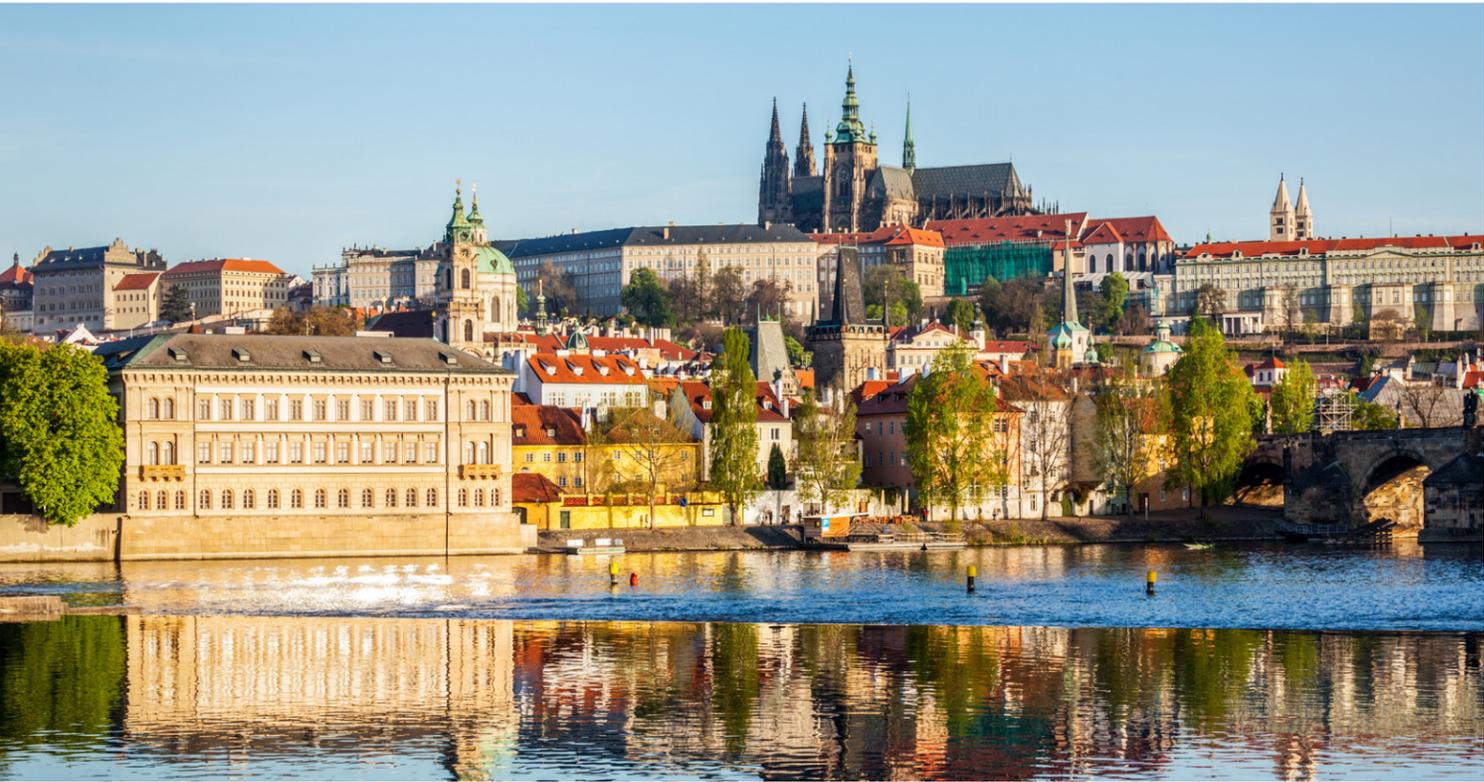




# Annual Report

1 January 2020 – 31 December 2020



# Annual Report

1 January 2020 – 31 December 2020

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## Foreword by the Board of Directors

Dear shareholders, clients, and business partners,

The board of SAB Finance a.s. (hereinafter “SABF” or the “company”) presents information about our successful business results for the year 2020.

The past year has been, without question, an exceptional year. Even despite the global pandemic impacting the lives of every one of us, the year 2020 was an extremely successful year for SABF. SABF continued not only in its more than fifteen year profit trend, but also achieved record business results. The company’s profits before tax exceeded CZK 144 mil . Compared to 2019, it therefore grew by more than 58 percent. SABF not only managed to increase its profitability, but also to work on future growth and meeting set goals and priorities.

In 2020 the currency forward (SAB Forward) was incorporated into the company offering of products and services. This opened new business opportunities for SABF and enabled us to offer our clients attractive hedging mechanisms against exchange rate fluctuations. The turbulent year 2020 contributed to growing interest from our clients in this hedging tool. The growth of our digital services continued very intensively, which included the successful deployment of the ProStream® web application to pilot operations for selected existing clients. Its full launch is planned for the first quarter of 2021. We also saw continued growth in our intensive contact with clients to ensure exceptional client care based on the high level of expertise of the SABF specialists.

Another milestone in SABF history was a positive decision by the Czech National Bank, which in December 2020 approved the prospectus of registered shares in SAB Finance a.s., thereby allowing us to debut on the Standard Market of the Prague Stock Exchange. The start of trading on the exchange is planned for the end of January 2021 and will represent the third largest public offering on the Standard market. The presumed decision to be listed on the Prague Stock Exchange is a natural step in the growth of the company and the goal of the public offering of SABF stock is the international expansion of the company and the acquisition of additional capital for further investment within SAB Financial Group a.s.

We owe great thanks to all our coworkers for their great enthusiasm and excellent work throughout the year. We thank all of our clients for our mutual partnership and above all for the trust they place in us, which we deeply appreciate.

In 2021 as well our priorities include providing support and assistance to our clients in their business and on their path to success.

In Prague on 25 Jan 2021



Board of Directors

## Board of Directors proposal for the appropriation of earnings from the previous accounting period

The board of directors of SAB Finance a.s. proposes to distribute the profit after tax for 2020 of **CZK 116 720 479** as follows:

1)	<b>CZK 100 000 000</b> to the shareholders.	2)	<b>CZK 5 836 024</b> to the reserve fund.	3)	<b>CZK 10 884 455</b> to retained earnings.
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“Even despite the global pandemic impacting the lives of every one of us, the year 2020 was an extremely successful year for SABF.”



# Independent Auditor's Report

1 January 2020 – 31 December 2020

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

Pobřežní 1a  
186 00 Prague 8  
Czech Republic  
+420 222 123 111  
www.kpmg.cz

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 Shareholder of SAB Finance a.s.

### *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 2020, 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 2020, 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, 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.

### *Other Information*

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

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the



other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

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

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

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

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

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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

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

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



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

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

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

Jindřich Vašina is the statutory auditor responsible for the audit of the financial statements of SAB Finance a.s. as at 31 December 2020, based on which this independent auditor's report has been prepared.

Prague  
25 January 2021

Signed by

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

Signed by

Jindřich Vašina  
Partner  
Registration number 2059

## Report on relations between the controlling and the controlled entity and on relations between the controlled entities for the accounting period from 1 January 2020 to 31 December 2020

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. (hereinafter also as the “controlling party”), owns 257,732 units of common shares at a registered value of CZK 3,880, which represents a total share of the voting rights in SAB Finance a.s. of 100%.

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 170 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 on the basis of 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.: 01957201

SAB Finance a.s. owns 6 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.

An contract for 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 on the basis of the following:

- Cooperation Agreement of 29 March 2018
- Resolution on capitalisation of loan dated 23 March 2020

**SAB Bohemia s.r.o.**, with registered office Senovážné náměstí 1375/19, Nové Město, 110 00 Prague 1, Company ID No.: 05132363

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 on the basis of 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 1 common share with nominal value of EUR 1 and indirectly via SAB Europe Holding Limited 19 984 999 common shares with 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 on the basis of the following:

- Cooperation Agreement of 29 March 2018
- Loan Agreement dated 9 December 2020
- 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 dated 21 December 2011 including subsequent amendments
- Agreement on the Provision of Software and IT Services dated 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

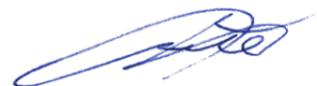
SAB Financial Group a.s. owns 211 common shares with a nominal value of GBP 10 000, representing a 100% share of voting rights in SAB Corporate Finance Limited.

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

- Payment Services Agreement of 25 April 2018 including subsequent amendments

In the 2020 accounting period there were no legal actions or any measures taken on the part of SAB Finance a.s. in the interest or on the account of the controlling party in the meaning of the provisions of § 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 2020 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 25 Jan 2021



Ing. Petr Čumba

Chairman of the Board

## Other disclosures in the annual report

### Information on environmental protection activities

Because the company operates in the field of providing financial services, its activities do not directly influence the environment.

### Activities in labor law relationships

The corporation acts in its labor 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.

### Foreign organizational unit

The company has no foreign organizational unit.

### Acquisition of own shares

The company did not acquire any of its own shares in 2020.

### 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 2020.



## Financial Statements

1 January 2020 – 31 December 2020

## BALANCE SHEET AS OF 31 December 2020

ASSETS (in thousands of CZK)		Item	31 Dec 2020	31 Dec 2019
1.	Cash in hand and deposits with central banks	C.1.	67	60
3.	Receivables from banks and credit unions	C.2.	260,716	209,951
	of which: a) due on demand		208,226	171,836
	b) other receivables		52,490	38,115
4.	Receivables from non-bank subjects	C.3.	579,928	665,997
	of which: a) due on demand		542,743	324,836
	b) other receivables		37,185	34,161
8.	Ownership interests with controlling influence	C.4.	965,114	394,882
9.	Non-current intangible assets	C.5.	21,791	17,605
10.	Non-current tangible assets	C.5.	5,451	31,280
11.	Other assets	C.6.	132,165	88,691
13.	Prepayments and accrued income	C.7.	2,124	684
<b>Total Assets</b>			<b>1,967,356</b>	<b>1,409,150</b>

The notes form an integral part of these financial statements.

LIABILITIES (in thousands of CZK)		Item	31 Dec 2020	31 Dec 2019
1.	Liabilities to banks and credit unions	C.8.	85,296	201,821
	b) other liabilities		85,296	201,821
2.	Payables to non-bank subjects	C.9.	585,343	363,224
	of which: a) due on demand		572,679	359,703
	b) other liabilities		12,664	3,521
4.	Other liabilities	C.10.	64,214	26,007
5.	Accruals and deferred income		96	100
6.	Provisions	C.11.	9,880	1,494
	of which: b) for tax		9,980	844
8.	Issued capital	C.13.	1,000,000	716,717
	of which: a) paid-in registered capital		1,000,000	716,717
9.	Share premium	C.13.	6,356	6,356
10.	Other reserves from profits	C.13.	23,451	19,768
	of which: a) mandatory reserves and risk funds		23,451	19,768
12.	Capital funds	C.13.	76,000	0
15.	Profit or loss during the accounting period		116,720	73,663
<b>Total Liabilities</b>			<b>1,967,356</b>	<b>1,409,150</b>

The notes form an integral part of these financial statements.

## OFF-BALANCE SHEET ITEMS

OFF-BALANCE SHEET ITEMS (in thousands of CZK)		Item	31 Dec 2020	31 Dec 2019
<b>Off-balance sheet assets</b>				
4.	Receivables from fixed term operations	C.14.	5,098,669	1,788,862
<b>Off-balance sheet liabilities</b>				
9.	Assurances and guarantees received	C.14.	190,000	50,000
12.	Liabilities from fixed term operations	C.14.	5,083,942	1,782,016

The notes form an integral part of these financial statements.

## PROFIT AND LOSS STATEMENT

FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

(in thousands of CZK)		Item	2020	2019
1.	Interest revenues and similar income	C.15.	3,044	9,027
2.	Interest expenses and similar costs	C.16.	9,835	8,121
3.	Income from stocks and shares		3,280	0
4.	Income from fees and commissions	C.17.	2,049	2,493
5.	Costs of fees and commission	C.18.	14,038	16,903
6.	Profit or loss from financial operations	C.19.	296,161	244,057
7.	Other operating income	C.20.	767	156
8.	Other operating costs	C.20.	8,048	11,692
9.	Administrative costs	C.21.	124,309	132,325
	of which: a) employee costs		89,660	88,503
	of which: aa) wages and salaries		67,264	66,466
	ab) social and health insurance		20,938	20,810
	b) other administrative costs		34,649	43,822
11.	Depreciation, creation and use of provisions and allowances for non-current tangible and intangible assets	C.5.	6,726	5,178
12.	Release of provisions and allowances for receivables and guarantees, income from previously written-off receivables		1,229	239
13.	Depreciation, creation and use of provisions and allowances for receivables and guarantees		97	300
15.	Profit/loss from transfer of ownership interests with controlling and significant influence, creation and use of allowances for ownership interests with controlling and significant influence	C.4.	0	10,239
16.	Release of other provisions		650	0
17.	Creation and use of other provisions	C.11.	0	650
19.	Profit or loss during the accounting period from ordinary activities before tax		144,127	91,042
23.	Income tax	C.22.	27,407	17,379
<b>24.</b>	<b>Profit or loss during the accounting period after tax</b>		<b>116,720</b>	<b>73,663</b>

The notes form an integral part of these financial statements.

## CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

(in thousands of CZK)	Issued capital	Share premium	Capital funds	Profit funds	Profit	Total
<b>Balance as of 1 Jan 2019</b>	<b>649,108</b>	<b>6,356</b>	<b>0</b>	<b>16,210</b>	<b>71,164</b>	<b>742,838</b>
Net profit/loss during the accounting period	0	0	0	0	73,663	73,663
Transfers to funds	0	0	0	3,558	-3,558	0
Payment of dividends	0	0	0	0	-67,606	-67,606
Increases to registered capital	67,609	0	0	0	0	67,609
<b>Balance as of 31 Dec 2019</b>	<b>716,717</b>	<b>6,356</b>	<b>0</b>	<b>19,768</b>	<b>73,663</b>	<b>816,504</b>
<b>Balance as of 1 Jan 2020</b>	<b>716,717</b>	<b>6,356</b>	<b>0</b>	<b>19,768</b>	<b>73,663</b>	<b>816,504</b>
Net profit/loss during the accounting period	0	0	0	0	116,720	116,720
Transfers to funds	0	0	76,000	3,683	-3,683	76,000
Payment of dividends	0	0	0	0	-69,980	-69,980
Increases to registered capital	283,283	0	0	0	0	283,283
<b>Balance as of 31 Dec 2020</b>	<b>1,000,000</b>	<b>6,356</b>	<b>76,000</b>	<b>23,451</b>	<b>116,720</b>	<b>1,222,527</b>

The notes form an integral part of these financial statements.



## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 December 2020

(in thousands of CZK)	Item	2020	2019
<b>OPERATING CASH FLOW</b>			
<b>Profit or loss during the accounting period from ordinary and extraordinary activities before tax</b>		<b>144,127</b>	<b>91,042</b>
<b>Non-cash transactions:</b>			
Depreciation and change in adjustments of non-current tangible and intangible assets	C.5.	6,726	5,178
Change in status of provisions	C.11.	-650	650
Addition and release of loss allowances	C.24.	-1,132	60
Net interest income	C.15.	6,791	-906
Net profit/loss from sale of ownership interests		0	-10,239
Net unrealized exchange rate profits/losses		4,410	0
Net profit (loss) on sale of non-current tangible and intangible assets		-83	-34
		<b>160,819</b>	<b>85,751</b>
<b>Changes in:</b>			
Receivables from non-bank subjects	C.3.	86,069	328,166
Other assets, prepaid expenses, and accrued income	C.6.	-44,914	-30,033
Liabilities to banks and credit unions	C.8.	-116,525	139,902
Payables to non-bank subjects	C.9.	222,119	-540,645
Other liabilities, accrued expenses and deferred income	C.10.	40,767	1,039
		<b>347,705</b>	<b>-15,820</b>
Interest received	C.15.	3,044	2,593
Interest paid	C.16.	-9,835	-8,121
Income tax paid	C.11.	-18,357	-16,149
<b>Net operating cash flow</b>		<b>322,557</b>	<b>-37,497</b>
<b>INVESTMENT ACTIVITY</b>			
Acquisition of ownership interests	C.4.	-570,232	-65,963
Acquisition of non-current tangible and intangible assets	C.5.	-13,988	-24,266
Proceeds from the sale of non-current tangible and intangible assets	C.5.	25,083	34
<b>Net cash flow from investment activity</b>		<b>-559,137</b>	<b>-90,195</b>

(in thousands of CZK)	Item	2020	2019
<b>FINANCIAL ACTIVITY</b>			
Income from increases to registered capital	C.13.	359,283	67,609
Profit shares paid	C.13.	-69,980	-67,606
Repayment of lease liability		-1,951	-1,229
<b>Net cash flow from financial activity</b>		<b>287,352</b>	<b>-1,226</b>
<b>Net increase or decrease in cash and cash equivalents balance</b>		<b>50,772</b>	<b>-128,918</b>
<b>Cash and cash equivalents as of 1 January</b>		<b>210,011</b>	<b>338,929</b>
<b>Cash and cash equivalents as of 31 December</b>		<b>260,783</b>	<b>210,011</b>
<b>Cash and cash equivalents include:</b>			
Cash in hand and deposits with central banks		67	60
Receivables from banks and credit unions due on demand		260,716	209,951
<b>Cash and cash equivalents as of 31 December</b>		<b>260,783</b>	<b>210,011</b>

The notes form an integral part of these financial statements.





## Notes to the Financial Statements

for the period of 1 January 2020 – 31 December 2020

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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

(hereinafter "SABF" or "the Company" or "the accounting entity")

Since 27 April 2011, the Company has been performing the 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.

### A.2. Members of the board of directors and supervisory board as at 31 December 2020

Status as of 12/31/2020	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 Committee
Supervisory Board	Jana Ježková	member of supervisory board

The chair of the board of directors or two members of the board of directors acting jointly may act on behalf of the Company.

On 28 January 2020 the position of chair of the supervisory board was filled by Ing. Radomír Lapčík, LL.M.

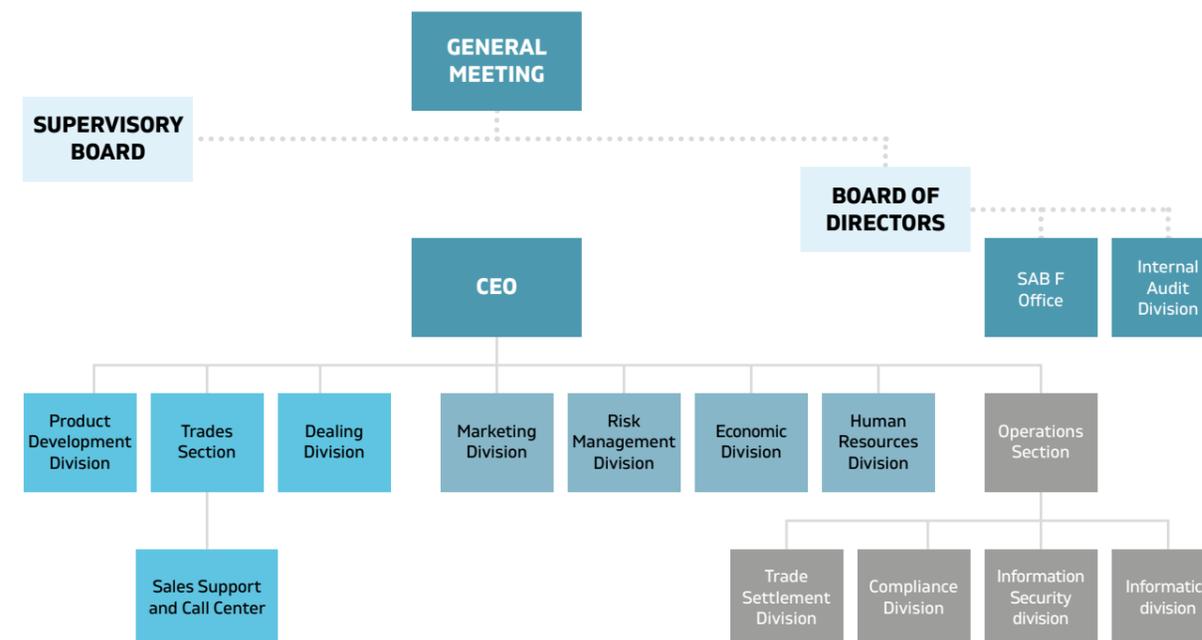
On 14 October 2020, Ing. Dana Hübnerová was appointed to the board.

On 11 November, Jana Ježková was appointed to the board.

### A.3. Changes to the Commercial Register

There were changes made in the Commercial Register in 2020, primarily connected with changes in the structure of the board of directors described in section A.2 and the increase of registered capital stated in section C.13.

### A.4. Organizational structure as of 31 December 2020



### A.5. Entities with controlling and significant influence

A list of shareholders whose share in the registered capital exceeds 20%.

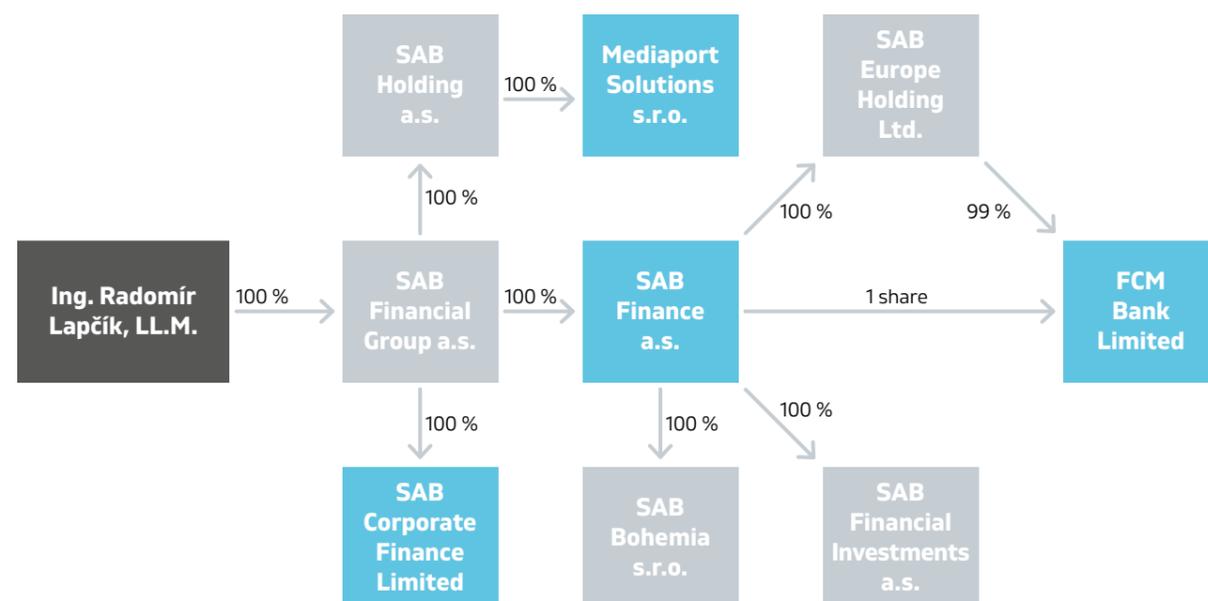
Shareholder's first and last name	Share of registered capital as of 31 December 2020
SAB Financial Group a.s.	100 %

### A.6. Ownership interests with significant influence

A list of 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 of 31 December 2020
SAB Europe Holding Ltd.	100 %
SAB Bohemia s.r.o.	100 %
SAB Financial Investments a.s.	100 %

## A.7. Group identification



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

## A.8. Average number of employees, personnel expenses

### A.8.1. Average recalculated number of employees in the accounting period

Indicator	2020	2019
Average converted number of employees	66	68
of which: members of the board of directors	3	3
members of the supervisory board	2	1

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

### A.8.2. Remuneration to persons acting as statutory bodies, members of the statutory and supervisory bodies

In 2020, the accounting entity paid fees to members of statutory bodies for the performance of their activities in these bodies on the basis of individual contracts for the performance of their functions in the amount of CZK 372 th. (2019: CZK 1,760 th. ) – see note C.21.

No remuneration was paid to members of the supervisory board in 2019 or 2020.

## A.9. 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.10. Bases 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 (hereinafter "International Financial Reporting Standards" or "IFRS").

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

The financial statements have been prepared on the basis of full accrual accounting and the transactions and other events are recognized 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 of 31 December 2020.

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 the 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 derecognizes a financial asset or part thereof from the balance sheet if it loses control over its contractual rights to that asset or part thereof. 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. Non-current tangible and intangible assets

Non-current tangible and intangible assets (hereinafter as "NTA" and "NIA") are reported at their acquisition cost. Amortization and depreciation are determined on the basis of the acquisition costs and expected useful life of the asset. NTA and NIA with acquisition costs of less than CZK 2 th. are not recognized 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 2 th. CZK	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 recognized in the statements as change 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 and significant influence

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

The establishment, release and utilization of related adjustments is recognized 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 utilization 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 SAB is the majority shareholder, i.e. SAB 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 SAB has at least 20% share in the entity's registered capital. In this case, SAB 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

SAB initially recognizes 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 recognized 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:

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

Financial assets are measured at amortized 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 give rise on specified dates 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 managing financial assets.

### Financial liabilities

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

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

## 3. Derecognition

### Financial assets

The accounting entity derecognizes 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 of the risks and rewards of ownerships of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of 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 derecognized) 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 recognized in equity

is reported on the profit and loss statement.

### Financial liabilities

The entity derecognizes a financial liability when its contractual obligations are discharged or canceled, 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 derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset at amortized 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 recognizes 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 financial difficulties of the borrower, then the gain or loss is presented on the profit and loss statement together with addition, release, or utilization 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 derecognizes 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 recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized 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 of 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 of the factors that market participants would include in the measurement of the given transaction.

The best proof of the fair value of a financial instrument during 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 not based on the quoted price on the active market for an identical asset or liability nor on the basis of a valuation technique for which unobservable inputs are considered insignificant in relation

to measurement, the financial instrument is initially recognized at fair value and 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 and the unobservable inputs have a significant impact on the valuation of the instrument. This level includes instruments that are measured on the basis of quoted price for similar instruments for which significant unobservable adjustments or assumptions are required in order that they 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 point C.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 point C.24.a).

### Credit-impaired financial assets

For each reporting date the accounting entity will assess whether financial assets measured at amortized 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 unfavorable impact on estimated future cash flows from 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;
- if it becomes likely that the debtor will enter bankruptcy, dissolution, or financial restructuring, or;
- 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 amortized cost: as a deduction from the gross carrying amount of the assets.

Loss allowances and provisions established by debiting expenses are recognized in "Write-offs, addition, and utilization 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-off

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 the following criteria are met:

- there exists a (legal or constructive) obligation as the result of past events,
- an outflow of economic benefits will be required to settle the obligation (“probable” means a probability exceeding 50%), and
- the amount of the obligation can be estimated reliably

### Provision for income taxes

As of 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. Conversion of foreign currency

Transactions in foreign currency are accounted for in the domestic currency converted at the exchange rate declared by the Czech National Bank applicable as of 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 of 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 in particular 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 of 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, taking into account 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 recognized 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

### Tax payable

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 their is no doubt over its further application in subsequent accounting periods.

## B.9. Interest income and expenses

The interest income and expenses are recognized in the profit & 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 recognized 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. 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 on the basis of yield curves, etc.

Derivatives are reported as off-balance sheet items at the undiscounted contractual value of the underlying instrument in the line items "Receivables from fixed term operations", "Receivables from options", "Liabilities from fixed term operations", and "Liabilities from options".

## B.12. Changes in accounting methods

The accounting entity did not make any changes to their accounting methods in 2020.

## B.13. Corrections of errors from previous financial periods and changes in accounting methods

Corrections to prior period expenses or income are recognized as current period expenses or income, with the exception of 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 recognized 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 2020.

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

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

(in thousands of CZK)	2020	2019
Cash in hand	67	60

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

(in thousands of CZK)	2020	2019
Current accounts	260,880	210,018
Loss allowance (ECL pursuant to IFRS 9)	-164	-67
<b>Total</b>	<b>260,716</b>	<b>209,951</b>

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

Receivables from banks and credit unions as of 31 December 2020 include funds provided to clients for the purpose of executing spot trades in the amount of CZK 31,082 th. (2019: CZK 35,439 th. ). with which the Company has limited handling rights.

All receivables from banks as of 31 December 2020 and 31 December 2019 are valued at amortized 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 of 31 December 2020 and 31 December 2019 to be of high quality. As part of calculating ECL, all receivables from banks were categorized as of 31 December 2020 and 31 December 2019 in Level 1. As of 31 December 2020 and 31 December 2019 allowances were calculated on the basis of 12 month expected credit loss.

	Level 1	Level 2	Level 3	Total
<b>31. 12. 2020</b> (in thousands of CZK)	<b>12-month expected credit loss</b>	<b>Expected credit loss for the term for financial assets that are not credit impaired</b>	<b>Expected credit loss for the term for financial assets that are credit-impaired</b>	
Receivables from banks measured at amortized cost				
Credit rating min. Baa1	260,881	-	-	260,881
Adjustments	-164	-	-	-164
<b>Net receivables from banks</b>	<b>260,716</b>	<b>-</b>	<b>-</b>	<b>260,716</b>

	Level 1	Level 2	Level 3	Total
<b>31. 12. 2019</b> (in thousands of CZK)	<b>12-month expected credit loss</b>	<b>Expected credit loss for the term for financial assets that are not credit impaired</b>	<b>Expected credit loss for the term for financial assets that are credit-impaired</b>	
Receivables from banks measured at amortized cost				
Credit rating min. Baa1	210,018	-	-	210,018
Adjustments	-67	-	-	-67
<b>Net receivables from banks</b>	<b>209,951</b>	<b>-</b>	<b>-</b>	<b>209,951</b>

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

(in thousands of CZK)	2020	2019
Due on demand	542,743	324,836
Other receivables:	37,185	341,161
Správa Aktiv a Bankovní Poradenství a.s.	34,000	34,125
SAB Europe Holding Ltd.	0	195,594
SAB Financial Group a.s.	0	71,525
SAB Holding a.s.	0	41,211
SAB Financial Investments a.s.	3,280	0
Loss allowance (ECL pursuant to IFRS 9)	-95	-1,294
<b>Total</b>	<b>579,928</b>	<b>665,997</b>

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

Other receivables in the gross amount of CZK 37,280 th. (31 December 2019: CZK 342,455 th. ) consist of receivables for the sale of securities to the company Správa Aktiv a Bankovní Poradenství a.s. due in the year 2021 and a receivable for disbursement of 2019 dividends for SAB Financial Investments a.s.

Analysis of other receivables by geographical region:

(in thousands of CZK)	2020	2019
Czech Republic	37,280	146,861
Malta	0	195,594
<b>Total</b>	<b>37,280</b>	<b>342,455</b>

Maximum exposure to credit risk:

2020 (in thousands of CZK)	Balance sheet	Off balance sheet	Exposures to credit risk	Security provided	Main type of security
Receivables from banks and credit unions	260,716	0	260,716	0	0
Receivables from non-bank subjects	579,928	0	579,928	0	0
<b>Total</b>	<b>840,644</b>	<b>0</b>	<b>840,644</b>	<b>0</b>	<b>0</b>

2019 (in thousands of CZK)	Balance sheet	Off balance sheet	Exposures to credit risk	Security provided	Main type of security
Receivables from banks and credit unions	209,951	0	209,951	0	0
Receivables from non-bank subjects	665,997	0	665,997	0	0
<b>Total</b>	<b>875,948</b>	<b>0</b>	<b>875,948</b>	<b>0</b>	<b>0</b>

As part of calculating ECL, all receivables from non-bank subjects were categorized as of 31 December 2020 and 31 December 2019 in Level 1. As of 31 December 2020 and 31 December 2019 allowances were calculated on the basis of 12 month expected credit loss.

	Level 1	Level 2	Level 3	Total
<b>31. 12. 2020</b> (in thousands of CZK)	<b>12-month expected credit loss</b>	<b>Expected credit loss for the term for financial assets that are not credit impaired</b>	<b>Expected credit loss for the term for financial assets that are credit-impaired</b>	
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>

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
<b>31. 12. 2019</b> (in thousands of CZK)	<b>12-month expected credit loss</b>	<b>Expected credit loss for the term for financial assets that are not credit impaired</b>	<b>Expected credit loss for the term for financial assets that are credit-impaired</b>	
Receivables from non-bank subjects				
Other receivables	342,455	-	-	342,455
Adjustments	-1,294	-	-	-1,294
<b>Net receivable from non-bank subjects</b>	<b>341,161</b>	<b>-</b>	<b>-</b>	<b>341,161</b>

#### C.4. Ownership interests with controlling influence

as of 31 December 2020

Name, registered office, and main scope of business	Registered capital*	Other component of registered capital*	Share in equity (%)	Number of shares (pcs)	Acquisition cost	Carrying amount
<b>SAB Europe Holding Ltd.</b> Suite 183, The Fort, Hard Rocks Business Park, Naxxar, Malta	187,091	463,518	100	n/a	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	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	n/a	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

as of 31 December 2019

Name, registered office, and main scope of business	Registered capital*	Other component of registered capital*	Share in equity (%)	Number of shares (pcs)	Acquisition cost	Carrying amount
<b>SAB Europe Holding Ltd.</b> Suite 183, The Fort, Hard Rocks Business Park, Naxxar, Malta	187,091	44,334	100	n/a	227,882	227,882
<b>SAB Bohemia s.r.o.</b> Senovážné nám. 1375/19, Prague 1, 110 00	1,000	-4,480	100	n/a	1,000	1,000
<b>SAB Financial Investments a.s.</b> Senovážné náměstí 1375/19, Nové Město, 110 00 Prague 1	166,000	3,284	100	n/a	166,000	166,000
<b>Total</b>	<b>354,091</b>	<b>43,138</b>			<b>394,882</b>	<b>394,882</b>

\*Unaudited balances

In 2020 the equity of SAB Financial Investments was increased in the amount of CZK 148,000 th.

In 2020 the equity of SAB Europe Holding was increased in the amounts of EUR 2,800 th., EUR 5,100 th., and CZK 212,877 th. in the form of capitalization of a loan.

#### C.5. Non-current assets

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

###### A) Non-current intangible assets

Acquisition cost (in thousands of CZK)	Non-current intangible assets	Goodwill	Total
<b>As of 1 Jan 2019</b>	<b>12,337</b>	<b>83,524</b>	<b>95,861</b>
Gains	21,721	0	21,721
Losses	11,701	83,524	95,225
<b>As of 31 Dec 2019</b>	<b>22,357</b>	<b>0</b>	<b>22,357</b>
<b>As of 1 Jan 2020</b>	<b>22,357</b>	<b>0</b>	<b>22,357</b>
Gains	7,759	0	13,716
Losses	0	0	5,957
<b>As of 31 Dec 2020</b>	<b>30,116</b>	<b>0</b>	<b>30,116</b>

Accumulated depreciation and adjustment entries (in thousands of CZK)	Non-current intangible assets	Goodwill	Total
<b>As of 1 Jan 2019</b>	<b>1,881</b>	<b>83,524</b>	<b>85,405</b>
Depreciation and accruals of discarded assets	2,871	0	2,871
Losses	0	83,524	83,524
<b>As of 31 Dec 2019</b>	<b>4,752</b>	<b>0</b>	<b>4,752</b>
<b>As of 1 Jan 2020</b>	<b>4,752</b>	<b>0</b>	<b>4,752</b>
Depreciation and accruals of discarded assets	3,573	0	3,573
Losses	0	0	0
<b>As of 31 Dec 2020</b>	<b>8,325</b>	<b>0</b>	<b>8,325</b>

Net book value (in thousands of CZK)	Non-current intangible assets	Goodwill	Total
<b>As of 31 Dec 2019</b>	<b>17,605</b>	<b>0</b>	<b>17,605</b>
<b>As of 31 Dec 2020</b>	<b>21,791</b>	<b>0</b>	<b>21,791</b>

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

On 30 April 2011, SAB Finance a.s. incurred goodwill in the amount of CZK 83,524 th. through the sale of part of the company Správa Aktiv a Bankovní poradenství a.s. The goodwill is amortized using the straight-line method for a period of 60 months. As of 31 December 2018 the goodwill was fully amortized, as of 31 December 2019 it was removed from the list of assets.

**B) Non-current tangible assets**

Acquisition cost (in thousands of CZK)	Machinery and equipment	Motor vehicles	Advances paid	Total
<b>As of 1 Jan 2019</b>	<b>3,854</b>	<b>0</b>	<b>25,000</b>	<b>28,854</b>
Gains	4,226	0	0	4,226
Losses	2,664	0	0	2,664
<b>As of 31 Dec 2019</b>	<b>5,416</b>	<b>0</b>	<b>25,000</b>	<b>30,416</b>
<b>As of 1 Jan 2020</b>	<b>5,416</b>	<b>0</b>	<b>25,000</b>	<b>30,416</b>
Gains	273	0	-	273
Losses	385	0	25,000	25,385
<b>As of 31 Dec 2020</b>	<b>5,304</b>	<b>0</b>	<b>-</b>	<b>30,416</b>

Accumulated depreciation and adjustment entries (in thousands of CZK)	Machinery and equipment	Motor vehicles	Advances paid	Total
<b>As of 1 Jan 2019</b>	<b>2,003</b>	<b>0</b>	<b>0</b>	<b>2,003</b>
Depreciation and accruals of discarded assets	1,077	0	0	1,077
Losses	551	0	0	551
<b>As of 31 Dec 2019</b>	<b>2,529</b>	<b>0</b>	<b>0</b>	<b>2,529</b>
<b>As of 1 Jan 2020</b>	<b>2,529</b>	<b>0</b>	<b>0</b>	<b>2,529</b>
Depreciation and accruals of discarded assets	1,352	0	0	1,352
Losses	385	0	0	385
<b>As of 31 Dec 2020</b>	<b>3,496</b>	<b>0</b>	<b>0</b>	<b>3,496</b>

Net book value (in thousands of CZK)	Machinery and equipment	Motor vehicles	Advances paid	Total
<b>As of 31 Dec 2019</b>	<b>2,887</b>	<b>0</b>	<b>25,000</b>	<b>27,887</b>
<b>As of 31 Dec 2020</b>	<b>1,808</b>	<b>0</b>	<b>0</b>	<b>1,808</b>

In 2020 the company derecognized an advance payment for an acquisition of tangible assets which did not take place.

**C.5.2. Non-current tangible assets acquired as part of leasing**

Acquisition cost (in thousands of CZK)	Buildings and real estate	Total
<b>As of 1 Jan 2019</b>	<b>3,221</b>	<b>3,221</b>
Gains	1,402	1,402
Losses	0	0
<b>As of 31 Dec 2019</b>	<b>4,623</b>	<b>4,623</b>
<b>As of 31 Jan 2020</b>	<b>4,623</b>	<b>4,623</b>
Gains	2,073	2,073
Losses	0	0
<b>As of 31 Dec 2020</b>	<b>6,696</b>	<b>6,696</b>

Accumulated depreciation and adjustment entries (in thousands of CZK)	Buildings and real estate	Total
<b>As of 1 Jan 2019</b>	<b>0</b>	<b>0</b>
Depreciation and accruals of discarded assets	1,230	1,230
Losses	0	0
<b>As of 31 Dec 2019</b>	<b>1,230</b>	<b>1,230</b>
<b>As of 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 of 31 Dec 2020</b>	<b>3,053</b>	<b>3,053</b>

Net book value (in thousands of CZK)	Buildings and real estate	Total
<b>As of 31 December 2019</b>	<b>3,393</b>	<b>3,393</b>
<b>As of 31 December 2020</b>	<b>3,643</b>	<b>3,643</b>

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

## C.6. Other assets

(in thousands of CZK)	2020	2019
Receivables owed by various debtors	2,467	2,757
Advances provided	65,751	69,947
Other assets	14	22
Positive fair value of currency forwards	64,397	16,458
Loss allowance (ECL pursuant to IFRS 9)	-464	-493
<b>Total</b>	<b>132,165</b>	<b>88,691</b>

The major item of advances paid are security deposits for the purchase of cars of CZK 27,132 th. (2019: CZK 30,612 th. ), advances for IT services of CZK 18,351 th. (2019: CZK 19,072 th. ), retainer provided to law office in the amount of CZK 20,000 th. (2019: CZK 20,000 th. ) for legal services consisting of seeking a suitable acquisition target abroad.

All other assets as of 31 December 2020 are measured at amortized cost pursuant to IFRS 9. As part of calculating ECL, all other assets were categorized as of 31 December 2020 and 31 December 2019 in Level 1. As of 31 December 2020 and 31 December 2019 allowances were calculated on the basis of 12 month expected credit loss.

	Level 1	Level 2	Level 3	Total
<b>31 Dec 2020 (in thousands of CZK)</b>	<b>12-month expected credit loss</b>	<b>Expected credit loss for the term for financial assets that are not credit impaired</b>	<b>Expected credit loss for the term for financial assets that are credit-impaired</b>	
Other assets				
Other assets	132,628	-	-	132,628
Adjustments	-464	-	-	-464
<b>Other assets net</b>	<b>132,165</b>	<b>-</b>	<b>-</b>	<b>132,165</b>

	Level 1	Level 2	Level 3	Total
<b>31 Dec 2019 (in thousands of CZK)</b>	<b>12-month expected credit loss</b>	<b>Expected credit loss for the term for financial assets that are not credit impaired</b>	<b>Expected credit loss for the term for financial assets that are credit-impaired</b>	
Other assets				
Other assets	89,184	-	-	89,184
Adjustments	-493	-	-	-493
<b>Other assets net</b>	<b>88,691</b>	<b>-</b>	<b>-</b>	<b>88,691</b>

## C.7. Prepayments and accrued income

As of 31 December 2020, the company reported costs from upcoming periods in the amount of CZK 2,124 th. (2019: CZK 684 th. ). 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 2020 in CZK.	Balance 31 Dec 2019 in CZK.
TRINITY BANK a.s.	paid up	CZK	0	14,200
TRINITY BANK a.s.	paid up	CZK	0	58,613
TRINITY BANK a.s.	paid up	CZK	0	82,000
FCM Bank Limited	30 Nov 2021	EUR	85,296	47,008
<b>Celkem</b>			<b>85,296</b>	<b>201,821</b>

Loans against TRINITY BANK a.s. were due in full during the year 2020.

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

(in thousands of CZK)	2020	2019
Due on demand	572,679	359,703
Other liabilities	12,664	3,521
<b>Total</b>	<b>585,343</b>	<b>363,224</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 of 31 Dec 2020 consist primarily of collateral accepted as part of forward trades in the amount of CZK 12,625 th. (2019: CZK 3,429 th. ).

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 of 31 Dec 2020 is a payable in the amount of CZK 15,591 th. (2019: CZK 21,785 th. ). Receivables are described in part C.3.

## C.10. Other liabilities

(in thousands of CZK)	2020	2019
Payables to employees	3,412	4,390
Liabilities from social security and health insurance	1,717	2,327
Tax liabilities	860	1,236
Deferred tax liability	66	52
Estimated accounts payable	2,057	620
Liabilities from leasing (IFRS 16)	3,644	3,393
Other liabilities	3,896	4,157
Negative fair value of currency forwards	48,562	9,832
<b>Total</b>	<b>64,214</b>	<b>26,007</b>

None of the liabilities exceeds the maturity period of 5 years.

Lease liabilities as of 31 December 2020 in the amount of CZK 3,644 th. (2019: CZK 3,393 th. ) consist of lease liabilities under IFRS 16. The undiscounted value of these lease liabilities as of 31 Dec 2020 was CZK 3,903 th. (of which CZK 1,951 th. payable within 1 year and the remainder by December 2022).

## C.11. Provisions

### Income tax provisions

In 2020, the Company established provisions totaling CZK 27,120 th. (In 2019 totaling CZK 16,332 th. ), and released the total tax provision in the amount of CZK 16,332 th. (In 2019 totaling CZK 17,532 th. ).

In the financial statements, the income tax provision is reported as net. As advance payments of tax in the amount of CZK 17,240 th. (2019: CZK 15,488 th. ) were lower than the provision itself, the Company recognized a tax provision in the amount of CZK 9,880 th. (2019: CZK 844 th. ).

(in thousands of CZK)	Provision for income taxes
<b>Balance as of 1 Jan 2019</b>	<b>17,532</b>
Additions during the year	16,332
Release	-17,532
<b>Balance as of 31 Dec 2019</b>	<b>16,332</b>
Additions during the year	27,120
Release	-16,332
<b>Balance as of 31 Dec 2020</b>	<b>27,120</b>

## Other reserves

The company charged a provision as of 31 December 2020 for a court dispute.

<b>Balance as of 31 Dec 2019</b>	<b>650</b>
Additions during the year	0
Release	650
<b>Balance as of 31 Dec 2020</b>	<b>0</b>

## C.12. Deferred tax

Items with temporary differences (in thousands of CZK)	2020	2019	Change
Non-current assets (deferred tax liability)	-66	-52	-14
<b>Total deferred tax payable/receivable</b>	<b>-66</b>	<b>-52</b>	<b>-14</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 257,732 units (2019: 184,721 units) of registered common stock in documentary form with nominal value of CZK 3,880 (2019: CZK 3,880). During 2020 the registered capital of the company was increased as follows:

Decision to increase registered capital	Amount of registered capital increase	Number of newly issued shares	Registered with the Commercial Register
25 August 2020	CZK 283,282,520	73,011 units of registered common stock in certificate form with nominal value of CZK 3,880	3 September 2020
<b>Total</b>	<b>CZK 283,282,520</b>	<b>73,011 units of registered common stock in certificate form with nominal value of CZK 3,880</b>	

On 11 November equity was increased in the form of a cash payment outside of registered capital in the amount of CZK 76,000,000. All increases of own equity were paid up in 2020.

On 24 June 2020, the sole shareholder of SAB Finance a.s., exercising the powers of a general meeting, decided on the distribution of profit for 2019. CZK 3,683 th. was transferred to the reserve fund; CZK 69,980 th. was transferred to the shareholder in the form of dividend payments. .

The board of directors of SAB Finance a.s. proposes to distribute the profit after tax for 2020 of CZK 116,720,479 as follows:

- 1) CZK 100,000,000 to the shareholders.
- 2) CZK 5,836,024 to the reserve fund.
- 3) CZK 10,884,455 to retained earnings.

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

### Nominal and fair value of fixed term operations

31. 12. 2020:

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

31. 12. 2019:

Foreign exchange derivative transactions as of 31 December 2019 (in thousands of CZK)	Off balance sheet
Receivables from fixed term operations	1,788,862
Liabilities from fixed term operations	1,782,016

Foreign exchange derivative transactions as of 31 December 2019 (in thousands of CZK)	Fair value
Positive fair value	16,458
Negative fair value	9,832

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 of 31 Dec 2020 (in thousands of 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

as of 31 Dec 2019 (in thousands of CZK)	Within 3 months	From 3 months to 1 year	More than 1 Year	Total
Foreign exchange derivative transactions (receivables)	751,774	1,037,088	0	1,788,862
Foreign exchange derivative transactions (liabilities)	749,526	1,032,490	0	1,782,016

### Assurances and guarantees received

As of 31 December 2020 the company reports assurances and guarantees provided in the amount of CZK 190,000 th. (as of 31 December 2019 totaling CZK 50,000 th. ). This represents an available line of credit beyond on the basis of a loan agreement executed with TRINITY BANK a.s.

## C.15. Interest revenues and similar income

(in thousands of CZK)	2020	2019
Interest on loans provided	3,044	9,027
<b>Total</b>	<b>3,044</b>	<b>9,027</b>

## C.16. Interest expenses and similar costs

(in thousands of CZK)	2020	2019
Interest on overdraft bank accounts	14	734
Interest on loans	9,821	7,387
<b>Total</b>	<b>9,835</b>	<b>8,121</b>

Interest from loans consists in particular of interest expense for loans received from TRINITY BANK a.s. and FCM Bank Limited.

## C.17. Income from fees and commission

(in thousands of CZK)	2020	2019
Fees on transactions executed	2,049	2,493
<b>Total</b>	<b>2,049</b>	<b>2,493</b>

## C.18. Costs of fees and commissions

Expenses (in thousands of CZK)	2020	2019
Bank fees	14,038	16,903
<b>Total</b>	<b>14,038</b>	<b>16,903</b>

Commission and fee expense consists of bank fees for overdraft accounts with TRINITY BANK a.s. and fees for current accounts at other banks.

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

(in thousands of CZK)	2020	2019
Profit/ loss from revaluation of balance sheet accounts	14,562	-2,102
Profit/ loss from business	272,389	239,533
Revaluation of financial derivatives at FV	9,210	6,626
<b>Total</b>	<b>296,161</b>	<b>244,057</b>

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

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

#### Other operating income

(in thousands of CZK)	2020	2019
Revenues from sale of non-current assets	83	34
Insurance premiums	41	0
Other revenues	643	122
<b>Total</b>	<b>767</b>	<b>156</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

(in thousands of CZK)	2020	2019
Gifts	7,000	11,100
Residual value of sold assets	21	0
Insurance	422	438
Other costs	605	154
<b>Total</b>	<b>8,048</b>	<b>11,692</b>

### C.21. Administrative costs

(in thousands of CZK)	2020	2019
Wages and remuneration for employees	67,264	66,466
of which: managers	15,746	19,384
board members	372	1,760
members of the supervisory board	0	0
Social security and health insurance	20,938	20,810
of which: managers	4,003	5,506
board members	114	645
members of the supervisory board	0	0
Other employee costs	1,458	1,227
Other administrative costs	34,649	43,822
of which: audit costs, legal and tax consulting	4,872	5,224
of which: compensation to statutory auditor		
mandatory audit	645	597
tax consultation	157	157
<b>Total</b>	<b>124,309</b>	<b>132,325</b>

As of 31 December 2020, the Company provided no loan, advance payment, or credit to members of management and controlling bodies.

### C.22. Income tax

(in thousands of CZK)	2020	2019
Income tax payable for current accounting period	27,120	16,332
Adjustments to tax of previous years	273	987
Income tax deferred	14	60
<b>Income tax reported on the profit and loss statement</b>	<b>27,407</b>	<b>17,379</b>

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

### C.23. Related party transactions

(in thousands of CZK)	Receivables as of 31 Dec		Payables as of 31 Dec	
	2020	2019	2020	2019
Správa Aktiv a Bankovní Poradenství a.s.	34,000	34,125	0	0
SAB Corporate Finance Ltd.	0	30	0	0
SAB Financial Group a.s.	0	71,525	0	0
SAB Bohemia s.r.o.	27,141	30,612	621	458
mediaport solutions s.r.o.	21,026	21,626	1,943	2,143
FCM Bank	135	147	85,296	47,008
SAB Europe Holding	0	195,594	0	0
SAB Holding a.s.	0	41,211	0	0
SAB Financial Investments a.s.	3,280	0	0	0
TRINITY BANK a.s.	74,551	97,942	0	154,813
<b>Total</b>	<b>160,133</b>	<b>492,812</b>	<b>87,860</b>	<b>204,422</b>

Receivables primarily include receivables from provided loans and related interest and provided advances. Payables represent liabilities from loans received.

(in thousands of CZK)	Income		Costs	
	2020	2019	2020	2019
Správa Aktiv a Bankovní Poradenství a.s.	967	1,475	0	0
SAB Corporate Finance Ltd.	91	463	0	0
SAB Financial Group a.s.	21	10,453	198	68
SAB Bohemia s.r.o.	0	0	5,061	5,488
SAB Financial Investments a.s.	3,280	0	0	0
mediaport solutions s.r.o.	0	0	10,533	11,730
FCM Bank	0	0	2,668	2,956
SAB Europe Holding	1,451	6,039	0	0
SAB Holding a.s.	600	942	0	0
TRINITY BANK a.s.	4	0	13,231	14,556
<b>Total</b>	<b>6,414</b>	<b>19,372</b>	<b>31,691</b>	<b>34,798</b>

The above income primarily relates to interest income from provided loans and profit from the sale of SAB Corporate Finance Ltd. to SAB Financial Group a.s. in the amount of CZK 10,239 th. (in 2019). The above expenses primarily include interest relating to costs of loans received, lease of passenger vehicles, and IT services provided. SAB Bohemia s.r.o. leases passenger cars to SAB Finance a.s.

The company's income is generated primarily on the Czech market.

### C.24. Financial instruments – risk management

#### a) Credit risk

The Company is not exposed to any credit risk in respect of its principal activities because the foreign currency transactions are not completed unless the money from the customer has been credited to 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 fields 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").

#### Calculating expected credit loss (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

The PD for each exposure was established in relation to external credit rating of the counterparty based on data from Moody's. In the event that the counterparty does not have an external credit rating assigned, an external rating is calculated on the basis of the rating of the parent company reduced by one rating level. In the event that the parent company also does not have an assigned external credit rating, 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 were assigned an external credit rating on the basis of Moody's data according to quantitative and qualitative criteria.

ii) Exposure at default (EAD)

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

iii) Loss given default (LGD)

Loss given default was determined on the basis of 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 – in the amount of 12-month ECL
- impairment Stages 2 and 3 – in the amount of 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 30 or more days past due, however no more than 90 days past due;
- Financial assets that have experienced a decrease in counterparty credit rating according to the 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 credit rating on the Moody's scale of Caa1 or worse.

All other receivables as of 31 December 2020 are measured at amortized cost pursuant to IFRS 9.

	Level 1	Level 2	Level 3	Total
(in thousands of 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 of 1 Jan 2019</b>	<b>306</b>	-	-	<b>306</b>
Remeasurement and changes to models and risk parameters	-239	-	-	-239
<b>Balance as of 31 Dec 2019</b>	<b>67</b>	-	-	<b>67</b>
Remeasurement and changes to models and risk parameters	97	-	-	97
<b>Balance as of 31 Dec 2020</b>	<b>164</b>	-	-	<b>164</b>

Receivables from non-bank subjects and other assets as of 31 December 2019 are measured at amortized cost pursuant to IFRS 9.

	Level 1	Level 2	Level 3	Total
(in thousands of 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 of 1 Jan 2019</b>	<b>1,487</b>	-	-	<b>1,860</b>
Remeasurement and changes to models and risk parameters	300	-	-	-373
<b>Balance as of 31 Dec 2019</b>	<b>1,787</b>	-	-	<b>1,787</b>
Remeasurement and changes to models and risk parameters	-1,229	-	-	-1,229
<b>Balance as of 31 Dec 2020</b>	<b>558</b>	-	-	<b>558</b>

### b) market risk

The market risk is managed by prudential and efficient administration of open foreign currency positions and by defining internal limits for the maximum amounts of the total open currency exchange position.

### 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 organization 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 organizational rules. Information system-related risk is managed by means of profiles for accessing information systems and the implementation of control mechanisms. Risk attributable to 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. 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 of 31 Dec 2020 (in thousands of 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 derivative 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 of 31 Dec 2020 (in thousands of 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 forward 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>
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Assets as of 31 Dec 2019 (in thousands of CZK)	EUR	USD	PLN	GBP	CZK	Other	Total
Cash in hand and deposits with central banks	28	0	0	5	27	0	60
Receivables from banks	85,615	3,875	4,077	6,444	106,018	3,922	209,951
Receivables from non-bank subjects	248,600	85,536	901	52,416	277,056	1,488	665,997
Ownership interests with controlling influence	227,882	0	0	0	167,000	0	394,882
Other	0	0	270	30	137,960	0	138,260
<b>Total balance sheet</b>	<b>562,125</b>	<b>89,411</b>	<b>5,248</b>	<b>58,895</b>	<b>688,061</b>	<b>5,410</b>	<b>1,409,150</b>
Receivables from derivative transactions	794,530	19,160	16,242	0	889,618	69,312	1,788,862
<b>Total</b>	<b>1,356,655</b>	<b>108,571</b>	<b>21,490</b>	<b>58,895</b>	<b>1,577,679</b>	<b>74,722</b>	<b>3,198,012</b>

Liabilities as of 31 Dec 2019 (in thousands of CZK)	EUR	USD	PLN	GBP	CZK	Other	Total
Liabilities to banks and credit unions	47,008	0	0	0	154,813	0	201,821
Payables to non-bank subjects	113,390	94,821	5,145	7,660	137,632	4,576	363,224
Other	3	18	0	0	844,084	0	844,105
<b>Total balance sheet</b>	<b>160,401</b>	<b>94,839</b>	<b>5,145</b>	<b>7,660</b>	<b>1,136,529</b>	<b>4,576</b>	<b>1,409,150</b>
Liabilities from forward transactions	795,583	19,160	16,242	0	881,719	69,312	1,782,016
<b>Total</b>	<b>955,984</b>	<b>113,999</b>	<b>21,387</b>	<b>7,660</b>	<b>2,018,248</b>	<b>73,888</b>	<b>3,191,166</b>

<b>Net foreign exchange position*</b>	<b>400,671</b>	<b>-5,428</b>	<b>103</b>	<b>51,235</b>	<b>-440,569</b>	<b>834</b>	<b>6,846</b>
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The net foreign exchange position for EUR/CZK flows primarily from investments into subsidiaries which are remeasured in CZK as of 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 of 31 Dec 2020 (in thousands of 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
Receivables from non-bank subjects	542,743	37,185	0	0	579,928
Other assets and prepaid expenses	22,508	105,532	6,712	0	134,752
<b>Total</b>	<b>826,034</b>	<b>142,717</b>	<b>6,712</b>	<b>0</b>	<b>975,463</b>

Liabilities as of 31 Dec 2020 (in thousands of 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
Payables to non-bank subjects	572,679	12,664	0	0	585,343
Other liabilities and accrued expenses	36,371	23,861	4,077	0	64,309
<b>Total</b>	<b>609,050</b>	<b>121,821</b>	<b>4,077</b>	<b>0</b>	<b>734,948</b>

<b>Gap</b>	<b>216,984</b>	<b>20,896</b>	<b>2,634</b>	<b>0</b>	<b>240,515</b>
<b>Cumulative gap</b>	<b>216,984</b>	<b>237,880</b>	<b>240,515</b>	<b>240,515</b>	<b>240,515</b>

Assets as of 31 Dec 2019 (in thousands of 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	60	0	0	0	60
Receivables from banks	209,951	0	0	0	209,951
Receivables from non-bank subjects	324,836	341,161	0	0	665,997
Other assets and prepaid expenses	17,142	72,233	0	0	89,375
<b>Total</b>	<b>551,989</b>	<b>413,394</b>	<b>0</b>	<b>0</b>	<b>965,383</b>

Liabilities as of 31 Dec 2019 (in thousands of 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	47,008	72,813	82,000	201,821
Payables to non-bank subjects	359,703	3,521	0	0	363,224
Other liabilities and accrued expenses	26,107	0	0	0	26,107
<b>Total</b>	<b>385,810</b>	<b>50,529</b>	<b>72,813</b>	<b>82,000</b>	<b>591,152</b>

<b>Gap</b>	<b>166,179</b>	<b>362,865</b>	<b>-14,200</b>	<b>-140,613</b>	<b>374,231</b>
<b>Cumulative gap</b>	<b>166,179</b>	<b>529,044</b>	<b>514,844</b>	<b>374,231</b>	<b>374,231</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.

### f) Liquidity risk

The Company's liquidity is defined as the ability to duly and in time fulfill 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 of 31 Dec 2020 (in thousands of CZK)	Carrying amount	Undiscounted 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	67	67	67	0	0	0
Receivables from banks	260,716	260,716	260,716	0	0	0
Receivables from non-bank subjects	579,928	579,928	542,743	37,185	0	0
Other assets and prepaid 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 of 31 Dec 2020 (in thousands of CZK)	Carrying amount	Undiscounted 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
Payables to non-bank subjects	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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Assets as of 31 Dec 2019 (in thousands of CZK)	Carrying amount	Undiscounted 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	60	60	60	0	0	0
Receivables from banks	209,951	209,951	209,951	0	0	0
Receivables from non-bank subjects	665,997	671,967	324,835	347,131	0	0
Other assets and prepaid expenses	89,375	89,375	684	88,691	0	0
<b>Total</b>	<b>965,383</b>	<b>971,353</b>	<b>535,530</b>	<b>435,822</b>	<b>0</b>	<b>0</b>

Liabilities as of 31 Dec 2019 (in thousands of CZK)	Carrying amount	Undiscounted cash flows	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years
Liabilities to banks	201,821	208,611	0	48,380	14,697	145,534
Payables to non-bank subjects	363,224	363,347	359,703	3,644	0	0
Other liabilities and accrued expenses	26,107	26,107	26,107	0	0	0
<b>Total</b>	<b>591,152</b>	<b>598,065</b>	<b>385,810</b>	<b>52,024</b>	<b>14,697</b>	<b>145,534</b>
<b>Net liquidity risk</b>	<b>374,231</b>	<b>373,288</b>	<b>149,720</b>	<b>383,798</b>	<b>-14,697</b>	<b>-145,534</b>

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.

## C.25 Fair value

### Valuation methods

Valuation methods include:

- net current value and models based on discounted cash flows,
- comparison to similar instruments for which comparable prices exist,
- 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 of 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 on the basis of models;
- checking and approving processes for new valuation models and changes thereof;

### 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 recognized at fair value on the balance sheet:

Assets as of 31 Dec 2020 (in thousands of 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 of 31 Dec 2020 (in thousands of 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>

Assets as of 31 Dec 2019 (in thousands of CZK)	Carrying amount	Fair value
Cash in hand and deposits with CB	60	60
Receivables from banks	209,951	209,951
Receivables from non-bank subjects	665,997	678,370
Other assets and prepaid expenses	72,917	72,917
<b>Total</b>	<b>948,925</b>	<b>961,298</b>

Liabilities as of 31 Dec 2019 (in thousands of CZK)	Carrying amount	Fair value
Liabilities to banks	201,821	194,996
Payables to non-bank subjects	363,224	363,105
Other liabilities and accrued expenses	16,275	16,275
<b>Total</b>	<b>581,320</b>	<b>574,376</b>

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

as of 31 Dec 2020 (in thousands of 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

as of 31 Dec 2019 (in thousands of CZK)	Level RH 1	Level RH 2	Level RH 3	Total fair value	Total carrying amount
Other assets – positive value of derivatives	0	16,458	0	16,458	16,458
Other liabilities - negative value of derivatives	0	9,832	0	9,832	9,832

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 categorized 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 categorized 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 categorized at Level 2 in the hierarchy of fair values.

#### **Other assets/liabilities**

The corporation 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 on the basis of yield curves etc.

These financial assets are categorized at Level 2 in the Fair Value Hierarchy.

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

## **C.26. Significant events occurring after the date of the financial statements**

### **COVID-19 Pandemic**

In relation to the rapid spread of coronavirus, the government of the Czech Republic has taken extraordinary measures to reduce the speed of the spread of infection. This included the declaration of a state of emergency with a number of restrictions for citizens and businesses.

The coronavirus pandemic has a significant influence on all current events and is substantially changing the outlooks thus far for the global and Czech economies. Measures taken by individual governments of countries throughout the world to stop the coronavirus pandemic are negatively impacting global trade and production and consumption behavior of economic subjects. The dynamic development of the situation brings with it a high level of uncertainty when creating and updating outlooks.

#### **Measures taken by the company**

Given the broad spread of infection, the company has carried out preventive measures for the protection of its employees and clients consisting of a greater level of use of home office for employees, recommending preferentially electronic contact with clients, and increasing hygienic standards at branches and facilities. The functioning of the company and the provision of services has not been significantly influenced by these measures.

#### **Expected impacts of the COVID-19 pandemic on the company**

The leadership of the company is continually evaluating the possible effects of the epidemic on the operations of the company. Given the character of the services provided, the company does not anticipate any negative impact on business and financial results in 2021. According to current developments in the COVID-19 Pandemic, the functioning of the company is not at risk in the subsequent period in terms of capital, liquidity, commerce, or other factors.

In terms of the amount of capital, the company reports sufficient capital adequacy due to regular increases of capital in previous years, even in the event of negative trends in the year 2021. The company does not anticipate any substantial impacts to capital that could endanger its operations even in the event of negative trends during the course of 2021.

In terms of liquidity, the company is keeping a large percentage of its assets in the form of highly liquid assets due to the character of the services it provides, and also avails of a source of financing that it is capable of adapting to its needs with relative flexibility in response to current trends on the market. Liquid positions therefore are not at risk even by negative stress scenarios.

The business results of the company in 2020 have continued the positive trend from previous years. The leadership therefore does not anticipate any substantial negative impacts of the COVID-19 pandemic on the business results of the company for the 2021 accounting period.

On the basis of all information available to the leadership of the company as of the date of issue of these financial statements, the above situation does not endanger the presumption of the company as an going concern, on the basis of which these financial statements and this annual report were prepared. What cannot be ruled out of the current situation is repeated extension of the current restrictions or other tightening of current measures, nor the subsequent negative impact of such measures on the economic environment in which the company operates, as well as the negative impact of such a situation on the company, its financial condition and performance, both in the medium term and the long term. The leadership of the company is monitoring these developments and is prepared to take commensurate measures as needed, taking into account current trends.

### Market debut on Prague Stock Exchange

The Czech National Bank in December 2020 approved the prospectus of registered shares in SAB Finance a.s., thereby allowing it to debut on the Standard Market of the Prague Stock Exchange. The start of trading on the exchange is planned for the end of January 2021 and will represent the third largest public offering on the Standard market. The presumed decision to be listed on the Prague Stock Exchange is a natural step in the growth of the company and the goal of the public offering of SABF stock is the international expansion of the company and the acquisition of additional capital for further investment within SAB Financial Group a.s.

Apart from the above events, the management of the accounting entity is not aware of any facts occurring after the balance sheet date that would require any modification to the financial statements as of 31 December 2020.

25 January 2021



Board of Directors





**SAB Finance a.s.**

Senovážné nám. 1375/19  
110 00 Praha 1 - Nové Město