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J&T FINANCE GROUP

Annual report 2011

J&T FINANCE GROUP

Annual Report 2011

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Financial Highlights

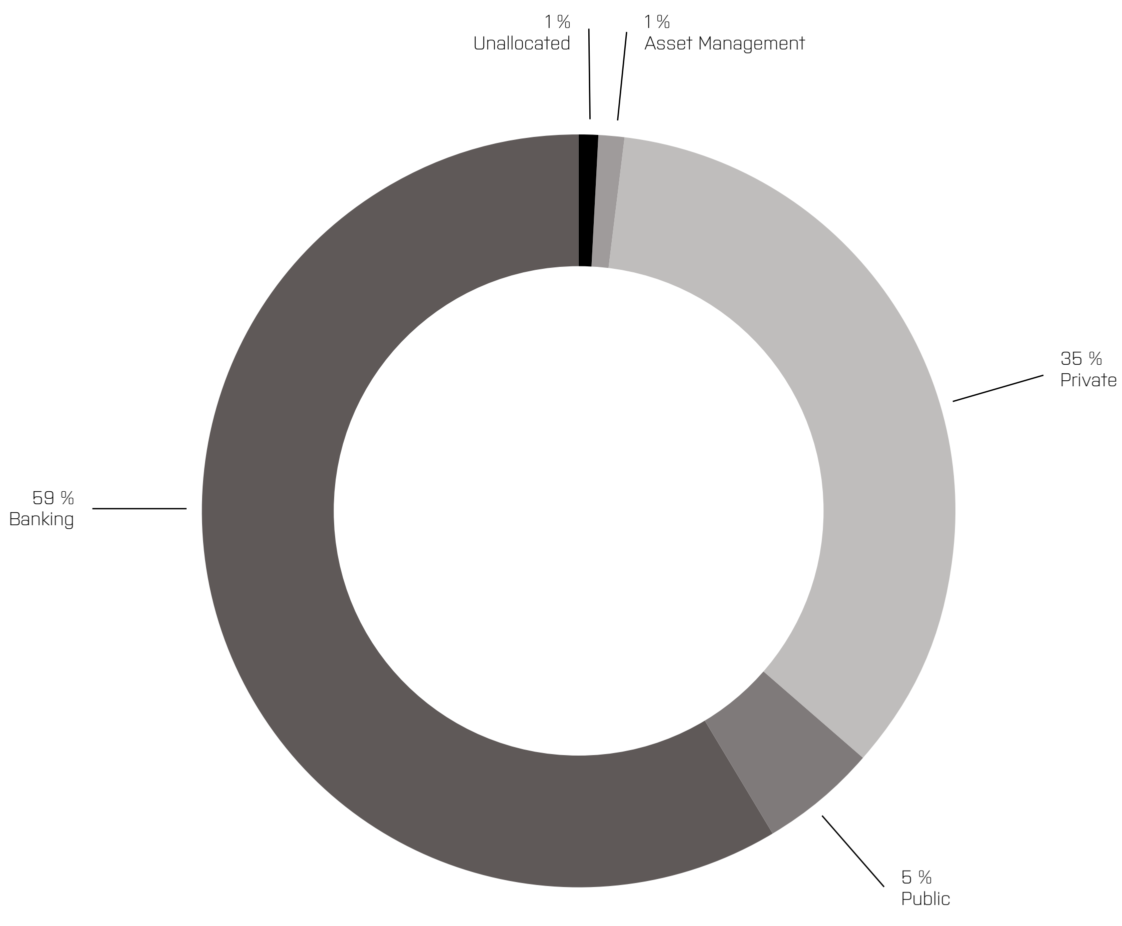
Financial Highlights

in millions of EUR	2011	2010	2009	2008	2007
Total assets	5,030	3,799	4,475	3,457	3,336
Equity	646	729	663	538	489
Net interest income (expense)	99	42	25	(44)	(22)
Net fee and commission income (expense)	20	(29)	(16)	(9)	(32)
Net operational income (expense) [1]	(85)	82	12	87	80
Net profit (loss) attributable to the parent company	45	85	116	106	50
SELECTED INDICATORS					
Average number of employees of the Group	721	1,055	2,007	9,821	8,869
Assets under management	1,314	1,557	1,204	1,102	443
Return on Assets (ROA)	1.0 %	2.1 %	3.0 %	2.9 %	1.6 %
Return on Equity (ROE)	6.5 %	12.3 %	19.2 %	20.7 %	11.0 %

[1] Net operation income (expense) does not include impairment losses (reversal of impairment losses) on loans.

J&T Group is a strong financial investor specializing in private banking, investment banking, asset management and specialized financing.

With consolidated equity of EUR 646 million, total assets of EUR 5 billion and assets under management of EUR 1.3 billion, J&T Group ranks among the top financial investors in Central and Eastern Europe.


1 %
Unallocated
1 %
Asset Management
35 %
Private
59 %
Banking
5 %
Public

Board of Directors' Report

GROUP STRATEGY AND VISION

J&T Group is focused on a wide range of services in private banking, asset management for private clients and institutions, investment banking and project funding mainly in the Czech and Slovak Republics and Russian federation.

J&T Group actively takes positions in a wide range of investment opportunities including conservative investments in banks, investments in securities and structured investments, such as private equity funds. At consolidated level the J&T Group is supervised by the Czech National Bank and applies strict investment and financing rules.

J&T FINANCE GROUP, a. s. is the parent company of the J&T Group, whose operations are divided into three main segments:

- **Banking:** Banking activities of the J&T Group
- **Asset Management:** Asset Management and consultancy services to clients
- **Principal Investments:** Non-banking investments of the J&T Group. These investments differ in the length of investment period and depending on the strategy, are divided into three sub-segments:

  - **Private:** Strategic investments
  - **Public:** Investments in financial markets
  - **Opportunity:** Short-term or medium-term investments

Banking

The J&T Banking segment is strategically focused on clients and transactions requiring a substantial individual approach. Our clients are not only private individuals but also institutions. The Banking segment was represented in 2011 by J&T BANKA, a. s. in the Czech Republic and its branch in the Slovak Republic, J&T Bank ZAO in Russia and J&T Bank (Switzerland) Ltd.

Key Performance Indicators

in thousands of EUR	31. 12. 2011	31. 12. 2010
Net interest income	51,246	51,594
Net profit	16,211	13,670
Total assets	3,441,604	2,170,762
Equity	244,518	225,209

Credit exposure is diversified among the regions where J&T Group has most experience with the market, i.e. the Czech and Slovak Republics. The Banking segment uses sophisticated risk and exposure control mechanisms, strictly monitored by the Czech National Bank.

J&T Group provides its clients with investment banking services in areas of research, sales and trading, equity capital markets and debt capital markets. Since its inception, J&T Group has developed unique know-how in analyzing selected investment opportunities in the CEE region, structuring loan finance (including mezzanine finance), bills of exchange programs, Eurobond transactions and others. Due to the Group's acquisitions and restructurings, we also have unique experience with corporate finance.

Increase of capital of J&T Banka

In 2011 the J&T Group supported its bank activities by an increase in the equity of its most significant bank institution J&T BANKA, a. s. (Czech Republic), where it almost doubled equity in a few tranches. The J&T Group contributed J&T BANK ZAO (RU) into the equity of the bank was a part of the equity increase which strengthened a deeper integration of bank activities into the business model of J&T BANKA, a. s. in Russia and thus created predispositions for expansion and growth in the Russian territory as one of the key regions outside the Czech and Slovak Republics.

Poštová banka, a. s. acquisition

In previous year the J&T Group started the strategic acquisition of Poštová banka, a. s. This transaction still has to be approved by the regulatory bodies and the approval process is currently in progress. Through Poštová banka, a. s. the J&T Group will expand its retail client segment services portfolio and cover all the key segments in the banking sector.

Other markets

As the interest of the investors for the private banking services in Switzerland is declining and the added value of J&T Bank (Switzerland) Ltd. (SUI) for the clients of J&T Group is decreasing, it was decided to terminate the activities in Switzerland in 2012. J&T Group will further focus on J&T Bank & Trust Barbados service development.

Asset Management

J&T Group, with over fifteen-years of experience, provides a comprehensive range of services and consultancy in this area. Our clients are private individuals, financial institutions and privately-held and state companies. We offer to our clients primarily asset management in own funds, discretionary portfolio management services, as well as passive asset management.

Key Performance Indicators

in thousands of EUR	31. 12. 2011	31. 12. 2010
Assets under management	1,314,233	1,556,739
Fee and commission income	3,570	3,911
Net profit (loss)	(21,059)	(5,297)

Asset Management is carried out by centers in the Czech and Slovak Republics, Switzerland and Barbados where the Group is strengthening its position in the Latin America markets. From the asset management perspective, the decision to leave the Swiss market will result in a transfer of the assets under management to the bank in Barbados and this decision will not significantly influence fee and commission income from asset management services in the future.

Principal Investments

Depending on the strategy, the segment is divided into three sub-segments – Private, Public and Opportunity. Public investments comprise primarily investments in securities and other publicly traded financial instruments. Private investments represent investments of J&T Group providing the structured financing services common in the private equity world. Opportunity investments include investments with a medium-term investment period. Another important part of the Group's activities are the acquisition, appreciation and subsequent sale of companies and larger investment entities. As at 31 December 2011, J&T Group had consolidated non-banking investments of approximately EUR 2.1 billion.

Key Performance Indicators

in thousands of EUR	31. 12. 2011	31. 12. 2010
Total assets	2,134,232	1,758,442
Net profit	45,173	77,653

Public

The Public sub-segment comprises primarily a portfolio of publicly traded investments. As at 31 December 2011 it included mainly UNIPETROL, a. s., Erste Group Bank AG, Tatry mountain resorts, a. s. and Best Hotel Properties, a. s.

Key Performance Indicators

in thousands of EUR	31. 12. 2011	31. 12. 2010
Financial assets	234,850	237,314
Dealing profit	(31,574)	44,830
Net profit	(46,512)	21,787

Private

In the Private sub-segment, the Group primarily consolidates its long-term strategic private equity investments in the energy and industrial, real estate, tourism and service sectors. Through the Private sub-segment, J&T Group operates as a strong financial investor using primarily some form of junior, mezzanine or private equity capital. The aim of these investments is to realize superior investment income in the medium to long term. The sub-segment Private brings steady profit in the form of interest margin.

Key Performance Indicators

in thousands of EUR	31. 12. 2011	31. 12. 2010
Total assets	2,015,442	1,600,261
Loans and advances to customers	1,765,044	1,470,780
Net profit	91,573	57,295

Energy and industry

Through Energetický a průmyslový holding, a. s. ("Energy and Industry Holding" or "EPH"), J&T Group is an important investor in the energy and industrial sectors. Energy and Industry Holding primarily comprises of companies operating in the mining, electricity and heat generation, and electricity and heat distribution sectors. J&T Group acts as a financial investor through two private equity Limited Partnership[1] structures, in which J&T Group is a Limited Partner.

In 2011, based on the agreement of shareholders of EPH, the industry assets were separated from the EPH energy part. All industrial businesses were excluded out of EPH into EP INDUSTRIES, a. s. (EPI) which will further focus on investments into industrial activities and activities outside the energy business. J&T Group will finance a 40% share in the new holding, similarily as for EPH.

Real Estate, Tourism, Services and other

J&T Group is a strong investor in the real estate segment, where through the financing of holding J&T REAL ESTATE, it participates in significant real estate projects in the Central and Eastern Europe region. Simultaneously, in 2011, as part of its investment banking activities, the Group participated in the establishment of CEETA, a. s. (Central and Eastern Europe Trophy Assets), which owns an „A-Class" portfolio of commercial projects in Prague and Bratislava. J&T Group represents a minority investor in CEETA and further funds its acquisitions.

Opportunity

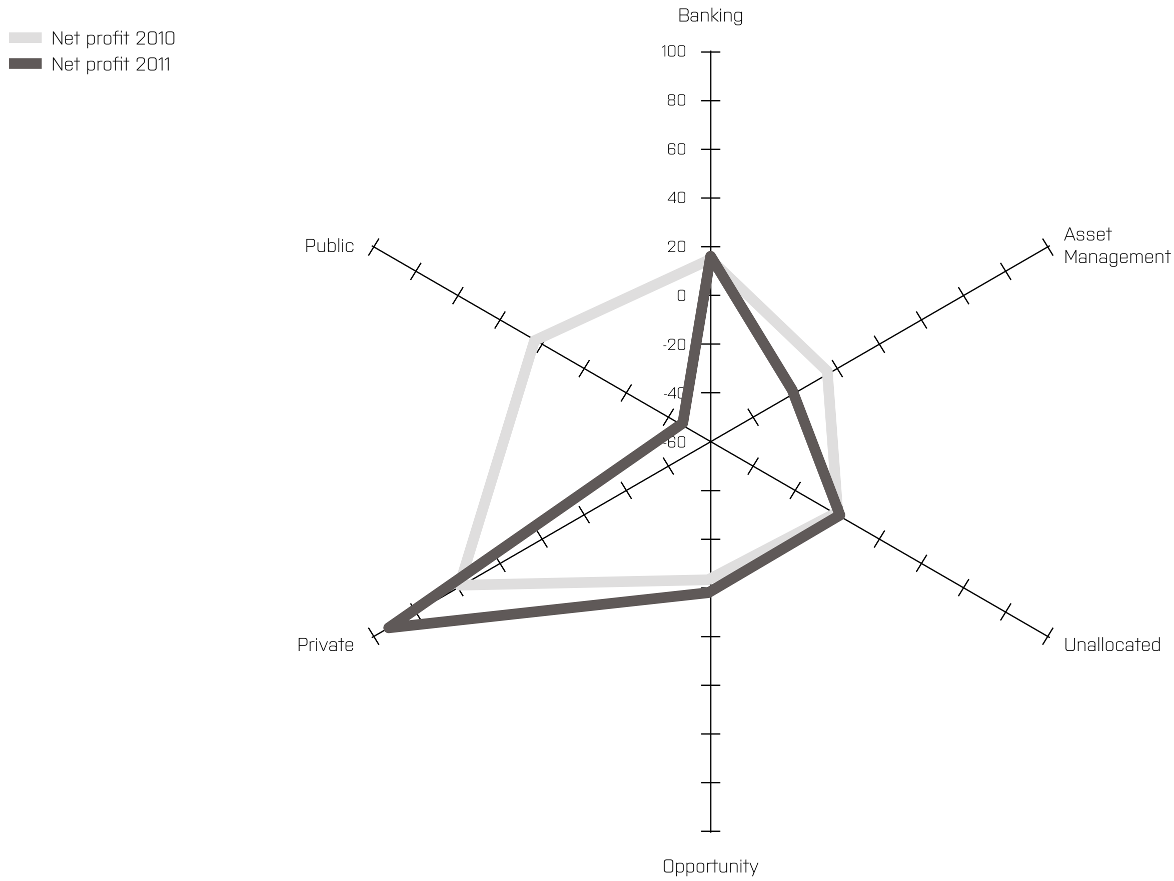
In the Opportunity sub-segment J&T Group invests in projects with a short and medium-term investment period. As at 31 December 2011 the J&T Group did not allocate any significant assets into the Opportunity segment.

Key Performance Indicators

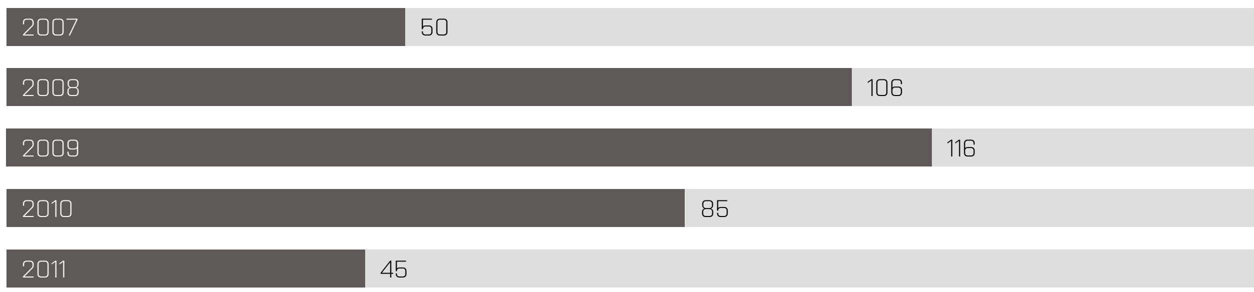
in thousands of EUR	31. 12. 2011	31. 12. 2010
Total assets	55	23,757
Operating profit	43	84,067
Net profit (loss)	112	(4,280)

[1] Limited Partnership is an investing entity without a legal identity, in which there are General Partners, who are the managers of relevant investments into which the entity (Partnership) is investing, and Limited Partners, who are the financing investors of the entity. The General Partners perform all the decisions regarding the investments of the entity (Partnership) and as such, they control these investments or partial investments. On the other hand, the Limited Partners act as financing investors, and provide funds for the entity which are then employed by the General Partners.

NET PROFIT JTFG 2011/2010
(in millions of EUR)



NET PROFIT JTFG 2007 – 2011
(in millions of EUR)



Financial operations report

In 2011 J&T Group generated a net profit of EUR 40.1 million, out of which net profit attributable to the equity holders of the parent represented EUR 44.8 million, the loss for non-controlling interests represented EUR 4.7 million. Return on equity reached 6.5%. In 2011 the general meeting of J&T FINANCE GROUP, a. s. decided on payment of dividends in the amount of EUR 140 million.

Growth of financial income of J&T Group – net interest income of EUR 99.2 million

J&T Group generated net interest income of EUR 99.2 million in 2011. This result represents year-on-year growth of EUR 28.3 million on the basis of continued operations. In 2010 the net interest income of J&T Group bore also the interest expense from the acquisition funding of Elektrárny Opatovice, a.s. These expenses of acquisition funding are recognized within discontinued operations in 2010. The year-on-year growth of net interest income of J&T Group, including the interest presented under discontinued operations, represents EUR 57.4 million. This growth mainly reflects the performance of the projects where J&T Group acts as a financial investor.

From the point of view of the business segments the growth of net interest income was mainly attributable to non-banking segments of J&T Group while the Banking segment is steady year after year.

Decline of stock markets – the most important factor in the year-on-year reduction of J&T Group's profit

In 2011 J&T Group achieved a net loss from trading of EUR 32.8 million. This result comes mainly from a decline in market prices of shares of Unipetrol, a. s. (UNIP) and Erste Bank der österreichischen Sparkassen AG (Erste), which together generated a loss of EUR 33.6 million, while in 2010 these two major positions contributed to the overall result of the J&T Group with a profit of EUR 45.4 million. Management considers the investments in UNIP and ERSTE as a medium term investment, not as short term speculation, and therefore accepts the current market price fluctuation. In direct contrast to the UNIP and ERSTE investments are the shares of Best Hotel Properties, a. s., and Tatry mountain resorts, a. s., which together generated a profit of EUR 4.0 million and another EUR 2.5 million in dividends.

J&T Group strengthens its fee and commission business

J&T Group further progresses in meeting its strategic objectives, one of which is the increase of fee and commission income. Total fee and commission income for the year 2011 grew by 58% to EUR 28.0 million and total profit from fees reached 19.7 million EUR, while maintaining a stable level of fees and commissions expense. The growth of the fees primarily relates to business development activities in the field of banking and investment banking.

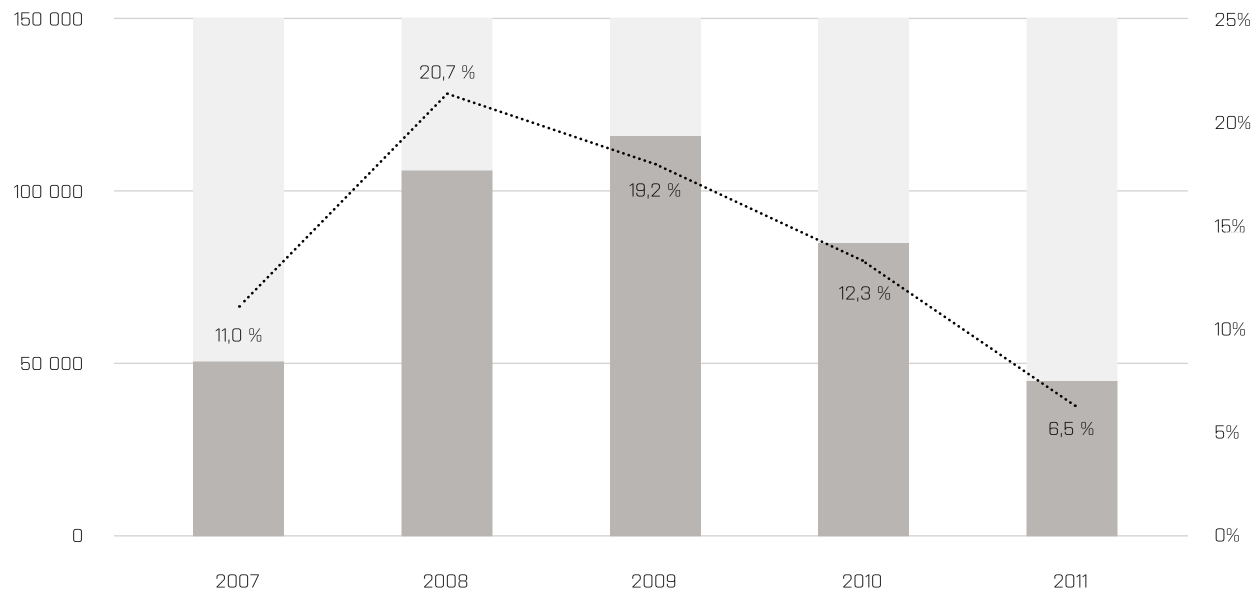
In 2011 all remaining intangible assets, which J&T Group reported in connection with the acquisition of J&T Bank & Trust Barbados, were written off. This impairment in the amount of EUR 20.8 million is the main cause of the total loss of the Asset Management segment. The acquisition of the bank was conducted in early 2008, before the economic crisis, at a price that does not match the actual performance of the company.

Total assets of J&T Group exceeded EUR 5 billion

Total assets of J&T Group, for the first time in history, exceeded EUR 5 billion with a year on year growth of 32% (absolute by EUR 1.2 billion). The growth is caused primarily by a strategic expansion of banking activities through a capital increase of J&T Banka.

In 2011 and early 2012 J&T Group successfully issued the first-ever bonds with a nominal value of CZK 4.5 billion and EUR 100 million at the rate of 6.4% p. a., out of which in 2011 a total of CZK 3.5 billion was subscribed and at the beginning of 2012 CZK 1 billion and EUR 100 million was subscribed. J&T Group

NET PROFIT / ROE
(in thousands of EUR)



uses the net proceeds from the issuance of bonds to finance acquisitions, expansion of activities in the field of specialized financing and refinancing on current interest bearing sources. The issue denominated in CZK is traded on the Prague Stock Exchange; the issue denominated in EUR is traded on the Bratislava stock exchange.

Supervisory Board Report

The Supervisory Board of J&T FINANCE GROUP, a. s. consisted of three members in 2011. It continuously worked on the fulfillment of the tasks required by the law and the Articles of Association. As a supervisory body, the Supervisory Board monitored the performance of the Board of Directors of J&T FINANCE GROUP, a. s., as well as communicated important messages within the whole J&T Group.

The Supervisory Board monitored the operations and fulfillment of the strategic goals. The members were informed regularly about significant transactions, the financial situation and other important matters in the company and its subsidiaries.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). The individual financial statements were prepared in accordance with the Slovak Act on Accounting and generally applicable Slovak legal regulations.

KPMG Slovensko spol. s r. o. audited the consolidated financial statements prepared in accordance with IFRS and on 26 June 2012 issued their independent auditors' report, the full wording of which is presented on pages 16 and 17 of this Annual Report.

The Supervisory Board reviewed the individual and consolidated financial statements and concluded that the accounting records and evidence were maintained in a manner which is transparent and in compliance with applicable legislation and that the financial statements present fairly the financial position and performance of J&T FINANCE GROUP, a. s. and the entire Group as of 31 December 2011.

The Supervisory Board concurs with the independent auditors' report. Based on these facts the Supervisory Board recommended that the General Meeting approve the consolidated financial statements of J&T FINANCE GROUP, a. s. as of 31 December 2011.

27 June 2012
Bratislava

Tkáčová

RNDr. Marta Tkáčová

Financial part

Auditors' report to the shareholder, board of directors and supervisory board of J&T FINANCE GROUP, a.s.

Financial statements

We have audited the accompanying consolidated financial statements of J&T FINANCE GROUP, a.s. and its subsidiary companies ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2011, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management as represented by the statutory body is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overal presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2011, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

26 June 2012
Bratislava, Slovak Republic

KPMG Slovensko spol. s r.o.

Slovenská komora audítorov • SKAU Č.licencie 96 KPMG Slovensko spol. s r.o.

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ľuboš Vančo
License SKAU No. 745

Responsible audit partner:
Marc Derydt

Consolidated income statement for the year ended 31 December 2011

In thousands of EUR	Note	2011	2010
Interest income	6	236,817	177,906
Interest expense	6	(137,670)	(107,103)
Net interest income		**99,147**	**70,803**
Fee and commission income	7	27,971	20,490
Fee and commission expense	7	(8,255)	(8,008)
Net fee and commission income (expense)		**19,716**	**12,482**
Dealing profits (losses), net	8	(32,777)	98,960
Other operating income	9	46,826	37,693
Total income		**14,049**	**136,653**
Personnel expenses	10	(30,306)	(30,847)
Depreciation and amortisation	23, 24	(5,062)	(6,807)
Goodwill impairment	23	(6,834)	–
Impairment of property, plant and equipment and intangible assets	23, 24	(19,303)	(5,381)
Reversal of impairment losses on loans	19	9,882	7,603
Other operating expenses	11	(37,862)	(100,687)
Total expenses		**(89,485)**	**(136,119)**
Profit (loss) from operations		**43,427**	**83,819**
Income (expense) from associates and joint ventures		–	(2)
Profit (loss) before tax		**43,427**	**83,817**
Income tax expense	12	(3,340)	(2,638)
Profit (loss) for the period from continuing operations		**40,087**	**81,179**
Profit for the period from discontinued operations, net of tax		–	4,473
Profit for the period		**40,087**	**85,652**

Attributable to:

	2011	2010
Equity holders of the parent	44,771	85,380
– continuing operations	44,771	80,907
– discontinued operations	–	4,473
Non-controlling interests	(4,684)	272
– continuing operations	(4,684)	272
– discontinued operations	–	–
Total	**40,087**	**85,652**

In 2010 the activities of discontinued operations are included for the whole year as they were disposed on 31 December 2010.

The notes presented on page 28 to page 105 form an integral part of the consolidated financial statements.

An analysis of the income statement by segment is provided in Note 4 – Operating segments.

Consolidated statement of comprehensive income for the year ended 31 December 2011

In thousands of EUR	2011	2010
Profit for the period	**40,087**	**85,652**
OTHER COMPREHENSIVE INCOME		
Foreign exchange translation differences	(14,819)	34,640
Net change in fair value of financial assets available for sale	27,983	(1,368)
Cash flow hedges: Effective portion of changes in fair value	–	11,597
Other comprehensive income for the period, net of income tax	**13,164**	**44,869**
Total comprehensive income for the period	**53,251**	**130,521**

Attributable to:

Equity holders of the parent	58,419	129,068
Non-controlling interests	(5,168)	1,453
Total comprehensive income for the period	**53,251**	**130,521**

The notes presented on page 28 to page 105 form an integral part of the consolidated financial statements.

Consolidated statement of financial position as at 31 December 2011

In thousands of EUR	Note	2011	2010
ASSETS			
Cash and cash equivalents	13	405,909	468,437
Financial assets at fair value through profit or loss	14	598,480	554,574
Securities available for sale	15	668,103	63,823
Financial instruments held to maturity	16	123,950	4,245
Loans and advances to banks	17	226,175	2,563
Loans and advances to customers	18, 19	2,363,404	2,229,073
Loans to "Limited Partnerships"	20	172,698	245,364
Trade receivables and other assets	22	431,563	172,731
Current tax assets		2,804	4,004
Intangible assets	23	15,758	38,789
Property, plant and equipment	24	19,613	14,510
Deferred tax assets	31	1,440	448
Total assets		**5,029,897**	**3,798,561**

In thousands of EUR	Note	2011	2010
LIABILITIES			
Financial liabilities at fair value through profit or loss	14	13,194	1,224
Deposits and loans from banks	25	348,194	176,214
Deposits and loans from customers	26	3,422,496	2,573,207
Issued bonds	27	133,286	–
Subordinated debt	28	89,172	76,873
Trade payables and other liabilities	29	320,232	179,349
Current tax liability		1,060	688
Provisions	30	38,646	38,803
Deferred tax liabilities	31	799	1,584
Total liabilities		**4,367,079**	**3,047,942**

In thousands of EUR	Note	2011	2010
EQUITY			
Share capital		31,540	31,540
Share premium		14,937	14,937
Retained earnings and other reserves		599,836	682,278
Equity attributable to equity holders of the parent	**32**	**646,313**	**728,755**
Non-controlling interests	33	16,505	21,864
Total equity		**662,818**	**750,619**
Total equity and liabilities		**5,029,897**	**3,798,561**

The notes presented on page 28 to page 105 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2011

In thousands of EUR	Share capital	Share premium	Non-distributable reserves
Balance at 1 January 2011	**31,540**	**14,937**	**10,314**
Profit for the period	–	–	–
Other comprehensive income for the period, net of income tax	–	–	–
Foreign exchange translation differences	–	–	–
Net change in fair value of financial assets available for sale	–	–	–
Total comprehensive income for the period	**–**	**–**	**–**
Dividends	–	–	–
Effect of disposals of subsidiaries	–	–	(111)
Disposal of partial interest in subsidiary while retaining control	–	–	–
Total transaction with owners of the Company, recognised directly in equity	**–**	**–**	**(111)**
Transfer to legal reserve fund	–	–	484
Transfer to retained earnings	–	–	–
Balance at 31 December 2011	**31,540**	**14,937**	**10,687**

See Note 32 – Shareholders' equity and Note 33 – Non-controlling interests.

Foreign exchange translation reserve	Other reserves	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
31,728	**1,050**	**639,186**	**728,755**	**21,864**	**750,619**
–	–	44,771	**44,771**	(4,684)	**40,087**
(14,335)	27,983	–	**13,648**	(484)	**13,164**
(14,335)	–	–	**(14,335)**	(484)	**(14,819)**
–	27,983	–	**27,983**	–	**27,983**
(14,335)	**27,983**	**44,771**	**58,419**	**(5,168)**	**53,251**
–	–	(140,000)	**(140,000)**	–	**(140,000)**
(860)	–	111	**(860)**	(192)	**(1,052)**
–	–	(1)	**(1)**	1	**–**
(860)	**–**	**(139,890)**	**(140,861)**	**(191)**	**(141,052)**
–	–	(484)	**–**	–	**–**
–	(2,419)	2,419	**–**	–	**–**
16,533	**26,614**	**546,002**	**646,313**	**16,505**	**662,818**

Consolidated statement of changes in equity for the year ended 31 December 2010

In thousands of EUR	Share capital	Share premium	Non-distributable reserves
Balance at 1 January 2010	**31,540**	**14,937**	**10,011**
Profit for the period	–	–	–
Other comprehensive income for the period, net of income tax	–	–	–
Foreign exchange translation differences	–	–	–
Net change in fair value of financial assets available for sale	–	–	–
Cash flow hedges: Effective portion of changes in fair value	–	–	–
Total comprehensive income for the period	**–**	**–**	**–**
Dividends	–	–	–
Effect of disposals of subsidiaries	–	–	(97,848)
Total transaction with owners of the Company, recognised directly in equity	**–**	**–**	**(97,848)**
Transfer to legal reserve fund	–	–	98,151
Transfer to retained earnings	–	–	–
Balance at 31 December 2010	**31,540**	**14,937**	**10,314**

The notes presented on page 28 to page 105 form an integral part of the consolidated financial statements.

Foreign exchange translation reserve	Other reserves	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
(1,731)	**2,267**	**606,109**	**663,133**	**21,359**	**684,492**
–	–	–	**–**	–	**–**
–	–	85,380	**85,380**	272	**85,652**
33,459	10,229	–	**43,688**	1,181	**44,869**
33,459	–	–	**33,459**	1,181	**34,640**
–	(1,368)	–	**(1,368)**	–	**(1,368)**
–	**11,597**	**–**	**11,597**	**–**	**11,597**
33,459	10,229	85,380	**129,068**	1,453	**130,521**
–	**–**	**(63,446)**	**(63,446)**	**–**	**(63,446)**
–	(11,446)	109,294	**–**	(948)	**(948)**
–	(11,446)	45,848	**(63,446)**	(948)	**(64,394)**
–	–	–	**–**	–	**–**
31,728	**1,050**	**639,186**	**728,755**	**21,864**	**750,619**

Consolidated cash flow statement for the year ended 31 December 2011

In thousands of EUR	Note	2011	2010
OPERATING ACTIVITIES			
Profit before tax		**43,427**	**102,678**
Adjustments for:			
Depreciation and amortization	23, 24	5,062	6,807
Impairment losses	23, 24	19,303	5,381
Revaluation of financial instruments at fair value		23,902	(53,679)
(Gain) / loss on disposal of property, plant and equipment and intangible assets	9, 11	(231)	66
(Gain) / loss on the sale of emission rights	9, 11	–	(2,581)
Gain on the disposal of subsidiaries, special purpose entities, joint ventures and associates	9	(3,823)	(6,748)
(Profit) / loss on disposal of financial assets		27,311	(8,256)
Interest (income) / expense, net	6	(99,147)	(41,775)
Dividends income	8	(5,565)	(2,087)
Increase / (decrease) in allowance for impairment of loans	19	(9,882)	(7,603)
Change in impairment of trade receivables and other assets		30	(332)
Change in impairment of inventories		–	282
Change in provisions	30	(159)	(17,684)
Goodwill impairment	23	6,834	–
Unrealised foreign exchange gains, net		(20,524)	(12,375)
Operating profit before changes in working capital		**(13,462)**	**(37,906)**
Change in loans and advances to customers and banks		(232,454)	(483,139)
Change in trade receivables and other assets		(250,984)	87,511
Change in deposits and loans from banks and customers		1,111,342	285,065
Change in trade payables and other liabilities		(16,382)	61,680
Cash generated from / (used in) operations		**598,060**	**(86,789)**
Interest received		118,906	119,506
Interest paid		(102,093)	(111,474)
Income taxes paid		(981)	(22,777)
Cash flows generated from / (used in) operating activities		**613,892**	**(101,534)**

In thousands of EUR	Note	2011	2010
INVESTING ACTIVITIES			
Purchase of financial instruments at fair value through profit or loss		(1,350,816)	(398,669)
Proceeds from sale of financial instruments at fair value through profit or loss		1,242,841	270,209
Purchase of financial instruments in available for sale portfolio		(600,090)	(157,397)
Proceeds from sale of financial instruments in available for sale portfolio		3,454	116,440
Purchase of financial instruments in held to maturity portfolio		(122,328)	(3,086)
Proceeds from financial instruments in held to maturity portfolio		3	13,866
Acquisition of property, plant and equipment and intangible assets		(11,722)	(8,872)
Proceeds from sale of emission rights		–	3,535
Proceeds from sale of property, plant and equipment, investment property and other intangible assets		1,822	485
Acquisition of subsidiaries and special purpose entities, net of cash acquired	5	29	(13,729)
Net cash inflow from disposal of subsidiaries and special purpose entities	5	21,283	271,271
Dividends received		5,565	2,087
Cash flows generated from / (used in) investing activities		**(809,959)**	**96,140**

In thousands of EUR	Note	2011	2010
FINANCING ACTIVITIES			
Proceeds from issued debt securities	27	134,360	–
Subordinated debt issued	28	12,200	2,243
Payments of finance lease liabilities		(1,251)	(322)
Dividends paid		–	(63,446)
Cash flows generated from / (used in) by financing activities		**145,309**	**(61,525)**
Net increase in cash and cash equivalents		**(50,758)**	**(66,919)**
Cash and cash equivalents at beginning of the year	**13**	**468,437**	**512,252**
Effect of exchange rate fluctuations on cash held		(11,770)	23,104
Cash and cash equivalents at end of the year	**13**	**405,909**	**468,437**

The notes presented on page 28 to page 105 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1. CORPORATE INFORMATION

J&T FINANCE GROUP, a.s. (the "Parent Company" or "the Company") is a joint–stock company having its legal seat and domicile at Dvořákovo nábrežie 8, 811 02 Bratislava. The Company was founded on 7 February 1995 and incorporated into the commercial register on 20 March 1995. The shareholder of the Company is a holding company owned by Jozef Tkáč and Ivan Jakabovič.

The shareholder of the Company as at 31 December 2011 and 31 December 2010 was as follows:

	Interest in share capital in thousands of EUR	Interest in share capital %	Voting rights %
TECHNO PLUS, a.s.	31,540	100	100
Total	**31,540**	**100**	**100**

The consolidated financial statements of the Company for the year ended 31 December 2011 comprise the Parent Company and its subsidiaries and special purpose entities (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

J&T Group, as a financial investor, actively takes positions in a diversified range of investment opportunities including investments in banks, investments in securities and structured investments, such as special project financing, acquisitions financing, restructuring and private equity funds. J&T Group also provides a comprehensive range of services to private individuals, financial institutions, privately-held and state companies. Asset management services primarily consist of asset management in own funds, discretionary portfolio management services, as well as passive asset management. In the area of collective investment, client resources are managed through various types of investment funds representing a variety of investment approaches and strategies. In addition J&T Group provides investment banking services in the areas of research, sales and trading, equity capital markets and debt capital markets.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board (IASB).

The financial statements were approved by the Board of Directors on 26 June 2012.

(b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets and liabilities at fair value through profit or loss and available-for-sale assets, which are at fair value.

The consolidated financial statements are presented in Euro, rounded to the nearest thousand. The accounting policies have been consistently applied by the Group enterprises and are consistent with those used in the previous year.

Financial statements prepared in compliance with International Financial Reporting Standards require various judgements, assumptions, and estimates to be exercised that affect the reported amounts of assets, liabilities, income and expenses. Actual results will likely differ from these estimates. Critical accounting estimates and judgements made by management with a significant risk of material adjustment in the next year are discussed in Note 3 – Critical accounting estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

The following standards, amendments to standards and interpretations are effective for the first time for the year ended 31 December 2011, and have been applied in preparing the Group's financial statements:
Amendments to IAS 1 – Presentation of Financial Statements. (as part of Improvements to IFRSs issued in 2010, effective for annual reports beginning on or after 1 January 2011). The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present such analysis in the statement of changes in equity.

Improvements to IFRSs issued in 2010. Except for the amendments to IAS 1 described above, the application of Improvements to IFRSs issued in 2010 has not had any material effect on the amounts reported in the consolidated financial statements.

IAS 24 (revised) – Related Party Disclosures, (effective for annual reports beginning on or after 1 January 2011). The amendment modifies the definition of a related party and simplifies related party disclosures for government-related entities. The Group has not identified any changes in related party disclosures in comparison with the previous disclosures.

Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction, (effective for annual reports beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. These amendments had no impact on the Group's financial statements.

Amendment to IAS 32 – Financial Instruments: Presentation, (effective for annual reports beginning on or after 1 February 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The application of the amendments has no effect on the amounts reported in the current and prior years because the Group has not issued instruments of this nature.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments, (effective for annual periods beginning on or after 1 July 2010). IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or in part, a financial liability. This new interpretation had no impact on the Group's financial statements.

Issued but not yet effective International Financial Reporting Standards

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2011, and have not been applied in preparing these financial statements:

Amendments to IFRS 7 – Financial Instruments: Disclosures, (applicable for reporting periods starting on or after 1 July 2011) will allow users of financial statements to improve their understanding of offsetting transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that offset the assets. The amendments also require additional disclosures if a disproportionate amount of offsetting transactions are undertaken around the end of a reporting period. The Group is currently assessing the impact of these amendments on its financial statements.

IFRS 9 – Financial Instruments, (effective for annual reports beginning on or after 1 January 2015). IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes new requirements for the classification and measurement of financial liabilities and for derecognition. Key requirement are described below:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- Gains and losses on remeasurement of financial assets measured at fair value are recognised in profit or loss, except that for an investment in an equity instrument which is not held for trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income. The election is available on an individual share-by-share basis. No amount recognised in other comprehensive income is ever reclassified to profit or loss at a later date.
- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The management of the Group anticipates that IFRS 9 will be adopted in the Group`s consolidated financial statements for the annual period beginning 1 January 2015. The Group is currently assessing the impact of this standard on its financial statements.

IFRS 10 – Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements, (effective for annual periods beginning on or after 1 January 2013). IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. IFRS 10 introduces new requirements to assess control that are different from the existing requirements in IAS 27 (2008). Under the new single control model, an investor controls an investee when (1) it is exposed or has rights to variable returns from its involvements with the investee, (2) has the ability to affect those returns through its power over that investee and (3) there is a link between power and returns. The new standard also includes the disclosure requirements and the requirements relating to the preparation of consolidated financial statements. These requirements are carried forward from IAS 27 (2008). The Group does not expect the new standard to have any impact on the financial statements, since the assessment of control over its current investees under the new standard is not expected to change previous conclusions regarding the Group's control over its investees.

IFRS 12 – Disclosure of Interests in Other Entities, (effective for annual periods beginning on or after 1 January 2013). IFRS 12 requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities. The Group is currently assessing the impact of this standard on its financial statements.

IFRS 13 – Fair Value Measurement, (effective for annual reports beginning on or after 1 January 2013, with earlier application permitted). IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

Management anticipates that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Amendments to IAS 1 – Presentation of Financial Statements, (effective for annual reports beginning on or after 1 July 2012). The amendments retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. Since the Group presents only items within other comprehensive income that will be reclassified subsequently to profit or loss, this amendment is not expected to have a significant impact of the Group's financial statements.

Amendments to IAS 12 - Income taxes, (effective for annual reports beginning on or after 1 January 2012). The amendment introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. Since the Group currently does not have any investment property, the amendments are not expected to have any effect on the financial situation and performance of the Group.

Amendments to IAS 19 – Employee Benefits, (effective for annual reports beginning on or after 1 January 2013). The amendments change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. These amendments are not expected to have any effect on the financial situation and performance of the Group.

Other new International Financial Reporting Standards and Interpretations not yet due

The Group has not early adopted any IFRS standards where adoption is not mandatory at the statement of financial position date. Where transition provisions in adopted IFRS give an entity the choice of whether to apply new standards prospectively or retrospectively, the Group elects to apply the standards prospectively from the date of transition. Management of the Group does not expect that these other new standards will have a significant effect on the consolidated financial statements of the Group.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise, so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The consolidated financial statements include the Group's interests in other entities based on the Group's ability to control such entities regardless of whether control is actually exercised or not. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of the associate.

(iii) Jointly controlled entities (joint ventures)

Jointly controlled entities are those enterprises over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures on an equity accounted basis, from the date that joint control commences until the date that joint control ceases.

(iv) Special purpose entities ("SPEs")

The Group operates partly through SPEs, in which it does not have any direct or indirect shareholdings. Consolidated special purpose entities are principally those from which the Group will obtain the majority of the economic benefits embodied in or to be realised by those entities.

(v) Consolidation scope

There are 42 companies included in the consolidation as at 31 December 2011 (2010: 43). All fully consolidated companies prepared their annual financial statements at 31 December 2011. The companies are listed in Note 42, and this list is based on the ownership hierarchy.

Although the Group does not own shares in the SPEs, the majority of the economic benefits belong to the Group (refer to accounting policy (c)(iv)).

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains (loss) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains arising from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Acquisition method of accounting

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition criteria under IFRS 3 are recognised at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Any non-controlling interest in an acquiree is measured as the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Goodwill arising in a business combination is recognised as an asset and is not amortised but is reviewed for impairment at least annually.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

(viii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ix) Tax effect of inclusion of the consolidated subsidiaries' reserves

The consolidated financial statements do not include the tax effects that might arise from transferring the consolidated subsidiaries' reserves to the accounts of the Parent Company, since no distribution of profits, not taxed at the source, is expected in the foreseeable future, and the Group considers that these reserves will be used as self-financing resources at each consolidated subsidiary.

(x) Unification of accounting principles

The accounting principles and procedures applied by the consolidated companies in their financial statements were unified in the consolidation, and agree with the principles applied by the Parent Company.

(d) Foreign currency

(i) Foreign currency transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the statement of financial position date.

Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into the functional currency using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency at the foreign exchange rates ruling at the dates the fair values are determined.

(ii) Financial statements of foreign operations

The consolidated financial statements are presented in Euro, which is the Group's presentation currency.
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Euro at foreign exchange rates ruling at the statement of financial position date. The revenues and expenses of foreign operations are translated into Euro at the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in other comprehensive income.

(iii) Embedded derivatives

Hybrid financial instruments are a combination of non-derivative host contracts and derivative financial instruments (embedded derivatives). Subject to certain conditions, IAS 39 Financial Instruments: Recognition and Measurement requires that embedded derivative components be separated from the host contracts and separately carried at fair value with changes recorded in the income statement.

(e) Financial instruments

(i) Classification

Financial instruments at fair value through profit or loss are those that the Group holds for trading that is, with the purpose of short-term profit taking. These include investments and derivative contracts that are not designated as effective hedging instruments and liabilities from short sales of financial instruments.

Loans and advances to banks and customers are non-derivative financial assets with fixed and determinable payments, not quoted in an active market, which are not classified as securities available-for-sale or held to maturity or as financial assets at fair value through profit or loss.

Held to maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and ability to hold to maturity.

Available-for-sale financial assets are those non-derivative financial assets that are not designated as fair value through profit or loss, loans and advances to banks and customers or as held to maturity.

(ii) Recognition

Financial assets at fair value through profit or loss and available-for-sale assets are recognised on the date the Group commits to purchase the assets. Regular way purchases and sales of financial assets including held to maturity assets are accounted for on the trade date.

Loans and advances to banks and customers are recognised on the day they are provided by the Group.

(iii) Measurement

Financial instruments are measured upon initial recognition at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial instrument.

Subsequent to initial recognition, financial assets are measured at their fair value, except for loans and advances to customers, held to maturity instruments, and certain non-quoted equity securities classified as available-for-sale the fair value of which cannot be measured reliably, which are measured at amortised cost. After initial recognition, financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. In measuring amortised cost, any difference between cost and redemption value is recognised in the income statement over the period of the asset or liability on an effective interest rate basis.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the statement of financial position date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated by management using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the statement of financial position date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market-related measures at the statement of financial position date.

(v) Gains and losses on subsequent measurement

Gains and losses arising from a change in fair value are recognised in the income statement for instruments at fair value through profit or loss and directly in other comprehensive income as a revaluation difference for assets available-for-sale. The cumulative gain or loss of available-for-sale assets previously recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment when the available-for-sale asset is derecognised. Interest income and expense from available-for-sale securities are recorded in the income statement by applying the effective interest rate method. Refer to Note - 2(e)(vii) for the accounting policy related to accounting for gains and losses on subsequent measurement of hedges.

(vi) Derecognition

A financial asset is derecognised when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

Available-for-sale assets and assets at fair value through profit or loss that are sold are derecognised and the corresponding receivables from the buyer for the payment are recognised as of the date the Group commits to sell the assets.

Held to maturity instruments and loans and advances to banks and customers are derecognised on the day they are disposed of by the Group.

(vii) Accounting for hedging instruments

Hedging instruments which consist of derivatives associated with a currency risk are classified either as cash-flow hedges or fair value hedges.

From the inception of the hedge, the Group maintains a formal documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. The Group also periodically assesses the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

In case of a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designiation is revoked, then the hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

In case of a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value is recognised in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand and in banks, cash deposited with central banks and short-term highly liquid investments with original maturities of three months or less, including treasury bills and other bills eligible for rediscounting with central banks.

(g) Loans and advances to banks and customers and Loans to "Limited Partnerships"

Loans and advances originated by the Group are classified as originated loans and receivables. Loans and advances are reported net of impairment allowance to reflect the estimated recoverable amounts (refer to accounting policy (j)).

(h) Sale and repurchase agreements

Where securities are sold under a commitment to repurchase at a predetermined price (repos), they remain on the statement of financial position and a liability is recorded equal to the consideration received. Conversely, securities purchased under a commitment to resell (reverse repos) are not recorded on the statement of financial position and the consideration paid is recorded as a loan. The difference between the sale price and the purchase price is treated as interest and accrued evenly over the life of the transaction. Repos and reverse repos are recognised on a settlement date basis.

(i) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis or to realise the asset and settle the liability simultaniously.

(j) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (refer to accounting policy (t)) are reviewed at each statement of financial position date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation, but are tested annually for impairment as part of the cash generating unit to which they belong.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Loans and advances are presented net of impairment allowances. Allowances for impairment are determined based on the credit standing and performance of the borrower and take into account the value of any collateral or third-party guarantee.

The recoverable amount of the Group's investment in held to maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed upon initial recognition of these financial assets).

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of a held to maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the income statement. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in the income statement, then the impairment loss is reversed, with the amount of the reversal recognised in the income statement. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Property, plant and equipment

(i) Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (refer to accounting policy (j)).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items (major components) of property, plant and equipment.

(ii) Leased assets
Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Leased assets are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy (j)).

(iii) Subsequent expenditure

Subsequent expenditure is capitalised if it is probable that the future economic benefits embodied in the part of property, plant and equipment will flow to the Group and its cost can be measured reliably. All other expenditures including the costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as an expense as incurred.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	40 years
Aircraft	
– electronics	3 years
– interior	5 years
– APU	13 years
– airframe	23 years
Equipment	3 – 8 years
Fixtures, fittings and others	3 – 8 years

Depreciation methods and useful lives, as well as residual values, are reassessed annually at the reporting date.

The maintenance of the aircraft's engine is covered under an agreement with a third party, whereby the Company pays a determinable amount to a third party. For this reason the residual value of the engine is not lower than the carrying amount at the reporting date and the depreciation expense of the engine is zero.

(I) Intangible assets

(i) Goodwill and intangible assets acquired in a business combination

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included under intangible assets. Goodwill on acquisition of associates and joint ventures is included in the carrying amount of investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Negative goodwill arising on an acquisition is reassessed and any excess remaining after the reassessment is recognised in the income statement.

Intangible assets acquired in a business combination are recorded at fair value on the acquisition date if the intangible asset is separable or arises from contractual or other legal rights. Intangible assets with an indefinite useful life are not subject to amortisation and are recorded at cost less impairment. Intangible assets with a definite useful life are amortised over their useful lives and are recorded at cost less accumulated amortisation and impairment.

(ii) Software and other intangible assets
Software and other intangible assets acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (refer to accounting policy (j)).

The useful lives are usually finite. Those intangible assets that have an indefinite useful life are not amortised and are tested annually for impairment. Their useful life is reviewed at each period-end to assess whether events and circumstances continue to support an indefinite useful life.

(iii) Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets other than goodwill, from the date the asset is available for use. The estimated useful lives are as follows:

Software	4 years
Other intangible assets	2 – 9 years
Customers relationships	3 – 20 years

(m) Provisions
A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

(n) Financial guarantees
Financial guarantees are contracts that require the Group to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. Financial guarantee liabilities are subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities when future payment is considered probable and included in the off-balance sheet when considered to be a possible obligation.

(o) Trade and other payables
Trade and other payables are stated at amortised cost.

(p) Interest income and expense
Interest income and expense is recognised in the income statement as it accrues. Interest income and expense includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis. All borrowing costs are recognised in the income statement.

(q) Fee and commission income and expense

Fee and commission income arises on financial services provided by the Group, including cash management services, brokerage services, investment advice and financial planning, investment banking services, project and structured finance transactions, and asset management services. Assets under management comprising all client assets managed or held for investment purposes by the Group in its own name, but for the account of third parties, are not reported in its consolidated statement of financial position (refer to Note 39 – Assets under management). Commissions received from such business are shown in fee and commission income.

Fee and commission income and expense are recognised when the corresponding services are provided or received.

(r) Dealing profits, net

Dealing profits, net includes gains and losses arising from disposals and changes in the fair value of financial assets and liabilities available-for-sale and at fair value through profit or loss, as well as gains and losses from foreign exchange trading.

(s) Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease.

(t) Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities, in a transaction that is not a business combination, that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future the parent is able to control the reversal of the temporary difference. No taxable temporary differences are recognised on the initial recognition of goodwill. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income, respectively.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income taxes are calculated using currently enacted tax rates expected to apply when the asset is realized or the liability settled.

(u) Operating and finance lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Operating leases with an option to terminate the contract earlier than at the end of agreed period are considered as non-cancellable for the time of the contracted notice period.

(v) Minimum lease payments for finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Revenue from goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the statement of financial position date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods.

(w) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(x) Dividends

Dividends are recognised in the statement of changes in equity and recorded as liabilities in the period in which they are declared.

(y) Operating segments

Operating segments are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group reports information to the chief operating decision maker about the revenues derived from its products or services (or groups of similar products and services), about the countries in which it earns revenues and holds assets, and about major customers. In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The operating segments regularly reviewed by the chief operating decision maker include Banking, Asset management, and Principal investments. The Banking segment includes Group companies whose activities mainly comprise receiving deposits and providing credit or loans. The major companies in the segment have banking licenses. The Asset management segment comprises Group companies active in the asset management business. The Principal investments segment includes investments which do not fall into either the banking or asset management segments and are held as medium or longer term investments for the Group.

The Principal investments segment is further divided into sub-segments, Public, Private, and Opportunity. The Public sub-segment consists of activities with publicly traded financial instruments. The Private sub-segments include principally investments for strategic purposes with long-term investment horizons. Financing is obtained from standard loan products (senior or mezzanine) or private equity funds or partnerships. The Opportunity sub-segment consists of activities and investments with potential for exits in the medium term.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with International Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1. Business combinations and purchase price allocations

In a business combination, the acquiree's identifiable assets, liabilities and contingent liabilities are recognised and measured at their fair values at the acquisition date. Allocation of the total purchase price among the net assets acquired for financial statement reporting purposes is performed with the support of professional advisors.

The valuation analysis is based on historical and prospective information available as of the date of the business combination. Any prospective information that may impact the fair value of the acquired assets is based on management's expectations of the competitive and economic environments that will prevail in the future.

The results of the valuation analyses are used as well for determining the amortisation and depreciation periods of the values allocated to specific intangible and tangible fixed assets.

In May 2011, the Group acquired 100% of shares in ABS PROPERTY LIMITED. The company leases one aircraft under a finance lease. This aircraft was recognized at fair value in the individual financial statement of the subsidiary and no further asset or liability met the recognition criteria under IFRS 3, for this reason no fair value adjustment was needed as a result of the business combination.

3.2. Goodwill and impairment testing

The Group conducts impairment testing of goodwill arisen in a business combination during the current period and impairment testing of goodwill already recognised in prior years annually. The Group also conducts impairment testing of other intangible assets with indefinite useful lives and of cash-generating units (CGU) where a trigger for impairment testing is identified. As at the acquisition date, goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates, on the basis of a value in use that reflects estimated future discounted cash flows or on the basis of fair value less costs to sell. In the majority of cases the Group estimated the recoverable amounts of goodwill and the cash generating units based on value in use. Value in use was derived from management forecasts of future cash flows updated since the date of acquisition. The discount rates applied to the cash flow projections are calculated as the weighted average cost of capital (WACC) of each CGU.

(i) Bayshore Merchant Services Inc.

As part of the acquisition of Bayshore Merchant Services Inc. in April 2008, the Group acquired customer relationships with an indefinite useful life, which were subject to impairment testing. Prior to performing the impairment test, the carrying amount of the customer relationships was EUR 22,414 thousand. The recoverable amount of the customer relationships was determined on the basis of fair value less cost to sell. As a result of the impairment testing, the carrying amount of the customer relationships was fully impaired.

(ii) ATLANTIK and J&T Banka, a.s.

In June 2010 the Group acquired ATLANTIK finanční trhy, a.s. and ATLANTIK Asset Management investiční společnost, a.s. (in 2011 renamed to J&T INVESTIČNÍ SPOLEČNOST, a.s. and merged with J&T ASSET MANAGEMENT, INV. SPOL., a.s.), together "Atlantik", which generated combined goodwill of EUR 7,393 thousand. These two new subsidiaries were each identified as separate cash generating units. The acquisition of Atlantik was strategically linked to the development of the Group's banking and asset management operations in the Czech Republic, and therefore synergies from the acquisition were expected to benefit also the J&T Banka, a.s. cash generating unit. In allocating the goodwill arisen on acquisition, management estimated the relative amounts of synergies expected to accrue in the future to both of Atlantik finanční trhy, a.s. and J&T Banka, a.s. based on the expected future development of each business and the anticipated benefits from the acquisition. Goodwill of EUR 466 thousand was allocated to the Atlantik finanční trhy, a.s. cash generating unit and goodwill of EUR 5,923 thousand was allocated to the J&T Banka, a.s. cash generating unit and the carrying amounts of the associated cash generating units were subject to impairment testing at 31 December 2011.

(iii) J&T Banka, a.s.

The recoverable amount of the J&T Banka, a.s. cash generating unit, with carrying amount of EUR 213,172 thousand including goodwill, was determined on the basis of value in use. The cash flows were derived from the unit's long term business plan and applied over a specific five year forecast period. The growth rate used to extrapolate cash flows beyond this period was 2.5%. The other key assumptions were forecast net interest income, loans provided to customers and the cost of capital applied to discount future cash flows. Net interest income and loans provided to customers were forecast based on the strategic direction of the Group and the type of projects expected to be funded in the future. The pre-tax cost of capital applied to the cash flows was 18.5%. There was no impairment loss identified as a result of this impairment test. If the interest income had been lower by 10% from management's estimate, the goodwill would have had to be fully written-off.

(iv) ABS PROPERTY LIMITED

In May 2011 the Group acquired ABS PROPERTY LIMITED, which generated goodwill of EUR 6,713 thousand. This subsidiary was identified as a separate cash generating unit and was subject to impairment testing as at 31 December 2011. The recoverable amount of the ABS Property Limited cash generating unit, with a carrying amount of EUR 17,348 thousand including goodwill, was determined on the basis of fair value less cost to sell of the plane. As a result the carrying amount of goodwill was fully impaired.

3.3. Financial instruments

The fair value of financial instruments is determined based on:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices of similar instruments) or indirectly (i.e. derived from such prices)
– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the market for a financial instrument is not active, fair value is estimated by using valuation techniques. In applying valuation techniques, management uses estimates and assumptions that are consistent with available information about estimates and assumptions that market participants would use in setting a price for the financial instrument.

If the fair values had been higher or lower by 10% from management's estimates, the net carrying amount of financial instruments on Level 3 would have been estimated to be EUR 20,765 thousand higher or lower than as disclosed as at 31 December 2011 (2010: EUR 3,610 thousand).

If the fair value had been higher or lower by 10% from quoted price, the net carrying amount of financial instruments on Level 1 and Level 2, would had been EUR 105,893 thousand higher or lower than as disclosed as at 31 December 2011 (2010: EUR 58,189 thousand).

4. OPERATING SEGMENTS

4.1. Information about operating segments – Consolidated Income statement for the year ended 31 December 2011

In thousands of EUR	Banking	Asset Management	Opportunity
Interest income	117,463	393	83
– external	110,891	270	17
– inter-segment	6,572	123	66
Interest expense	(66,217)	(120)	–
Net interest income (expense)	**51,246**	**273**	**83**
Fee and commission income	30,479	3,570	–
– external	24,072	3,570	–
– inter-segment	6,407	–	–
Fee and commission expense	(7,282)	(91)	–
Net fee and commission income (expense)	**23,197**	**3,479**	**–**
Dealing profits (losses), net	(4,210)	4	–
– external	(6,600)	4	–
– inter-segment	2,390	–	–
Other operating income	18,275	662	55
– external	17,660	662	55
– inter-segment	615	–	–
Personnel expenses	(23,495)	(1,937)	(6)
Depreciation and amortisation	(3,695)	(297)	–
Goodwill impairment	–	–	–
Impairment of property, plant and equipment and intangible assets	(1)	(20,834)	–
Impairment of loans	(12,486)	–	–
Other operating expenses	(27,531)	(2,355)	(6)
Other operating non-cash expenses	(392)	1	–
Income tax expense	(4,697)	(55)	(14)
Segment result	**16,211**	**(21,059)**	**112**

Inter-segment prices are determined on the basis of market rates for similar services and financing.

Principal Investments							
Private	Public	Intra–segment eliminations	Total Principal Investments	Unallocated	Total segments	Inter–segment eliminations	J&T Finance Group
141,000	495	(13,881)	127,697	205	**245,758**	(8,941)	**236,817**
125,199	291		125,507	149	**236,817**		**236,817**
15,801	204	(13,881)	2,190	56	**8,941**	(8,941)	**–**
(71,732)	(21,526)	13,881	(79,377)	(897)	**(146,611)**	8,941	**(137,670)**
69,268	**(21,031)**	**–**	**48,320**	**(692)**	**99,147**	**–**	**99,147**
166	11	–	177	347	**34,573**	(6,602)	**27,971**
148	11		159	170	**27,971**		**27,971**
18	–	–	18	177	**6,602**	(6,602)	**–**
(6,548)	(1,272)	–	(7,820)	(109)	**(15,302)**	7,047	**(8,255)**
(6,382)	**(1,261)**	**–**	**(7,643)**	**238**	**19,271**	**445**	**19,716**
3,840	(31,574)	178	(27,556)	(948)	**(32,710)**	(67)	**(32,777)**
1,816	(26,990)		(25,174)	(1,007)	**(32,777)**		**(32,777)**
2,024	(4,584)	178	(2,382)	59	**67**	(67)	**–**
21,327	7,714	(178)	28,918	2,198	**50,053**	(3,227)	**46,826**
20,378	7,314		27,747	757	**46,826**		**46,826**
949	400	(178)	1,171	1,441	**3,227**	(3,227)	**–**
(4,260)	–	–	(4,266)	(608)	**(30,306)**	–	**(30,306)**
–	–	–	–	(1,070)	**(5,062)**	–	**(5,062)**
(6,834)	–	–	(6,834)	–	**(6,834)**	–	**(6,834)**
–	–	–	–	1,532	**(19,303)**	–	**(19,303)**
21,191	–	–	21,191	–	**8,705**	1,177	**9,882**
(8,247)	(203)	–	(8,456)	(1,106)	**(39,448)**	1,672	**(37,776)**
–	–	–	–	305	**(86)**	–	**(86)**
1,670	(157)	–	1,499	(87)	**(3,340)**	–	**(3,340)**
91,573	**(46,512)**	**–**	**45,173**	**(238)**	**40,087**	**–**	**40,087**

4.2. Information about operating segments – Consolidated Assets and Liabilities as at 31 December 2011

In thousands of EUR	Banking	Asset Management	Opportunity
Cash and cash equivalents	386,004	19,735	–
Financial assets at fair value through profit or loss	383,491	4,820	–
Securities available for sale	495,381	158	–
Financial instruments held to maturity	123,949	2,285	–
Loans and advances to banks	226,175	–	–
Loans and advances to customers	1,433,415	3,162	55
Loans to "Limited Partnerships"	–	–	–
Trade receivables and other assets	374,234	1,579	–
Current tax assets	2,126	40	–
Goodwill	6,390	967	–
Other intangible assets	6,883	900	–
Property, plant and equipment	2,439	184	–
Deferred tax assets	1,117	–	–
Total segment assets	**3,441,604**	**33,830**	**55**
Financial liabilities at fair value through profit or loss	11,529	–	–
Deposits and loans from banks	340,074	–	–
Deposits and loans from customers	2,729,198	22,522	–
Issued bonds	–	–	–
Subordinated debt	39,150	–	–
Trade payables and other liabilities	74,293	899	–
Current tax liability	790	–	–
Provisions	1,489	–	–
Deferred tax liabilities	563	166	–
Total segment liabilities	**3,197,086**	**23,587**	**–**

Inter-segment prices are determined on the basis of market rates for similar services and financing.

Principal Investments							
Private	Public	Intra-segment eliminations	Total Principal Investments	Unallocated	Total segments	Inter-segment eliminations	J&T Finance Group
40,014	231	–	40,245	1,700	**447,684**	(41,775)	**405,909**
–	212,774	(104)	212,670	530	**601,511**	(3,031)	**598,480**
153,407	22,076	(2,924)	172,559	5	**668,103**	–	**668,103**
–	–	–	–	–	**126,234**	(2,284)	**123,950**
406	–	–	406	–	**226,581**	(406)	**226,175**
1,592,346	32,471	(145,818)	1,479,054	1,289	**2,916,920**	(553,516)	**2,363,404**
172,698	–	–	172,698	–	**172,698**	–	**172,698**
56,156	4,057	(4,162)	56,051	10,088	**441,952**	(10,389)	**431,563**
405	21	–	426	212	**2,804**	–	**2,804**
10	113	–	123	387	**7,867**	–	**7,867**
–	–	–	–	108	**7,891**	–	**7,891**
–	–	–	–	16,990	**19,613**	–	**19,613**
–	–	–	–	323	**1,440**	–	**1,440**
2,015,442	**271,743**	**(153,008)**	**2,134,232**	**31,632**	**5,641,298**	**(611,401)**	**5,029,897**
1,997	1,064	(104)	2,957	1,155	**15,641**	(2,447)	**13,194**
8,451	122,146	–	130,597	3,796	**474,467**	(126,273)	**348,194**
1,143,472	110,478	(112,366)	1,141,584	887	**3,894,191**	(471,695)	**3,422,496**
136,795	–	(2,924)	133,871	–	**133,871**	(585)	**133,286**
50,021	33,453	(33,452)	50,022	–	**89,172**	–	**89,172**
240,960	4,596	(4,162)	241,394	14,047	**330,633**	(10,401)	**320,232**
264	6	–	270	–	**1,060**	–	**1,060**
37,000	–	–	37,000	157	**38,646**	–	**38,646**
–	–	–	–	70	**799**	–	**799**
1,618,960	**271,743**	**(153,008)**	**1,737,695**	**20,112**	**4,978,480**	**(611,401)**	**4,367,079**

4.3. Information about geographical areas for the year ended 31 December 2011

In thousands of EUR	Slovakia	Czech Republic
Property, plant and equipment	8,833	1,777
Goodwill	1	7,576
Other intangible assets	169	6,660
Deferred tax assets	141	873
Total	**9,144**	**16,886**

The geographical area Other comprises assets primarily from Ireland and Switzerland.

4.4. Information about geographical areas for the year ended 31 December 2011

In thousands of EUR	Slovakia	Czech Republic
Interest income	34,219	49,868
Fee and commission income	4,003	11,472
Dealing profits (losses), net	11,315	(7,353)
Other operating income	6,323	10,029
Total	**55,860**	**64,016**

The geographical area Other comprises income items primarily from the Netherlands and the British Virgin Islands.

The Group has no revenues from transactions with a single external customer amounting to 10% or more of the Group's revenues in 2011.

	Russian Federation	Other	Total segments	Inter-segment eliminations	J&T Finance Group
	246	8,757	19,613	–	19,613
	167	123	7,867	–	7,867
	56	1,006	7,891	–	7,891
	426	–	1,440	–	1,440
	895	**9,886**	**36,811**	**–**	**36,811**

	Russian Federation	Cyprus	Liechtenstein	Other	J&T Finance Group
	8,405	73,496	13,272	57,557	236,817
	408	3,917	494	7,677	27,971
	(3,872)	679	–	(33,546)	(32,777)
	1,029	10,926	997	17,522	46,826
	5,970	**89,018**	**14,763**	**49,210**	**278,837**

4.5. Information about operating segments – Consolidated Income statement for the year ended 31 December 2010

In thousands of EUR	Banking	Asset Management	Opportunity
Interest income	99,678	258	1,014
– external	92,462	209	759
– intersegment	7,216	49	255
Interest expense	(48,084)	(344)	(33,085)
Net interest income	**51,594**	**(86)**	**(32,071)**
Fee and commission income	15,556	3,911	909
– external	13,357	3,911	909
– intersegment	2,199	–	–
Fee and commission expense	(3,991)	(604)	(43,161)
Net fee and commission income	**11,565**	**3,307**	**(42,252)**
Dealing profits (losses), net	34,430	3	4,542
– external	34,415	3	4,542
– inter-segment	15	–	–
Other operating income	3,446	3	235,084
– external	3,426	3	234,817
– intersegment	20	–	267
Personnel expenses	(20,384)	(2,147)	(16,703)
Depreciation and amortisation	(2,826)	(252)	(3,463)
Goodwill impairment	–	–	–
Impairment of property, plant and equipment and intangible assets	(1)	(3,640)	(1,740)
Impairment of loans	(10,134)	–	–
Other operating expenses	(51,154)	(2,364)	(102,592)
Other operating non-cash expenses	(363)	(9)	(31,059)
Income (expense) from associates and joint ventures	–	–	(2)
Income tax expense	(2,503)	(112)	(14,024)
Segment result – total	**13,670**	**(5,297)**	**(4,280)**
– discontinued operations	**–**	**–**	**4,473**
– continuing operations	**13,670**	**(5,297)**	**(8,753)**

Inter-segment prices are determined on the basis of market rates for similar services and financing.

Principal Investments							
Private	Public	Intra-segment eliminations	Total Principal Investments	Unallocated	Total segments	Inter-segment eliminations	J&T Finance Group
98,650	367	(12,528)	87,503	298	**187,737**	(9,181)	**178,556**
84,818	67		85,644	241	**178,556**		**178,556**
13,832	300	(12,528)	1,859	57	**9,181**	(9,181)	**–**
(57,279)	(18,693)	12,528	(96,529)	(1,005)	**(145,962)**	9,181	**(136,781)**
41,371	**(18,326)**	**–**	**(9,026)**	**(707)**	**41,775**	**–**	**41,775**
3,936	5	(908)	3,942	189	**23,598**	(2,200)	**21,398**
3,027	5		3,941	189	**21,398**		**21,398**
909	–	(908)	1	–	**2,200**	(2,200)	**–**
(4,738)	(696)	908	(47,687)	(65)	**(52,347)**	2,200	**(50,147)**
(802)	**(691)**	**–**	**(43,745)**	**124**	**(28,749)**	**–**	**(28,749)**
18,700	44,830	–	68,072	(146)	**102,359**	(279)	**102,080**
18,747	45,771		69,060	(1,398)	**102,080**		**102,080**
(47)	(941)	–	(988)	1,252	**279**	(279)	**–**
3,631	4,812	(33)	243,494	1,619	**248,562**	(1,377)	**247,185**
3,626	4,812		243,255	501	**247,185**		**247,185**
5	–	(33)	239	1,118	**1,377**	(1,377)	**–**
(3,338)	–	–	(20,041)	(477)	**(43,049)**	–	**(43,049)**
–	–	–	(3,463)	(266)	**(6,807)**	–	**(6,807)**
–	–	–	–	–	**–**	–	**–**
–	–	–	(1,740)	–	**(5,381)**	–	**(5,381)**
16,078	–	1,659	17,737	–	**7,603**	–	**7,603**
(18,268)	(8,566)	1,289	(128,137)	(787)	**(182,442)**	1,656	**(180,786)**
304	–	(64)	(30,819)	(2)	**(31,193)**	–	**(31,193)**
–	–	–	(2)	–	**(2)**	–	**(2)**
(381)	(272)	–	(14,677)	268	**(17,024)**	–	**(17,024)**
57,295	**21,787**	**2,851**	**77,653**	**(374)**	**85,652**	**–**	**85,652**
–	**–**	**–**	**4,473**	**–**	**4,473**	**–**	**4,473**
57,295	**21,787**	**2,851**	**73,180**	**(374)**	**81,179**	**–**	**81,179**

4.6. Information about operating segments – Consolidated Assets and Liabilities as at 31 December 2010

In thousands of EUR	Banking	Asset Management	Opportunity	
Cash and cash equivalents	441,149	27,451	23	
Financial assets at fair value through profit or loss	317,162	194	–	
Securities available for sale	50,619	–	–	
Financial instruments held to maturity	4,245	–	–	
Loans and advances to banks	2,026	537	–	
Loans and advances to customers	1,312,231	3,141	5,455	
Loans to "Limited Partnerships"	–	–	–	
Trade receivables and other assets	13,943	1,310	18,275	
Current tax assets	2,638	29	3	
Goodwill	6,574	995	–	
Intangible assets	7,795	22,802	–	
Property, plant and equipment	12,278	207	1	
Deferred tax assets	102	–	–	
Total segment assets	**2,170,762**	**56,666**	**23,757**	
Financial liabilities at fair value through profit or loss	1,050	–	–	
Deposits and loans from banks	137,594	1,208	–	
Deposits and loans from customers	1,700,876	26,428	–	
Subordinated debt	26,860	–	–	
Trade payables and other liabilities	76,578	1,018	23	
Current tax liability	456	–	–	
Provisions	767	9	–	
Deferred tax liabilities	1,372	212	–	
Total segment liabilities	**1,945,553**	**28,875**	**23**	

Inter-segment prices are determined on the basis of market rates for similar services and financing.

Principal Investments							
Private	Public	Intra-segment eliminations	Total Principal Investments	Unallocated	Total segments	Inter-segment eliminations	J&T Finance Group
31,107	331	–	31,461	2,186	**502,247**	(33,810)	**468,437**
49	237,302	–	237,351	75	**554,782**	(208)	**554,574**
17,280	12	–	17,292	5	**67,916**	(4,093)	**63,823**
–	–	–	–	–	**4,245**	–	**4,245**
98	–	–	98	–	**2,661**	(98)	**2,563**
1,225,416	34,207	(193,068)	1,072,010	3,673	**2,391,055**	(161,982)	**2,229,073**
245,364			245,364		**245,364**		**245,364**
79,991	55,501	–	153,767	8,542	**177,562**	(4,831)	**172,731**
945	22	–	970	367	**4,004**	–	**4,004**
11	117	–	128	398	**8,095**	–	**8,095**
–	–	–	–	97	**30,694**	–	**30,694**
–	–	–	1	2,024	**14,510**	–	**14,510**
–	–	–	–	346	**448**	–	**448**
1,600,261	**327,492**	**(193,068)**	**1,758,442**	**17,713**	**4,003,583**	**(205,022)**	**3,798,561**
124	116	–	240	142	**1,432**	(208)	**1,224**
10,387	97,240	–	107,627	4,466	**250,895**	(74,681)	**176,214**
962,326	174,526	(165,827)	971,025	120	**2,698,449**	(125,242)	**2,573,207**
50,013	26,842	(26,842)	50,013	–	**76,873**	–	**76,873**
100,962	434	–	101,419	5,225	**184,240**	(4,891)	**179,349**
229	3	–	232	–	**688**	–	**688**
37,000	–	–	37,000	1,027	**38,803**	–	**38,803**
–	–	–	–	–	**1,584**	–	**1,584**
1,161,041	**299,161**	**(192,669)**	**1,267,556**	**10,980**	**3,252,964**	**(205,022)**	**3,047,942**

4.7. Information about geographical areas for the year ended 31 December 2010

In thousands of EUR	Slovakia	Czech Republic
Property, plant and equipment	2,157	11,713
Goodwill	1	7,795
Other intangible assets	210	7,709
Deferred tax assets	76	34
Total	**2,444**	**27,251**

4.8. Information about geographical areas for the year ended 31 December 2010

In thousands of EUR	Slovakia	Czech Republic
Interest income	34,392	43,584
Fee and commission income	3,391	6,117
Dealing profits (losses), net	14,075	53,702
Other operating income	23,338	213,658
Total	**75,196**	**317,061**
Less discontinued operations	(65)	(213,229)
Total from continuing operations	**75,131**	**103,832**

The Group had no revenues from transactions with a single external customer amounting to 10% or more of the Group's revenues in 2010.

	Russian Federation	Other	Total segments	Inter-segment eliminations	J&T Finance Group
	245	395	14,510	–	14,510
	171	128	8,095	–	8,095
	43	22,732	30,694	–	30,694
	338	–	448	–	448
	797	**23,255**	**53,747**	**–**	**53,747**

	Russian Federation	Cyprus	Liechtenstein	Other	J&T Finance Group
	6,367	62,783	13,637	17,793	178,556
	268	3,739	3,000	4,883	21,398
	3,313	195	17,615	13,180	102,080
	485	6,277	157	3,270	247,185
	10,433	**72,994**	**34,409**	**39,126**	**549,219**
	–	–	–	(876)	(214,170)
	10,433	**72,994**	**34,409**	**38,250**	**335,049**

5. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, SPECIAL PURPOSE ENTITIES, JOINT VENTURES AND ASSOCIATES

5.1. Acquisition or establishment of subsidiaries

(a) Acquisition of subsidiaries

In thousands of EUR	Date of acquisition	Cost	Cash outflow	Group's interest after acquisition (%)
ABS PROPERTY LIMITED	18.5.2011	1	1	100
Total	**–**	**1**	**1**	**100**

(b) Establishment of subsidiaries

	Date of establishment	Group's interest after establishment
J&T GLOBAL MANAGEMENT, s.r.o.	19.7.2011	100%
J&T Global Finance I., B.V.	26.10.2011	100%
J&T Global Finance II., B.V.	26.10.2011	100%

(c) Effect of acquisitions

The acquisitions of new subsidiaries had the following effect on the Group's assets and liabilities:

In thousands of EUR	ABS Property Limited
Cash and cash equivalents	30
Trade receivables and other assets	1,725
Property, plant and equipment	7,877
Deposits and loans from clients	(6,411)
Trade payables and other liabilities	(9,933)
Net identifiable assets and liabilities	(6,712)
Goodwill on acquisition of new subsidiaries	6,713
Cost of acquisition	1
Consideration paid, satisfied in cash	(1)
Cash acquired	30
Net cash outflow	**29**
Loss since acquisition date	(793)
Loss of the acquired entity for all of 2011	(2,359)
Revenues of the acquired entity for all of 2011	1,128

In May 2011, the Group acquired 100% of the shares in ABS PROPERTY LIMITED, with its seat in Ireland. The principal activity of the company is that of leasing an aircraft (under finance lease agreement) and providing transportation services.

5.2. Disposals

(a) Disposals of subsidiaries, joint ventures and special purpose entities

In thousands of EUR	Date of disposal	Sales price	Cash inflow	Gain/(loss) on disposal
SUBSIDIARIES				
INTEGRIS BANK AND TRUST	7.2.2011	–	–	–
Bea Development, a.s.	27.12.2011	8,692	–	5,145
Geodezie Brno, a.s.	1.7.2011	3,554	3,554	55
	–	12,246	3,554	5,200
SPECIAL PURPOSE ENTITIES				
EGNARO INVESTMENTS LIMITED	1.7.2011	–	–	(1,377)
	–	–	–	(1,377)
Total	**–**	**12,246**	**3,554**	**3,823**

(b) Effect of disposals

The disposals of subsidiaries and special purpose entities had the following effect on the Group's assets and liabilities:

In thousands of EUR	Bea Development, a.s.	Geodezie Brno, a.s.	EGNARO INVESTMENTS LIMITED	Total effect
Cash and cash equivalents	766	23	107	896
Loans and advances to customers	–	3,613	2,927	6,540
Trade receivables and other assets	79	5	1	85
Property, plant and equipment	10,060	1	–	10,061
Deposits and loans from banks	(6,562)	–	–	(6,562)
Trade payables and other liabilities	(796)	(23)	(1,586)	(2,405)
Non-controlling interests	–	(120)	(72)	(192)
Net assets and liabilities	**3,547**	**3,499**	**1,377**	**8,423**
Sales price	8,692	3,554	–	**12,246**
Gain/(loss) on disposal	**5,145**	**55**	**(1,377)**	**3,823**
Consideration received, satisfied in cash	–	3,554	–	3,554
Cash disposed of	(766)	(23)	(107)	(896)
Net cash inflows/(outflows)	**(766)**	**3,531**	**(107)**	**2,658**
Cash received from disposals in prior years				18,625
Total cash inflows				**21,283**

6. NET INTEREST INCOME

In thousands of EUR	2011	2010
INTEREST INCOME		
Loans and advances to banks and customers	197,770	153,418
Repo transactions	9,979	7,658
Bonds and other fixed income securities	18,515	10,268
Bills of exchange	8,791	3,834
Receivables from central banks	1,567	3,127
Other	195	251
Total interest income	**236,817**	**178,556**
Less discontinued operations	–	(650)
Total for continuing operations	**236,817**	**177,906**
INTEREST EXPENSE		
Deposits and loans from banks and customers	(85,252)	(113,621)
Repo transactions	(4,233)	(3,615)
Bonds and other securities with fixed interest rate	(4,535)	(3,745)
Bills of exchange	(43,005)	(12,352)
Other	(645)	(3,448)
Total interest expense	**(137,670)**	**(136,781)**
Less discontinued operations	–	29,678
Total for continuing operations	**(137,670)**	**(107,103)**
Net interest income	**99,147**	**41,775**
Less net interest expense of discontinued operations	–	29,028
Net interest income of continuing operations	**99,147**	**70,803**

The interest income from impaired loans in 2011 was EUR 21,670 thousand (2010: EUR 14,725 thousand). The receivable from the interest income of the impaired loans has also been impaired.

Interest income from financial assets at fair value through profit or loss in 2011 was EUR 16,249 thousand (2010: EUR 10,038 thousand).

7. NET FEE AND COMMISSION INCOME

In thousands of EUR	2011	2010
FEE AND COMMISSION INCOME		
Fees on financial instrument operations	9,492	5,258
Fees on assets under management	5,167	2,269
Intermediation fees	2,446	3,984
Fees on promises and guarantees	3,733	3,915
Fees on custody, administration and depositing of valuables	1,985	551
Other fees and commission income	5,148	5,421
Total fee and commission income	**27,971**	**21,398**
Less discontinued operations	–	(908)
Total for continuing operations	**27,971**	**20,490**
FEE AND COMMISSION EXPENSE		
Fees on financial instrument operations	(6,041)	(847)
Intermediation fees	(3)	(3,851)
Other fees and commission expenses	(2,211)	(45,449)
Total fee and commission expense	**(8,255)**	**(50,147)**
Less discontinued operations	–	42,139
Total for continuing operations	**(8,255)**	**(8,008)**
Total net fee and commission income (expense)	**19,716**	**(28,749)**
Less net fees and commission expense for discontinuing operations	–	41,231
Net fees and commission income of continuing operations	**19,716**	**12,482**

8. DEALING PROFITS (LOSSES), NET

In thousands of EUR	2011	2010
Realised and unrealised gains (losses) on financial instruments at fair value through profit or loss, net	(38,305)	99,607
Realised and unrealised gains from receivables held for trading	(37)	386
Dividend income	5,565	2,087
Total	**(32,777)**	**102,080**
Less discontinued operations	–	(3,120)
Total for continuing operations	**(32,777)**	**98,960**

The majority of losses on financial instruments in 2011 arises from the Group's investments in Unipetrol, a.s., amounting to EUR 18,585 thousand (in 2010: gains of EUR 40,555 thousand), in Erste Bank der oesterrechnischen Sparkassen AG for EUR 15,002 thousand (2010: gains of EUR 4,792 thousand), in NOMOS-BANK for EUR 3,039 thousand (2010: nil), in Central European Media Enterprises Ltd in amount of EUR 2,110 thousand (2010: EUR 7,507 thousand) and from trading in currency derivatives of EUR 5,508 thousand (2010: gains of EUR 27,427 thousand). There were also gains from financial instruments in Best Hotel Properties, a.s. for EUR 2,072 thousand (2010: EUR 3,707 thousand) and in Tatry mountain resorts, a.s. for EUR 1,941 thousand (2010: EUR 4,221 thousand).

The dividend income of the Group mainly consists of dividend income from Tatry mountain resorts, a.s. in amount of EUR 958 thousand (2010: nil), from Best Hotel Properties, a.s. in amount of EUR 1,567 thousand (2010: nil), and from ČEZ, a.s. in amount of EUR 852 thousand (2010: EUR 756 thousand).

9. OTHER OPERATING INCOME

In thousands of EUR	2011	2010
Exchange rate gains	19,119	–
Consulting fees	4,955	4,969
Gain on the disposal of subsidiaries, special purpose entities, joint ventures and associates (Note 5)	3,823	6,748
Rental income other than from investment property	819	1,639
Income from rendered aircraft operating leases	522	–
Gain on disposal of property, plant and equipment, investment property and intangible assets, net	231	–
Revenue from services	117	2,423
Revenue from manufacturing, distribution of electricity and construction contract sales	31	15,414
Revenue from sales of heat and energy	–	157,890
Emission rights	–	32,999
Income from advertising	–	22,669
Other income	17,209	2,434
Total	**46,826**	**247,185**
Less discontinued operations	–	(209,492)
Total for continuing operations	**46,826**	**37,693**

An analysis of Other operating income by segment is provided in Note 4 – Operating segments.

The income from discontinued operations (Principal investments segment - Opportunity) of EUR 209,492 thousand in 2010 includes EUR 21 thousand of gain on the sale of discontinued operations.

Emission rights are considered to be unamortised intangible assets. In 2010 they were distributed among the companies concerned by the governments of the European Union and were valued at fair values using prices publicly established in the Leipzig "European Energy Exchange". Part of the income from emission rights in 2010, for an amount corresponding to the expenses presented in Note 11 – Other operating expenses, reflects the utilisation of government grants during the current accounting period. The excess of income from emission rights over the amount of consumed emission rights in 2010 presented in Note 11 – Other operating expenses, represents a gain from selling granted emission rights on the market.

10. PERSONNEL EXPENSES

In thousands of EUR	2011	2010
Wages and salaries	23,930	33,725
Compulsory social security contributions	5,318	8,423
Other social expenses	1,058	901
Total	**30,306**	**43,049**
Less discontinued operations	–	(12,202)
Total for continuing operations	**30,306**	**30,847**

The average number of employees during 2011 was 721 (2010: 1,055), out of which executives represent 100 (2010: 116).

11. OTHER OPERATING EXPENSES

In thousands of EUR	2011	2010
Advertising expenses	6,499	7,626
Rent expenses	5,142	5,870
Consulting expenses	5,054	6,501
Mandatory fees by financial institutions	2,966	2,054
Materials	2,590	50,772
Repairs and maintenance expenses	1,884	7,575
Sponsoring and gifts	1,841	1,150
Transport and accommodation, travel expenses	1,242	4,175
Communication expenses	1,119	923
Outsourcing, legal and other administration fees	967	814
Expenses related to operation of aircraft	749	–
News production expenses	478	4,913
Property and other taxes	380	869
Training, courses and conferences	104	174
Energy	77	17,911
Contractual penalties	46	41
Change in impairment of receivables and inventories	30	57
Foreign exchange losses, net	–	43,958
Consumption of emission rights	–	30,418
Television program expenses	–	11,166
Loss on disposal of property, plant and equipment, investment property and intangible assets, net	–	66
Other operating expenses	6,694	14,946
Total	**37,862**	**211,979**
Less discontinued operations	–	(111,292)
Total for continuing operations	**37,862**	**100,687**

Consumption of emission rights represents the expense related to the income from emission rights – the amount utilised and disposed during the current accounting period – refer to Note 9 – Other operating income.

An analysis of Other operating expenses by segment is provided in Note 4 – Operating segments.

12. INCOME TAX

In thousands of EUR	2011	2010
CURRENT TAX EXPENSE		
Current year	(4,614)	(17,740)
Adjustments for prior periods	2,158	(115)
Withheld on interest	(95)	(24)
Total	**(2,551)**	**(17,879)**
DEFERRED TAX INCOME (EXPENSE)		
Origination and reversal of temporary differences	(789)	855
Change in tax rate	–	–
Total	**(789)**	**855**
Total income tax expense	**(3,340)**	**(17,024)**
Less discontinued operations	–	14,386
Total income tax expense from continuing operations	**(3,340)**	**(2,638)**

The corporate income tax rate in Slovakia for 2011 and 2010 is 19%.

(i) Income tax recognized in other comprehensive income

	2011			2010		
In thousands of EUR	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Foreign exchange translation differences	(14,819)	–	(14,819)	34,640	–	34,640
Change in fair value of financial assets available for sale	34,547	(6,564)	27,983	(1,689)	321	(1,368)
Cash flow hedges: Effective portion of changes in fair value	–	–	–	14,317	(2,720)	11,597
Total	**19,728**	**(6,564)**	**13,164**	**47,268**	**(2,399)**	**44,869**

(ii) Reconciliation of the effective tax rate

In thousands of EUR	2011 %	2011	2010 %	2010
Profit before tax		**43,427**		**102,676**
Income tax at 19% (2010: 19%)	(19.1)	(8,293)	(19.0)	(19,508)
Effect of tax rates in foreign jurisdictions	(5.6)	(2,419)	(2.6)	(2,714)
Non-deductible expenses	(43.6)	(18,939)	(24.7)	(25,364)
Non-taxable income	51.6	22,392	42.0	43,116
Tax withheld on interest	(0.2)	(95)	(0.0)	(24)
Recognition of previously unrecognised tax losses	5.0	2,150	0.4	369
Current year losses for which no deferred tax asset was recognised	(2.4)	(1,039)	(7.4)	(7,549)
Change in temporary differences for which no deferred tax asset was recorded	1.7	745	(5.1)	(5,235)
Under (over) provided in prior years tax charges	5.0	2,158	(0.1)	(115)
Total	**(7.7)**	**(3,340)**	**(16.6)**	**(17,024)**
Less discontinued operations		–		14,386
Total tax from continuing operations		**(3,340)**		**(2,638)**

See also Note 31 – Deferred tax assets and liabilities.

13. CASH AND CASH EQUIVALENTS

In thousands of EUR	2011	2010
CASH AND CASH EQUIVALENTS AT AMORTISED COST		
Cash on hand	4,449	3,766
Current accounts with banks	165,272	111,618
Current accounts with central banks	4,722	35,136
Loans and advances to central banks	45,025	256,550
Loans and advances to other banks	186,441	61,367
Total cash and cash equivalents	**405,909**	**468,437**

Balances with central banks represent the obligatory minimum reserves maintained by J&T BANKA, a.s., J&T Bank (Switzerland) Ltd. and J&T Bank ZAO under regulations of the relevant regulatory authorities. The obligatory minimum reserve for J&T BANKA, a.s. is calculated as 2% of primary deposits with a maturity of less than two years, for J&T Bank (Switzerland) Ltd. as 2.5% of primary deposits with a maturity less than three months in CHF. These obligatory minimum reserves are interest earning. The obligatory minimum reserve for J&T Bank ZAO is calculated as 5.5% of nonresidents' deposits (including banks) and 4.0% of residents' deposits (excluding banks) minus average balances of deposits and accrued interest multiplied by 0.6. In the case of J&T Bank ZAO, the obligatory minimum reserve is not bearing any interest.

Term deposits with original maturity up to three months are classified as cash equivalents.

Cash and cash equivalents as at 31 December 2011 include EUR 15,699 thousand (2010: EUR 61,133 thousand), which represents money held on behalf of clients. A corresponding entry in liabilities to customers was recorded as at 31 December 2011.

The weighted average interest rate on loans and advances to banks was 1.61% in 2011 (2010: 0.94%).

14. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

14.1. Financial assets at fair value through profit or loss

In thousands of EUR	2011	2010
NON-DERIVATIVE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Bonds	271,557	208,223
Shares	150,644	179,080
Other financial assets	8,129	3,102
Total trading portfolio	**430,330**	**390,405**
Bonds	34,260	30,368
Shares	132,051	128,001
Other financial assets	311	–
Total investing portfolio	**166,622**	**158,369**
Total	**596,952**	**548,774**
DERIVATIVES		
Forward currency contracts	1,378	5,675
Option contracts for share purchase	–	49
Option contracts for commodity purchase	127	60
Interest rate swaps (IRS)	23	16
	1,528	**5,800**
Total	**598,480**	**554,574**

(i) Fair value measurement of financial assets at fair value through profit or loss

In thousands of EUR	2011	2010
FAIR VALUE OF NON-DERIVATIVE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Level 1 – quoted market prices	587,647	535,501
Level 2 – derived from quoted prices	9,305	13,237
Level 3 – calculated using valuation techniques	–	36
Total	**596,952**	**548,774**
Fair value of derivatives		
Level 1 – quoted market prices	162	120
Level 2 – derived from quoted prices	1,366	5,680
Total	**1,528**	**5,800**
Total financial assets at fair value through profit or loss	**598,480**	**554,574**

The trading portfolio as at 31 December 2011 includes shares of Unipetrol, a.s. for EUR 119,030 thousand (2010: EUR 136,604 thousand). The majority of financial assets at fair value through profit or loss presented in investing portfolio comprise shares of Best Hotel Properties, a.s. for EUR 75,440 thousand (2010: EUR 72,167 thousand) and shares of Tatry mountain resorts, a.s. for EUR 50,576 thousand (2010: EUR 53,682 thousand). The value of these shares was determined based on market prices.

Shares of Unipetrol, a.s. in amount of EUR 39,785 thousand (2010: EUR 58,704 thousand) have been pledged as security for bank loans as at 31 December 2011.

Income from debt and other fixed-rate instruments is recognised in interest income. At 31 December 2011 the weighted average interest rate on bonds was 7.59% (2010: 7.64%).

14.2. Financial liabilities at fair value through profit or loss

In thousands of EUR	2011	2010
NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		
Other financial liabilities at fair value	36	282
Total	**36**	**282**
DERIVATIVES		
Forward currency contracts	11,274	583
Cross currency swaps	210	57
Option contracts for share purchases	1,588	245
Derivatives for commodity purchase	31	41
Interest rate derivatives	55	16
	13,158	**942**
Total	**13,194**	**1,224**

(i) Fair value measurement of financial liabilities at fair value through profit or loss

In thousands of EUR	2011	2010
FAIR VALUE OF NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		
Level 1 – quoted market prices	36	282
Total	**36**	**282**
FAIR VALUE OF DERIVATIVES		
Level 1 – quoted market prices	11,899	237
Level 2 – derived from quoted prices	1,259	705
Total	**13,158**	**942**
Total financial liabilities at fair value through profit or loss	**13,194**	**1,224**

15. SECURITIES AVAILABLE FOR SALE

In thousands of EUR	2011	2010
SECURITIES AVAILABLE FOR SALE AT FAIR VALUE		
Equity instruments	187,735	28,050
Allotment certificates (mutual funds)	43,816	11,272
Bonds	401,513	4,921
Bills of exchanges	35,039	19,179
Total	**668,103**	**63,422**
SECURITIES AVAILABLE FOR SALE AT COST		
Shares	–	2
Other equity instruments	–	399
	–	**401**
Total	**668,103**	**63,823**

(i) Fair value measurement of available-for-sale financial assets

In thousands of EUR	2011	2010
Level 1 – quoted market prices	416,613	27,341
Level 2 – derived from quoted prices	43,842	15
Level 3 – calculated using valuation techniques	207,648	36,066
Total securities available for sale at fair value	**668,103**	**63,422**

Securities available-for-sale comprise primarily bonds and shares as at 31 December 2011 and shares at 31 December 2010. Bonds as at 31 December 2011 comprise Czech government bonds in amount of EUR 372,614 thousand (2010: EUR 0). The weighted average interest rate of the bonds was 2.32%. The maturity of the bonds is between 2013 and 2023. Bonds with maturity in 2023 are in amount of EUR 179,077 thousand.

Equity instruments at fair value as at 31 December 2011 comprise primarily shares of J&T Partners LP I and J&T Partners LP II of EUR 36,864 thousand (2010: EUR 399 thousand in portfolio at cost), shares of GIM Limited of EUR 100,000 thousand (2010: nil), Poštová banka, a.s. of EUR 19,194 thousand (2010: nil), Environmental services, a.s. of EUR 11,634 thousand (2010: EUR 11,971 thousand) and ČEZ, a.s. of EUR 10,059 thousand (2010: EUR 10,310 thousand).

(ii) Detail of fair value measurement in Level 3

The following tables show a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

In thousands of EUR	Equity instruments	Bonds	Bills of exchange	Total
Balance at 1 January 2011	11,976	4,909	19,181	36,066
Total gains and losses recognised in other comprehensive income	38,251	–	–	38,251
Transfer from category at cost	399	–	–	399
Additions	120,130	–	35,220	155,350
Disposals	–	–	(18,537)	(18,537)
Interest income less paid interests	–	–	514	514
Effect of movements in foreign exchange	(3,057)	–	(1,338)	(4,395)
Balance at 31 December 2011	**167,699**	**4,909**	**35,040**	**207,648**
Balance at 1 January 2010	11,344	–	5,100	16,444
Additions through business combinations	–	–	3,994	3,994
Other additions	–	4,882	121,464	126,346
Disposals	(5)	–	(111,626)	(111,631)
Interest income	–	27	112	139
Effect of movements in foreign exchange	637	–	137	774
Balance at 31 December 2010	**11,976**	**4,909**	**19,181**	**36,066**

During 2011, available-for-sale equity instruments with a carrying amount of EUR 399 thousand were transferred from the category at cost to the category at fair value on Level 3. These equity instruments comprise investments of the Group in the holding entities, J&T Partners LP I (Cyprus) and J&T Partners LP II (Cyprus), which hold non-quoted, equity participations as limited partners in Energetický a průmyslový holding, a.s. (Czech Republic). In 2010, the investments in J&T Partners LP I and J&T Partners LP II were included in the category held at cost because the fair value of the underlying participations in Energetický a průmyslový holding, a.s. could not be reliably determined due to significant fluctuations and uncertainties in the commodity input prices, and due to the on-going and extensive restructuring and diversification by Energetický a průmyslový holding, a.s. Those uncertainties were resolved in 2011 and the Group was able to estimate the fair value of the investments, resulting in a fair value of the available-for-sale equity instruments of EUR 36,864 thousand.

16. FINANCIAL INSTRUMENTS HELD TO MATURITY

In thousands of EUR	2011	2010
Bonds at amortised cost	123,950	4,245
Total	**123,950**	**4,245**

Financial instruments held to maturity as at 31 December 2011 comprise primarily bonds listed on stock exchanges (MOL Hungarian Oil and Gas in amount of EUR 30,786 thousand, Gaz Capital S.A. of EUR 26,806 thousand and NOMOS-BANK of EUR 24,023 thousand.

17. LOANS AND ADVANCES TO BANKS

At 31 December 2011 EUR 100,237 thousand (2010: EUR 1,568 thousand) of loans to banks are expected to be recovered more than 12 months after the reporting date.

The weighted average interest rate of loans to banks for 2011 was 6.3% (2010: 1.7%).

18. LOANS AND ADVANCES TO CUSTOMERS

In thousands of EUR	2011	2010
Loans and advances to customers	2,427,997	2,301,872
Less allowance for impairment of loans	(64,593)	(72,799)
Net loans and advances to customers	**2,363,404**	**2,229,073**

At 31 December 2011 EUR 1,290,325 thousand (2010: EUR 1,158,736 thousand) of loans and advances to customers are expected to be recovered more than 12 months after the reporting date.

Loans and advances to customers include 304 significant loans and advances, which represent 99.95% of total loans and advances to customers (2010: 328 representing 99%).

Loans and advances to customers include a loan of EUR 106,645 thousand including accrued interest, granted to J&T REAL ESTATE LIMITED (2010: EUR 103,003 thousand). In 2011 the Group had loans to four other customers with an aggregated balance of EUR 366,312 thousand (2010: EUR 335,666 thousand).

Provisions for loans and advances to customers are determined and recorded based on the financial position and expected cash flows of the debtor, taking into account the value of collateral as well as guarantees from third parties.

Most loans provided to customers relate to financing of projects and, as such, the repayment is dependent on realisation of the assets acquired by the customers financed by these loans as part of the projects. The assets are, in many cases, pledged in favour of the Group. Management believes that these receivables will generally be repaid in full.

The amount of non-interest bearing loans as at 31 December 2011 totaled EUR 9,247 thousand (2010: EUR 9,522 thousand). These loans are mostly from the former Podnikateľská banka, the clients of which are now in bankruptcy proceedings. Receivables from these loans are fully provided for.

The weighted average interest rate of loans to customers for 2011 was 7.83% (2010: 7.43%).

19. IMPAIRMENT OF LOANS

In thousands of EUR	2011	2010
Balance at 1 January	72,799	107,989
Creation	23,879	34,940
Release	(33,761)	(42,543)
Use	(472)	(31,415)
Differences due to foreign currency translation	2,148	3,828
Balance at 31 December	**64,593**	**72,799**

20. LOANS TO “LIMITED PARTNERSHIPS”

Loans to "Limited Partnerships" includes two loans of EUR 88,592 thousand and EUR 84,106 thousand, including accrued interest, granted to J&T Partners LP I and J&T Partners LP II (2010: EUR 122,682 thousand each), which hold participations in Energetický a průmyslový holding, a.s. (Czech Republic).

At 31 December 2011, EUR 172,698 thousand (2010: EUR 245,364 thousand) of loans are expected to be recovered more than 12 months after the reporting date.

21. REPURCHASE AND RESALE AGREEMENTS

21.1. Repurchase agreements

The Group raises funds by selling financial instruments under agreements to repay the funds by repurchasing the instruments at future dates at the same price, plus interest at a predetermined rate. At 31 December 2011 and 2010, total assets sold under repurchase agreement were as follows:

In thousands of EUR	Fair value of underlying asset	Carrying amount of liability	Repurchase price
31 DECEMBER 2011			
Loans and advances from customers			
– maturity up to 1 month	10,001	7,183	7,190
– maturity 1-6 months	10,767	8,377	8,515
– maturity 6-12 months	7,687	5,164	5,838
Loans and advances from banks			
– maturity up to 1 month	226,395	205,312	205,463
– maturity 1-6 months	5,457	4,318	4,371
Total	**260,307**	**230,354**	**231,377**
31 DECEMBER 2010			
Loans and advances from customers			
– maturity up to 1 month	61,267	53,675	53,704
– maturity 1-6 months	8,142	6,871	6,926
– maturity 6-12 months	10,717	9,648	10,155
Loans and advances from banks			
– maturity up to 1 month	114,599	98,781	98,807
–- maturity 1-6 months	9,207	7,049	7,582
Total	**203,932**	**176,024**	**177,174**

21.2. Reverse repurchase agreements

The Group also purchases financial instruments under agreements to resell them at future dates ("reverse repurchase agreements"). Reverse repurchases are entered into as a facility to provide funds to customers. At 31 December 2011 and 2010, total assets purchased subject to agreements to resell them were as follows:

In thousands of EUR	Fair value of assets held as collateral	Carrying amount of receivable	Repurchase price
31 DECEMBER 2011			
Loans and advances to customers			
– maturity up to 1 month	221,808	158,304	158,585
– maturity 1-6 months	28,802	24,146	24,209
Loans and advances to banks and Cash and cash equivalents			
– maturity up to 1 month	30,384	31,025	31,032
Total	**280,994**	**213,475**	**213,826**

31 DECEMBER 2010			
Loans and advances to customers			
– maturity up to 1 month	131,258	130,498	179,019
– maturity 1-6 months	81,753	80,499	108,707
Loans and advances to banks, Cash and cash equivalents			
– maturity up to 1 month	184,337	188,007	188,056
Total	**397,348**	**399,004**	**475,782**

Loans and advances to banks with an original maturity up to three months are disclosed as cash and cash equivalents.

22. TRADE RECEIVABLES AND OTHER ASSETS

In thousands of EUR	2011	2010
Advance payments	347,210	55,125
Purchased receivables	29,647	35,464
Receivables from sale of subsidiaries	12,132	3,423
Securities settlement balances	9,546	5,788
Trade receivables	7,854	8,526
Prepayments and accrued income	3,926	2,935
Other tax receivables	607	446
Receivables from the sale of loans	–	38,716
Receivables from sale of discontinued operations	–	18,275
Other receivables	21,482	9,053
Allowance for bad debts	(904)	(5,074)
Total receivables presented under risk management (see Note 37)	**431,500**	**172,677**
Inventories	63	54
Total	**431,563**	**172,731**

At 31 December 2011, EUR 16,006 thousand (2010: EUR 12,727 thousand) of trade receivables and other assets are expected to be recovered more than 12 months after the reporting date.

Advance payments includes EUR 338,600 thousand relating to the Group's planned acquisition of Poštová banka, a.s. in 2012 (refer to Note 41 – Subsequent events).

23. INTANGIBLE ASSETS

In thousands of EUR	Goodwill	Customer relationships	Software	Other intangible assets	Total
COST					
Balance at 1 January 2010	50,988	36,693	8,642	101,246	197,569
Additions	–	–	383	657	1,040
Acquisitions through business combinations	7,393	5,037	1,161	–	13,591
Disposals	(44,217)	–	(1,095)	(99,863)	(145,175)
Effect of movements in foreign exchange	(376)	3,298	380	133	3,435
Balance at 31 December 2010	**13,788**	**45,028**	**9,471**	**2,173**	**70,460**
Balance at 1 January 2011	13,788	45,028	9,471	2,173	70,460
Additions	–	–	2,142	198	2,340
Acquisitions through business combinations	6,713	–	–	–	6,713
Disposals	–	–	(591)	(2,009)	(2,600)
Effect of movements in foreign exchange	333	1,144	(291)	3	1,189
Balance at 31 December 2011	**20,834**	**46,172**	**10,731**	**365**	**78,102**
AMORTIZATION AND IMPAIRMENT LOSSES					
Balance at 1 January 2010	(27,095)	(13,090)	(5,252)	(7,363)	(52,800)
Amortization charge for the year	–	(564)	(1,632)	(1,375)	(3,571)
Impairment	–	(2,999)	(99)	(642)	(3,740)
Disposals	20,811	–	529	8,010	29,350
Effect of movements in foreign exchange	591	(1,238)	(227)	(36)	(910)
Balance at 31 December 2010	**(5,693)**	**(17,891)**	**(6,681)**	**(1,406)**	**(31,671)**
Balance at 1 January 2011	(5,693)	(17,891)	(6,681)	(1,406)	(31,671)
Amortization charge for the year	–	(876)	(1,743)	(2)	(2,621)
Impairment	(6,834)	(20,834)	–	31	(27,637)
Disposals	–	–	598	1,310	1,908
Effect of movements in foreign exchange	(440)	(2,087)	190	14	(2,323)
Balance at 31 December 2011	**(12,967)**	**(41,688)**	**(7,636)**	**(53)**	**(62,344)**
CARRYING AMOUNT					
At 1 January 2010	23,893	23,603	3,390	93,883	144,769
At 31 December 2010	**8,095**	**27,137**	**2,790**	**767**	**38,789**
At 1 January 2011	8,095	27,137	2,790	767	38,789
At 31 December 2011	**7,867**	**4,484**	**3,095**	**312**	**15,758**

Assets under development and borrowing costs

As at 31 December 2011 the cost of intangible assets under development (included in Other intangible assets) was EUR 16 thousand (2010: EUR 476 thousand).

There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (2010: nil).

24. PROPERTY, PLANT AND EQUIPMENT

In thousands of EUR	Land and buildings	Aircraft and related flight equipment	Fixtures, fittings and equipment	Total
COST				
Balance at 1 January 2010	12,184	–	21,632	33,816
Additions	806	–	2,974	3,780
Acquisitions through business combinations	–	–	185	185
Disposals	(169)	–	(10,530)	(10,699)
Effect of movements in foreign exchange	679	–	675	1,354
Balance at 31 December 2010	**13,500**	**–**	**14,936**	**28,436**
Balance at 1 January 2011	13,500	–	14,936	28,436
Additions	6,159	–	3,789	9,948
Acquisitions through business combinations	–	7,877	–	7,877
Disposals	(12,464)	–	(8,287)	(20,751)
Effect of movements in foreign exchange	(398)	750	(10)	342
Balance at 31 December 2011	**6,797**	**8,627**	**10,428**	**25,852**
DEPRECIATION AND IMPAIRMENT LOSSES				
Balance at 1 January 2010	(2,019)	–	(11,599)	(13,618)
Depreciation charge for the year	(300)	–	(2,936)	(3,236)
Impairment	–	–	(1,641)	(1,641)
Disposals	57	–	5,055	5,112
Effect of movements in foreign exchange	(115)	–	(428)	(543)
Balance at 31 December 2010	**(2,377)**	**–**	**(11,549)**	**(13,926)**
Balance at 1 January 2011	(2,377)	–	(11,549)	(13,926)
Depreciation charge for the year	(407)	(259)	(1,775)	(2,441)
Impairment	–	–	1,500	1,500
Disposals	2,497	–	6,113	8,610
Effect of movements in foreign exchange	87	(19)	(50)	18
Balance at 31 December 2011	**(200)**	**(278)**	**(5,761)**	**(6,239)**
CARRYING AMOUNT				
At 1 January 2010	10,165	–	10,033	20,198
At 31 December 2010	**11,123**	**–**	**3,387**	**14,510**
At 1 January 2011	11,123	–	3,387	14,510
At 31 December 2011	**6,597**	**8,349**	**4,667**	**19,613**

Assets under construction and borrowing costs

As at 31 December 2011 the cost of property, plant and equipment under construction (included in Fixtures, fittings and equipment) was EUR 312 thousand (2010: EUR 516 thousand).

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year (2010: nil).

Idle assets

At 31 December 2011 the Group had no material idle assets (2010: EUR 0 thousand).

Security

At 31 December 2011 property, plant and equipment with a carrying value of EUR 8,349 thousand is subject to pledges securing bank loans (2010: EUR 9,034 thousand).

Insurance of property, plant and equipment

As at 31 December 2011 the insured amount of the Group's property, plant and equipment totals EUR 23,282 thousand (2010: EUR 13,289 thousand).

Finance lease

The Group leases one aircraft under a finance lease agreement. At 31 December 2011 the net carrying amount of the leased aircraft was EUR 8,349 thousand (2010: nil).

Finance lease liabilities are payable as follows as at 31 December 2011:

In thousands of EUR	Payments	Interest	Principal
Less than one year	9,903	141	9,762
Total	**9,903**	**141**	**9,762**

25. DEPOSITS AND LOANS FROM BANKS

In thousands of EUR	2011	2010
Term deposit from banks	113,237	36,338
Received loans from repurchase agreements	209,630	105,830
Other received loans	25,327	34,046
Total	**348,194**	**176,214**

At 31 December 2011 EUR 0 thousand (2010: EUR 9,969 thousand) of deposits and loans from banks are expected to be settled more than 12 months after the reporting date.

The weighted average interest rate of deposits and loans from banks for 2011 was 2.43% (2010: 2.87%).

26. DEPOSITS AND LOANS FROM CUSTOMERS

In thousands of EUR	2011	2010
DEPOSIT AND LOANS FROM CUSTOMERS		
Term and escrow deposits	1,867,159	1,377,652
Received loans from repurchase agreements	20,724	70,194
Other received loans	866,442	674,942
	2,754,325	**2,122,788**
ISSUED DEBT SECURITIES AT AMORTISED COST		
Issued bills of exchange	665,030	424,320
Other liabilities from issued debt securities	3,141	26,099
	668,171	**450,419**
Total	**3,422,496**	**2,573,207**

At 31 December 2011 EUR 514,957 thousand (2010: EUR 278,052 thousand) of deposits and loans from customers are expected to be settled more than 12 months after the reporting date.

The weighted average interest rate of deposits and loans from customers for 2011 was 3.96% (2010: 3.33%).

27. ISSUED BONDS

		CZK – Bonds
Nominal value	in thousands of EUR	116
Original currency	in thousands of CZK	3,000
Interest rate	in %	6.4
Date of issue		30.11.2011
Maturity date		30.11.2014
Carrying amount at 31 December 2010	in thousands of EUR	–
Carrying amount at 31 December 2011	**in thousands of EUR**	**133,286**

In November 2011 the Group issued 1,000 pieces of bonds with nominal value of CZK 3,000 thousand per piece, that are listed and traded on the Prague Stock Exchange. By the end of 2011 an additional 170 pieces and in February 2012 another 330 pieces of CZK denominated bonds were issued.

In February 2012 the Group issued also 1,000 pieces of bonds with nominal value of EUR 100 thousand per piece that were formally accepted by the Bratislava Stock Exchange in March 2012 and are traded on the regulated market. The EUR denominated bonds bear interest at 6.4% p.a. and mature in February 2015. The interest from both issues is paid regularly twice a year.

28. SUBORDINATED DEBT

In thousands of EUR	2011	2010
Subordinated debt at amortised cost	89,172	76,873

In 2011 and 2010 subordinated debt includes floating rate subordinated notes issued by J&T BANKA, a.s. (initial amount of EUR 25 million) with maturity in 2022, subordinated term deposits (initial amount of EUR 2 million) with maturity in 2020, floating rate subordinated notes issued by J&T FINANCE GROUP, a.s. (initial amount of EUR 50 million) with maturity in 2022 and fixed interest rate subordinated deposit (initial amount of EUR 12 million) with maturity in 2021.

Floating rate subordinated notes are based on 3 month EURIBOR. The weighted average interest rate on the subordinated debt for 2011 was 5.4% (2010: 4.9%).

29. TRADE PAYABLES AND OTHER LIABILITIES

In thousands of EUR	2011	2010
Trade payables	67,038	65,208
Advance payments received	29,327	29,456
Securities settlement balances	4,510	4,237
Payables to clients from securities trading	50,555	52,158
Employee benefits	1,440	1,821
Financial leasing liabilities (see note 24)	9,762	921
Uninvoiced supplies	1,455	2,932
Liabilities arising from acquisitions of subsidiaries and SPEs	2,286	2,286
Other liabilities	148,121	16,625
Accruals and other deferred income	5,738	3,705
Total	**320,232**	**179,349**

Other liabilities include liabilities from dividends to be paid to shareholders in amount of EUR 140,000 thousand (see Note 32).

The increase of financial leasing liabilities relates to the acquisition of 100% of the shares in ABS PROPERTY LIMITED in May 2011. The company leases one aircraft under finance lease and the total amount of financial leasing liabilities as at December 2011 relates to this finance lease.

At 31 December 2011 EUR 1,787 thousand (2010: EUR 7,275 thousand) of trade payables and other liabilities are expected to be paid more than 12 months after the reporting date.

30. PROVISIONS

In thousands of EUR	Total
Balance at 1 January 2010	57,804
Additions through business combinations	1,064
Provisions recorded during the period	1,679
Provisions used during the period	(1,390)
Provisions reversed during the period	(18,196)
Foreign exchange gain/loss	68
Disposal of entities	(2,226)
Balance at 31 December 2010	**38,803**
Balance at 1 January 2011	38,803
Additions through business combinations	–
Provisions recorded during the period	1,251
Provisions used during the period	(741)
Provisions reversed during the period	(669)
Foreign exchange gain/loss	2
Balance at 31 December 2011	**38,646**

Provisions include provisions for fees related to the sale of discontinued operations recorded in 2009 of EUR 37,000 thousand, which was paid in April 2012, and provisions for untaken holiday of EUR 696 thousand (2010: EUR 551 thousand).

31. DEFERRED TAX ASSETS AND LIABILITIES

31.1. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item:

In thousands of EUR	2011	2010
Tax losses carried forward	16,588	19,115

An estimation of the expiry of unrecognized tax losses is as follows:

In thousands of EUR	2012	2013	2014	2015	After 2015
Tax losses	7,219	3	2	45	9,319

A deferred tax asset is recognised for the carry forward of unused tax losses only to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

Tax losses expire over a period of five years for losses arisen after 1 January 2004 in the Czech Republic and seven years for losses arisen after 1 January 2010 in Slovakia (five years for losses arisen before 1 January 2010). Some deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because, due to the varying nature of the sources of these assets, it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

31.2. Recognised deferred tax assets and liabilities

The following deferred tax assets and (liabilities) have been recognised:

In thousands of EUR	Assets 2011	Liabilities 2011	Assets 2010	Liabilities 2010
Property, plant and equipment	12	137	14	305
Intangible assets	17	1,194	14	1,386
Impairment of trade receivables and other assets	5	–	5	–
Securities available for sale	2,612	–	324	–
Unpaid interest, net	–	109	–	23
Financial assets at fair value through profit or loss	137	979	6	–
Loans and borrowings	142	184	68	174
Embedded derivatives	42	–	6	–
Tax losses	392	–	361	–
Other temporary differences	22	137	–	46
	3,381	2,740	798	1,934
Netting*	(1,941)	(1,941)	(350)	(350)
Total	**1,440**	**799**	**448**	**1,584**

* Netting – gross deferred tax assets and liabilities were netted for each individual subsidiary of the Group when applicable.

Many parts of Slovak, Czech and Russian tax legislation remain untested and there is uncertainty about the interpretation that the financial authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved as legislative precedents are set or when the official interpretations of the authorities are available.

32. SHAREHOLDERS' EQUITY

(i) Share capital and share premium

The authorised, issued and fully paid share capital as at 31 December 2011 and 2010 consisted of 19,000 ordinary shares with a par value of EUR 1.66 thousand each.

The shareholders are entitled to receive dividends and to one vote per share at meetings of the Company's shareholders. The sole shareholder of the Group is TECHNO PLUS, a.s. Payment of dividends in amount of EUR 140,000 thousand was approved by the sole shareholder on 15 June 2011.

In thousands of EUR	Number of shares	Ownership %	Voting rights %
31 DECEMBER 2011			
TECHNO PLUS, a.s.	19,000	100	100
Total	**19,000**	**100**	**100**

(ii) Non-distributable reserves

Non-distributable reserves consist of a legal reserve of EUR 10,687 thousand (2010: EUR 10,314 thousand). In Slovakia creation of a legal reserve fund is required at a minimum of 10% of net profit (annually) and up to a minimum of 20% of the registered share capital (cumulative balance). The legal reserve fund can only be used to cover losses of the Company and it may not be distributed as a dividend. The calculation of the legal reserve is based on local statutory regulations.

(iii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company.

(iv) Other reserves

The other reserves arise through accounting for business combinations that occur in stages and involve more than one exchange transaction. The reserve reflects that part of the increase in the fair value of the subsidiaries' identifiable net assets after initial acquisition of the previously held interest acquired in previous exchange transactions, which is attributable to that initial investment interest. The other reserves also comprise changes in the fair value of financial instruments available-for-sale and of cash flow hedges.

33. NON-CONTROLLING INTERESTS

In thousands of EUR	2011	2010
EQUITY HOLDING a.s.	16,820	16,387
BAYSHORE MERCHANT SERVICES INC.	539	2,904
EGNARO INVESTMENTS LIMITED	–	941
NEEVAS INVESTMENT LIMITED	(16)	802
Other	(838)	830
Total	**16,505**	**21,864**

34. FAIR VALUE INFORMATION

The following table is a comparison of the carrying amounts and fair values of the Group's financial assets and liabilities that are not carried at fair value.

In thousands of EUR	Carrying amount 2011	Carrying amount 2010	Fair value 2011	Fair value 2010
FINANCIAL ASSETS				
Cash and cash equivalents	405,909	468,437	403,458	467,990
Financial instruments held to maturity	123,950	4,245	116,835	4,245
Loans and advances to banks	226,175	2,563	231,546	2,437
Loans and advances to customers	2,363,404	2,229,073	2,336,371	2,255,464
Loans to "Limited Partnerships"	172,698	245,364	172,698	245,364
Trade receivables and other assets	431,563	172,731	431,563	173,463
FINANCIAL LIABILITIES				
Deposits and loans from banks	348,194	176,214	347,915	177,541
Deposits and loans from clients	3,422,496	2,573,207	3,500,115	2,606,806
Issued bonds	133,286	–	155,205	–
Subordinated debt	89,172	76,873	124,479	113,763
Trade payables and other liabilities	320,232	179,349	320,232	179,415

Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Loans and advances: Fair value is calculated based on discounted expected future principal and interest cash flows. Expected future cash flows are estimated considering credit risk and any indication of impairment. The estimated fair values of loans reflect changes in credit status since the loans were made and changes in interest rates in the case of fixed rate loans.

Bank and customer deposits: For demand deposits and deposits with no defined maturities, fair value is taken to be the amount payable on demand at the statement of financial position date. The estimated fair value of fixed-maturity deposits is based on discounted cash flows using rates currently offered for deposits of similar remaining maturities.

Trade receivables/ payables and other assets/ liabilities: For receivables/ payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. Other receivables/ payables are discounted to determine the fair value.

Financial instruments held to maturity: Fair value is calculated based on discounted expected future principal and interest cash flows. Expected future cash flows are estimated considering credit risk and any indication of impairment. The estimated fair values of financial instruments held to maturity reflect changes in credit status since they were acquired and changes in interest rates in the case of fixed rate instruments.

35. FINANCIAL COMMITMENTS AND CONTINGENCIES

In thousands of EUR	2011	2010
Accepted and endorsed bills of exchange	50,542	24,570
Guarantees given	306,040	373,132
Pledged assets	179,696	181,180
Loan commitments	306,899	336,810
Total	**843,177**	**915,692**

The carrying value of pledged assets that are used as collateral for loan financing is EUR 179,696 thousand (2010: EUR 181,180 thousand). Guarantees given mostly represent various guarantees issued in relation to loans, bills of exchange issued by other parties, lease contracts and other liabilities of third parties in amount of EUR 306,040 thousand (2010: EUR 373,132 thousand). These guarantees are disclosed in the table above at the best estimate of the possible obligation in the future. The maximum amount payable for guarantees given by the Group as at 31 December 2011 is EUR 315,821 thousand (2010: EUR 499,483 thousand). Loan commitments relate to loan facilities granted by the banks of the Group.

On 18 May 2010 the Group announced a minimum guaranteed return on TATRY MOUNTAIN RESORTS, a.s. (TMR) shares listed on the Bratislava Stock Exchange of 6% per annum. The guaranteed return is through repurchasing shares of maximum value of EUR 20 million each year during the following three years. Based on the current development in market prices of the shares together with expected payments of dividends, the Group does not currently anticipate an outflow of economic resources from this guarantee.

36. OPERATING LEASES

36.1. Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of EUR	2011	2010
Less than one year	4,511	626
Between one and five years	16,491	1,451
More than five years	14,802	811
Total	**35,804**	**2,888**

The Group leases a number of cars and administration space under operating leases. The administration space leases typically run for an initial period of five to fifteen years, with an option to renew after that date. During the year ended 31 December 2011, EUR 5,142 thousand was recognized as an expense in the income statement in respect of operating leases for continuing operations (2010: EUR 4,993 thousand).

36.2. Leases as lessor

The Group leases out its property under operating leases. Non-cancellable operating lease rentals are receivable as follows:

In thousands of EUR	2011	2010
Less than one year	85	296
Between one and five years	234	1,006
More than five years	161	444
Total	**480**	**1,746**

During the year ended 31 December 2011, EUR 879 thousand was recognized as rental income from continuing operations (2010: EUR 1,237 thousand).

37. RISK MANAGEMENT POLICIES AND DISCLOSURES

This section provides detail of the Group's exposure to financial and operational risk and of the way it manages such risk. The most important types of financial risks to which the Group is exposed are credit risk, liquidity risk and market risk. Market risk includes interest rate risk, currency risk and equity risk.

The Group uses the Value at Risk ("VaR") methodology to evaluate market risk on its trading portfolio and the foreign currency ("FX") position of the Group as a whole using a confidence level of 99% and a horizon of 10 business days. A historical simulation method is implemented for VaR calculation. The Group performs backtesting for market risk associated with its trading portfolio and foreign exchange positions, by applying a method of hypothetical backtesting, on a quarterly basis.

The VaR statistics as of 31 December 2011 are as follows:

In thousands of EUR	31 December 2011	31 December 2010
VaR market risk overall	10,210	13,256
VaR interest rate risk	3,221	1,940
VaR foreign exchange risk	5,410	7,902
VaR stock risk	7,814	10,465

37.1. Credit risk

The Group's primary exposure to credit risk arises through its loans advances and financial guarantees provided. The maximum amount of credit exposure is represented by the respective carrying amounts. In addition, the Group is exposed to off-balance sheet credit risk through commitments to extend credit and financial guarantees. Most loans and advances are to banks, companies in the financial and real estate sector, and various manufacturing companies.

The carrying amount of loans and advances represents the maximum accounting loss that would be recognised on these items at the statement of financial position date if counterparties failed to perform completely as contracted and any collateral or security proved to be of no value. The amount therefore greatly exceeds expected losses. The Group's policy is to require suitable collateral to be provided by customers prior to the disbursement of loans.

The assessment of credit risk in respect of a counter-party or an issued debt is based on the Group's internal rating system, covering both external credit assessments by the S&P, Moody's or Fitch rating agency, and the Group's internal scoring system.

The scoring system of the Group has seven degrees. It is based on a standardised point evaluation of relevant criteria, which describe the financial position of a contractual party and its ability to fulfil its credit obligations – in both cases including the expected development, quality and adequacy of the collateral, as well as proposed conditions for effecting the transaction. The internal rating is determined using the credit scale of S&P.

Credit risk in the banking entities of the Group is managed based on credit analysis and the Internal Rating Based (IRB) methodology.

(i) Credit risk by sector

As at 31 December 2011

In thousands of EUR	Corporate	State, government	Financial institutions	Individuals	Other	Total
ASSETS						
Cash and cash equivalents	–	–	401,460	–	4,449	**405,909**
Financial assets at fair value through profit or loss	352,653	173,013	72,691	123	–	**598,480**
Securities available for sale	230,951	372,614	63,579	–	959	**668,103**
Financial instruments held to maturity	76,402	1,051	46,497	–	–	**123,950**
Loans and advances to banks	–	–	226,175	–	–	**226,175**
Loans and advances to customers	2,226,877	–	41,038	95,447	42	**2,363,404**
Loans to "Limited Partnerships"	172,698	–	–	–	–	**172,698**
Trade receivables and other assets, current tax assets	414,829	3,493	9,753	362	5,867	**434,304**
	3,474,410	**550,171**	**861,193**	**95,932**	**11,317**	**4,993,023**

In thousands of EUR	Corporate	State, government	Financial institutions	Individuals	Other	Total
LIABILITIES (FOR INFORMATIONAL PURPOSES)						
Financial liabilities at fair value through profit or loss	2,673	–	9,452	1,069	–	**13,194**
Deposits and loans from banks	–	–	348,194	–	–	**348,194**
Deposits and loans from customers	1,841,759	172,478	27,299	1,138,490	242,470	**3,422,496**
Issued bonds	133,286	–	–	–	–	**133,286**
Subordinated debt	47,020	–	39,426	526	2,200	**89,172**
Trade payables and other liabilities, current tax liability	97,207	4,091	145,154	73,088	1,752	**321,292**
	2,121,945	**176,569**	**569,525**	**1,213,173**	**246,422**	**4,327,634**

As at 31 December 2010

In thousands of EUR	Corporate	State, government	Financial institutions	Individuals	Other	Total
ASSETS						
Cash and cash equivalents	–	–	464,671	–	3,766	**468,437**
Financial assets at fair value through profit or loss	355,577	123,042	75,878	77	–	**554,574**
Securities available for sale	50,490	–	11,272	–	2,061	**63,823**
Financial instruments held to maturity	3,220	1,025	–	–	–	**4,245**
Loans and advances to customers	2,148,904	–	21,762	60,744	226	**2,231,636**
Loans to "Limited Partnerships"	245,364	–	–	–	–	**245,364**
Trade receivables and other assets, current tax assets	169,073	4,527	2,384	361	336	**176,681**
	2,972,628	**128,594**	**575,967**	**61,182**	**6,389**	**3,744,760**

In thousands of EUR	Corporate	State, government	Financial institutions	Individuals	Other	Total
LIABILITIES (FOR INFORMATIONAL PURPOSES)						
Financial liabilities at fair value through profit or loss	608	155	163	298	–	**1,224**
Deposits and loans from banks	–	–	176,214	–	–	**176,214**
Deposits and loans from customers	1,380,866	212,213	59,509	708,519	212,100	**2,573,207**
Subordinated debt	47,012	–	27,598	–	2,263	**76,873**
Trade payables and other liabilities, current tax liability	102,355	3,482	65,143	8,699	358	**180,037**
	1,530,841	**215,850**	**328,627**	**717,516**	**214,721**	**3,007,555**

(ii) Credit risk by location

As at 31 December 2011

In thousands of EUR	Slovakia	Czech Republic	Cyprus	Liechtenstein	Other	Total
ASSETS						
Cash and cash equivalents	102,050	143,090	303	8	160,458	**405,909**
Financial assets at fair value through profit or loss	127,517	333,598	5,461	–	131,904	**598,480**
Securities available for sale	67,231	444,960	40,216	–	115,696	**668,103**
Financial instruments held to maturity	–	45,406	–	–	78,544	**123,950**
Loans and advances to banks	199,371	26,804	–	–	–	**226,175**
Loans and advances to customers	429,549	498,758	891,596	196,828	346,673	**2,363,404**
Loans to "Limited Partnerships"	–	–	172,698	–	–	**172,698**
Trade receivables and other assets, current tax assets	8,094	22,947	355,646	7,851	39,766	**434,304**
	933,812	**1,515,563**	**1,465,920**	**204,687**	**873,041**	**4,993,023**

In thousands of EUR	Slovakia	Czech Republic	Cyprus	Liechtenstein	Other	Total
LIABILITIES (FOR INFORMATIONAL PURPOSES)						
Financial liabilities at fair value through profit or loss	2,362	3,315	10	–	7,507	**13,194**
Deposits and loans from banks	8,177	309,729	–	–	30,288	**348,194**
Deposits and loans from customers	930,269	1,725,490	337,416	197,621	231,700	**3,422,496**
Issued bonds	–	133,286	–	–	–	**133,286**
Subordinated debt	11,737	2,725	–	–	74,710	**89,172**
Trade payables and other liabilities, current tax liability	153,263	81,355	37,720	1,962	46,992	**321,292**
	1,105,808	**2,255,900**	**375,146**	**199,583**	**391,197**	**4,327,634**

The above table displays the credit risk by the location of the debtor.

Securities available for sale in the location Other include an investment of EUR 100,000 thousand in an investment holding company incorporated in Jersey, Channel Islands. The loans and advances to customers in the location Other primarily relates to companies incorporated in the British Virgin Islands and the Russian Federation.

As at 31 December 2010

In thousands of EUR	Slovakia	Czech Republic	Cyprus	Liechtenstein	Other	Total
ASSETS						
Cash and cash equivalents	84,227	310,300	84	100	73,726	**468,437**
Financial assets at fair value through profit or loss	116,584	314,040	89	–	123,861	**554,574**
Securities available for sale	3	53,751	10,054	–	15	**63,823**
Financial instruments held to maturity	–	3,016	–	–	1,229	**4,245**
Loans and advances to customers	494,567	482,516	725,915	191,307	337,331	**2,231,636**
Loans to "Limited Partnerships"	–	–	245,364	–		**245,364**
Trade receivables and other assets, current tax assets	4,276	9,972	112,015	8,069	42,349	**176,681**
	699,657	**1,173,595**	**1,093,521**	**199,476**	**578,511**	**3,744,760**

In thousands of EUR	Slovakia	Czech Republic	Cyprus	Liechtenstein	Other	Total
LIABILITIES (FOR INFORMATIONAL PURPOSES)						
Financial liabilities at fair value through profit or loss	223	773	100	–	128	**1,224**
Deposits and loans from banks	20,787	128,924	–	–	26,503	**176,214**
Deposits and loans from customers	827,075	1,273,004	97,809	126,694	248,625	**2,573,207**
Subordinated debt	–	2,263	–	–	74,610	**76,873**
Trade payables and other liabilities, current tax liability	6,111	61,809	11,760	1,209	99,148	**180,037**
	854,196	**1,466,773**	**109,669**	**127,903**	**449,014**	**3,007,555**

(iii) Credit risk – impairment of financial assets

As at 31 December 2011

In thousands of EUR	Within maturity	After maturity < 30 days	After maturity 31 – 180 days	After maturity 181 – 365 days	After maturity > 365 days	Total
FINANCIAL INSTRUMENTS HELD TO MATURITY						
Gross amount	123,950	–	–	–	–	**123,950**
Allowance for impairment	–	–	–	–	–	**–**
Net carrying amount	**123,950**	**–**	**–**	**–**	**–**	**123,950**
LOANS AND ADVANCES TO BANKS						
Gross amount	226,175	–	–	–	–	**226,175**
Allowance for impairment	–	–	–	–	–	**–**
Net carrying amount	**226,175**	**–**	**–**	**–**	**–**	**226,175**
LOANS AND ADVANCES TO CUSTOMERS						
Gross amount	2,390,138	15	16,642	8,202	13,000	**2,427,997**
Allowance for impairment	(50,359)	–	(149)	(1,273)	(12,812)	**(64,593)**
Net carrying amount	**2,339,779**	**15**	**16,493**	**6,929**	**188**	**2,363,404**
LOANS TO "LIMITED PARTNERSHIPS"						
Gross amount	172,698	–	–	–	–	**172,698**
Allowance for impairment	–	–	–	–	–	**–**
Net carrying amount	**172,698**	**–**	**–**	**–**	**–**	**172,698**
TRADE RECEIVABLES AND OTHER ASSETS, CURRENT TAX ASSETS						
Gross amount	425,605	177	323	459	8,644	**435,208**
Allowance for bad debts	(231)	–	–	–	(673)	**(904)**
Net carrying amount	**425,374**	**177**	**323**	**459**	**7,971**	**434,304**

As at 31 December 2010

In thousands of EUR	Within maturity	After maturity < 30 days	31 – 180 days	181 – 365 days	> 365 days	Total
FINANCIAL INSTRUMENTS HELD TO MATURITY						
Gross amount	4,245	–	–	–	–	**4,245**
Allowance for impairment	–	–	–	–	–	**–**
Net carrying amount	**4,245**	**–**	**–**	**–**	**–**	**4,245**
LOANS AND ADVANCES TO CUSTOMERS						
Gross amount	2,289,469	–	104	419	11,880	**2,301,872**
Allowance for impairment	(60,563)	–	(104)	(252)	(11,880)	**(72,799)**
Net carrying amount	**2,228,906**	**–**	**–**	**167**	**–**	**2,229,073**
LOANS TO "LIMITED PARTNERSHIPS"						
Gross amount	245,364	–	–	–	–	**245,364**
Allowance for impairment	–	–	–	–	–	**–**
Net carrying amount	**245,364**	**–**	**–**	**–**	**–**	**245,364**
TRADE RECEIVABLES AND OTHER ASSETS, CURRENT TAX ASSETS						
Gross amount	132,207	11	375	287	48,875	**181,755**
Allowance for bad debts	(4,530)	–	–	–	(544)	**(5,074)**
Net carrying amount	**127,677**	**11**	**375**	**287**	**48,331**	**176,681**

(iv) Credit risk – collaterals

The Group holds collateral against loans and advances to customers mainly in the form of pledges, securities and acceptances of bills of exchange.

Loans and advances to customers are secured by collateral with carrying values below:

In thousands of EUR	31 December 2011	31 December 2010
Securities	571,962	743,635
Real estate	368,727	417,852
Bills of exchange	203,769	166,484
Cash deposits	21,820	13,454
Other	99,504	56,476
Total	**1,265,782**	**1,397,901**

37.2. Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame, as well as the risk of not being able to meet the obligations when they fall due.

Various methods of managing liquidity risks are used by individual companies in the Group, including individual monitoring of large deposits. The Group's management focuses on methods used by financial institutions, that is, diversification of sources of funds. This diversification makes the Group flexible and limits its dependency on one financing source. Liquidity risk is evaluated in particular by monitoring changes in the structure of financing and comparing these changes with the Group's liquidity risk management strategy. The Group also holds, as a part of its liquidity risk management strategy, a portion of its assets in highly liquid funds.

The table below provides an analysis of assets and liabilities into relevant contractual maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. Expected maturities differ from contracted ones as historical evidence shows that most short-term loans and deposits are prolonged. The analysis is presented under the most prudent consideration of maturity dates, where options or repayment schedules allow for early repayment possibilities. Therefore, in the case of liabilities, the earliest possible repayment date is shown while for assets the latest possible repayment date is disclosed. Those assets and liabilities that do not have a contractual maturity date are grouped together in the "undefined maturity" category. The amounts disclosed are the contractual undiscounted cash flows and therefore may not agree with the carrying amounts in the statement of financial position.

(i) Contractual maturities of financial assets and liabilities, including estimated interest payments

As at 31 December 2011

In thousands of EUR	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity
NON-DERIVATIVE FINANCIAL ASSETS							
Cash and cash equivalents	405,909	405,924	405,924	–	–	–	–
Financial assets at fair value through profit or loss	596,952	636,651	3,238	59,500	215,524	68,426	289,963
Securities available for sale	668,103	698,119	5,430	35,562	240,427	185,149	231,551
Financial instruments held to maturity	123,950	128,023	–	36,173	71,565	20,285	–
Loans and advances to banks	226,175	243,480	123	93,211	103,894	10,036	36,216
Loans and advances to customers	2,363,404	2,765,934	607,085	522,932	1,375,229	260,688	–
Loans to "Limited Partnerships"	172,698	205,043	–	–	205,043	–	–
Trade receivables and other assets, current tax assets	434,304	413,360	54,121	338,558	9,560	–	11,121
	4,991,495	**5,496,534**	**1,075,921**	**1,085,936**	**2,221,242**	**544,584**	**568,851**
DERIVATIVE FINANCIAL ASSETS							
Forward exchange contracts							
– outflow	–	(40,207)	(21,751)	(9,627)	(8,829)	–	–
– inflow	1,225	41,287	22,378	10,080	8,829	–	–
Other derivatives	303	21,635	21,556	79	–	–	–
	1,528	**22,715**	**22,183**	**532**	**–**	**–**	**–**

In thousands of EUR	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity
NON-DERIVATIVE FINANCIAL LIABILITIES							
Financial liabilities at fair value through profit or loss	36	(36)	(36)	–	–	–	–
Deposits and loans from banks	348,194	(349,294)	(320,767)	(28,527)	–	–	–
Deposits and loans from customers	3,422,496	(3,851,086)	(1,464,804)	(1,412,247)	(953,136)	(86)	(20,813)
Issued bonds	133,286	(158,017)	–	(8,488)	(149,529)	–	–
Subordinated debt	89,172	(161,157)	(1,888)	(2,761)	(17,008)	(139,500)	–
Trade payables and other liabilities, current tax liability	321,292	(289,596)	(268,800)	(14,318)	(1,655)	(28)	(4,795)
	4,314,476	**(4,809,186)**	**(2,056,295)**	**(1,466,341)**	**(1,121,328)**	**(139,614)**	**(25,608)**
Accepted and endorsed bills of exchange	50,542	(50,542)	(3,937)	(39,151)	(7,454)	–	–
Guarantees given	306,040	(315,821)	(33,757)	(92,768)	(187,567)	(728)	(1,001)
Loan commitments	306,899	(306,899)	(44,567)	(32,241)	(196,550)	(33,541)	–
DERIVATIVE FINANCIAL LIABILITIES							
Forward exchange contracts							
– outflow	(11,274)	(641,805)	(611,797)	(30,008)	–	–	–
– inflow	–	630,385	602,196	28,189	–	–	–
Other derivatives	(1,884)	(504)	1,139	(109)	(1,534)	–	–
	(13,158)	**(11,924)**	**(8,462)**	**(1,928)**	**(1,534)**	**–**	**–**

The liquidity gap up to one year comes essentionally from Deposits and loans from customers, which are expected to be prolonged as shown by historical evidence.

As at 31 December 2010

In thousands of EUR	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity
NON-DERIVATIVE FINANCIAL ASSETS							
Cash and cash equivalents	468,437	468,450	449,452	–	–	–	18,998
Financial assets at fair value through profit or loss	548,774	556,413	117,941	20,599	63,163	83,976	270,734
Securities available for sale	63,823	66,693	13,971	10,566	1,954	488	39,714
Financial instruments held to maturity	4,245	4,210	–	201	1,010	2,999	–
Loans and advances to customers	2,231,636	2,362,526	507,498	592,785	1,003,098	259,145	–
Loans to "Limited Partnerships"	245,364	317,026	–	–	–	–	317,026
Trade receivables and other assets, current tax assets	176,681	176,681	75,539	82,044	12,727	–	6,371
	3,738,960	**3,951,999**	**1,164,401**	**706,195**	**1,081,952**	**346,608**	**652,843**
DERIVATIVE FINANCIAL ASSETS							
Forward exchange contracts							
– outflow	–	(437,233)	(430,575)	(4,258)	(2,400)	–	–
– inflow	5,675	440,742	436,068	2,274	2,400	–	–
Other derivatives	125	201	152	49	–	–	–
	5,800	**3,710**	**5,645**	**(1,935)**	**–**	**–**	**–**

In thousands of EUR	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity
NON-DERIVATIVE FINANCIAL LIABILITIES							
Financial liabilities at fair value through profit or loss	282	(282)	(282)	–	–	–	–
Deposits and loans from banks	176,214	(178,869)	(149,705)	(17,804)	(11,360)	–	–
Deposits and loans from customers	2,573,207	(2,678,497)	(1,272,645)	(1,072,010)	(333,004)	(838)	–
Subordinated debt	76,874	(126,610)	(670)	(2,058)	(14,741)	(109,141)	–
Trade payables and other liabilities, current tax liability	180,036	(180,244)	(134,604)	(33,006)	(7,409)	–	(5,225)
	3,006,613	**(3,164,502)**	**(1,557,906)**	**(1,124,878)**	**(366,514)**	**(109,979)**	**(5,225)**
Accepted and endorsed bills of exchange	24,570	(24,570)	(8,859)	(6,351)	(9,360)	–	–
Guarantees given	373,132	(499,483)	(146,108)	(126,878)	(223,439)	(1,646)	(1,412)
Loan commitments	336,810	(336,810)	(21,195)	(104,956)	(193,554)	(17,105)	–
DERIVATIVE FINANCIAL LIABILITIES							
Forward exchange contracts							
- outflow	583	(46,112)	(41,969)	(2,387)	(1,756)	–	–
- inflow	–	45,524	41,454	2,314	1,756	–	–
Other derivatives	359	–	–	–	–	–	–
	942	**(588)**	**(515)**	**(73)**	**–**	**–**	**–**

37.3. Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times or in differing amounts. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk. The table below provides information on the extent of the Group's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that reprice to a market rate of interest before maturity, the next repricing date. Those assets and liabilities that do not have a contractual maturity date or are non interest-bearing are grouped together in the "maturity undefined" category.

Various methods of managing interest rate risks are used by the banking entities of the Group. Management focuses on methods applied by financial institutions, in particular the Value-At-Risk methodology. The banks use the Value-At-Risk methodology based on a 99% confidence level and a ten-day holding period.

Interest rate risk exposure as per the carrying amounts as at 31 December 2011 is as follows:

In thousands of EUR	Up to 1 year	1 year to 5 years	Over 5 years	Undefined maturity	Total
ASSETS					
Cash and cash equivalents	400,039	–	–	5,870	405,909
Financial assets at fair value through profit or loss	158,569	54,697	34,135	351,079	598,480
Securities available for sale	364,883	71,669	–	231,551	668,103
Financial instruments held to maturity	36,397	67,055	20,498	–	123,950
Loans and advances to banks	125,937	92,234	8,004	–	226,175
Loans and advances to customers	1,500,878	807,181	50,570	4,775	2,363,404
Loans to "Limited Partnerships"	–	–	–	172,698	172,698
Trade receivables and other assets, current tax assets	–	–	–	434,304	434,304
	2,586,703	**1,092,836**	**113,207**	**1,200,277**	**4,993,023**
LIABILITIES					
Financial liabilities at fair value through profit or loss	11,149	76	–	1,969	13,194
Deposits and loans from banks	348,194	–	–	–	348,194
Deposits and loans from customers	2,816,042	551,087	–	55,367	3,422,496
Issued bonds	–	133,286	–	–	133,286
Subordinated debt	74,855	–	14,317	–	89,172
Trade payables and other liabilities, current tax liability	24,442	1,270	–	295,580	321,292
	3,274,682	**685,719**	**14,317**	**352,916**	**4,327,634**

Interest rate risk exposure as at 31 December 2010 is as follows:

In thousands of EUR	Up to 1 year	1 year to 5 years	Over 5 years	Undefined maturity	Total
ASSETS					
Cash and cash equivalents	463,436	–	–	5,001	468,437
Financial assets at fair value through profit or loss	206,607	45,625	37,704	264,638	554,574
Securities available for sale	18,531	1,637	3,272	40,383	63,823
Financial instruments held to maturity	204	1,025	3,016	–	4,245
Loans and advances to customers	1,701,415	473,178	56,384	659	2,231,636
Loans to "Limited Partnerships"	–	–	–	245,364	245,364
Trade receivables and other assets, current tax assets	1,212	209	–	175,260	176,681
	2,391,405	**521,674**	**100,376**	**731,305**	**3,744,760**
LIABILITIES					
Financial liabilities at fair value through profit or loss	438	–	–	786	1,224
Deposits and loans from banks	169,350	6,849	–	15	176,214
Deposits and loans from customers	2,260,830	252,172	–	60,205	2,573,207
Subordinated debt	74,650	–	2,223	–	76,873
Trade payables and other liabilities, current tax liability	114,729	4,568	6	60,734	180,037
	2,619,997	**263,589**	**2,229**	**121,740**	**3,007,555**

37.4. Foreign exchange risk

The Group takes on exposure from effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

As at 31 December 2011, the exposure from foreign exchange risk translated to thousands of EUR is as follows:

In thousands of EUR	EUR	CZK	USD	Other	Total
ASSETS					
Cash and cash equivalents	61,075	201,309	112,775	30,750	405,909
Financial assets at fair value through profit or loss	127,662	382,040	47,988	40,790	598,480
Securities available for sale	225,386	435,333	3,352	4,032	668,103
Financial instruments held to maturity	77,215	–	45,474	1,261	123,950
Loans and advances to banks	199,372	26,803			226,175
Loans and advances to customers	1,505,717	730,564	79,855	47,268	2,363,404
Loans to "Limited Partnerships"	–	172,698	–	–	172,698
Trade receivables and other assets, current tax assets	384,952	37,899	7,501	3,952	434,304
	2,581,379	**1,986,646**	**296,945**	**128,053**	**4,993,023**
Off balance sheet assets	680,525	875,989	93,654	39,190	1,689,358
LIABILITIES					
Financial liabilities at fair value through profit or loss	1,736	11,285	115	58	13,194
Deposits and loans from banks	8,150	247,769	61,985	30,290	348,194
Deposits and loans from customers	1,429,750	1,893,187	36,771	62,788	3,422,496
Issued bonds	–	133,286	–	–	133,286
Subordinated debt	74,710	14,462	–	–	89,172
Trade payables and other liabilities, current tax liability	219,808	79,632	19,671	2,181	321,292
	1,734,154	**2,379,621**	**118,542**	**95,317**	**4,327,634**
Off balance sheet liabilities	1,915,829	1,519,074	638,275	614,147	4,687,325

As at 31 December 2010, the exposure from foreign exchange risk translated to thousands of EUR is as follows:

In thousands of EUR	EUR	CZK	USD	Other	Total
ASSETS					
Cash and cash equivalents	107,891	290,685	40,201	29,660	468,437
Financial assets at fair value through profit or loss	163,803	323,262	26,870	40,639	554,574
Securities available for sale	11,377	51,848	–	598	63,823
Financial instruments held to maturity	3,016	–	–	1,229	4,245
Loans and advances to customers	1,415,816	634,455	159,606	21,759	2,231,636
Loans to "Limited Partnerships"	–	245,364	–	–	245,364
Trade receivables and other assets, current tax assets	134,166	37,390	3,315	1,810	176,681
	1,836,069	**1,583,004**	**229,992**	**95,695**	**3,744,760**
Off balance sheet assets	561,340	820,024	510,270	11,845	1,903,479
LIABILITIES					
Financial liabilities at fair value through profit or loss	350	786	88	–	1,224
Deposits and loans from banks	19,447	137,459	10	19,298	176,214
Deposits and loans from customers	973,049	1,521,721	40,937	37,500	2,573,207
Subordinated debt	74,610	2,263	–	–	76,873
Trade payables and other liabilities, current tax liability	80,612	94,530	3,739	1,156	180,037
	1,148,068	**1,756,759**	**44,774**	**57,954**	**3,007,555**
Off balance sheet liabilities	1,569,358	1,792,656	1,037,464	601,274	5,000,752

Off balance sheet items mostly relate to derivative operations, granted and received guarantees, granted and received pledges and assets under management.

37.5. Operational risk

Operational risk is the risk of loss arising from fraud, unauthorised activities, error, omission, inefficiency or system failure. It arises from all the Group's activities and is a risk faced by all business organisations. Operational risk includes legal risk.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and avoid control procedures that would restrict initiative and creativity.

The primary responsibility for the implementation of controls to address operational risk is assigned to management within each subsidiary. This responsibility is supported by the development of overall standards within the Group for the management of operational risk which is done by the Risk Management Department and which cover the following areas:

- Requirements for the reconciliation and monitoring of transactions.
- Identification of operational risk within the framework of each subsidiary's control system (development of conditions for decreasing and limiting operational risk (while the required level of activities is secured), as well as its impacts

and consequences; recommendations for appropriate solutions in this area).

- Reporting of operational risk events by entering the corresponding information into the Regulated Consolidated Group's database of operational risk events (see Note 36, Capital management section regarding the definition of the Regulated Consolidated Group).
- This overview of the Group's operational risk events allows the Group to specify the direction of the steps and processes to take in order to limit these risks, as well as to make decisions with regard to:
  - accepting the individual risks that are faced;
  - initiating processes leading to limitation of possible impacts; or
  - decreasing the scope of the relevant activity or discontinuing it entirely.

37.6. Sensitivity analysis

(i) Interest rate risk

An immediate decrease/increase in interest rates by 100 basis points ('bp') along the whole yield curve applied to the interest rate positions of the investment portfolio would have the following effects on profit or loss and equity.

	Impact on profit or loss (in thousands of EUR) 2011	Impact on profit or loss (in thousands of EUR) 2010	Impact on equity (in percentage) 2011	Impact on equity (in percentage) 2010
decrease in interest rates by 100 bp	6,065	6,181	0.91	0.82
increase in interest rates by 100 bp	(6,065)	(6,181)	(0.91)	(0.82)

(ii) Foreign exchange risk

A one percent strengthening of the Euro against the Czech Crown and US Dollar of the Group's assets and liabilities in those foreign currencies would have had the following effects on the profit or loss and equity.

	Impact on profit or loss (in thousands of EUR) 2011	Impact on profit or loss (in thousands of EUR) 2010	Impact on equity (in percentage) 2011	Impact on equity (in percentage) 2010
CZK	9.71	2.01	0.59	0.23
USD	(4.41)	(2.14)	(0.27)	(0.24)

A 100 bp weakening of the Euro against the Czech Crown and US Dollar would have had an equal but opposite effect on the portfolio and the equity.

(iii) Equity price risk

Equity price risk arises from available-for-sale and fair value through profit or loss equity securities held by the Group. Management of the Group monitors the mix of the debt and equity securities in their portfolio and material equity securities are managed on an individual basis.

A 10% strengthening of the non-derivative financial assets at fair value through profit or loss would have had a positive effect on profit or loss as set out below.

A 10% strengthening of the securities available-for-sale would have had a positive effect on equity as set out below.

	Impact on profit or loss (in thousands of EUR) 2011	Impact on profit or loss (in thousands of EUR) 2010	Impact on equity (in percentage) 2011	Impact on equity (in percentage) 2010
Financial assets at fair value through profit or loss	70.52	35.44	–	–
Securities available for sale	–	–	3.49	0.52

A 10% weakening of the financial assets analysed above would have had equal but opposite effects on the profit and loss or equity.

37.7. Capital management

The Group's policy is to hold a strong capital base so as to maintain creditor and market confidence and to sustain future development of its business.

Consolidated capital adequacy is calculated in accordance with regulation of the Central Bank of the Czech Republic Decree No. 123/2007 Coll.

The Consolidated Group's capital is analysed into two tiers:
- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings (profit of current year is excluded), translation reserve and non-controlling interests after deduction of goodwill and intangible assets.
- Tier 2 capital, which includes qualifying subordinated liabilities.

The Regulated Consolidated Group (RCG) is defined for the purposes of the prudential rules on a consolidated basis by the Act on Banks No. 21/1992 and Decree No. 123/2007 Coll. (Regulation of the Central Bank of the Czech Republic). According to this regulation, the financial holding group of the ultimate shareholders of J&T Finance Group is defined as the RCG. Different consolidation rules are applicable for RCG's purposes – only companies which have the status of financial institutions as defined by Czech legislation are fully consolidated.

In thousands of EUR	2011	2010
REGULATORY CAPITAL		
Core capital (Tier 1)	854,825	791,706
Supplementary capital (Tier 2)	38,544	26,437
Total regulatory capital	**893,369**	**818,143**
CAPITAL REQUIREMENTS		
Credit risk of investment portfolio	344,109	278,242
Operational risk (BIA)	12,560	17,635
General interest risk	8,778	6,482
General equity risk	1,738	1,230
Capital requirement for currency risk	37,463	28,230
Capital requirement for commodity risk	472	15
Credit risk of trading portfolio	48,451	35,957
Total amount of capital requirements	**405,120**	**331,834**

The regulatory capital is calculated as the sum of the core capital (Tier 1) and supplementary capital (Tier 2) reduced by deductible items and increased by capital for market risk coverage (Tier 3). Tier 1 capital comprises paid up share capital, the statutory reserve fund, other equity funds and retained earnings. Tier 2 capital comprises subordinated debt approved by the Czech National Bank in an amount of EUR 38,544 thousand. The deductible items include intangible assets recognised at net book value.

In thousands of EUR	2011	2010
Calculation of Capital adequacy ratio	$8\ \% \times \frac{893,369}{405,120}$	$8\ \% \times \frac{818,143}{331,834}$
Capital adequacy ratio	**17.64%**	**19.72%**

The capital adequacy ratio is calculated according to regulatory requirements as the ratio of regulatory capital to total capital requirements multiplied by 8%. The capital adequacy ratio must be at least 8%.

38. FIDUCIARY TRANSACTIONS

Fiduciary placements represent funds customers have instructed the Group to place in other banks. The Group is not liable to the customer for any default by the other bank, nor do creditors of the Group have a claim on the assets placed.

In 2011 fiduciary transactions performed by J&T Bank Switzerland Ltd. amounted to CHF 55,311 thousand (EUR 45,501 thousand) compared to CHF 564,214 thousand (EUR 451,227 thousand) in the previous year.

The Group also acts in its own name as trustee or in fiduciary capacities for the account of third parties. The assets managed in such capacities are not reported on the statement of financial position unless they are invested with the Group. The Group earns commission and fee income from such transactions and assets. These activities potentially expose the Group to liability risks in cases of gross negligence with regard to non-compliance with its fiduciary and contractual duties. The Group has policies and processes in place to manage these risks.

39. ASSETS UNDER MANAGEMENT

In thousands of EUR	2011	2010
Assets in own-managed funds	99,616	78,553
Assets with discretionary mandates	184,178	282,689
Other assets under management	1,030,439	1,195,497
Total assets under management (including double counting)	**1,314,233**	**1,556,739**
Of which double counting	13,291	5,581

(a) Calculation method

Assets under management comprise all client assets managed or held for investment purposes only. In summary, these include all balances due to customers, fiduciary time deposits and all valued portfolio assets. Custodial assets (assets held solely for transaction and safe-keeping purposes) are not included in assets under management.

(b) Assets in own-managed funds

This comprises assets of all the Group's investment funds.

(c) Assets with discretionary mandates

Securities, value rights, precious metals, the market value of fiduciary investments with third parties and customer deposits are included in the calculation of assets with discretionary mandates. The figures comprise both assets deposited with Group companies and assets deposited with third parties, for which the Group companies hold a discretionary mandate.

(d) Other assets under management

Securities, value rights, precious metals, the market value of fiduciary investments with third parties and customer deposits are included in the calculation of other assets under management. The figures comprise assets for which an administration or advisory mandate is exercised.

(e) Double counting

This item comprises fund units from own-managed funds, which are disclosed both in client portfolios with discretionary mandates and in other client safe-keeping accounts.

40. RELATED PARTIES

Identity of related parties

The Group has, or had, a related party relationship with its parent company, ultimate parent and the owners of the ultimate parent and other parties, as identified in the following table, either at 31 December 2011 or during the year:

(1) Ultimate shareholders and companies they control
(2) Entities with joint control or significant influence over the Company and its subsidiaries or associates
(3) Associates
(4) Joint ventures in which the Group is a venturer
(5) Key management personnel of the entity or its parent
x – the company was not a related party at the year-end.

The summary of transactions with related parties during 2011 and 2010 is as follows:

In thousands of EUR	Ref.	Accounts receivable 2011	Accounts payable 2011	Accounts receivable 2010	Accounts payable 2010
Ultimate shareholders and companies they control	1	1,675	143,475	605	2,641
Associates	3		4,661	–	–
Other key management personnel of the entity or its parent and companies they control	5	280,609	88,218	318,252	83,972
Total		**282,284**	**236,354**	**318,857**	**86,613**

The provision for doubtful debts due from the "Ultimate shareholders and companies they control" as at 31 December 2011 amounted to EUR 545 thousand (2010: EUR 545 thousand).

"Ultimate shareholders and companies they control" includes the following:
J&T Securities, s.r.o., Jakabovič Ivan, KOLIBA REAL s.r.o., TECHNO PLUS, a.s., KPRHT 3, s.r.o., BRUBESCO LIMITED, DANILLA EQUITY LIMITED and Tkáč Jozef. None of these, except TECHNO PLUS, a.s., produce publicly available consolidated financial statements which include the Group.

The summary of transactions with related parties during 2011 and 2010 is as follows:

In thousands of EUR	Ref	Revenues 2011	Expenses 2011	Revenues 2010	Expenses 2010
Ultimate shareholders and companies they control	1	106	112	2,450	6
EXONERATE TRADING LIMITED	4	–	–	5	–
Associates	3	–	114	–	–
Other key management personnel of the entity or its parent and companies they control	5	30,275	9,011	60,998	54,970
Total		**30,381**	**9,237**	**63,453**	**54,976**

The summary of guarantees with related parties at year-end is as follows:

In thousands of EUR	Ref	Guarantees received 2011	Guarantees provided 2011	Guarantees received 2010	Guarantees provided 2010
Ultimate shareholders and companies they control	1	190,463	55	69,722	373
Key management personnel of the entity or its parent and companies they control	5	–	3,645	59,313	4,930
Total		**190,463**	**3,700**	**129,035**	**5,303**

Transactions with directors and key management

Total remuneration included in "personnel expenses" and loans to directors and key management are as follows:

In thousands of EUR	2011	2010
Remuneration	379	170
Loans	1,031	937

Of the loans to directors and key management, new loans of EUR 399 thousand were granted during 2011 and EUR 289 thousand was repaid.

41. SUBSEQUENT EVENTS

On 2 February 2012 the Group acquired a 100% interest in Adula, s.r.o. and subsequently renamed it to J&T Café, s.r.o.

The Group acquired three companies that own and operate four solar power plants in the Czech Republic: Kokusai CzechSol One (1) on 18 January 2012 and Kokusai CzechSol Two (2) and Kokusai CzechSol Three (3) on 29 February 2012, which were subsequently renamed to FVE Slušovice s.r.o., FVE Němčice s.r.o. and FVE Napajedla s.r.o.. The Group intends to sell these companies to J&T FVE uzavřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s. and to offer the shares of this fund for sale to individual investors.

The Group is currently in the process of acquiring a 100% interest in TERCES MANAGEMENT LTD with its subsidiary Interznanie OAO that owns multifunctional building in the centre of Moscow, Russia.

J&T Finance, a.s. and J&T Banka, a.s., two subsidiaries of the Group, signed on 17 May 2012 with Istrokapital SE a framework share purchase agreement regarding the purchase of a combined 84.5% interest in Poštová banka, a.s. This 84.5% stake in Poštová banka, a.s would add to the 3.5% already held by the Group as at 31 December 2011. In relation to the acquisition of the 84.5% interest, the Group paid in December 2011 an advance payment of EUR 338,600 thousand to Istrokapital SE (see Note 22). The purchase process is currently ongoing, with the acquisition being subject to approval by the National Bank of Slovakia and the Slovak Anti-Monopoly Office.

42. GROUP ENTITIES

The list of the Group entities as at 31 December 2011 is set out below:

Company name	Country of incorporation	2011 Consolidated %	2011 Ownership interest	2011 Consolidation method	2010 Consolidated %	2010 Ownership interest
J&T FINANCE GROUP, a.s.	Slovakia			parent company		
J&T FINANCE, a.s.	Czech Republic	100.00	direct	Full	100.00	direct
J&T BANKA, a.s.	Czech Republic	100.00	direct	Full	100.00	direct
Bea Development, a.s.	Czech Republic	–	–	–	100.00	direct
J&T INVESTIČNÍ SPOLEČNOST, a.s. (J&T ASSET MANAGEMENT, INV. SPOL., a.s.)[1]	Czech Republic	100.00	direct	Full	100.00	direct
ATLANTIK finanční trhy, a.s.[1]	Czech Republic	100.00	direct	Full	100.00	direct
J&T IB and Capital Markets, a.s.[1]	Czech Republic	100.00	direct	Full	100.00	direct
J&T Bank ZAO[1]	Russia	100.00	direct	Full	100.00	direct
J&T Bank Switzerland Ltd	Switzerland	100.00	direct	Full	100.00	direct
J&T Integris Group LTD	Cyprus	100.00	direct	Full	100.00	direct
J&T BFL Anstalt	Lichtenstein	100.00	direct	Full	100.00	direct
EGNARO INVESTMENTS LIMITED	Cyprus	–	–	–	95.00	SPE
LCE Company Limited	Cyprus	95.00	SPE	Full	95.00	SPE
NEEVAS INVESTMENT LIMITED	Cyprus	95.00	SPE	Full	95.00	SPE
STOMARLI HOLDINGS LIMITED	Cyprus	95.00	SPE	Full	95.00	SPE
Bayshore Merchant Services Inc	British Virgin Islands	90.00	direct	Full	90.00	direct
INTEGRIS FUNDS LIMITED	Cayman Islands	100.00	direct	Full	100.00	direct
J&T BANK AND TRUST CORPORATION INC.	Barbados	100.00	direct	Full	100.00	direct
J and T Capital, Sociedad Anonima de Capital Variable	Mexico	100.00	direct	Full	100.00	direct
J&T Advisors (Canada) Inc.	Canada	100.00	direct	Full	100.00	direct
INTEGRIS BANK AND TRUST (TURKS & CAICOS ISLANDS) LTD.	Turks & Caicos Islands	–	–	–	100.00	direct
J&T Concierge, s.r.o.	Czech Republic	100.00	direct	Full	100.00	direct
ATLANTIK Asset Management investiční společnost, a.s.[2]	Czech Republic	–	–	–	100.00	direct
J&T Concierge SR, s. r. o.	Slovakia	100.00	direct	Full	100.00	direct
První zpravodajská a.s.	Czech Republic	100.00	direct	Full	100.00	direct
KHASOMIA LIMITED	Cyprus	100.00	direct	Full	100.00	direct
RIGOBERTO INVESTMENTS LIMITED	Cyprus	100.00	direct	Full	100.00	direct
KOTRAB ENTERPRISES LIMITED	Cyprus	100.00	direct	Full	100.00	direct
J&T Private Equity B.V.	Netherlands	100.00	direct	Full	100.00	direct
J&T FINANCIAL INVESTMENTS Ltd.	Cyprus	100.00	direct	Full	100.00	direct
J&T International Anstalt	Lichtenstein	100.00	direct	Full	100.00	direct
J&T Private Investments B.V. (Ingramm International, N.V.)	Netherlands	100.00	direct	Full	100.00	direct
J&T Management, a.s.	Czech Republic	100.00	direct	Full	100.00	direct

Company name	Country of incorporation	2011 Consolidated %	2011 Ownership interest	2011 Consolidation method	2010 Consolidated %	2010 Ownership interest
J&T Finance, LLC	Russia	99.90	direct	Full	100.00	direct
J&T GLOBAL SERVICES LIMITED	Cyprus	100.00	direct	Full	100.00	direct
JTG Services Anstalt	Lichtenstein	100.00	direct	Full	100.00	direct
J&T MINORITIES PORTFOLIO LIMITED	Cyprus	100.00	direct	Full	100.00	direct
Equity Holding, a.s.	Czech Republic	62.64	direct	Full	62.64	direct
Geodezie Brno a.s.	Czech Republic	–	–	–	96.76	direct
ABS PROPERTY LIMITED	Ireland	100.00	direct	Full	–	–
J&T Investment Pool - I - CZK, a.s.[1]	Czech Republic	17.40	direct	Full	22.20	direct
J&T Investment Pool - I - SKK, a.s.[1]	Slovakia	26.22	direct	Full	14.89	direct
J&T Capital Management Anstalt[1]	Lichtenstein	100.00	direct	Full	100.00	direct
J&T SECURITIES MANAGEMENT LIMITED	Cyprus	100.00	direct	Full	100.00	direct
J&T GLOBAL MANAGEMENT, s.r.o.	Slovakia	100.00	direct	Full	–	–
J&T Global Finance I., B.V.	Netherlands	100.00	direct	Full	–	–
J&T Global Finance II., B.V.	Netherlands	100.00	direct	Full	–	–

The structure above is listed by ownership of companies at the different levels within the Group.

1 The company was transferred within the Group during 2011.

2 The company ATLANTIK Asset Management investiční společnost, a.s. merged into the company J&T INVESTIČNÍ SPOLEČNOST, a.s.

3 The Group owns a 99.13% share in J&T ZAO through the subsidiary J&T BANKA, a.s. and another 0.87% share through J&T FINANCE GROUP, a.s.

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