



**sab**

## Annual Report

1 Jan 2021 – 31 Dec 2021



Annual Report | 1 Jan 2021 – 31 Dec 2021

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## Foreword by the Board of Directors

Dear shareholders, clients, and business partners,

The board of directors of SAB Finance a.s. ("SABF" or the "Company") is pleased to share with you information on the Company's successful performance in the financial year 2021.

The past year was certainly exceptional, as 2021 was the most successful year in the history of SABF. The main event of the year was undoubtedly the entry of SAB Finance a.s. to the Prague Stock Exchange. The shares began trading on 28 January 2021 on the standard market under the SABFG ticker. October brought a 1-for-10 stock split, which should simplify the entry for retail investors and offer them the possibility of attractive gains. SAB Finance's shares also offered its investors exceptional value in the form of a half-year dividend of over CZK 68 million, representing a dividend of CZK 265 before tax per share. Relative to the normal market price, this represents a 5% p.a. yield.

The Company continued its more than 15-year trend of profitability and delivered record trading results. The Company's profit before tax exceeded CZK 200 million. Compared to 2020, this represents an increase by 39%, surpassing both last year's record and management guidance. The Company managed not only to increase profitability, but at the same time to work on further developing and meeting set goals and priorities.

Much of the credit for this went to the new currency forward product – a payment instrument for hedging currency at a pre-agreed exchange rate on a predetermined date. High volatility in the FX market meant huge demand for hedging against exchange rate risk. Transaction volumes increased by 183% year-on-year and the number of clients using forwards increased by 46%.

Also worthy of note is the online currency exchange platform ProStream®, which has seen significant growth over the past year. Compared to 2020, 15 times more clients opted to use online exchange, which accounted for an increase in turnover of 1569%. This confirms the trend of shifting activities to the online environment. For SAB Finance a.s., the platform represents a step into the future and another pillar alongside classic currency exchange, with the personal approach that remains our main asset.

We would like to thank all our employees for their extraordinary commitment and great work throughout the year. We would like to thank all our clients for their support and, above all, for the trust they have placed in us, which we appreciate immensely.

In 2022, our priorities include supporting and assisting our clients in their businesses and on their journey to success.

In Prague, on 23 February 2022



The Company's board of directors

## Proposal of the board of directors for settling the business result for the previous financial year

The board of directors of SAB Finance a.s. proposes that profits after tax for 2021 of **CZK 161,499,418** be distributed as follows:

1. **CZK 120,000,000**  
for the benefit of  
the shareholders
2. **CZK 41,499,418**  
to the account of  
retained profits



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

## **Independent Auditor's Report to the Shareholders of SAB Finance a.s.**

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

#### **Opinion**

We have audited the accompanying financial statements of SAB Finance a.s. ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2021, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note A.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 2021, and of its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

#### **Basis for Opinion**

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

**Independent auditor's report** | 1 Jan 2021 – 31 Dec 2021



### Key Audit Matters

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

### Gains and losses from spot operations

For the year ended 31 December 2021, gains and losses from spot operations amounted to CZK 299 668 thousand (year ended 31 December 2020: CZK 272 389 thousand).

Refer to note B.1. Transaction date and C.19. Gains and losses from spot operations in the notes to the financial statement for further information.

Key audit matter	How the audit matter was addressed
The Company's principal activity is conclusion of transactions, consisting in purchase and sale of financial assets (foreign currency) at agreed foreign exchange rates. The most common transaction types are spot trades, i.e. purchase and sale of currency assets on a specified spot date.	Assisted, where relevant, by our own information technology specialists, we performed, among others, the procedures outlined below: <ul style="list-style-type: none"><li>— We critically assessed the Company's accounting policies and processes related to the recognition of gains and losses from spot transactions.</li></ul>
In any given year, the Company concludes a significant number of such spot transactions, with different combinations of currencies (currency pairs), each trade requiring manual input of underlying trade data into the accounting system. The Company initially accounts for the concluded deals at the trade date to be subsequently remeasured with actual foreign exchange rate until the settlement date.	<ul style="list-style-type: none"><li>— We tested the design, implementation and operating effectiveness of selected IT-based and manual controls over trade input data entered into the operating system, accuracy of the calculation of gains and losses on spot transactions, and transfer of data between the operating and accounting system.</li></ul>
In addition, complex systems (trade journals) are used to process and record high volume of individually low-value transactions. Due to that fact, the existence, accuracy and completeness of recognized trade-related gains and losses is an inherent industry risk.	<ul style="list-style-type: none"><li>— For a sample of spot transactions, we obtained counterparty confirmations of trade terms (trade date, settlement date, currency pair, foreign exchange rate, nominal amounts) and traced them to the corresponding data in the Company's operating system (trade journal).</li></ul>
Due to the above complexities, coupled with the magnitude of the amounts involved, the area was associated with a significant risk of material misstatement, which required our increased attention in the audit. As such, we determined it to be a key audit matter.	<ul style="list-style-type: none"><li>— Using the above trade journal data, we independently recalculated gain and losses from spot operations and subsequent foreign exchange differences in the reporting period and compared our outcome with that of</li></ul>



Key audit matter	How the audit matter was addressed
	the Company. <ul style="list-style-type: none"><li>— We evaluated related disclosures in the financial statements for accuracy, completeness and compliance with the relevant requirements of the financial reporting standards.</li></ul>

### Valuation of Forward + contracts

As at 31 December 2021, assets related to Forward + contracts amounted to CZK 51 373 thousand (as at 31 December 2020: CZK 0 thousand) and liabilities related to Forward + contracts amounted to CZK – 50 816 thousand (as at December 2020: CZK 0 thousand).

Refer to note C.6. Other assets, C.10. Other liabilities and C.25. Fair value in the notes to the financial statement for further information.

Key audit matter	How the audit matter was addressed
As discussed in Note X, the Company's product offering includes the "Forward +" contracts, representing forward exchange contracts that enable the counterparty to gradually and partially settle the foreign exchange transaction within a predefined period of time. As at 31 December 2021, the Company had a substantial number of unsettled Forward + transactions, in various currency pairs and accounted for at fair value.	Assisted, where relevant, by our own financial instruments specialists, we performed, among others, the procedures outlined below: <ul style="list-style-type: none"><li>— We critically assessed, against the relevant requirements of the financial reporting standards, the Company's processes, accounting policies, and valuation methods (models) related to determining the fair value of the unsettled transactions with the Forward + product.</li></ul>
In accounting for the Forward + transactions, the Company uses its in-house model to determine fair value, including that for both the forward and option portion of the transaction, applying a simulation of a number of scenarios of the possible transaction settlement. The key model assumptions and data include those for yield curves, discount rates and the expected date of transaction settlement. Accordingly, the fair value measurement involves significant complexity, management judgment and estimation uncertainty.	<ul style="list-style-type: none"><li>— We tested the design and implementation of selected controls within the valuation process, including those in respect of management's review and approval of the key parameters, data and assumptions in the valuation model, as well as the model outcome.</li></ul>
Due to the above factors, we determined this area to be associated with a significant risk of material misstatement, which required our increased attention in the audit. As such, we considered it to be	<ul style="list-style-type: none"><li>— We assessed the appropriateness of the Company's valuation model and, for the entire population of Forward+ transaction unsettled at the reporting date, we developed our own fair value estimate for the forward portion of the transaction, using independently derived market yield curve, discount rates and uniform distribution related</li></ul>

Key audit matter	How the audit matter was addressed
a key audit matter.	<p>to the settlement date. For the option portion, we simulated settlement of deals using assumption of random motion for spot foreign exchange rate.</p> <p>— We evaluated related disclosures in the financial statements for accuracy, completeness and compliance with the relevant requirements of the financial reporting standards.</p>

#### Other Information

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

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, Supervisory Board and Audit Committee for the Financial Statements

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

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

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

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

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

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

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



obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

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

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 3 September 2021 and our uninterrupted engagement has lasted for 11 years.

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

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 15 February 2022 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

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

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



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

Jindřich Vašina is the statutory auditor responsible for the audit of the financial statements of SAB Finance a.s. as at 31 December 2021, based on which this independent auditor's report has been prepared.

Prague  
23 February 2022

*Signed by*

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

*Signed by*

Jindřich Vašina  
Partner  
Registration number 2059

## Report of the supervisory board

The supervisory board operated during the accounting period from 1 January 2021 to 31 December 2021 (the "Accounting Period") and was made up of Chair Ing. Radomír Lapčík, LL.M. and Member Jana Ježková.

The supervisory board carried out its activities in the Accounting Period in accordance with applicable legal regulations and the articles of incorporation. The supervisory board met six times during the financial year.

The supervisory board carried out supervisory activities through which it was regularly informed about the management of the Company and all material matters pertinent to the Company, including continuous assessments of the possible impact of the pandemic on the Company's operations, and regularly discussed the conclusions of internal audit reports, including the monitoring of corrective actions on the findings of internal audits, and the report on complaints and claims, and addressed, proposed, and implemented measures and their effectiveness in the management system of the Company. The supervisory board was briefed in detail on the Company's preparations for and entry into the Prague Stock Exchange in January 2021, as well as on the further progress of trading in the Company's shares.

Based on the information available to it, the supervisory board states that the efficiency and quality of the Company's management and control system improved during the financial year. Furthermore, the supervisory board notes that its cooperation with the board of directors, company management, and audit committee was positive and that it had the statutory conditions necessary for the performance of its tasks.

When assessing the reports and information submitted, the supervisory board acted objectively and independently.

The supervisory board reviewed the financial statements and the board of directors' proposal for the distribution of profit for the financial year, including the audit report of the 2021 financial statements by the auditor KPMG Česká republika Audit, s.r.o. The supervisory board finds the result of the audit satisfactory and has no reservations.

The supervisory board recommends that the general meeting of shareholders approve these financial statements, the annual report, and the proposal for distribution of profits as proposed by the board of directors.

The supervisory board notes that it did not identify any material weaknesses during its audit work during the financial year in the audited areas that would result in the non-functionality of the management and control system, either in whole or in part, or that would require the adoption of extraordinary corrective measures.

In Prague, on 23 February 2022



Ing. Radomír Lapčík, LL.M.  
Chair of the supervisory board

## Report on Relations Between the Controlling and the Controlled Entity and on Relations Between the Controlled Entities for the Accounting Period from 1 January 2021 to 31 December 2021

The report on relations between the related parties has been prepared by the board of directors of SAB Finance a.s. in compliance with Section 82 of Act No. 90/2012 Coll., on commercial companies and cooperatives (Business Corporations Act), as amended.

**SAB Financial Group a.s.**, with registered office in Prague 1, Senovážné náměstí 1375/19, Postal Code 110 00, Company ID No.: 036 71 518.

As the controlling party, SAB Financial Group a.s. (the "Controlling Party"), owns

2 228 units of common shares at a registered value of CZK 388, which represents a total share of the voting rights in SAB Finance a.s. of 86,5 %.

Mutual relations between the Controlling Party and SAB Finance a.s. were established on the following basis:

- Contract for subscription of shares of 25 August 2020
- Contract for voluntary overpayment of 10 November 2020
- Contract for assignment of accounts receivable of 30 June 2020
- Agreement to set off mutual receivables of 30 June 2020.

Agreements and contracts were executed under usual conditions and none of the parties referenced above incurred any market advantage by virtue of this agreement.

The influence of the Controlling Party is exercised through decisions by the general meeting in matters defined by applicable articles and law. The actual business activities of SAB Finance a.s. are independent of the Controlling Party.

The parent company's controlling party is Ing. Radomír Lapčík, LL.M.

No mutual relationships exist between Radomír Lapčík, LL.M. and SAB Finance a.s. apart from his membership on the supervisory board of the company.

### ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY:

**SAB Holding a.s.**, with registered office Prague 1, Senovážné nám. 1375/19, Postal Code 110 00, Company ID No.: 036 68 118.

SAB Financial Group a.s. owns 1 670 units of common registered shares with a nominal value of CZK 100,000, representing a 100% share of voting rights in SAB Holding a.s.

Mutual relationships exist between SAB Holding a.s. and SAB Finance a.s. for the period in question based on the following:

- Payment Services Agreement dated 30 June 2016. The contract was executed under the usual conditions and none of the parties referenced above incurred any market advantage by virtue of this agreement.

**SAB Financial Investments a.s.**, Senovážné náměstí 1375/19, Nové Město, 110 00 Prague 1, Company ID No.: 019 57 201.

SAB Finance a.s. owns six registered common share certificates with a nominal value of CZK 1,000,000 and 16 registered common share certificates with a nominal value of CZK 10,000,000 representing the sum total of a 100% share in the voting rights of SAB Financial Investments a.s. The controlling entity is the controlling entity of SAB Finance a.s. and therefore indirectly of SAB Financial Investments a.s.

A contract for a voluntary overpayment to equity was concluded on 8 Sep 2020 between SAB Financial Investments a.s. and SAB Finance a.s..

**SAB Europe Holding Ltd.**, SUITE 3, TOWER BUSINESS CENTRE, TOWER STREET, SWATAR, BIRKIRKARA 4013, Malta, C70457.

SAB Finance a.s. owns 26 022 330 common registered shares with a nominal value of EUR 0.50, representing a 100% share in the voting rights of SAB Europe Holding Ltd. The controlling entity is the controlling entity of SAB Finance a.s. and therefore indirectly of SAB Europe Holding Ltd.

Mutual relationships exist between SAB Europe Holding Ltd. and SAB Finance a.s. for the period in question based on the following:

- Cooperation Agreement of 29 March 2018
- Resolution on Capitalisation of Loan of 23 March 2020.

**SAB Bohemia s.r.o.**, with registered office Senovážné náměstí 1375/19, Nové Město, 110 00 Prague 1, Company ID No.: 05 132 363

SAB Finance a.s. is the owner of a 100% business share in the voting rights of SAB Bohemia s.r.o, which corresponds to a 100% share in the voting rights of SAB Bohemia s.r.o; the controlling entity is the controlling entity of SAB Finance a.s. and therefore indirectly of SAB Bohemia s.r.o,

Mutual relationships exist between SAB Bohemia s.r.o. and SAB Finance a.s. for the period in question based on the following:

- Payment Services Agreement of 28 June 2016 including subsequent amendments
- Master Service Agreement for Leasing of Modes of Transportation of 17 April 2018.

**FCM Bank Limited**, SUITE 3, TOWER BUSINESS CENTRE, TOWER STREET, SWATAR, BIRKIRKARA 4013, Malta, C 50343

SAB Finance a.s. owns one common share with a nominal value of EUR 1 and, indirectly via SAB Europe Holding Limited, 28 484 999 common shares with a nominal value of EUR 1, thereby jointly representing a 99% share in the voting rights of FCM Bank Limited. The controlling entity is the controlling entity of SAB Finance a.s. and therefore indirectly of FCM Bank Limited.

Mutual relationships exist between FCM Bank Limited and SAB Finance a.s. for the period in question based on the following:

- Cooperation Agreement of 29 March 2018
- Loan Agreement of 26 November 2021
- Payment Services Agreement of 29 May 2018 including subsequent amendments.

**mediaport solutions s.r.o.**, with registered office Zlín, třída Tomáše Bati 2132, Postal Code 760 01; Company ID No. 291 92 790.

mediaport solutions s.r.o. is owned by SAB Holding a.s., which is owned by SAB Financial Group a.s.

Mutual relations between mediaport solutions s.r.o. and SAB Finance a.s. were established on the following basis:

- Payment Services Agreement of 21 December 2011 including subsequent amendments
- Agreement on the Provision of Software and IT Services of 14 December 2018 in the wording of the following amendments.

**SAB Corporate Finance Ltd.**, 30 St Mary Axe, Level 28/29, London, United Kingdom, EC3A 8BF

SAB Financial Group a.s. owns 211 common shares with a nominal value of GBP 10 000, representing a 100% share of voting rights in SAB Corporate Finance Limited.

Mutual relationships exist between SAB Corporate Finance Ltd. and SAB Finance a.s. for the period in question based on the following:

- Payment Services Agreement of 25 April 2018 including subsequent amendments.

In the 2021 Accounting Period, no legal actions or measures were undertaken by SAB Finance a.s. in the interest or on the account of the Controlling Party in the meaning of the provisions of Section 82 para. 2 item d) of the Act on Commercial Corporations. SAB Finance a.s. did not incur any injury in association with the existence of the Controlling Party in the 2021 Accounting Period, and for this reason no collateral was required for payment of incomes nor were any contracts executed in relation to this payment.

In Prague, on 23 February 2022



Ing. Dana Hübnerová  
Member of the board of directors



Ing. Petr Čumba  
Member of the board of directors

## Other disclosures in the annual report

### Information on environmental protection activities

As the Company provides financial services, its activities do not directly influence the environment.

### Activities in labour law relationships

The Company acts in its labour law relationships in accordance with all applicable laws and regulations. It enables its employees to continually increase their technical qualifications and language skills.

### Research and development

The Company did not report any research and development activities in the Accounting Period.

### Organisational unit abroad

The Company has no organisational unit abroad.

### Acquisition of own shares

The Company did not acquire any of its own shares in 2021.

### Subsequent events

Apart from the events described in the notes to the financial statements, the management is not aware of any other major subsequent events that would have an impact on the annual report as at 31 December 2021.



## BALANCE SHEET as at 31 December 2021

ASSETS (thousands CZK)		Item	31 Dec 2021	31 Dec 2020
1.	Cash in hand and balances with central banks	C.1.	64	67
3.	Receivables from banks and credit unions	C.2.	374,536	260,716
	of which: a) repayable on demand		225,376	208,226
	b) other receivables		149,160	52,490
4.	Receivables from non-bank subjects	C.3.	514,079	579,928
	of which: a) repayable on demand		514,079	542,743
	b) other receivables		0	37,185
8.	Ownership interests with controlling influence	C.4.	965,114	965,114
9.	Intangible fixed assets	C.5.	33,975	21,791
10.	Tangible fixed assets	C.5.	6,658	5,451
11.	Other assets	C.6.	260,253	132,165
13.	Prepaid expenses and accrued income	C.7.	1,458	2,124
<b>Total Assets</b>			<b>2,156,137</b>	<b>1,967,356</b>

The notes form an integral part of these financial statements.

LIABILITIES (thousands CZK)		Item	31 Dec 2021	31 Dec 2020
1.	Payables to banks and credit unions	C.8.	228,712	85,296
	b) other payables		228,712	85,296
2.	Payables to non-bank subjects	C.9.	561,782	585,343
	of which: a) repayable on demand		548,770	572,679
	b) other payables		13,012	12,664
4.	Other liabilities	C.10.	132,526	64,214
5.	Deferred income and accrued expenses		1	96
6.	Provisions	C.11.	17,389	9,880
	of which: b) provision for taxes		17,389	9,880
8.	Registered capital	C.13.	1,000,000	1,000,000
	of which: a) paid-up registered capital		1,000,000	1,000,000
9.	Share premium	C.13.	6,356	6,356
10.	Reserve funds and other funds from profit	C.13.	0	23,451
	of which: a) mandatory reserves and risk funds		0	23,451
12.	Capital funds	C.13.	47,477	76,000
14.	Retained profits or accumulated losses		395	0
15.	Profit or loss for the accounting period		161,499	116,720
<b>Total liabilities</b>			<b>2,156,137</b>	<b>1,967,356</b>

The notes form an integral part of these financial statements.

## OFF-BALANCE SHEET ITEMS

OFF-BALANCE SHEET ITEMS (thousands CZK)		Item	31 Dec 2021	31 Dec 2020
<b>Off-balance sheet assets</b>				
4.	Receivables from fixed term transactions	C.14.	15,676,918	5,098,669
<b>Off-balance sheet liabilities</b>				
9.	Commitments and guarantees received	C.14.	300,000	190,000
12.	Liabilities from fixed term transactions	C.14.	15,575,459	5,083,942

The notes form an integral part of these financial statements.

## PROFIT AND LOSS STATEMENT

FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

(thousands CZK)		Item	2021	2020
1.	Interest income and similar income	C.15.	157	3,044
2.	Interest expense and similar expense	C.16.	4,573	9,835
3.	Income from share and ownership interests		0	3,280
4.	Fee and commission income	C.17.	2,075	2,049
5.	Fee and commission expense	C.18.	13,985	14,038
6.	Gain or loss from financial operations	C.19.	371,664	296,161
7.	Other operating income	C.20.	88	767
8.	Other operating costs	C.20.	515	8,048
9.	Administrative expenses	C.21.	147,180	124,309
	of which: a) employee expenses		114,227	89,660
	of which: aa) wages and salaries		87,808	67,264
	ab) social and health insurance		24,847	20,938
	b) other administrative expenses		32,953	34,649
11.	Depreciation, additions and utilisations of provisions and adjustments to tangible and intangible fixed assets	C.5.	7,561	6,726
12.	Release of loss allowances and provision for receivables and guarantees, income from written-off receivables		134	1,229
13.	Write-offs, additions and use of loss allowances and provisions for receivables and guarantees		52	97
16.	Release of other provisions		0	650
19.	Current year profit (loss) from ordinary activities before tax		200,252	144,127
23.	Income tax	C.22.	38,753	27,407
24.	<b>Net profit (loss) for the period</b>		<b>161,499</b>	<b>116,720</b>

The notes form an integral part of these financial statements.

## CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

(thousands CZK)	Registered capital	Share premium	Capital funds	Retained profits	Profit funds	Profit (loss)	Total
<b>Balance as at 1 Jan 2020</b>	<b>716,717</b>	<b>6,356</b>	<b>0</b>	<b>0</b>	<b>19,768</b>	<b>73,663</b>	<b>816,504</b>
Transfers to funds	0	0	76,000	0	3,683	-3,683	76,000
Payment of dividends	0	0	0	0	0	-69,980	-69,980
Increases to registered capital	283,283	0	0	0	0	0	283,283
Net profit/loss during the Accounting Period	0	0	0	0	0	116,720	116,720
<b>Balance as at 31 Dec 2020</b>	<b>1,000,000</b>	<b>6,356</b>	<b>76,000</b>	<b>0</b>	<b>23,451</b>	<b>116,720</b>	<b>1,222,527</b>
<b>Balance as at 1 Jan 2021</b>	<b>1,000,000</b>	<b>6,356</b>	<b>76,000</b>	<b>0</b>	<b>23,451</b>	<b>116,720</b>	<b>1,222,527</b>
Transfers to funds	0	0	0	0	5,836	-5,836	0
Transfers to retained profits	0	0	0	40,171	-29,287	-10,884	0
Payment of dividends	0	0	-28,523	-39,776	0	-100,000	-168,299
Net profit/loss for the Accounting Period	0	0	0	0	0	161,499	161,499
<b>Balance as at 31 Dec 2021</b>	<b>1,000,000</b>	<b>6,356</b>	<b>47,477</b>	<b>395</b>	<b>0</b>	<b>161,499</b>	<b>1,215,727</b>

The notes form an integral part of these financial statements.



## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

(thousands CZK)	Item	2021	2020
<b>OPERATING CASH FLOW</b>			
<b>Profit or loss during the Accounting Period from ordinary and extraordinary activities before tax</b>		<b>200,252</b>	<b>144,127</b>
<b>Non-cash transactions:</b>			
Depreciation and change in adjustments of non-current tangible and intangible assets	C.5.	7,561	6,726
Change in status of provisions	C.11.	0	-650
Addition and release of loss allowances	C.24.	-82	-1,132
Net interest income	C.15.	4,416	6,791
Profit/loss from financial assets at fair value and foreign exchange differences	C.19.	-71,996	4,410
Profit/loss from non-current tangible and intangible assets	C.20.	-16	-84
Other adjustments		-52	0
		<b>140,083</b>	<b>160,819</b>
<b>Changes in:</b>			
Receivables from non-bank subjects	C.3.	57,917	86,069
Other assets, prepaid expenses, and accrued income	C.6.	8,801	-44,914
Liabilities to banks and credit unions	C.8.	143,416	-116,525
Payables to non-bank subjects	C.9.	-28,348	222,119
Other liabilities, accrued expenses and deferred income	C.10.	15,743	40,767
		<b>337,612</b>	<b>347,705</b>
Interest received	C.15.	157	3,044
Profit shares received		3,280	0
Interest paid	C.16.	-4,573	-9,835
Income tax paid	C.11.	-31,244	-18,357
<b>Net operating cash flow</b>		<b>305,232</b>	<b>322,557</b>
<b>INVESTMENT ACTIVITY</b>			
Acquisition of ownership interests	C.4.	0	-570,232
Acquisition of non-current tangible and intangible assets	C.5.	-20,952	-13,988
Proceeds from the sale of non-current tangible and intangible assets	C.5.	16	25,083
<b>Net cash flow from investment activity</b>		<b>-20,936</b>	<b>-559,137</b>

(thousands CZK)	Item	2021	2020
<b>FINANCIAL ACTIVITY</b>			
Income from increases to registered capital	C.13.	0	359,283
Profit shares paid	C.13.	-168,299	-69,980
Repayment of lease liability		-2,180	-1,951
<b>Net cash flow from financial activity</b>		<b>-170,479</b>	<b>287,352</b>
<b>Net increase or decrease in cash and cash equivalents balance</b>		<b>113,817</b>	<b>50,772</b>
<b>Cash and cash equivalents as at 1 January</b>		<b>260,783</b>	<b>210,011</b>
<b>Cash and cash equivalents as at 31 December</b>		<b>374,600</b>	<b>260,783</b>
<b>Cash and cash equivalents include:</b>			
Cash in hand and deposits with central banks		64	67
Receivables from banks and credit unions due on demand		374,536	260,716
<b>Cash and cash equivalents as at 31 December</b>		<b>374,600</b>	<b>260,783</b>

The notes form an integral part of these financial statements.



## Notes to the Financial Statements | 1 Jan 2021 – 31 Dec 2021

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## A. GENERAL INFORMATION

### A.1. Description of the accounting entity

**Name:** SAB Finance a.s.

**Registered office:** Prague 1 - Nové Město, Senovážné nám.1375/19, Postal Code 110 00

**Legal form:** Joint-stock company

**Principal business activity:** activities of a payment institution within the scope of the license granted by the Czech National Bank in accordance with Act No. 284/2009 Coll., on Payment Systems

**Date of company's establishment:** 30 July 2010

**Company ID No. [IČ]:** 247 17 444

(“SABF” or “the Company” or “the Accounting Entity”)

Since 27 April 2011, the Company has been performing activities of a payment institution within the scope of the license granted by the Czech National Bank in accordance with Act No. 284/2009 Coll., on Payment Systems. This was recorded in the Commercial Register on 15 February 2013.

As of 2 April 2014, another activity of the Company is the rental of real estate, residential, and commercial space.

Since 2 April 2014, the Company has complied with Act No. 90/2012 Coll., on Commercial Companies and Cooperatives, in its entirety by proceeding in accordance with Section 777 para. 5 of the Act.

As of 28 January 2021, the Company's shares are traded on the standard market of the Prague Stock Exchange.

### A.2. Members of the board of directors and supervisory board as at 31 December 2021

Status as 31 December 2021	First and last name	Function
Statutory authority – board of directors	Ing. Petr Čumba	Chairman of the Board
Statutory authority – board of directors	Ing. Martin Farský	Member of board of directors
Statutory authority – board of directors	Ing. Dana Hübnerová	Member of board of directors
Supervisory board	Ing. Radomír Lapčík, LL.M.	Chair of supervisory board
Supervisory board	Jana Ježková	Member of supervisory board
Audit committee	MVDr. Jan Černý	Chair of audit committee
Audit committee	Prof. Dr. Ing. Drahomíra Pavelková	Member of audit committee
Audit committee	Ing. Blanka Kameníková, Ph.D.	Member of audit committee

The Company is represented by the chair of the board of directors alone or jointly by two members of the board of directors.

There were no changes in the composition of the board of directors and supervisory board in 2021.

The board of directors has three members who are appointed and dismissed by the supervisory board. The members of the board of directors elect the chair from among their number, with a term of office of five years. Each member of the board of directors has the right to one vote at a meeting of the board of directors, with the chair's vote being decisive if the votes are deadlocked.

The supervisory board has two members, who are appointed and dismissed by the general meeting. The members of the supervisory board elect their chair from among their number, with a term of office of five years. The supervisory board meets at least once a year. Each member of the supervisory board has one vote at their meetings, with the chair's vote being decisive if the votes are deadlocked.

The audit committee shall have three members who are appointed and dismissed by the general meeting from among the members of the supervisory board or third parties. The audit committee shall elect its own chair and vice-chair; the Chair being independent as defined by the relevant provisions of the Auditors Act. The term of office of each member of the audit committee is five years. The audit committee is quorate when a majority of all members are present. When reaching decisions, each member of the audit committee has one vote, whereas audit committee decisions are carried by a majority of all its members. The vote of the chair of the audit committee is not decisive if the votes are deadlocked.

## Board of directors as at 31 Dec 2021

### Ing. Petr Čumba

Apart from deciding on all matters of the Company not reserved by law or in the articles of incorporation to the competence of the general meeting or the supervisory board, and acting for the company externally, Ing. Petr Čumba does not have any other Company activities under his purview.

Date of birth: 02 Aug 1968

Date of appointment: 01 Mar 2015

#### Previous experience:

Mr Čumba is a graduate of the Brno University of Technology. In addition to the positions he has held in the governing bodies of the Company over the last 5 years (listed below), between 1994 and 1997 he was the deputy director of Union banka a.s., Hodonín, where he managed approximately 17 employees and was responsible for managing the company's business development. Between 1999 and 2001 he was a director of SPP Bohemia Trade a.s., where he managed approximately 50 employees. In 2001-2010 he worked as CFO at MND a.s., where he was responsible for all economic processes in the company and managed teams of 15-20 people. From 2004 to 2010, he was also a member of the board of directors and chairman of the supervisory board of Moravské naftové doly a.s. From 2013 to the present, in addition to the positions mentioned below, he has held the positions of director of the economic section (in the period May 2013 to Jan 2015), and from 2015 to 2018 he was a member of the audit committee (a position accredited by the CNB) at Moravský Peněžní Ústav - Savings Association (now TRINITY BANK a.s.). He is currently a member of the audit committee of TRINITY BANK. Petr Čumba has been a member of the board of directors of Malta FCM Bank Limited since its acquisition by SAB Group at the end of 2017.

#### Current membership in the governing bodies of other organisations:

Chair of the board of directors of EcoSave technologies a.s.

Member of the statutory body of TRINITY Investorská a.s.

Member of the statutory body of Nadace Trinity Credo

Member of the statutory body of Optiware Net, s.r.o.

Registered agent of mediaport solution s.r.o.

Registered agent of SAB Bohemia s.r.o.

Member of the board of directors of SAB Europe Holding Ltd. (Malta)

Member of the board of directors of SAB Malta Ltd. (Malta)

Member of the board of directors of SAB Financial Investments a.s.

Member of the board of directors of FCM Bank Limited (Malta)

Member of the board of directors of SAB o.c.p., a.s. (Slovakia)

#### Former membership in governing bodies of other organisations in the past 5 years:

Vice Chair of the board of Národní Centrum Tkání a Buněk a.s.

Vice Chair of the board of Centrum buněčné terapie a diagnostiky a.s.

Registered agent of Cryo Storage s.r.o.

Registered agent of BioniX s.r.o.

### Ing. Martin Farský, FCCA

Apart from deciding on all matters of the Company not reserved by law or the articles of incorporation to the competence of the general meeting or the supervisory board, and acting for the Company externally, Ing. Martin Farský, FCCA does not have any other Company activities under his purview.

Date of birth: 16 Nov 1978

Date of appointment: 28 Feb 2017

#### Previous experience:

Mr. Farský is a graduate of the University of Economics in Bratislava. He is a member of the Association of Chartered Certified Accountants (bearing the title of FCCA). Between 2004 and 2016, he worked at the international auditing firm Ernst & Young, where the positions he held included the position of senior audit manager specialising in audits of large companies. From 2017 to 2018, he served as managing director of the Company, and from 2017 to the present as a member of the board of directors. Since 2019, he has served as chair of the audit committee of TRINITY BANK a.s. He has also served as a member of the board of directors of FCM Bank Ltd. from 2018 to the present and serves as the vice-chair of the board of directors of SAB o.c.p., a.s.

#### Current membership in the governing bodies of other organisations:

Vice-chair of the board of SAB o.c.p., a.s. (Slovakia)

Member of the board of directors of FCM Bank Limited (Malta)

Member of the board of directors of SAB Corporate Finance Ltd (Great Britain)

Chair of the audit committee of TRINITY BANK a.s.

#### Former membership in governing bodies of other organisations in the past 5 years:

Apart from the above, Ing. Martin Farský has not served in any other functions.

#### Ownership interest in other organisations:

Ing. Martin Farský owns 10 units of stock in the Company but does not have any ownership interest in other companies in the SAB Group.

## Ing. Dana Hübnerová

Apart from deciding on all matters of the Company not reserved by law or the articles of incorporation to the competence of the general meeting or the supervisory board, and acting for the Company externally, Ing. Dana Hübnerová serves the Company as compliance officer on the basis of an employment contract.

Date of birth: 01 Feb 1955

Date of appointment: 14 Oct 2020

### Previous experience:

Ms Hübnerová is a graduate of the University of Economics in Prague. After graduating from the University of Economics (1978), she worked at the former State Bank of Czechoslovakia until 1989 in various positions in the credit area. Between 1990 and 2004, she worked in the banking sector, including at ČSOB a.s., where she held the position of head of the economic and accounting department and later served as the economic deputy director of a regional branch. From 2005, she worked as internal audit manager and later as compliance manager at Moravský Peněžní Ústav – Savings Association (now TRINITY BANK a.s.), where she is currently a compliance consultant. Since 2016, she has worked in compliance consulting activities at SAB Finance a.s. She has been a member of the board of directors of Správa Aktiv a Bankovní Poradenství a.s. and SAB Financial Group a.s. and a member of the supervisory board of SAB Holding a.s. since 2014. In 2017, she was appointed to the supervisory board of SAB o.c.p. and in the following year to the supervisory board of SAB Financial Investments a.s. In 2019, she was appointed as a member of the board of trustees of the Trinity Credo Foundation.

### Current membership in the governing bodies of other organisations:

Chair of the supervisory board of SAB o.c.p., a.s. (Slovakia)

Member of the board of directors of SAB Financial Group a.s.

Member of the supervisory board of SAB Holding a.s.

Member of the supervisory board of SAB Financial Investments a.s.

Member of the Board of Trustees of the Trinity Credo Foundation

### Former membership in governing bodies of other organisations in the past 5 years:

Member of the board of directors of Správa Aktiv a Bankovní Poradenství a.s.

### Ownership interest in other organisations:

Ing. Dana Hübnerová owns 10 units of shares in the Company, but does not have any ownership interest in other companies in the SAB Group.

The members of the board of directors declare that:

- no member of the board of directors has been convicted of a deliberate criminal offence in the past five years
- no member of the board of directors has been subject to an official public charge or sanction by statutory or regulatory authorities in the past five years
- no member of the board of directors has been barred by a court from holding any office as a member of an administrative, management, or supervisory body or from holding any office in the management or conduct of the business of the Company or any other issuer of securities in the past five years
- no member of the board of directors has been involved in bankruptcy proceedings, liquidation, or receivership in the past five years as an individual or as a member of the Company's statutory or supervisory body
- they are not related to any other members of the company's board of directors or members of the Company's supervisory board
- they are not aware of any existing or impending conflict of interest related to the performance of their duties as members of the board of directors.

## Supervisory board as at 31 Dec 2021

### Ing. Radomír Lapčík, LL. M.

Chairman of the supervisory board

Date of birth: 03 Jul 1969

Date of appointment: 04 Mar 2019

### Previous experience:

A Zlín native and patriot, Mr. Lapčík is the founder and 100% owner of SAB Group with more than 26 years of experience in the banking sector. He is an adherent of the Baťa style of business – from drops in the sea, from pennies to millions – i.e., achieving profitability step by step, taking care of clients every day. He is a supporter of conservative and safe banking, of gradual and continuous development, resting on the continuous improvement of services. He was awarded Entrepreneur of the Year of the Zlín Region in 2008.

His career has been strongly focused on the banking sector and financial services. He started doing business in the financial sector in the Czech Republic 26 years ago, when he founded Moravský Peněžní Ústav – Savings Association in 1996, which he transformed into TRINITY BANK a.s. on 1 January 2019. At Moravský Peněžní Ústav – Savings Association, he served as chairman of the board of directors and CEO.

At present, he is chairman of the supervisory board of SAB Finance a.s. and chairman of the supervisory board of TRINITY BANK a.s., and has been approved by the Czech National Bank as a person suitable and professionally qualified for these positions.

In 2017 and 2018, he was approved along with SAB Finance a.s. and SAB Europe Holding Ltd. by the European Central Bank and the Malta Financial Services Authority, the National Bank of Slovakia, and the UK regulator Financial Conduct Authority as a suitable and financially strong owner of regulated entities (bank, securities dealer, and payment institution).

He studied Business Law at Nottingham Trent University (UK), where he obtained a Master of Laws degree. Prior to that, he graduated from Brno University of Technology and completed his doctoral studies at Tomas Baťa University in Zlín.

In addition to conducting business, he is also a professor, having lectured at the University of Economics in Prague and having introduced the subject of financial mathematics at Tomas Baťa University.

He is also active as a philanthropist. His foundation CREDO CZ has been supporting families with disabled children for some time. The NAVZDORY programme, to which he has donated CZK 10 million, is currently working to mitigate the effects of the COVID-19 pandemic on socially vulnerable families in the Zlín Region.

### Current membership in the governing bodies of other organisations:

Chair of the supervisory board TRINITY BANK a.s.

Chair and member of the board of trustees of CREDO CZ – charitable foundation

Chair of the board of trustees of Nadace Trinity Credo.

### Ownership interest in other organisations:

SAB o.c.p., a.s. – 100 % share of registered capital and voting rights

SAB Financial Group a.s. – 100% share of registered capital and voting rights

immoSAB a.s. – 100 % share of registered capital and voting rights

CREDO CZ – charitable foundation – 50 % share of fund capital.

## Jana Ježková

Member of the supervisory board

Date of birth: 04 Jan 1959

Date of appointment: 11 Nov 2020

### Previous experience:

Ms. Ježková is a graduate of a secondary school of economics with leaving certificate; upon graduating from the secondary school (1978) she worked until 1991 in various positions as an independent professional officer at the Federal Ministry of Foreign Trade; from 1992 to 1994 she worked at SETRA Service Trading s.r.o. as telecommunication equipment sales manager; from 1995 to 2013 she worked as director of sales and shopping centre at OVUS a.s.; since 2014, she has worked as a manager at Správa Aktiv a Bankovní Poradenství a.s., which following a merger in 2021 became the successor company SAB CZ s.r.o.

### Current membership in the governing bodies of other organisations:

Registered agent of SAB CZ s.r.o.

Registered agent of Domy Květnice Development s.r.o.

Member of the board of directors of OVUS a.s.

Member of the Homeowner's Association at Makovského 1140–1145, Prague 6

Member of the supervisory board of SAB Financial Group a.s.

Chair of the board of directors of newstream agency a.s.

### Ownership interest in other organisations:

Jana Ježková does not have any ownership interests in any other companies.

The members of the supervisory board declare that:

- no member of the supervisory board has been convicted of a deliberate criminal offence in the past five years
- no member of the supervisory board has been subject to an official public charge or sanction by statutory or regulatory authorities in the past five years
- no member of the supervisory board has been barred by a court from holding any office as a member of an administrative, management, or supervisory body or from holding any office in the management or conduct of the business of the Company or any other issuer of securities in the past five years
- no member of the supervisory board has been involved in bankruptcy proceedings, liquidation, or receivership in the past five years as an individual or as a member of the Company's statutory or supervisory body
- they are not related to any other members of the company's supervisory board or members of the Company's board of directors
- they are not aware of any existing or impending conflict of interest related to the performance of their duties as members of the supervisory board.

The business addresses of members of the board of directors and supervisory board are the same as the registered office of the Company.

## A.3. Changes in the Commercial Register

In 2021, changes were made in the Commercial Register, namely the deletion of SAB Financial Group a.s., Company ID No.: 036 71 518, as the sole shareholder pertaining to the entry of SABF on the standard market of the Prague Stock Exchange in January 2021, and the registration of an updated version of the articles of incorporation in the Collection of Deeds of the Commercial Register. The articles of incorporation were updated to reflect the decision of the general meeting to split the shares at a ratio of one to ten, the abolition of the reserve and other funds of the Company, and the deletion of two subjects of the Company's business (previously item b) "Production, trade, and services not included in Annexes 1 to 3 of the Trade Licensing Act" and letter d) "activities of accounting advisors, bookkeeping, tax recordkeeping").

## A.4. Information about Company securities

The Company's common shares, ISIN: CZ0009009940; are issued pursuant to the Act on Commercial Corporations and Act No. 89/2012 Coll., the Civil Code, as book-entry registered securities. The shares have a nominal value of CZK 388 (before the share split in October 2021, CZK 3,880). The shares are registered in the central register of book-entry securities maintained by Centrální depozitář cenných papírů, a.s., Company ID No. 250 81 489, registered office Rybná 14, 110 05 Prague 1.

No special rights are attached to the shares. In particular, a shareholder has the right to a share in the company's profit (dividend) and the right to participate in the general meeting, to vote at the general meeting, to request and receive explanations of matters concerning the company, to make proposals and counterproposals, to lodge protests, or to exercise other shareholder rights under the articles of incorporation and applicable legislation. Upon dissolution of the Company, a shareholder shall be entitled to a share of the liquidation balance. A detailed description of the rights and obligations attached to the shares is contained in the Company's articles of incorporation available on the website [www.justice.cz](http://www.justice.cz) and in applicable legislation, in particular the Act on Commercial Companies.

## A.5. Decisions and authority of the general meeting

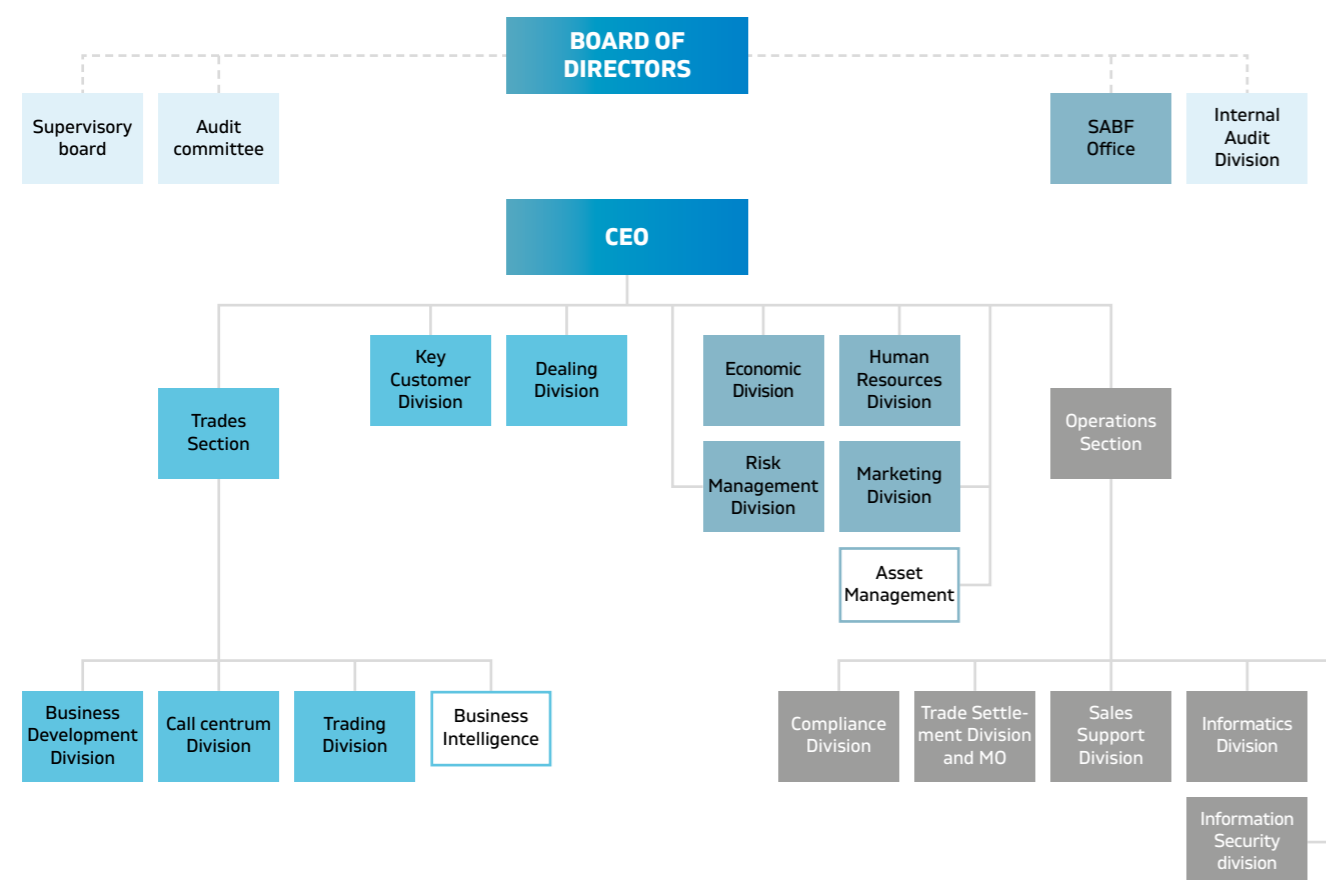
As the highest authority of the Company, the general meeting is quorate if shareholders holding shares with a nominal value exceeding 30% of the registered capital are present. Voting at the general meeting takes place through a show of hands. An electronic voting machine or other similar method may be used to record votes. If all shareholders agree, the general meeting may be conducted without complying with the requirements stipulated by law for convening a general meeting. Reaching decisions per rollam as described by Sections 418 to 420 of the Act on Commercial Corporations is not permitted.

The competence of the general meeting includes the decision to amend the articles of incorporation unless such an amendment is due to an increase in the registered capital authorised by the board of directors or a change resulting from other legal circumstances, the issuing of instructions to the board of directors or the approval of the principles of the board of directors' activities, and the decision to lease the company's plant or any of its parts comprising a separate organisational unit, the appointing or dismissing of a liquidator, the approving of a contract for performance of a function and its remuneration pursuant to Section 61 of the Act on Commercial Corporations, the appointing and dismissing of members of the supervisory board, the appointing and dismissing of the audit committee and the approving of contracts for performance of the function of a member of the audit committee, the approving of remuneration policy and remuneration reports pursuant to the Act on Capital Markets, the approving of significant transactions pursuant to Section 121s et seq. of the Act on Commercial Corporations, and decisions on any other matters entrusted to it by the articles of incorporation or applicable legislation, in particular the Act on Commercial Corporations.

## A.6. Information on governance code and management of the Company

The Company did not implement a governance code or any other similar code in 2021, as the Company's activities are governed by generally binding legislation, the articles of incorporation, and internal directives, which are regularly reviewed and updated accordingly. The Company considers this framework including the areas of governance and management to be sufficient for its responsible and transparent operation.

## A.7. Organisational structure as at 31 December 2021



## A.8. Entities with controlling and significant influence

Shareholders whose share in the registered capital exceeds 20%:

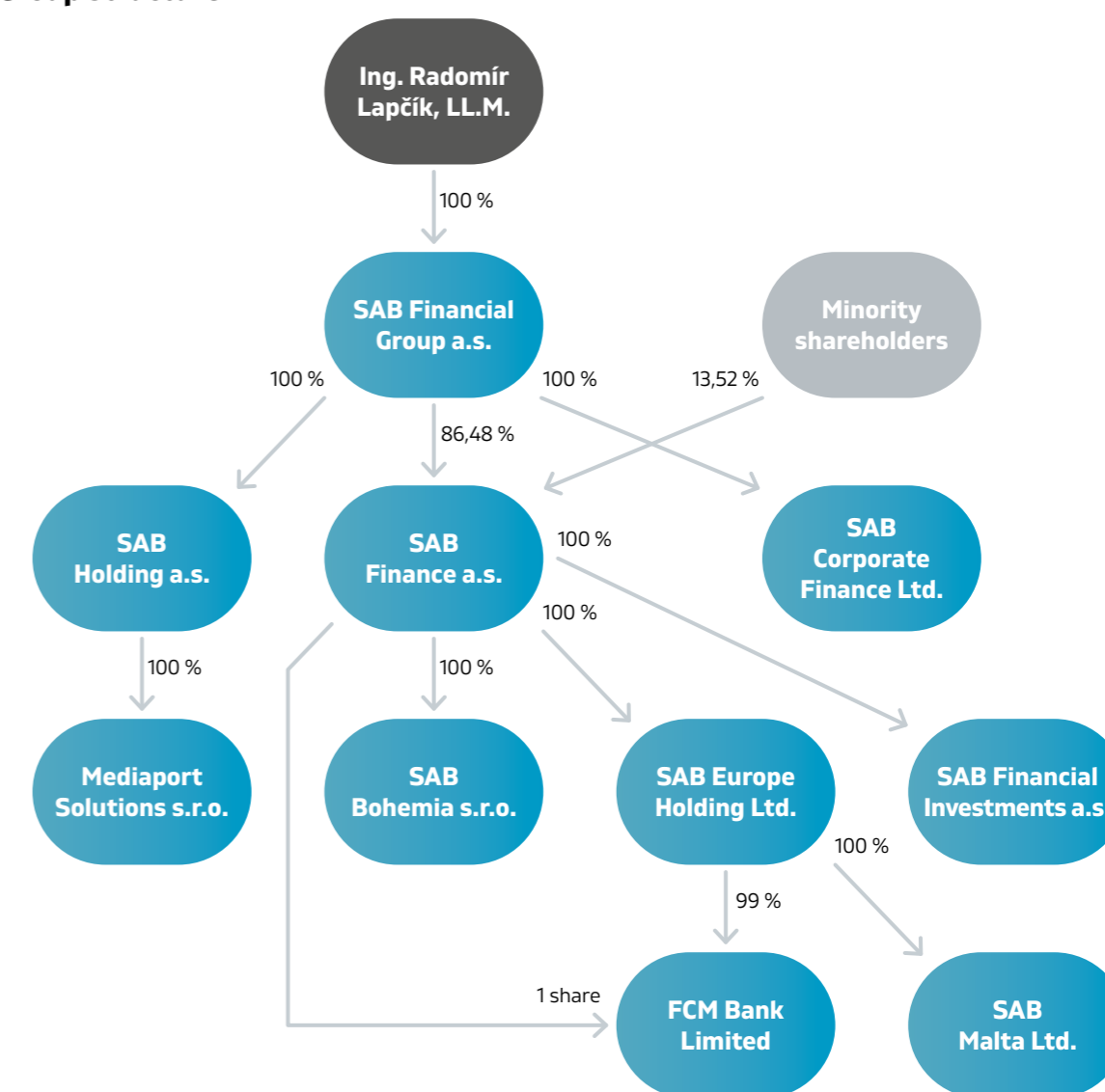
Shareholder's first and last name	Share of registered capital as at 31 December 2021
SAB Financial Group a.s.	86.48 %

## A.9. Ownership interests with controlling influence

Business companies and cooperatives in which the accounting unit holds shares exceeding 20% share in their registered capital:

Shareholder's first and last name	Share of registered capital as at 31 December 2021
SAB Europe Holding Ltd.	100 %
SAB Bohemia s.r.o.	100 %
SAB Financial Investments a.s.	100 %

## A.10. Group structure



The registered office of the parent company  
SAB Financial Group a.s. is at Senovážné náměstí 1375/19, Nové Město, 110 00 Prague 1.

## A.11. Average number of employees, personnel expenses

### A.11.1. Average recalculated number of employees in the Accounting Period

Indicator	2021	2020
Average converted number of employees	60	66
of which: members of the board of directors	3	3
members of the supervisory board	2	2

Personnel expenses for staff including the personnel expenses for executive staff are listed in section C.21. Administrative costs.

### A.11.2. Remuneration to persons acting as statutory bodies, members of the statutory and supervisory bodies

In 2021, the accounting entity paid fees of CZK 420 thousand (2020: CZK 372 thousand) to members of statutory bodies for the performance of their activities in these bodies based on individual contracts for the performance of their functions – see Note 3.21.

No remuneration was paid to members of the supervisory board in 2020 or 2021.

Wages and remuneration	87,808	67,264
of which: managers	16,921	15,746
members of the board of directors	420	372
members of the supervisory board	0	0

## A.12. Payments made to the benefit of related parties

The accounting unit does not provide any loans, credit, or other means of security, regardless of whether pecuniary or non-pecuniary, to any parties who are a statutory body or are members of statutory or other managing or supervisory bodies.

## A.13. Basis for the preparation of the financial statements

The Company's bookkeeping has been administered and the financial statements prepared in accordance with Act No. 563/1991 Coll., on Accounting, as amended, Decree 501/2002 Coll., which implements certain provisions of Act No. 563/1991 Coll., on Accounting, for accounting entities who are financial institutions whose books are managed using the double-entry bookkeeping system as amended, and the Czech financial standards for financial institutions, as amended.

Decree No. 501/2002 Coll., in the wording effective 1 January 2018, stipulates in Section 4a para. 1 that for the purpose of reporting financial instruments, their valuation, and stating information about them in the notes to the financial statements, the accounting entity should proceed in accordance with the international accounting standards governed by directly applicable regulations of the European Union on the implementation of international accounting standards (the "International Financial Reporting Standards" or "IFRS").

As of 31 December 2021, the Company had no obligation to prepare consolidated financial statements according to the International Financial Reporting Standards as adopted by the EU (IFRS). Pursuant to the Accounting Act, the Company has the option to elect to defer the obligation to prepare consolidated financial statements according to the International Financial Reporting Standards as adopted by the EU (IFRS) starting from the period of the fiscal year ending 31 December 2022. The Company has made such an election and will therefore begin to apply International Financial Reporting Standards as adopted by the EU (IFRS) from 1 January 2022 and will prepare consolidated financial statements in accordance with IFRS for 2022.

The financial statements assume that the accounting entity is a going concern and will not be in any way restricted or prevented from continuing in those activities in the foreseeable future.

The financial statements have been prepared based on full accrual accounting and the transactions and other events are recognised when they occur and are recorded in the period to which they relate. The financial statements have been prepared under the historical cost convention. The accounting system respects the prudential approach, assuming the going concern principle.

All amounts in these financial statements are shown in thousands of Czech crowns (CZK).

These financial statements are non-consolidated and have been prepared as at 31 December 2021.

The consolidated financial statements of the narrowest group of accounting units to which the Company as a consolidated accounting unit belongs have been prepared by SAB Financial Group a.s. with registered office at Senovážné nám. 1375/19, Prague 1. These consolidated financial statements are available at the registered office of the consolidating entity.

## B. SIGNIFICANT ACCOUNTING POLICIES AND MEASUREMENTS

### B.1. Transaction date

Depending on the transaction type, the transaction date is generally defined as the date of payment or cash collection, the date of purchase or sale of foreign currency, the date of executing a payment or collection from a customer's account, the date of ordering a correspondent to execute a payment, the date on which funds are credited, as stated in a report received from the correspondent, the trade and settlement date for foreign currency transactions.

For accounting transactions involving the purchase and sale of financial assets with a usual supply date (spot transactions), the trade day accounting method was used. The purchase or sale of a financial asset is reported in the balance sheet on the trade day, as is the liability or receivable associated with the payment for a financial asset.

The accounting entity derecognises a financial asset or its part from the balance sheet if it loses control over its contractual rights to that asset or its part. The accounting entity loses that control if it applies rights to benefits defined by a contract if those rights are revoked or if it waives those rights.

### B.2. Tangible and intangible assets

Non-current tangible and intangible assets ("NTA" and "NIA") are reported at their acquisition cost. Amortisation and depreciation are determined based on the acquisition costs and expected useful life of the asset. NTA and NIA with acquisition costs of less than CZK 2 thousand are not recognised on the balance sheet but charged to expenses in the year of acquisition.

Depreciation methods and periods according to asset grouping

Asset	Method	Number of years
Buildings	straight-line	60
Inventory, instruments, and equipment	straight-line	4-10
Software	straight-line	3
Small assets worth over CZK 2 thousand	straight-line	2-6

Land, unfinished non-current assets, works of art and collections are not depreciated. Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term or their estimated useful life.

Expected useful life is annually assessed and/or reviewed. Changes in depreciation periods, if any, are recognised in the statements as changes in the estimate of the current year's result.

The expenses incurred after the asset has been put into use, such as the repair and maintenance expenses, are recorded in the period in which they have been incurred.

### B.3. Ownership interests with controlling or significant influence

Ownership interests with controlling or significant influence are measured at cost net of adjustments relating to a temporary decrease in the value of the ownership interests on an individual basis.

The establishment, release and utilisation of related adjustments is recognised in the profit and loss statement under "Release of adjustments to ownership interests with controlling or significant influence" and "Losses on transfer of ownership interests with controlling or significant influence, establishment and utilisation of adjustments to ownership interests with controlling or significant influence".

Ownership interests with controlling and significant influence are ownership interests in an entity in which SABF is the majority shareholder, i.e., SABF has a controlling influence over the management and full control over its activities. This influence arises from the share in the controlled entity's registered capital or as stipulated by a contract or articles, regardless of the percentage of the ownership share.

Ownership interests with significant influence are ownership interests in an entity in which SABF has at least 20% share in the entity's registered capital. In this case, SABF has a significant influence over the entity's management. This influence arises from the share in the registered capital or from the contract or articles, irrespective of the percentage of the ownership share.

### B.4. Financial assets and financial liabilities (financial instruments)

#### 1. Initial recognition and subsequent measurement

SABF initially recognises selected financial assets and financial liabilities (e.g., receivables from clients, payables to clients) at the moment they are created. All other financial instruments (including spot purchases and the sale of securities) are recognised at the date the trade is agreed, which is the date when the accounting entity becomes a party to the contractual provisions of the relevant financial instrument.

#### 2. Classification of financial assets

On initial recognition a financial asset is measured under the following classification categories:

- amortised cost (AC)
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL).

Financial assets are measured at amortised cost (AC) if they meet the following conditions and does not also qualify for measurement at fair value through profit or loss (FVTPL):

- The asset is held within a business model in which assets are managed to achieve a particular objective by collecting contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding (the SPPI test).

Financial assets are measured at fair value through other comprehensive income (FVOCI) only if they meet both of the following conditions and do not also qualify for measurement at fair value through profit or loss (FVTPL):

- The asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets,
- The contractual terms of the financial asset on specified dates give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding (the SPPI test).

All other financial assets are measured at fair value through profit or loss (FVTPL).

## Reclassification

Financial assets are not reclassified after initial recognition unless the accounting entity changes its business model for the management of financial assets.

## Financial liabilities

The accounting entity classifies its financial liabilities other than assurances and guarantees provided, measured as follows:

- amortised cost, or
- fair value through profit or loss (FVTPL).

## 3. Derecognition

### Financial assets

The accounting entity derecognises financial assets if:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownerships of the financial asset are transferred or in which the entity neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between

- the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and
- the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in equity is reported on the profit and loss statement.

## Financial liabilities

The entity derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

## 4. Modification of financial assets and financial liabilities

### Financial assets

If the terms of a financial asset are modified, the entity evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the entity recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss on the profit and loss statement. If such a modification is carried out because of a borrower's financial difficulties, then the gain or loss is presented on the profit and loss statement together with the addition, release, or utilisation of loss allowances on the profit and

loss statement. In other cases, the gain or loss is presented on the profit and loss statement together with interest income.

## Financial liabilities

The accounting entity derecognises a financial liability if the conditions of the financial liability are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised on the profit and loss statement.

## 5. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date on the principal (or most advantageous) market to which the accounting entity has access as at the given date. The fair value of a liability reflects the effect of non-performance risk. Non-performance risk includes, but may not be limited to, an entity's own credit risk.

The accounting entity measures fair value using the quoted price on the active market for the given instrument, if available. The active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When a quoted price is not available, an entity shall measure the fair value of the liability or equity instrument using valuation techniques maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The selected valuation technique includes all factors that market participants would include in the measurement of the given transaction.

The best proof of the fair value of a financial instrument upon initial recognition is the typical transaction price (i.e., the fair value of the consideration given or received).

If the accounting entity determines that the fair value at initial recognition differs from the transaction price and the fair value is neither based on the quoted price on the active market for an identical asset or liability nor on a valuation technique for which unobservable inputs are considered insignificant in relation to measurement, the financial instrument is initially recognised at fair value. Subsequently, the difference between initial fair value and the transaction price is gradually deferred in the profit and loss statement for the life of the instrument. This deferral is at most for the period for which the given measurement is fully supported by observable market data or the transaction is terminated.

If an asset or liability measured at fair value has a bid price and ask price, the entity shall measure

- assets and long positions at the bid price
- and liabilities and short positions at the ask price.

The fair value of a financial liability with a demand feature (e.g., a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

## Fair value hierarchy

The accounting entity determines fair value using the following fair value hierarchy, which reflects the significance of inputs used for measurement.

**Level 1:** Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., price) or indirectly (i.e., derived from prices).

This level includes instruments measured using the following:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are considered less than active
- or other valuation methods in which all significant inputs are directly or indirectly observable from market data.

**Level 3:** Level 3 inputs are unobservable inputs. This level includes all instruments for which valuation methods include inputs that are not observable. The unobservable inputs have a significant impact on the valuation of the instrument. This level includes instruments that are measured based on quoted price for similar instruments for which significant unobservable adjustments or assumptions are required for them to reflect the differences between the instruments.

The entity considers transfers between the individual levels of the fair value hierarchy performed by the end of the Accounting Period in which the given change occurred. For more details see Note 3.25, Fair value.

## 6. Impairment

The accounting entity reports expected credit loss (ECL) for the following financial instruments which were not measured at fair value. Through profit or loss (FVPTL):

- receivables from banks and credit unions
- receivables from non-bank subjects
- other receivables.

### Determining expected credit loss

For more details, see Note C.24.1.

### Credit impaired financial assets

For each reporting date, the accounting entity assesses whether financial assets measured at amortised cost and financial debt securities measured at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is credit impaired if one or more events have occurred that have an unfavourable impact on estimated future cash flows from the financial assets.

Evidence that credit impairment of a financial asset has occurred includes the following observable circumstances:

- significant financial problems on the part of the debtor or issuer
- breach of contract, e.g., default or past-due payment by the creditor
- probability that debtor will enter bankruptcy, dissolution, or financial restructuring
- closure of the active market for the security due to financial difficulties.

### Presentation of ECL on balance sheet

ECL are presented in the following manner:

Financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets.

Loss allowances and provisions established by debiting expenses are recognised in “Write-offs, addition, and utilisation of loss allowances and provisions for receivables and guarantees.” This item also includes any subsequent use of loss allowances.

The release of loss allowances for ECL no longer considered necessary is included in the profit and loss statement under “Release of loss allowances and provisions for receivables and guarantees, income from written-off receivables”.

### Write-offs

The write-off of unrecoverable receivables is recorded under “Write-offs, additions and use of adjustments and provisions to receivables and guarantees” in the profit and loss statement. If a fully provisioned receivable is written off, the loss allowance relating to the same item of the profit and loss statement is reduced by an identical amount. Income from loans previously written off is included in the profit and loss statement under “Release of loss allowances and provisions for receivables and guarantees, income from written-off receivables”.

## B.5. Creation of provisions

A provision represents a probable cash outflow of uncertain timing or amount. A provision is created provided that all the following criteria are met:

- There is a (legal or constructive) obligation as the result of past events.
- An outflow of economic benefits will be required to settle the obligation (probable, i.e., probability exceeding 50%).
- The amount of the obligation can be estimated reliably.

### Provision for income taxes

As at the date of the financial statements, the corporate tax return had not yet been filed, thus provisions for income taxes represent the positive difference between the calculated tax payable and the deposits paid. Any negative difference is reported as part of the “Other assets” category.

## B.6. Foreign currency translation

Transactions in foreign currency are accounted for in the domestic currency converted at the exchange rate declared by the Czech National Bank applicable as at the transaction date. Assets and liabilities in foreign currency are converted to the domestic currency at the exchange rate announced by the Czech National Bank applicable as at the balance sheet date.

The resulting profit or loss from the conversion of assets and liabilities in foreign currency is reported in the profit and loss statement as “Profit or loss from financial operations”.

## B.7. Leasing

### Leasing from the lessee perspective

From 1 Jan 2019 the company is applying the international accounting standard IFRS 16 Leasing. A contract is considered a lease if it transfers the right to control the use of the identified asset for a certain time period in exchange for consideration.

IFRS 16 brings changes in accounting and reporting for lessees. The accounting entity in the role of lessee reports leased right-of-use assets and the associated lease liability on the balance sheet, with the exception where:

- the term of the lease is not greater than 12 months
- or the underlying asset has a low purchase price.

## Right-of-use assets

A right-of-use assets is initially measured at cost, which includes:

- initial measurement of lease liability
- lease payments made from the beginning of or prior to this date after deducting all retained lease incentives
- initial direct costs
- estimated costs that the lessee expends for dismantling and removal of the leased asset.

The right-of-use asset is reported on the balance sheet in the item “Non-current tangible assets” and is depreciated using the straight-line method for the period until the end of the economic life of the underlying asset or until the end of the lease, depending on which period ends sooner. Relevant write-offs are reported in the profit and loss statement in the item “Depreciation, creation and use of provisions and allowances for non-current tangible and intangible assets”.

## Lease liability

A lease liability is initially measured in the amount of the net present value of lease payments not paid as at the date of initial presentation. Lease payments are discounted by the interest rate that the lessee would have to pay if the funds for purchase of the underlying asset were borrowed, considering the conditions associated with lease (i.e., lease/loan term, amount of the loan, etc.).

The lease liability is then remeasured if there is a change to future lease payments (e.g., due to change in the evaluation of whether and when the extension or premature termination of the lease will occur, etc.). If the lease liability is remeasured in this manner, this results in the modification of the valuation of the right-of-use asset. If the right-of-use asset is null, the given remeasurement of the lease liability is recognised via the profit and loss statement.

The lease liability is reported on the balance sheet in the line item “Other liabilities”.

Interest expenses originating from a lease liability are reported in the profit and loss statement in the field “Interest expenses and similar costs” and differentiated using effective interest rate.

## B.8. Taxation

### Current tax

The income tax base is calculated from the profit or loss of the current period by adding non-deductible costs and deducting revenues that are not subject to income tax, as well as by adjusting for tax rebates and any credit.

### Deferred tax

Deferred tax is based on all temporary differences between the book value and the tax value of assets and liabilities using the expected tax rates applicable for the following period. A deferred tax receivable is only accounted for if there is no doubt over its further application in subsequent accounting periods.

## B.9. Interest income and interest expense

The interest income and interest expense are recognised in the profit and loss statement for the period to which they relate. The interest on credits and deposits are deferred and accrued on daily basis.

## B.10. Use of estimates

In preparing the non-consolidated financial statements in accordance with the Czech accounting regulations, the Company’s management uses estimates and makes assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income, and expenses recognised in the financial statements as at the reporting date, contingent assets and liabilities, and expenses for the reporting period.

The management made the estimates and assumptions based on all relevant available information.

## B.11. Derivatives

A derivative is a financial instrument that meets the following conditions:

- its fair value changes in dependence on a change to the interest rate, the price of a security, the price of a commodity, the exchange rate, price index, credit rating or index, or any other variable (i.e., the underlying asset)
- compared to other types of contracts in which a similar response to changes of market conditions is based, it requires little to no initial investment
- it will be settled in the future, whereas the term of negotiating the trade until its settlement is longer than for spot operations.

Derivatives are reported on the balance sheet at fair value. Positive fair values of derivatives are reported in assets in the field “Other assets”. Negative fair values of derivatives are reported in liabilities in the field “Other liabilities”.

The fair value of financial derivatives is determined as the net present value of expected cash flows arising from these transactions. Parameters determined on the active market are used to establish the net present value, such as Forex rates, interest rates for the given maturities based on yield curves, etc.

Derivatives are reported off the balance sheet, carried at the undiscounted contractual value of the underlying instrument in the items “Fixed-term receivables” and “Fixed-term payables”.

The Company also enters into forward contracts that are settled in tranches over time. The fair value of these derivatives is determined as the sum of the option and forward components. The valuation of the forward component is based on the classic valuation of a forward contract. To calculate the option component, a simulation of the random path of the FX rate is performed for each day from the valuation date until the maturity date of the derivative. The sum of the fair value of the two components comprises the total fair value of the derivative, and this value is reported on the balance sheet, with positive fair values reported under „Other assets”, and negative fair values reported under „Other liabilities”.

## B.12. Changes in accounting methods

The accounting entity did not make any changes to its accounting methods in 2021 and 2020.

## B.13. Effect of changes in accounting policies and corrections of material errors

Corrections to prior period expenses or income are recognised as current period expenses or income, apart from corrections of material errors relating to prior periods.

Corrections of material errors in the recognition of prior period income or expenses and changes in accounting policies are recognised under “Retained profits (or accumulated losses)” in the Company’s balance sheet.

No corrections to errors from previous periods were made in the accounting period ending 31 December 2021 and 31 December 2020.

## C. ADDITIONAL INFORMATION FOR THE BALANCE SHEET AND PROFIT AND LOSS STATEMENT

### C.1. Cash in hand and balances with central banks

(thousands CZK)	2021	2020
Cash in hand	64	67

### C.2. Receivables from banks and credit unions

(thousands CZK)	2021	2020
Current accounts	225,592	260,880
Loss allowances (ECL pursuant to IFRS 9)	-216	-164
Other receivables	149,160	52,490
<b>C Total</b>	<b>374,536</b>	<b>260,716</b>

Receivables from banks and credit unions reflect positive balances in bank accounts payable upon request.

Receivables from banks and credit unions as at 31 Dec 2021 include deposited customer funds of CZK 35,213 thousand (2020: CZK 31,082 thousand) to conclude spot transactions. The Company is limited in its ability to dispose these receivables. This item also includes deposited funds on bank accounts of CZK 149,160 thousand (2020: CZK 52,490 thousand), serving as collateral to hedge the risk of not settled forward transactions.

All receivables from banks as at 31 December 2021 and 31 December 2020 are valued at amortised cost pursuant to IFRS 9. Receivables from banks consist exclusively receivables of stable financial institutions. In terms of credit risk, the company considers all of its receivables from banks as at 31 December 2021 and 31 December 2020 to be of high quality. As part of calculating ECL, all receivables from banks were categorised as at 31 December 2021 and 31 December 2020 in Level 1. As at 31 December 2021 and 31 December 2020, allowances were calculated on the basis of the 12-month expected credit loss.

	Level 1	Level 2	Level 3	Total
31 December 2021 (thousands CZK)	12-month expected credit loss	Expected credit loss for the term for financial assets that are not credit impaired	Expected credit loss for the term for financial assets that are credit-impaired	
Receivables from banks measured at amortised cost				
Credit rating min. Baa1	374,752	-	-	374,752
Adjustments	-216	-	-	-216
<b>Net receivables from banks</b>	<b>374,536</b>	<b>-</b>	<b>-</b>	<b>374,536</b>

	Level 1	Level 2	Level 3	Total
31 December 2020 (thousands CZK)	12-month expected credit loss	Expected credit loss for the term for financial assets that are not credit impaired	Expected credit loss for the term for financial assets that are credit-impaired	
Receivables from banks measured at amortised cost				
Credit rating min. Baa1	260,880	-	-	260,880
Adjustments	-164	-	-	-164
<b>Net receivables from banks</b>	<b>260,716</b>	<b>-</b>	<b>-</b>	<b>260,716</b>

### C.3. Receivables from non-bank subjects

(thousands CZK)	2021	2020
Payable on demand	514,079	542,743
Other receivables:	0	37 185
Správa Aktiv a Bankovní Poradenství a.s.	0	34 000
SAB Financial Investments a.s.	0	3 280
Loss allowances	0	-95
<b>Total</b>	<b>514,079</b>	<b>579,928</b>

Receivables from non-bank clients payable upon demand represent receivables from clients for unsettled Forex trades.

Other receivables as at 31 Dec 2020 of CZK 37,280 thousand consisted of receivables from the sale of securities of Správa Aktiv a Bankovní Poradenství a.s. due in 2021 and a receivable from SAB Financial Investments a.s. for the payment of dividends for 2019, which were paid as at 31 December 2021.

Analysis of other receivables by geographical region:

(thousands CZK)	2021	2020
Czech Republic	0	37,280
<b>Total</b>	<b>0</b>	<b>37,280</b>

Maximum exposure to credit risk (in gross amounts, not reduced by loss allowance):

2021 (thousands CZK)	Balance sheet	Off balance sheet	Exposures to credit risk	Security provided	Main type of security
Receivables from banks and credit unions	374,752	0	374,752	0	0
Receivables from non-bank subjects	514,079	0	514,079	0	0
<b>Total</b>	<b>888,831</b>	<b>0</b>	<b>888,831</b>	<b>0</b>	<b>0</b>

2020 (thousands CZK)	Balance sheet	Off balance sheet	Exposures to credit risk	Security provided	Main type of security
Receivables from banks and credit unions	260,880	0	260,880	0	0
Receivables from non-bank subjects	580,023	0	580,023	0	0
<b>Total</b>	<b>840,903</b>	<b>0</b>	<b>840,903</b>	<b>0</b>	<b>0</b>

As part of calculating ECL, all receivables from non-bank subjects were categorised as at 31 December 2021 and 31 December 2020 in Level 1. As at 31 December 2021 and 31 December 2020, allowances were calculated on the basis of a 12-month expected credit loss.

#### 31 Dec 2021:

As at 31 Dec 2021, the Company did not report any receivables from non-banking entities categorised as “Other receivables”.

For receivables due on demand, which represent receivables from clients from unsettled foreign exchange trades, the Company does not add a loss allowance as the settling of trades with foreign currency always takes place upon registration of the funds from the client to the account managed by the Company; the Company thus is not subject to credit risk.

	Level 1	Level 2	Level 3	Total
31 December 2020 (thousands CZK)	12-month expected credit loss	Expected credit loss for the term for financial assets that are not credit impaired	Expected credit loss for the term for financial assets that are credit-impaired	
Receivables from non-bank subjects				
Other receivables	37,280	-	-	37,280
Adjustments	-95	-	-	-95
<b>Net receivable from non-bank subjects</b>	<b>37,185</b>	<b>-</b>	<b>-</b>	<b>37,185</b>

## C.4. Ownership interests with controlling influence

### As at 31 December 2021

Name, registered office, and main scope of business	Registered capital*	Other component of registe- red capital*	Share in equity (%)	Number of shares (pcs)	Acquisition cost (%)	Carrying amount	Name, registered office, and main scope of business
<b>SAB Europe Holding Ltd.</b> Suite 183, The Fort, Hard Rocks Business Park, Naxxar, Malta	187,091	422,687	100	26,022,330	100	650,114	650,114
<b>SAB Bohemia s.r.o.</b> Senovážné nám. 1375/19 Prague 1, 110 00	1,000	3,388	100	n/a	100	1,000	1,000
<b>SAB Financial Investments a.s.</b> Senovážné náměstí 1375/19, Nové Město, 110 00 Prague 1	166,000	151,449	100	22	100	314,000	314,000
<b>Total</b>	<b>354,091</b>	<b>577,524</b>				<b>965,114</b>	<b>965,114</b>

\* Unaudited balances, for foreign currency revalued at the exchange rate as at 31 Dec.

### As at 31 December 2020

Name, registered office, and main scope of business	Registered capital*	Other component of registe- red capital*	Share in equity (%)	Number of shares (pcs)	Acquisition cost (%)	Carrying amount	Name, registered office, and main scope of business
<b>SAB Europe Holding Ltd.</b> Suite 183, The Fort, Hard Rocks Business Park, Naxxar, Malta	187,091	463,518	100	26,022,330	100	650,114	650,114
<b>SAB Bohemia s.r.o.</b> Senovážné nám. 1375/19 Prague 1, 110 00	1,000	-1,302	100	n/a	100	1,000	1,000
<b>SAB Financial Investments a.s.</b> Senovážné náměstí 1375/19, Nové Město, 110 00 Prague 1	166,000	148,868	100	22	100	314,000	314,000
<b>Total</b>	<b>354,091</b>	<b>611,084</b>				<b>965,114</b>	<b>965,114</b>

\* Unaudited balances, for foreign currency revalued at the exchange rate as at 31 Dec.

The subsidiary SAB Financial Investments a.s. owns a share in TRINITY BANK a.s.

In 2020, the equity of SAB Financial Investments a.s. was increased by CZK 148,000 thousand.

In 2020, the equity of SAB Europe Holding Ltd. was increased by EUR 2,800 thousand, EUR 5,100 thousand, and CZK 212,877 thousand as the capitalisation of a loan.

## C.5. Non-current assets

### C.5.1. Structure of non-current assets

#### A) Intangible fixed assets

Acquisition cost (thousands CZK)	Intangible assets	Intangible assets under construction	Advance payments provided	Total
<b>As at 1 Jan 2020</b>	<b>15,376</b>	<b>6,481</b>	<b>500</b>	<b>22,357</b>
Additions	5,958	1,801	0	7,759
Decreases	0	0	0	0
<b>As at 31 Dec 2020</b>	<b>21,334</b>	<b>8,282</b>	<b>500</b>	<b>30,116</b>
<b>As at 1 Jan 2021</b>	<b>21,334</b>	<b>8,282</b>	<b>500</b>	<b>30,116</b>
Additions	23,507	1,895	0	25,402
Decreases	0	8,282	500	8,782
<b>As at 31 Dec 2021</b>	<b>44,841</b>	<b>1,895</b>	<b>0</b>	<b>46,736</b>

Adjustments and allowances (thousands CZK)	Intangible assets	Intangible assets under construction	Advance payments provided	Total
<b>As at 1 Jan 2020</b>	<b>4,752</b>	<b>0</b>	<b>0</b>	<b>4,752</b>
Depreciation and impairment of disposed assets	3,573	0	0	3,573
Decreases	0	0	0	0
<b>As at 31 Dec 2020</b>	<b>8,325</b>	<b>0</b>	<b>0</b>	<b>8,325</b>
<b>As at 1 Jan 2021</b>	<b>8,325</b>	<b>0</b>	<b>0</b>	<b>8,325</b>
Depreciation and impairment of disposed assets	4,436	0	0	4,436
Decreases	0	0	0	0
<b>As at 31 Dec 2021</b>	<b>12,761</b>	<b>0</b>	<b>0</b>	<b>12,761</b>

Residual value (thousands CZK)	Intangible assets	Intangible assets under construction	Advance payments provided	Total
<b>As at 31 Dec 2020</b>	<b>13,009</b>	<b>8,282</b>	<b>500</b>	<b>21,791</b>
<b>As at 31 Dec 2021</b>	<b>32,080</b>	<b>1,895</b>	<b>0</b>	<b>33,975</b>

During 2021 and 2020 the Company created software that aids in the streamlining and automation of the Company's activities through its own activities and in collaboration with mediaport solutions s.r.o.

Decreases in the line items "Unfinished non-current intangible assets" and "Advance payments provided" consist of commissioning assets into use.

#### B) Tangible fixed assets

Acquisition cost (thousands CZK)	Machinery and equipment	Advances paid	Total
<b>As at 1 Jan 2020</b>	<b>5,416</b>	<b>25,000</b>	<b>30,416</b>
Gains	273	-	273
Losses	385	25,000	25,385
<b>As at 31 Dec 2020</b>	<b>5,304</b>	<b>-</b>	<b>5,304</b>
<b>As at 1 Jan 2021</b>	<b>5,304</b>	<b>-</b>	<b>5,304</b>
Gains	1,803	-	1,803
Losses	385	-	385
<b>As at 31 Dec 2021</b>	<b>6,722</b>	<b>-</b>	<b>6,722</b>

Adjustments and allowances (thousands CZK)	Machinery and equipment	Advances paid	Total
<b>As at 1 Jan 2020</b>	<b>2,529</b>	<b>0</b>	<b>2,529</b>
Depreciation and accruals of discarded assets	1,352	0	1,352
Losses	385	0	385
<b>As at 31 Dec 2020</b>	<b>3,496</b>	<b>0</b>	<b>3,496</b>
<b>As at 1 Jan 2021</b>	<b>3,496</b>	<b>0</b>	<b>3,496</b>
Depreciation and accruals of discarded assets	1,102	0	1,102
Losses	385	0	385
<b>As at 31 Dec 2021</b>	<b>4,213</b>	<b>0</b>	<b>4,213</b>

Residual value of tangible assets (thousands CZK)	Machinery and equipment	Advances paid	Total
<b>As at 31 Dec 2020</b>	<b>1,808</b>	<b>0</b>	<b>1,808</b>
<b>As at 31 Dec 2021</b>	<b>2,509</b>	<b>0</b>	<b>2,509</b>

In 2020 the Company derecognised an advance payment for an acquisition of tangible assets that did not take place.

### C.5.2. Tangible fixed assets acquired as part of leasing

Acquisition cost (thousands CZK)	Buildings and real estate	Total
<b>As at 1 Jan 2020</b>	<b>4,623</b>	<b>4,623</b>
Gains	2,073	2,073
Losses	0	0
<b>As at 31 Dec 2020</b>	<b>6,696</b>	<b>6,696</b>
<b>As at 31 Jan 2021</b>	<b>6,696</b>	<b>6,696</b>
Gains	2,527	2,527
Losses	0	0
<b>As at 31 Jan 2021</b>	<b>9,223</b>	<b>9,223</b>

Adjustments and allowances (thousands CZK)	Buildings and real estate	Total
<b>As at 1 Jan 2020</b>	<b>1,230</b>	<b>1,230</b>
Depreciation and accruals of discarded assets	1,823	1,823
Losses	0	0
<b>As at 31 Dec 2020</b>	<b>3,053</b>	<b>3,053</b>
<b>As at 1 Jan 2021</b>	<b>3,053</b>	<b>3,053</b>
Depreciation and accruals of discarded assets	2,021	2,021
Losses	0	0
<b>As at 31 Dec 2021</b>	<b>5,074</b>	<b>5,074</b>

Residual value of tangible assets acquired as part of leasing (thousands CZK)	Buildings and real estate	Total
<b>As at 31 December 2020</b>	<b>3,643</b>	<b>3,643</b>
<b>As at 31 December 2021</b>	<b>4,149</b>	<b>4,149</b>

The accounting entity leases real estate and buildings to house its headquarters and customer service centres. These leases are typically executed for an indefinite term with a one-year notice period for cancellation.

Residual value of tangible assets (thousands CZK)	
<b>As at 31 December 2020</b>	<b>5,451</b>
<b>As at 31 December 2021</b>	<b>6,658</b>

### C.6. Other assets

(thousands CZK)	2021	2020
Receivables owed by various debtors	2,380	2,467
Advances provided	57,549	65,751
Other assets	129	14
Positive fair value of currency forwards	200,619	64,397
Adjustments	-424	-464
<b>Total</b>	<b>260,253</b>	<b>132,165</b>

The major items of advances paid are security deposits for the purchase of cars of CZK 24,600 thousand (2020: CZK 27,132 thousand), advances for IT services of CZK 12,890 thousand (2020: CZK 18,351 thousand), a retainer paid to a law office of CZK 20,000 thousand (2020: CZK 20,000 thousand) for legal services consisting of seeking a suitable acquisition target abroad.

The line item of positive fair value of currency forwards also includes a risk component valued as at 31 Dec 2021 at CZK 9,500 thousand.

All other assets as at 31 December 2021 are measured at amortised cost pursuant to IFRS 9. As part of calculating ECL, all other assets were categorised as at 31 December 2021 and 31 December 2020 in Level 1. As at 31 December 2021 and 31 December 2020 allowances were calculated on the basis of a 12-month expected credit loss.

	Level 1	Level 2	Level 3	Total
31 December 2021 (thousands CZK)	12-month expected credit loss	Expected credit loss for the term for financial assets that are not credit impaired	Expected credit loss for the term for financial assets that are credit-impaired	
Other assets	60,048	-	-	60,048
Adjustments	-424	-	-	-424
<b>Other assets net</b>	<b>59,624</b>	<b>-</b>	<b>-</b>	<b>59,624</b>

	Level 1	Level 2	Level 3	Total
31 December 2020 (thousands CZK)	12-month expected credit loss	Expected credit loss for the term for financial assets that are not credit impaired	Expected credit loss for the term for financial assets that are credit-impaired	
Other assets	68,231	-	-	68,231
Adjustments	-464	-	-	-464
<b>Other assets net</b>	<b>67,767</b>	<b>-</b>	<b>-</b>	<b>67,767</b>

## C.7. Prepaid expenses and accrued income

As at 31 December 2021, the Company reported costs from upcoming periods of CZK 1,458 thousand (2020: CZK 2,124 thousand). Costs from upcoming periods are composed predominantly of accruals and deferrals of consulting and advisory services.

No assets of the Company were used as collateral for the obligations of the Company.

## C.8. Liabilities to banks and credit unions

Liabilities due on demand	Payment	Currency	Balance 31 Dec 2021 (thousands CZK)	Balance 31 Dec 2020 (thousands CZK)
FCM Bank Limited	30 November 2022	EUR	228,712	85,296
<b>Total</b>			<b>228,712</b>	<b>85,296</b>

## C.9. Payables to non-bank subjects

(thousands CZK)	2021	2020
Due on demand	548,770	572,679
Other liabilities	13,012	12,664
<b>Total</b>	<b>561,782</b>	<b>585,343</b>

Payables to clients payable upon demand primarily represent payables to clients for unsettled spot trades. None of these payables is overdue.

Other payables as at 31 Dec 2021 consist primarily of collateral accepted as part of forward trades in the amount of CZK 12,892 thousand (2020: CZK 12,625 thousand).

The Bank also reports receivables from non-bank subjects representing receivables from clients from unsettled spot trades. The net value of payables and receivables due on demand as at 31 Dec 2021 is a payable of CZK 1,646 thousand (2020: payables CZK 15,591 thousand). Receivables are described in part C.3.

## C.10. Other liabilities

(thousands CZK)	2021	2020
Payables to employees	10,034	3,412
Liabilities from social security and health insurance	3,450	1,717
Tax liabilities	2,414	860
Deferred tax liability	18	66
Estimated accounts payable	3,338	2,057
Liabilities from leasing	4,151	3,644
Other liabilities	5,905	3,896
Negative fair value of currency forwards	103,216	48,562
<b>Total</b>	<b>132,526</b>	<b>64,214</b>

In the accounting periods of 2021 and 2020, no liabilities had a maturity exceeding 5 years.

Lease liabilities as at 31 December 2021 of CZK 4,151 thousand (2020: CZK 3,644 thousand) represent lease liabilities according to IFRS 16. The undiscounted value of these lease liabilities as at 31 December 2021 was CZK 6,659 thousand (of which CZK 2,220 thousand were due within 1 year and the remainder by December 2023 and April 2024, respectively).

## C.11. Provisions

### Income tax provisions

In 2021, the Company established provisions totalling CZK 39,101 thousand (in 2020 totalling CZK 27,120 thousand) and released a total tax provision of CZK 27,120 thousand (in 2020 totalling CZK 16,332 thousand).

In the financial statements, the income tax provision is reported as net. As advance payments of tax of CZK 27,712 thousand (2020: CZK 17,240 thousand) were lower than the provision itself, the Company recognised a tax provision of CZK 17,389 thousand (2020: CZK 9,880 thousand).

(thousands CZK)	Provision for income taxes
<b>Balance as at 1 Jan 2020</b>	<b>16,332</b>
Additions during the year	27,120
Release	-16,332
<b>Balance as at 31 Dec 2020</b>	<b>27,120</b>
Additions during the year	39,101
Release	-27,120
<b>Balance as at 31 Dec 2021</b>	<b>39,101</b>

## C.12. Deferred tax

Items with temporary differences (thousands CZK)	2021	2020	Change
Non-current assets (deferred tax liability)	18	66	-48
<b>Total deferred tax payable/receivable</b>	<b>18</b>	<b>66</b>	<b>-48</b>

Deferred income tax is calculated from all the temporary differences using the tax rate applicable for the period in which the tax payable or receivable will be applied, i.e., 19%.

### C.13. Equity

The registered capital of the Company consists of 2,577,320 units (2020: 257,732 units) of registered common stock in documentary form with a nominal value of CZK 388 (2020: CZK 3,880). Effective 1 Oct 2021, shares of SAB Finance a.s. were split at a ratio of 1 to 10.

Decision to proceed with stock split effective as at	New number of shares	Split ratio	Share value	Registered in the Commercial Register on
1 Oct 2021	2,577,320 units	1/10	CZK 388	14 September 2021
<b>Total</b>	<b>2,577,320 units</b>	<b>-</b>	<b>-</b>	

Information about securities	
Type	Common stock
Form	Registered
Format	Book-entry
Number of units	2,577,320
Number of units owned by persons with managing authority	20
Volume of offered shares of SAB Finance a.s. placed and sold in a public offer as at 31 Dec 2021	348,362
ISIN	CZ0009009940
Nominal value	388
Taxation of shares	Income from securities is taxed according to Act No. 586/1992 Coll., on Income Taxes, as amended
Payer of taxes withheld from the yields of the security	Issuer
Methods of transfer of the security	Via CDCP
Restrictions on transferability	There are no restrictions on the transferability of shares
Restrictions on voting rights	The Company is not aware of any restrictions on the voting rights of the shares issued by the Company.
Dividend strategy	5% p.a. of the market price of the shares at admission to trading
Dividend payment	Semi-annually

### Significant direct or indirect voting interests in the Company

See Note 1.10.

### Information about contracts between shareholders or similar owners of securities representing an interest in the Company that may result in encumbering the transferability of shares or similar securities representing an interest in the Company, if known to the Company

The Company is not aware of any contracts between shareholders that would have the effect of encumbering the transferability of shares issued by the Company.

### Information on special rules governing the election and removal of members of a statutory body and the amendment of the articles of incorporation or similar documents of the Company

The Company has not adopted any special rules governing the election and removal of members of a statutory body and the amendment of the articles of incorporation or any similar documents of the Company.

### Information on special powers of a statutory body or the board of directors under laws regulating the legal relations of companies and cooperatives

The statutory body of the Company does not have any special powers under the law regulating the legal relations of companies and cooperatives.

### Information on significant agreements to which the Company is a party and which will take effect, be amended, or terminate in the event of a change of control of the Company as a result of a takeover bid, and the effects thereof

The Company is not aware of any such agreements.

### Information on contracts between the Company and members of its statutory body or employees which the Company is obliged to perform in the event of the termination of their function or employment in connection with a takeover bid

The Company has not entered into any agreements with members of its statutory body or employees which contain provisions for performance by the Company should their function be terminated in connection with a takeover bid.

### Information on any plans under which employees and members of the statutory body of the Company are permitted to acquire participating securities of the Company, options to such securities, or other rights to such securities under advantageous conditions, and on the method by which rights under such securities are exercised

The Company does not have any plans under which employees and members of the statutory body are allowed to acquire participating securities, options to such securities, or other rights under advantageous conditions.

### Profit distribution

The board of directors of SAB Finance a.s. proposes to distribute the profit after tax for 2021 of CZK 161,499,418 as follows:

- 1) CZK 120,000,000 to the benefit of shareholders
- 2) CZK 41,499,418 to the account of retained profits.

On 3 September 2021, the general meeting of Shareholders of SAB Finance a.s. resolved to distribute the Company's own funds of CZK 68,298,980 to its shareholders. The interim dividend as calculated per share (before the split) amounted to CZK 265 before tax.

On 16 April 2021, the general meeting of SAB Finance a.s. decided on the proposed distribution of the company's profit for 2020. CZK 5,836 thousand was transferred to the reserve fund account, while CZK 10,884 thousand was transferred to the retained profits account. CZK 100,000 thousand was paid to the sole shareholder in the form of dividends.

The dividend policy of the Company that has been applied and performed over the long term has been to disburse to shareholders all profits after deductions to statutory funds. The planned dividend strategy is to pay a dividend twice a year, corresponding to at least 5% per annum of the price of the shares at the time of the public offering, i.e., CZK 1,060 per share.

### C.14. Off-balance sheet items

#### Nominal and fair value of fixed term operations

31 December 2021:

Foreign exchange derivative transactions as at 31 December 2021 (thousands CZK)	Off balance sheet
Receivables from fixed term operations	15,676,918
Liabilities from fixed term operations	15,575,459

Foreign exchange derivative transactions as at 31 December 2021 (thousands CZK)	Fair value
Positive fair value	200,619
Negative fair value	103,216

Positive fair value represents the positive fair value of derivatives of CZK 210,119 thousand reduced by CVA (credit value adjustment, a measure of counterparty credit risk) of CZK 9,500 thousand.

31 December 2020:

Foreign exchange derivative transactions as at 31 December 2020 (thousands CZK)	Off balance sheet
Receivables from fixed term operations	5,098,669
Liabilities from fixed term operations	5,083,942

Foreign exchange derivative transactions as at 31 December 2020 (thousands CZK)	Fair value
Positive fair value	64,397
Negative fair value	48,562

The positive fair value of foreign exchange derivative transactions is reported in other assets; the negative fair value of foreign exchange derivative transactions is reported in other liabilities.

#### Residual maturity of fixed term operations

The table below contains the division of nominal values of the individual types of financial derivatives according to their residual maturities.

as at 31 Dec 2021 (thousands CZK)	Within 3 months	From 3 months to 1 year	More than 1 Year	Total
Foreign exchange derivative transactions (receivables)	3,331,170	7,728,158	4,617,590	15,676,918
Foreign exchange derivative transactions (liabilities)	3,309,036	7,694,317	4,572,106	15,575,459

as at 31 Dec 2020 (thousands CZK)	Within 3 months	From 3 months to 1 year	More than 1 Year	Total
Foreign exchange derivative transactions (receivables)	1,931,734	2,616,407	550 528	5,098,669
Foreign exchange derivative transactions (liabilities)	1,928,894	2,603,905	551 143	5,086,603

#### Assurances and guarantees received

As at 31 December 2021, the Company records assurances and guarantees received of CZK 300,000 thousand (as at 31 December 2020, CZK 190,000 thousand). This consists of credit not drawn down based on a loan agreement with TRINITY BANK a.s.

### C.15. Interest income and similar income

(thousands CZK)	2021	2020
Interest on loans provided	157	3,044
<b>Total</b>	<b>157</b>	<b>3,044</b>

### C.16. Interest expenses and similar expense

(thousands CZK)	2021	2020
Interest on overdraft bank accounts	310	14
Interest on loans	4,003	9,821
Other	260	0
<b>Total</b>	<b>4,573</b>	<b>9,835</b>

Interest from loans mainly consists of interest expense on loans received from FCM Bank Limited.

### C.17. Fee and commission income

(thousands CZK)	2021	2020
Fees on executed transactions	2,075	2,049
<b>Total</b>	<b>2,075</b>	<b>2,049</b>

### C.18. Fee and commission expense

Náklady (v tis. Kč)	2021	2020
Bank fees	13,985	14,038
<b>Total</b>	<b>13,985</b>	<b>14,038</b>

Commission and fee expenses consist of bank fees for overdraft accounts with TRINITY BANK a.s. and fees for current credits at other banks.

### C.19. Gain or loss from financial operations

(thousands CZK)	2021	2020
Exchange rate profit/loss from revaluation of balance sheet accounts	-9,572	14,562
Profit/loss from trading	299,668	272,389
Revaluation of financial derivatives	81,568	9,210
<b>Total</b>	<b>371,664</b>	<b>296,161</b>

Profits from financial operations were divided into an amount representing exchange rate differences from the revaluation of the balances of balance accounts and profits from business that represents exchange rate differences between the exchange rate arranged at the time of settling the trade and the Czech National Bank's exchange rate, and the revaluation of derivative trades.

### C.20. Other operating income and other operating costs

#### Other operating income

(thousands CZK)	2021	2020
Revenues from sale of non-current assets	16	83
Insurance premiums	0	41
Other revenues	72	643
<b>Total</b>	<b>88</b>	<b>767</b>

Revenues from the sale of non-current assets predominantly consist of revenues from the sale of disposed assets (especially IT technology).

#### Other operating costs

(thousands CZK)	2021	2020
Gifts	20	7,000
Residual value of sold assets	0	21
Insurance	459	422
Other costs	36	605
<b>Total</b>	<b>515</b>	<b>8,048</b>

### C.21. Administrative expenses

(thousands CZK)	2021	2020
Wages and remuneration for employees	87,808	67,264
of which: managers	16,921	15,746
board members	420	372
members of the supervisory board	0	0
Social security and health insurance	24,847	20,938
of which: managers	3,675	4,003
board members	116	114
members of the supervisory board	0	0
Other employee costs	1,572	1,458
Other administrative costs	32,953	34,649
of which: audit costs, legal and tax consulting	7,169	4,872
of which: compensation to statutory auditor	862	645
mandatory audit	157	157
tax consultation	90	0
<b>Total</b>	<b>147,180</b>	<b>124,309</b>

\* Services provided to the Company by KPMG Česká republika Audit, s.r.o. and KPMG Česká republika, s.r.o. are inclusive of VAT.

As at 31 December 2021 and 31 December 2020, the Company had not granted any loan, advance, pledge or credit to members of its managing or supervisory bodies.

### Persons with managing authority

#### Remuneration principles

The Company operates in accordance with generally binding legislation when remunerating employees and employees with managing authority, particularly with Act No. 262/2006 Coll., the Labour Code, and Act No. 90/2012 Coll., the Act on Commercial Corporations. In addition to the above, remuneration is subject to internal regulations. In particular, the remuneration principles aim to ensure transparency, predictability, compliance with legal requirements, and fair treatment of all employees.

Basic remuneration for performance of functions is payable to the members of a statutory body based on a Contract for Performance of Function concluded with the Company. Members of the board of directors are remunerated for the performance of their functions in accordance with the applicable provisions of the Act on Commercial Corporations and the Labour Code. The above remuneration has the character of a fixed monthly salary.

At the same time, the Contract for the Performance of a Function requires that the issuer reimburse the member for all reasonable expenses actually incurred in the performance of obligations arising from the performance of their functions. The extent of the reimbursement of expenses and other conditions are governed by internal regulations and applicable legislation governing employee compensation. Such reimbursements include, e.g., travel expenses, travel insurance, etc.

To perform their functions, the Company shall provide members of the board of directors who are not also employees of the Company and do not already have such resources at their disposal by virtue of their position with working equipment at its own expense as needed for the performance of their duties. The resources needed for the performance of their function include, e.g., company vehicle, laptop computer, mobile phone, SIM card, calling and data plans, etc.

Finally, the Company undertakes to reimburse board members for the costs of educational or other activities related to the performance of the functions of a board member and the business management of the Company. The purpose of these costs is to enhance the professional knowledge and skills of such managing personnel.

No monetary or non-monetary compensation shall be due to a member of a statutory body upon termination of their function. The only exception is where a member of the board of directors is also an employee of the Company and therefore entitled to remuneration by virtue of this employment relationship.

The Company has no other persons with management authority apart from members of the board of directors.

The supervisory board of the Company does not have a remuneration arrangement arising from the performance of its function.

No material contracts have been concluded during the financial years 2021 and 2020 other than the contracts to which the Company is a party concluded in the ordinary course of business.

### C.22. Income tax

(thousands CZK)	2021	2020
Income tax payable for current Accounting Period	39,101	27,120
Adjustments to tax of previous years	-300	273
Income tax deferred	-48	14
<b>Income tax reported on the profit and loss statement</b>	<b>38,753</b>	<b>27,407</b>

Income tax has been determined as the accounting profit less tax deductible and tax non-deductible expenses and income.

### C.23. Transakce se spřízněnými osobami

(thousands CZK)	Receivables as at 31 Dec		Payables as at 31 Dec	
	2021	2020	2021	2020
SAB CZ s.r.o.	0	34,000	0	0
SAB Bohemia s.r.o.	24,609	27,141	295	621
mediaport solutions s.r.o.	15,066	21,026	1,022	1,943
FCM Bank Limited	2,037	135	228,712	85,296
SAB Financial Investments a.s.	0	3,280	0	0
TRINITY BANK a.s.	70,971	74,551	94	0
<b>Total</b>	<b>112,682</b>	<b>160,133</b>	<b>230,123</b>	<b>87,860</b>

Receivables primarily consist of receivables from loans and interest provided, advance payments provided, and bank balances. Liabilities consist primarily of payables from borrowed funds and bank loans.

(thousands CZK)	Income		Costs	
	2021	2020	2021	2020
SAB CZ s.r.o.	0	967	0	0
SAB Corporate Finance Ltd.	0	91	0	0
SAB Financial Group a.s.	341	21	495	198
SAB Bohemia s.r.o.	0	0	3 352	5,061
SAB Financial Investments a.s.	0	3,280	0	0
mediaport solutions s.r.o.	72	0	7 767	10,533
FCM Bank Limited	0	0	3 127	2,668
SAB Europe Holding	0	1,451	0	0
SAB Holding a.s.	0	600	0	0
TRINITY BANK a.s.	1,009	431	12 824	13,231
<b>Total</b>	<b>1,422</b>	<b>6,841</b>	<b>27 565</b>	<b>31,691</b>

These costs consist mainly of car leases from SAB Bohemia s.r.o., IT services from mediaport solutions s.r.o., and interest on credit received and bank fees from TRINITY BANK a.s. and FCM Bank Limited.

## C.24. Financial instruments – risk management

An overview of the primary risks that may accompany the company’s business activities and company results, and how they are managed:

### a) Credit risk

The Company’s credit risk is defined as the failure to repay funds provided to clients in the agreed amount and time. The Company is not exposed to any credit risk in its principal activities because foreign currency transactions are not completed unless the money from the customer has been credited to the Company’s bank accounts.

The Company is exposed to credit risk in respect of receivables from banks and credit unions, receivables from non-bank subjects, and other assets.

### Determining expected credit loss (ECL)

For the purposes of determining expected credit loss (ECL), the Company divided the items “Receivables from banks and credit unions” and “Receivables from non-bank subjects and Other assets” based on quantitative and qualitative criteria to receivables:

- no default and credit risk has not increased significantly since initial recognition (Stage 1),
- significant credit risk increase since initial recognition (Stage 2),
- in default (Stage 3).

### Výpočet očekávaných úvěrových ztrát (ECL):

The expected credit loss (ECL) of the Company is determined using the following formula:

$$ECL = PD * EAD * LGD$$

The key inputs and prerequisites for calculating ECL are as follows:

#### i) probability of default (PD)

#### Receivables from banks and credit unions

PD for each exposure is established in relation to external credit rating of the counterparty based on data from Moody’s. If the counterparty does not have an external credit rating assigned, an external rating is calculated based on the rating of the parent company reduced by one rating level. If the parent company does not have an assigned external credit rating either, an average rating of the remaining banks is used, reduced by two rating levels.

#### Receivables from non-bank subjects and other assets

Each exposure from receivables from non-bank subjects and other receivables are assigned an external credit rating based on Moody’s data according to quantitative and qualitative criteria.

#### ii) exposure at default (EAD)

The gross carrying amount of the exposure as at the date of calculating ECL is used as EAD.

#### iii) loss given default (LGD)

Loss given default is determined based on regulatory values of LGD and Czech National Bank statistics published as part of the financial stability report.

### Classifying receivables into individual levels of impairment

The calculation of ECL for receivables according to individual categories of impairment is as follows:

- impairment Stage 1 – 12-month ECL
- impairment Stages 2 and 3 – lifetime ECL.

Assets in Stage 1:

- financial assets less than 30 days past due
- financial assets for which no qualitative or quantitative factors exist that would indicate that these are not assets with low counterparty credit risk.

Assets in Stage 2:

- financial assets between 30 and 90 days past due
- financial assets that have experienced a decrease in counterparty credit rating according to Moody’s scale by two or more levels from initial recognition (significant increase in credit risk from initial recognition).

Assets in Stage 3:

- financial assets 90 or more days past due
- financial assets designated on initial recognition as purchased or originated credit-impaired financial assets (POCI)
- financial assets whose counterparty has a Moody’s credit rating of Caa1 or worse.

All other receivables as at 31 December 2021 are measured at amortised cost pursuant to IFRS 9.

	Level 1	Level 2	Level 3	Total
(thousands CZK)	12-month expected credit loss	Expected credit loss for the term for financial assets that are not credit impaired	Expected credit loss for the term for financial assets that are credit-impaired	
<b>Balance as at 1 Jan 2020</b>	<b>67</b>	-	-	<b>67</b>
Remeasurement and changes to models and risk parameters	97	-	-	97
<b>Balance as at 31 Dec 2020</b>	<b>164</b>	-	-	<b>164</b>
Remeasurement and changes to models and risk parameters	52	-	-	2
<b>Balance as at 31 Dec 2021</b>	<b>216</b>			<b>166</b>

Receivables from non-bank subjects and other assets as at 31 December 2021 are measured at amortised cost pursuant to IFRS 9.

	Level 1	Level 2	Level 3	Total
(thousands CZK)	12-month expected credit loss	Expected credit loss for the term for financial assets that are not credit impaired	Expected credit loss for the term for financial assets that are credit-impaired	
<b>Balance as at 1 Jan 2020</b>	<b>1,787</b>	<b>-</b>	<b>-</b>	<b>1,787</b>
Remeasurement and changes to models and risk parameters	-1,229	-	-	-1,229
<b>Balance as at 31 Dec 2020</b>	<b>559</b>	<b>-</b>	<b>-</b>	<b>559</b>
Remeasurement and changes to models and risk parameters	-134	-	-	-134
<b>Balance as at 31 Dec 2021</b>	<b>424</b>			<b>424</b>

#### b) Market risk

Market risk is defined as potential gain or loss from movements in asset prices on global markets. Market risk is managed by prudent and efficient management of open foreign exchange and interest rate positions and by setting internal limits on the maximum amount of total open foreign exchange and interest rate positions.

#### c) Operating risk

Operating risk is defined as the risk of incurring a loss due to inadequacy or failure of internal processes, the human factor or systems, or the risk of incurring a loss due to external factors. The base for managing operating risk was created in the Company primarily as a conceptual framework of the organisation structure. Human factor risk is managed by means of an exact definition of the obligations of the Company's individual bodies and employees and the code of organisational rules. Information system-related risk is managed by means of profiles for accessing information systems and the implementation of control mechanisms. Risk attributable to the inappropriate or incorrect formulation of internal processes is reduced by implemented control mechanisms.

The goal of processes for managing operating risk is to implement measures based on observation and assessment of past events that eliminate or remove the individual operating risk elements. The Company monitors operating risk in all aspects of its activities where losses can occur because of this risk. The appropriate management of operating risk also includes the prevention of money laundering and ensuring the security of Company's IT systems.

#### d) Currency risk

Assets and liabilities denominated in foreign currency, including off-balance sheet exposures, represent the Company's exposure to currency risks.

The management and monitoring of currency risk is performed daily using the value-at-risk method, which is based on a high-probability estimate of the maximum exchange rate change over a given period.

Assets as at 31 Dec 2021 (thousands CZK)	EUR	USD	PLN	GBP	CZK	Other	Total
Cash in hand and deposits with central banks	27	0	0	5	32	0	64
Receivables from banks	266,833	13,775	15,783	10,952	55,182	12,011	374,536
Receivables from non-bank subjects	290,163	80,670	162	19	142,101	964	514,079
Ownership interests with controlling influence	650,114	0	0	0	315,000	0	965,114
Other	0	0	0	0	302,344	0	302,344
<b>Total balance sheet</b>	<b>1,207,137</b>	<b>94,445</b>	<b>15,945</b>	<b>10,976</b>	<b>814,659</b>	<b>12,975</b>	<b>2,156,137</b>
Receivables from fixed term transactions	6,930,209	467,008	104,448	52,783	7,971,562	150,908	15,676,918
<b>Total</b>	<b>8,137,346</b>	<b>561,453</b>	<b>120,393</b>	<b>63,769</b>	<b>8,786,221</b>	<b>163,883</b>	<b>17,833,055</b>

Liabilities as at 31 Dec 2021 (thousands CZK)	EUR	USD	PLN	GBP	CZK	Other	Total
Liabilities to banks and credit unions	228,712	0	0	0	0	0	228,712
Payables to non-bank subjects	104,462	93,295	3,117	2,033	345,622	13,253	561,782
Other	0	0	0	0	1,365,643	0	1,365,643
<b>Total balance sheet</b>	<b>333,174</b>	<b>93,295</b>	<b>3,117</b>	<b>2,033</b>	<b>1,711,265</b>	<b>13,253</b>	<b>2,156,137</b>
Liabilities from fixed term transactions	7,154,522	469,169	117,229	60,890	7,624,253	149,396	15,575,459
Pledges and guarantees received	0	0	0	0	300,000	0	300,000
<b>Total</b>	<b>7,487,696</b>	<b>562,464</b>	<b>120,346</b>	<b>62,923</b>	<b>9,635,518</b>	<b>162,649</b>	<b>18,031,596</b>

<b>Net foreign exchange position*</b>	<b>652,650</b>	<b>-1,011</b>	<b>47</b>	<b>846</b>	<b>-849,297</b>	<b>1,234</b>	<b>-198,541</b>
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Assets as at 31 Dec 2020 (thousands CZK)	EUR	USD	PLN	GBP	CZK	Other	Total
Cash in hand and deposits with central banks	28	0	0	5	34	0	67
Receivables from banks	185,373	4,372	24,468	5,653	35,164	5,686	260,716
Receivables from non-bank subjects	154,492	81,330	12,169	4,545	325,012	2,380	579,928
Ownership interests with controlling influence	650,114	0	0	0	315,000	0	965,114
Other	0	0	148	0	161,381	0	161,531
<b>Total balance sheet</b>	<b>990,007</b>	<b>85,702</b>	<b>36,785</b>	<b>10,203</b>	<b>836,593</b>	<b>8,066</b>	<b>1,967,356</b>
Receivables from fixed term transactions	2,281,010	133,850	90,412	0	2,526,021	67,376	5,098,669
<b>Total</b>	<b>3,271,017</b>	<b>219,552</b>	<b>127,197</b>	<b>10,203</b>	<b>3,362,614</b>	<b>75,442</b>	<b>7,066,025</b>

Liabilities as at 31 Dec 2020 (thousands CZK)	EUR	USD	PLN	GBP	CZK	Other	Total
Liabilities to banks and credit unions	85,296	0	0	0	0	0	85,296
Payables to non-bank subjects	302,644	54,491	13,508	3,646	204,540	6,514	585,343
Other	322	0	41	0	1,296,354	0	1,296,717
<b>Total balance sheet</b>	<b>388,262</b>	<b>54,491</b>	<b>13,549</b>	<b>3,646</b>	<b>1,500,894</b>	<b>6,514</b>	<b>1,967,356</b>
Liabilities from fixed term transactions	2,229,637	166,242	113,927	5,838	2,500,923	67,375	5,083,942
<b>Total</b>	<b>2,617,899</b>	<b>220,733</b>	<b>127,476</b>	<b>9,484</b>	<b>4,001,817</b>	<b>73,889</b>	<b>7,051,298</b>
<b>Net foreign exchange position*</b>	<b>653,118</b>	<b>-1,181</b>	<b>-279</b>	<b>718</b>	<b>-639,203</b>	<b>1,553</b>	<b>14,727</b>

The net foreign exchange position for EUR/CZK flows primarily from investments into subsidiaries which are remeasured in CZK as at the date of acquiring the investment. The Company does not currently perform any hedging of this open position.

#### e) Interest rate risk

The Company is exposed to interest rate risk as its interest-bearing assets and liabilities have different maturity dates, interest rate adjustment periods and volumes during these periods.

Assets as at 31 Dec 2021 (thousands CZK)	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Cash in hand and deposits with CB	64	0	0	0	64
Receivables from banks	225,376	0	0	0	225,376
Other assets and prepaid expenses	60,359	91,001	58,759	0	210,119
<b>Total</b>	<b>285,799</b>	<b>91,001</b>	<b>58,759</b>	<b>0</b>	<b>435,559</b>
Liabilities as at 31 Dec 2021 (thousands CZK)	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Liabilities to banks	0	228,712	0	0	228,712
Other liabilities and accrued expenses	40,588	58,023	4,523	0	103,134
<b>Total</b>	<b>40,588</b>	<b>286,915</b>	<b>4,523</b>	<b>0</b>	<b>331,846</b>
<b>Gap</b>	<b>245,211</b>	<b>-119,713</b>	<b>54,236</b>	<b>0</b>	<b>103,713</b>
<b>Cumulative gap</b>	<b>245,211</b>	<b>125,498</b>	<b>179,734</b>	<b>179,734</b>	<b>103,713</b>

Assets as at 31 Dec 2020 (thousands CZK)	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Cash in hand and deposits with CB	67	0	0	0	67
Receivables from banks	260,716	0	0	0	260,716
Other assets and prepaid expenses	22,508	35,177	6,712	0	64,397
<b>Total</b>	<b>283,291</b>	<b>35,177</b>	<b>6,712</b>	<b>0</b>	<b>325,180</b>
Liabilities as at 31 Dec 2021 (thousands CZK)	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Liabilities to banks	0	85,296	0	0	85,296
Other liabilities and accrued expenses	20,624	23,861	4,077	0	48,562
<b>Total</b>	<b>20,624</b>	<b>109,157</b>	<b>4,077</b>	<b>0</b>	<b>133,858</b>
<b>Gap</b>	<b>262,667</b>	<b>-73,980</b>	<b>2,635</b>	<b>0</b>	<b>191,322</b>
<b>Cumulative gap</b>	<b>262,667</b>	<b>188,687</b>	<b>191,322</b>	<b>191,322</b>	<b>191,322</b>

The above summary includes only interest-sensitive assets and liabilities, and the figures are therefore not the same as those presented in the balance sheet.

The Company is exposed to interest rate risk at several levels:

#### Cost of foreign capital

The Company funds short-term liquidity using loans from banks. The cost of these loans is directly related to the interest rates currently applicable to the currencies in which they are provided and an increase in these rates has a negative impact on the Company's P&L.

#### Interest differential

The Company has limited exposure to interest rate risk arising from the Forward+ product. This product derived from the standard FWD product allows clients the flexibility to settle these trades over a pre-agreed period. However, this type of FWD is not offered to all clients and accounts for less than half of all FWD trades. Moreover, the probability of losses is also low, given that this product is mainly used by exporters to hedge foreign currency sales. This fact creates an interest rate position for the company that is positively affected by the difference between interest rates in the Czech Republic and those in the Eurozone (referred to as interest rate differential). Both the CNB and the ECB assure the markets that this situation will continue for at least the next 12 months.

#### f) Liquidity risk

The Company's liquidity is defined as the ability to duly and in time fulfil customer obligations arisen on foreign exchange conversions and related payment transactions.

The Company has mechanisms in place to separate the clients' financial means from the Company's operating funds. Executed foreign currency transactions are settled after obtaining the financial coverage from the client. This mechanism prevents exposure to liquidity risk.

The table below contains assets and liabilities sorted according to their remaining maturity. This is the period from the balance sheet date until the date a relevant asset or liability is contractually payable.

Assets as at 31 Dec 2021 (thousands CZK)	Carrying amount	Undis-counted cash flows	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years
Cash in hand and deposits with CB	64	64	64	0	0	0
Receivables from banks	225,376	225,376	225,376	0	0	0
Receivables from non-bank subjects	514,079	514,079	514,079	0	0	0
Other assets and prepaid expenses	271,636	271,636	78,572	134,305	58,759	0
<b>Total</b>	<b>1,011,155</b>	<b>1,011,155</b>	<b>818,091</b>	<b>134,305</b>	<b>58,759</b>	<b>0</b>

Liabilities as at 31 Dec 2021 (thousands CZK)	Carrying amount	Undis-counted cash flows	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years
Liabilities to banks	228,712	235,379	0	228,712	0	0
Payables to non-bank subjects	561,782	561,782	561,782	0	0	0
Other liabilities and accrued expenses	132,526	132,526	69,969	58,033	4,524	0
<b>Total</b>	<b>923,020</b>	<b>929,687</b>	<b>631,751</b>	<b>286,745</b>	<b>4,524</b>	<b>0</b>

<b>Net liquidity risk</b>	<b>88 135</b>	<b>81,468</b>	<b>186,340</b>	<b>-152,440</b>	<b>54,235</b>	<b>0</b>
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Assets as at 31 Dec 2020 (thousands CZK)	Carrying amount	Undis-counted cash flows	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years
Cash on hand and deposits with CB	67	67	67	0	0	0
Receivables from banks	260,716	260,716	260,716	0	0	0
Receivables from non-bank entities	579,928	579,928	542,743	37,185	0	0
Other assets and accrued expenses	134,752	134,752	22,508	105,532	6,711	0
<b>Total</b>	<b>975,463</b>	<b>975,463</b>	<b>826,034</b>	<b>142,717</b>	<b>6,711</b>	<b>0</b>

Liabilities as at 31 Dec 2020 (thousands CZK)	Carrying amount	Undis-counted cash flows	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years
Liabilities to banks	85,296	87,783	0	87,783	0	0
Liabilities to non-bank entities	585,343	585,343	572,679	12,664	0	0
Other liabilities and accrued expenses	64,309	64,309	36,371	23,861	4,077	0
<b>Total</b>	<b>734,948</b>	<b>737,435</b>	<b>609,050</b>	<b>124,308</b>	<b>4,077</b>	<b>0</b>

<b>Net liquidity risk</b>	<b>240,515</b>	<b>238,028</b>	<b>216,984</b>	<b>18,409</b>	<b>2,634</b>	<b>0</b>
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The above includes only assets and liabilities that are contractually payable; as a result, the balances differ from those presented in the Company's balance sheet.

## g) Counterparty default risk

Counterparty default risk is defined as the possibility of loss or gain from failure to meet the obligations of clients with whom a contractual relationship has been concluded. The Company is exposed to counterparty default risk in its business, particularly in FWD transactions. This risk is higher for trades negotiated without collateral. The conclusion of such a FWD transaction is conditional on an internal assessment of the creditworthiness of the new client, which is based on an analysis of financial and non-financial indicators, and the regular assessment of the creditworthiness of existing clients. Clients who are not assessed as eligible to trade without collateral are required to post collateral in the form of cash transferred to the Company's account. The sufficiency of this collateral is monitored on an ongoing basis considering potential losses on open positions and, if necessary, the client is required to increase the collateral to a sufficient level.

## C.25 Fair value

### Valuation methods

Valuation methods include:

- net current value and models based on discounted cash flows
- comparison to similar instruments with comparable prices
- other valuation models.

### Inputs and techniques

Inputs and techniques used in valuation methods include:

- risk-free interest rates
- exchange rates
- reference interest rates
- swap rates
- counterparty credit risk

### Goal of valuation method

The goal of the valuation method is to determine a fair value that reflects the price obtained from sale of the asset or paid upon receipt of the asset as part of a proper transaction between market participants as at the date of valuation.

### Reviews and inspections

The accounting entity has set up a system of controls for measuring fair value. The given controls include the following:

- evaluating comparable inputs and prices
- recalculating based on models
- checking and approving processes for new valuation models and changes in them.

### Financial instruments not reported at fair value on the balance sheet

The following table reports the carrying amounts and fair values of financial assets and financial liabilities not recognised at fair value on the balance sheet:

Assets as at 31 Dec 2021 (thousands CZK)	Carrying amount	Fair value
Cash in hand and deposits with CB	64	64
Receivables from banks	374,588	374,588
Receivables from non-bank subjects	514,079	514,079
Other assets and prepaid expenses	51,459	51,459
<b>Total</b>	<b>940,190</b>	<b>940,190</b>

Liabilities as at 31 Dec 2021 (thousands CZK)	Carrying amount	Fair value
Liabilities to banks	228,712	228,712
Payables to non-bank subjects	561,782	561,782
Other liabilities and accrued expenses	27,416	27,416
<b>Total</b>	<b>817,910</b>	<b>817,910</b>

Assets as at 31 Dec 2020 (thousands CZK)	Carrying amount	Fair value
Cash in hand and deposits with CB	67	67
Receivables from banks	260,716	260,716
Receivables from non-bank subjects	579,928	579,928
Other assets and prepaid expenses	69,892	69,892
<b>Total</b>	<b>910,603</b>	<b>910,603</b>

Liabilities as at 31 Dec 2020 (thousands CZK)	Carrying amount	Fair value
Liabilities to banks	85,296	85,296
Payables to non-bank subjects	585,343	585,343
Other liabilities and accrued expenses	15,748	15,748
<b>Total</b>	<b>686,387</b>	<b>686,387</b>

### Financial instruments reported at fair value on the balance sheet

As at 31 Dec 2021 (thousands CZK)	Level RH 1	Level RH 2	Level RH 3	Total fair value	Total carrying amount
Other assets – positive value of derivatives	0	158,826	51,373	210,019	210,119
Other liabilities - negative value of derivatives	0	52,400	50,816	103,216	103,216

As at 31 Dec 2020 (thousands CZK)	Level RH 1	Level RH 2	Level RH 3	Total fair value	Total carrying amount
Other assets – positive value of derivatives	0	64,397	0	64,379	64,397
Other liabilities - negative value of derivatives	0	48,562	0	48,562	48,562

Reconciliation of opening and closing balances in level 3:

As at 31 Dec 2021 (thousands CZK)	Positive fair value of derivatives	Negative fair value of derivatives	TOTAL
<b>Zůstatek k 1. 1. 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>
Nákupy	51 373	-50 816	557
<b>Zůstatek k 31. 12. 2021</b>	<b>51 373</b>	<b>-50 816</b>	<b>557</b>

The accounting entity uses the following inputs and techniques to estimate fair value:

#### **Cash in hand and deposits with CB**

Carrying amount equal to fair value. These financial assets are categorised at Level 1 in the fair value hierarchy.

#### **Receivables from banks**

Due to the short maturity of these receivables, the carrying amount approximates their fair value. These financial assets are ranked at Level 1 in the hierarchy of fair values.

#### **Receivables from non-bank subjects**

The estimated fair value of credits is based on discounted expected cash flows, using an interest rate valid for credits connected with similar credit risk, interest rate risk, and similar maturity. Due to the short maturity of these receivables, the carrying amount approximates their fair value.

These financial assets are ranked at level 2 in the hierarchy of fair values.

#### **Liabilities to banks**

Due to the short maturity of these liabilities, the carrying amount approximates their fair value. These financial liabilities are categorised at Level 1 in the fair value hierarchy.

#### **Payables to non-bank subjects**

Payables to clients payable upon demand primarily represent payables to clients for unsettled spot trades. Due to the short maturity of these payables, the carrying amount is equal to their real value.

These financial liabilities are categorised at Level 2 in the hierarchy of fair values.

### Other assets/liabilities

The Company measures financial derivatives at fair value. The fair value of financial derivatives is determined as the current value of expected cash flows arising from these transactions. Parameters determined on the active market are used to establish the net present value, such as forex rates, interest rates for the given maturities based on yield curves etc.

The Company also enters into derivative transactions that can be settled in tranches over time. The fair value of these derivatives is determined as the sum of the option and forward components. The valuation of the forward component is based on the traditional valuation of a forward contract. To calculate the option component, a random path simulation of the FX rate is performed for each day from the valuation date until the maturity date of the derivative. The sum of the fair value of the two components comprises the total fair value of the derivative; this value is shown on the balance sheet, with positive fair values in “Other assets,” and negative fair values in “Other liabilities”.

These financial assets are categorised at Level 2 in the fair value hierarchy.

For other assets and liabilities, the carrying amount is equal to their fair value.

## C.26. Material events

### COVID-19 pandemic

The coronavirus pandemic continues to have a significant impact on all current events and affects the Czech and global economic outlook. The measures taken to stop the coronavirus pandemic have had a negative impact on foreign trade and the production and consumption behaviour of economic entities. The dynamic development of the situation entails a high degree of uncertainty in the creation and update of projections.

### Measures taken by companies

In the wake of the extensive spread of the disease, the Company has taken preventive measures to protect its employees and clients by increasing the use of remote work for employees; it continued the regular testing of its employees, it has recommended that contact with its clients primarily take place electronically, and it has increased hygiene standards in the workplace. However, the Company’s operations and service delivery have not been significantly adversely affected by these measures.

### Anticipated impacts of the COVID-19 pandemic on the Company

Management is continuously assessing the potential impact of the pandemic on the Company’s operations. With regard to the results achieved in 2021, it can be stated that the pandemic has not had a negative impact on the Company and its operations; on the contrary, the Company has achieved its highest profit ever and exchange rate fluctuations have had a positive effect on its operations. In view of the above, and given the nature of the services it provides, no negative impact on the Company’s operations and financial results is expected in 2022. Based on the current trends of the COVID-19 pandemic, there is no threat to the Company’s operations in the upcoming period in terms of capital, liquidity, management, or other factors.

Thanks to regular capital increases in previous years, the Company has sufficient capital for any possible negative development in 2022. The Company does not expect any significant impacts on capital that could jeopardise its operations even in the event of a negative trend during 2022.

The Company keeps a large percentage of its assets as liquid due to the nature of the services it provides, while at the same time availing of funding sources that it can adapt relatively flexibly to its needs according to market developments. Thus, its liquidity position is not threatened by negative stress scenarios.

Based on all information available to the management of the Company as at the date of these financial statements, the situation described above does not jeopardise the assumption of the Company as a going concern, which serves as the basis on which these financial statements and the semi-annual report have been prepared. In the current situation, it cannot be ruled out that certain restrictions may be tightened or reintroduced, or that existing measures may be tightened further, with an ensuing negative impact of such measures on the economic environment in which the Company operates or on the Company itself, its financial condition, and its performance, both in the medium and long term. The Company’s management is monitoring developments and is prepared to take appropriate measures to respond to current developments as needed. Considering the results achieved in 2021, and the positive trend of the Company’s performance to date, it can be stated that the pandemic has not had a negative impact on the Company; on the contrary, the company has achieved its highest profit ever and the fluctuation of the exchange rate due to the general uncertainty of the development is a positive factor for its performance.

## C.27. Significant events as at the date of the financial statements

### Changes to the board of directors of the Company

On 2 Feb 2022, Ing. Martin Farský resigned from his position as a member of the board of directors of the Company. Ing. Ondřej Korecký, born on 20 May 1986 and residing in Zlín at Losky 2631 760 01, was newly appointed to the board of directors as at 3 February 2022, at which time he was also elected chairman of the board of directors at the meeting of the board of directors.

## C.28. Declaration of persons with managing authority

We solemnly declare that to the best of our knowledge this annual report gives a true and fair view of the financial position, business activities, and results of the operations of SAB Finance a.s. for 2021.

In Prague on 23 Feb 2022



Ing. Ondřej Korecký, FCCA

Chairman of the  
board of directors



Ing. Dana Hübnerová

Member of the  
board of directors



Ing. Petr Čumba

Member of the  
board of directors



**SAB Finance a.s.**

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