenbank a.s.	21 Oct 2019
Lease contract no. 5019004250	Raiffeisenbank a.s.	21 Oct 2019
Lease contract no. 5019004258	Raiffeisenbank a.s.	21 Oct 2019
Contract on account opening and maintenance no. 5170014037	Raiffeisenbank a.s.	23 Oct 2019
Lease contract no. 5019004259	Raiffeisenbank a.s.	23 Oct 2019
Lease contract no. 5019004251	Raiffeisenbank a.s.	23 Oct 2019
Lease contract no. 5019004252	Raiffeisenbank a.s.	23 Oct 2019
Lease contract no. 5019004264	Raiffeisenbank a.s.	24 Oct 2019
Lease contract no. 5019004261	Raiffeisenbank a.s.	24 Oct 2019
Lease contract no. 5019004260	Raiffeisenbank a.s.	24 Oct 2019
Lease contract no. 5019004253	Raiffeisenbank a.s.	24 Oct 2019
Lease contract no. 5019004254	Raiffeisenbank a.s.	25 Oct 2019
Lease contract no. 5019004262	Raiffeisenbank a.s.	25 Oct 2019
Lease contract no. 5019004263	Raiffeisenbank a.s.	25 Oct 2019
Lease contract no. 5019004265	Raiffeisenbank a.s.	29 Oct 2019
Contract on risk participation and the provision of a special-purpose loan	Raiffeisenbank a.s.	29 Oct 2019
Lease contract no. 5019004266	Raiffeisenbank a.s.	4 Nov 2019
Lease contract no. 5019004267	Raiffeisenbank a.s.	4 Nov 2019
Lease contract no. 5019004268	Raiffeisenbank a.s.	4 Nov 2019
Lease contract no. 5019004255	Raiffeisenbank a.s.	4 Nov 2019
Lease contract no. 5019004607	Raiffeisenbank a.s.	6 Nov 2019

Contract (change to the contract)	Counter-party	Conclusion date
Lease contract no. 5019004636	Raiffeisenbank a.s.	6 Nov 2019
Lease contract no. 5019004256	Raiffeisenbank a.s.	8 Nov 2019
Appendix no. 14 to framework contract on service provision in the personal data protection area	Raiffeisenbank a.s.	14 Nov 2019
Lease contract no. 5019004375	Raiffeisenbank a.s.	19 Nov 2019
Lease contract no. 5019004371	Raiffeisenbank a.s.	19 Nov 2019
Lease contract no. 5019004372	Raiffeisenbank a.s.	19 Nov 2019
Lease contract no. 5019004373	Raiffeisenbank a.s.	19 Nov 2019
Lease contract no. 5019004374	Raiffeisenbank a.s.	19 Nov 2019
Lease contract no. 5019004269	Raiffeisenbank a.s.	19 Nov 2019
Lease contract no. 5019004270	Raiffeisenbank a.s.	19 Nov 2019
Lease contract no. 5019004257	Raiffeisenbank a.s.	19 Nov 2019
Agreement on termination of obligation no. 5170012007	Raiffeisenbank a.s.	22 Nov 2019
Amendment no. 1 to framework contract on service provision S/2017/00498	Raiffeisenbank a.s.	26 Nov 2019
Contract on risk participation and the provision of a special-purpose loan	Raiffeisenbank a.s.	26 Nov 2019
Lease contract no. 5019004600	Raiffeisenbank a.s.	12 Dec 2019
Lease contract no. 5019004635	Raiffeisenbank a.s.	12 Dec 2019
Lease contract no. 5019004650	Raiffeisenbank a.s.	12 Dec 2019
Lease contract no. 5019004272	Raiffeisenbank a.s.	12 Dec 2019
Lease contract no. 5019004652	Raiffeisenbank a.s.	12 Dec 2019
Lease contract no. 5019004271	Raiffeisenbank a.s.	12 Dec 2019
Lease contract no. 5019004386	Raiffeisenbank a.s.	12 Dec 2019
Lease contract no. 5019004425	Raiffeisenbank a.s.	12 Dec 2019
Contract on risk participation and the provision of a special-purpose loan	Raiffeisenbank a.s.	23 Dec 2019
Contract on risk participation and the provision of a special-purpose loan	Raiffeisenbank a.s.	23 Dec 2019
Loan contract on financing	Stará 19 s.r.o.	20 Dec 2019
Loan contract on financing	Vlhká 26 s.r.o.	20 Dec 2019
Loan contract on financing	Daimon Property, s.r.o.	23 Oct 2019
Loan contract on financing	FIDUROCK Projekt 18, s.r.o.	18 Nov 2019
Loan contract on financing	FIDUROCK Projekt 20, s.r.o.	18 Nov 2019
Loan contract on financing	KARAT s.r.o.	30 Jul 2019
Loan contract on financing	RLRE Carina Property, s.r.o.	2 Dec 2019
Loan contract on financing	Orchideus Property, s.r.o.	2 Dec 2019
Loan contract on financing	Orchideus Property, s.r.o.	2 Dec 2019
Loan contract on financing	Fobos Property, s.r.o.	28 Feb 2019
Loan contract on financing	Fobos Property, s.r.o.	24 Apr 2019
Loan contract on financing	Eunomia Property, s.r.o.	14 Jan 2019

Contract (change to the contract)	Counter-party	Conclusion date
Amendment no. 1 to framework contract on financing initial stages of the Bubenská development project	Eunomia Property, s.r.o., client	28 Jun 2019
Amendment no. 2 to framework contract on financing initial stages of the Bubenská development project	Eunomia Property, s.r.o., client	18 Dec 2019
Agreement on cost payment no.1	GEONE Holešovice Two s.r.o., client	19 Mar 2019
Agreement on cost payment no.2	GEONE Holešovice Two s.r.o., client	19 Mar 2019
Contract on the provision of comprehensive project support	GEONE Holešovice Two s.r.o.	30 May 2019
Amendment no. 5 to framework contract on cooperation	Exit 90 SPV s.r.o., client	28 Jun 2019
Amendment no. 5 to framework contract on cooperation	Onyx Energy projekt II s.r.o., client	28 Jun 2019
Amendment no. 5 to framework contract on cooperation	Onyx Energy s.r.o., client	28 Jun 2019
Amendment no. 5 to framework contract on cooperation	Photon SPV 4 s.r.o., client	28 Jun 2019
Amendment no. 5 to framework contract on cooperation	Photon SPV 3 s.r.o., client	28 Jun 2019
Amendment no. 5 to framework contract on cooperation	Photon SPV 6 s.r.o., client	28 Jun 2019
Amendment no. 5 to framework contract on cooperation	Photon SPV 8 s.r.o., client	28 Jun 2019
Amendment no. 5 to framework contract on cooperation	Photon SPV 10 s.r.o., client	28 Jun 2019
Amendment no. 1 to framework contract on cooperation	Kaliopé Property, s.r.o., client	28 Jun 2019
Agreement on assignment of contract on mutual project securing and linking and other modifications relating to Photon Energy restructuring	Photon SPV 3 s.r.o., Photon SPV 6 s.r.o., Photon SPV 8 s.r.o., Photon SPV 10 s.r.o., Photon SPV 4 s.r.o., Photon SPV 11 s.r.o., Exit 90 SPV s.r.o., Kaliopé Property, s.r.o., Onyx Energy s.r.o., Onyx Energy projekt II s.r.o.	28 Jun 2019
Agreement on transfer of rights and obligations and on modifications to contractual documentation relating to Photon Energy restructuring	Exit 90 SPV s.r.o., client	28 Jun 2019
Agreement on the transfer of rights and obligations and on modifications to contractual documentation relating to Photon Energy restructuring	Onyx Energy projekt II s.r.o., client	28 Jun.2019
Agreement on the transfer of rights and obligations and on modifications to contractual documentation relating to Photon Energy restructuring	Onyx Energy s.r.o., client	28 Jun 2019
Agreement on the transfer of rights and obligations and on modifications to contractual documentation relating to Photon Energy restructuring	Photon SPV 4 s.r.o., client	28 Jun 2019
Agreement on the transfer of rights and obligations and on modifications to contractual documentation relating to Photon Energy restructuring	Photon SPV 3 s.r.o., client	28 Jun 2019
Agreement on the transfer of rights and obligations and on modifications to contractual documentation relating to Photon Energy restructuring	Photon SPV 6 s.r.o., client	28 Jun 2019
Agreement on the transfer of rights and obligations and on modifications to contractual documentation relating to Photon Energy restructuring	Photon SPV 8 s.r.o., client	28 Jun 2019
Agreement on the transfer of rights and obligations and on modifications to contractual documentation relating to Photon Energy restructuring	Photon SPV 10 s.r.o., client	28 Jun 2019
Contract on subordination of liabilities	Exit 90 SPV s.r.o., client	28 Jun 2019
Contract on subordination of liabilities	Onyx Energy projekt II s.r.o., client	28 Jun 2019
Contract on subordination of liabilities	Onyx Energy s.r.o., client	28 Jun 2019
Contract on subordination of liabilities	Photon SPV 4 s.r.o., client	28 Jun 2019

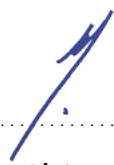
Contract (change to the contract)	Counter-party	Conclusion date
Contract on subordination of liabilities	Photon SPV 3 s.r.o., client	28 Jun 2019
Contract on subordination of liabilities	Photon SPV 6 s.r.o., client	28 Jun 2019
Contract on subordination of liabilities	Photon SPV 8 s.r.o., client	28 Jun 2019
Contract on subordination of liabilities	Photon SPV 10 s.r.o., client	28 Jun 2019
Contract on the creation of pledge to receivables from rent	Ofi3n Property, s.r.o., client	16 Jul 2019
Agreement on cost payment	Theia Property, s.r.o., client	20 Jun 2019
Agreement on cost payment	Theia Property, s.r.o., client	20 Jun 2019
Amendment no. 1 to contract on development activities to secure the construction of the Far3řstv3 residential project – 1st stage (houses A, B, C, D and E)	KAPMC s.r.o., client	4 Mar 2019
Amendment no. 2 to framework contract in financing the 1st and 2nd stage of the Far3řstv3 development project	KAPMC s.r.o., client	16 Jul 2019
Amendment no. 1 to framework contract on cooperation	3t3 Property, s.r.o., client	28 Mar 2019
Contract on creation of real estate pledge	3t3 Property, s.r.o.	28 Mar 2019
Contract on creation of real estate pledge	Nyx Property, s.r.o.	28 Mar 2019
Contract on subordination and pledging of receivables	Nyx Property, s.r.o., client	28 Mar 2019
Amendment no. 4 to framework contract on cooperation in financing the CODECO - Z3t3ř3 Nad Rokytkou project	Z3t3ř3 Rokytka s.r.o., client	13 Jun 2019
Amendment no. 4 to framework contract on cooperation in financing the řmuk3řka residential park project	Na St3rce, s.r.o., client	29 Mar 2019
Amendment no. 1 to contract on future transfer of equity investment	Hypnos Property, s.r.o.	4 Dec 2019
Framework contract on cooperation in financing the Rubeřova development project	Deimos Property, s.r.o., client	17 Jan 2019
Contract on development activities to secure the construction of the Rubeřova 72 project	Deimos Property, s.r.o., client	25 Mar 2019
Contract on the provision of comprehensive project support	Deimos Property, s.r.o.	17 Jan 2019
Framework contract on cooperation in financing the V3tkova development project	Sapf3 Property, s.r.o., client	06 Mar 2019
Contract on development activities to secure the construction of the V3tkova 19 project	Sapf3 Property, s.r.o., client	22 Apr 2019
Contract on the provision of comprehensive project support	Sapf3 Property, s.r.o.	06 Mar 2019
Amendment no.2 to agreement on mutual linking of contracts on financing	Raiffeisen FinCorp, s.r.o., Dafn3 Property, s.r.o., Chronos Property, s.r.o., Hole3kova Property, s.r.o., Credibilis, a.s., Hypnos Property, s.r.o., client	27 Mar 2019
Agreement on termination of framework contract on cooperation in financing the Pořta development project	Dafn3 Property, s.r.o., client	27 Mar 2019
Loan contract on financing	RDI Czech 4 s.r.o.	30 Oct 2019
Loan contract on financing	Alt Pohledy s.r.o.	16 Jan 2019
Loan contract on financing	Ares Property, s.r.o.	29 Jul 2019
Loan contract on financing	Dafn3 Property, s.r.o.	27 Mar 2019
Loan contract on financing	Deimos Property, s.r.o.	18 Jan 2019
Loan contract on financing	RLRE Eta Property, s.r.o.	01 Feb 2019
Loan contract on financing	Exit 90 SPV s.r.o.	02 Jan 2019

Contract (change to the contract)	Counter-party	Conclusion date
Loan contract on financing	Exit 90 SPV s.r.o.	22 Feb 2019
Loan contract on financing	GEONE Holešovice Two, s.r.o.	22 May 2019
Loan contract on financing	Grainulos s.r.o.	14 Jan 2019
Loan contract on financing	Hypnos Property, s.r.o.	29 Jan 2019
Loan contract on financing	Iris Property, s.r.o.	01 Jul 2019
Loan contract on financing	Kappa Estates, s.r.o.	17 Jan 2019
Loan contract on financing	Kappa Estates, s.r.o.	18 Jan 2019
Loan contract on financing	KAPMC s.r.o.	29 Nov 2019
Loan contract on financing	Kleió Property, s.r.o.	09 Jan 2019
Loan contract on financing	Melpomené Property, s. r. o.	25 Mar 2019
Loan contract on financing	Melpomené Property, s. r. o.	17 Oct 2019
Loan contract on financing	Na Stárce, s.r.o.	28 Jun 2019
Loan contract on financing	Ofión Property, s.r.o.	17 Jan 2019
Loan contract on financing	Onyx Energy s.r.o.	02 Jan 2019
Loan contract on financing	Onyx Energy s.r.o.	22 Feb 2019
Loan contract on financing	Onyx Energy projekt II s.r.o.	02 Jan 2019
Loan contract on financing	Onyx Energy projekt II s.r.o.	22 Feb 2019
Loan contract on financing	Palace Holding s.r.o.	23 Jan 2019
Loan contract on financing	Sapfó Property, s.r.o.	06 Mar 2019
Loan contract on financing	Selene Property, s.r.o.	16 Jan 2019
Loan contract on financing	Sirius Property, s.r.o.	24 Jan 2019
Loan contract on financing	Sirius Property, s.r.o.	24 Jan 2019
Loan contract on financing	Sirius Property, s.r.o.	01 Feb 2019
Loan contract on financing	Sirius Property, s.r.o.	01 Feb 2019
Loan contract on financing	Photon SPV 3 s.r.o.	02 Jan 2019
Loan contract on financing	Photon SPV 3 s.r.o.	22 Feb 2019
Loan contract on financing	Photon SPV 4 s.r.o.	22 Feb 2019
Loan contract on financing	Photon SPV 6 s.r.o.	22 Feb 2019
Loan contract on financing	Photon SPV 8 s.r.o.	02 Jan 2019
Loan contract on financing	Photon SPV 8 s.r.o.	22 Feb 2019
Loan contract on financing	Photon SPV 10 s.r.o.	22 Feb 2019
Amendment no. 1 to loan contract on financing	Na Stárce, s.r.o.	31 Oct 2019
Loan contract on financing no. 2	Zátiší Rokytka s.r.o.	29 Mar 2019
Loan contract on financing no. 1	Zátiší Rokytka s.r.o.	13 Jun 2019
Amendment no. 1 to loan contract on financing no. 1	Zátiší Rokytka s.r.o.	31 Oct 2019
Amendment no. 1 to loan contract on financing no. 2	Zátiší Rokytka s.r.o.	13 Jun 2019
Amendment no. 2 to loan contract on financing no. 2	Zátiší Rokytka s.r.o.	31 Oct 2019
Amendment no. 1 to loan contract on financing	Ofión Property, s.r.o.	16 Jul 2019
Loan contract on financing	Raiffeisen Fincorp, s.r.o.	19 Nov 2019

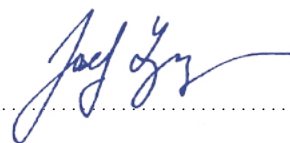


7.      **The Controlled Entity incurred no detriment in the reporting period.**
8.      **Benefits and disadvantages arising for the Controlled Entity from related party transactions.**
- 8.1     The Company generated no benefits and incurred no disadvantages.

In Prague, on 31 March 2020



Mag. Alois Lanegger



Josef Langmayer

