



10

J&T FINANCE
GROUP

Annual Report

2010

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Appendix: CD



3.80 billion EUR

Total Assets

729 million EUR

Equity

85 million EUR

Net Profit

12.3 %

Return on Equity (ROE)

J&T Group is a strong financial investor specialising in banking, investment banking, asset management and specialised financing.

In terms of total consolidated equity of EUR 729 million, J&T Group is among the top financial investors in Central and Eastern Europe (CEE). The Group's assets amounted to EUR 3.8 billion and an additional EUR 1.6 billion was managed through asset management services provided to the Group's clients. Other than the CEE region, the Group also invests in the markets of the Russian Federation, Switzerland, Canada, Mexico and the Caribbean.

Financial Highlights

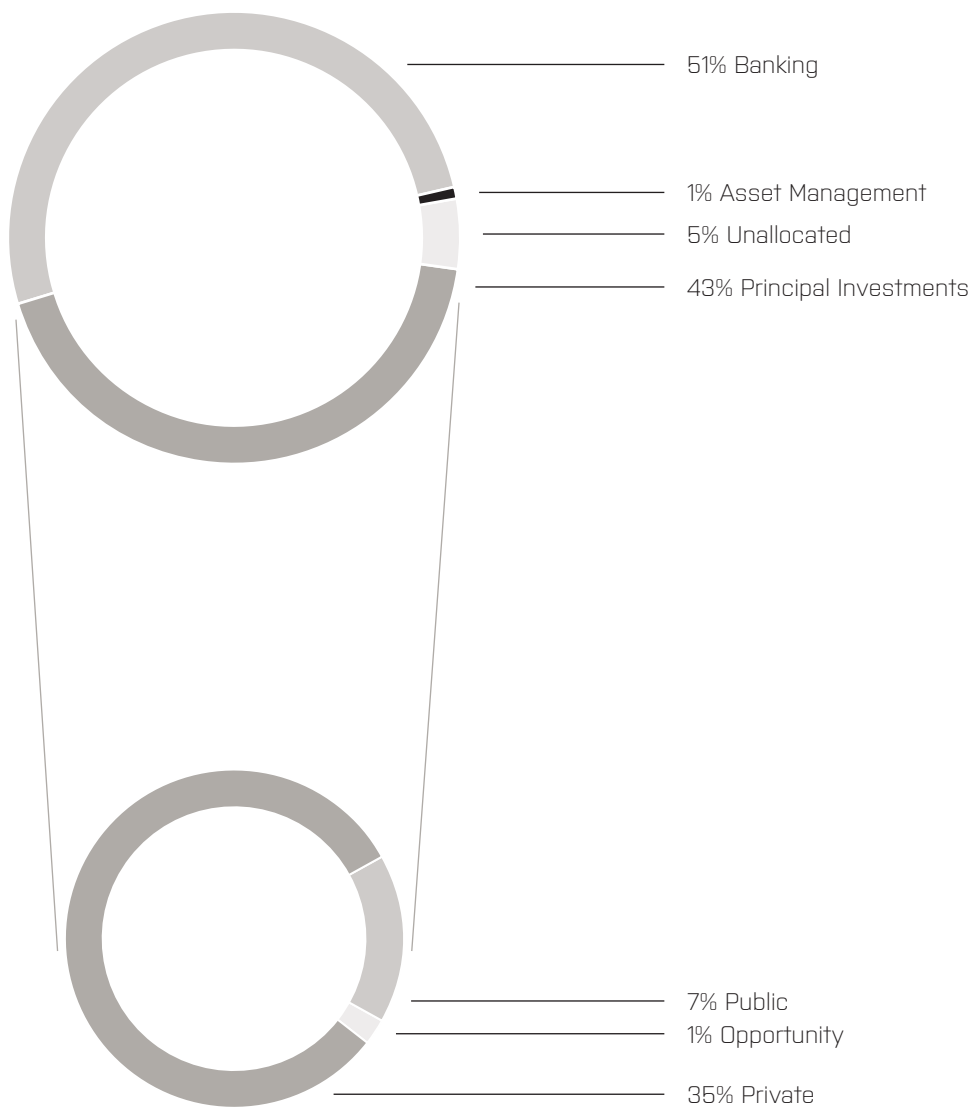
FINANCIAL HIGHLIGHTS

in millions of EUR	2010	2009	2008	2007	2006
Total assets	3,799	4,475	3,457	3,336	2,571
Equity	729	663	538	489	420
Net interest income (expense)	42	25	-44	-22	-26
Net fee and commission (expense)	-29	-16	-9	-32	-108
Net operational income (expense) ¹⁾	82	12	87	80	223
Net profit	85	116	106	50	74
SELECTED INDICATORS					
Average number of employees of the Group	1,055	2,007	9,821	8,869	6,357
Assets under management	1,557	1,204	1,102	443	333
Return on Assets (ROA) ²⁾	2.1%	3.0%	2.9%	1.6%	3.7%
Return on Equity (ROE) ²⁾	12.3%	19.2%	20.7%	11.0%	20.0%

¹⁾ We would like to point out that in prior annual reports the net operational income and net operational expenses were separated. In 2010, the operational income was EUR 349.2 million and operational expense was EUR 267.2 million.

²⁾ We would like to point out that in this annual report we adjusted the ROE and ROA methodology. ROE was 11.4% and ROA was 2.3% according to the prior year methodology. ROE and ROA are calculated on the basis of net profit attributable to equity holders of the parent for the period divided by the average equity attributable to equity holders of the parent, and net profit attributable to equity holders of the parent for the period divided by the average assets for the period, respectively (in previous annual reports, the period end equity attributable to equity holders of the parent and period end assets were used).

SEGMENT ALLOCATION OF ASSETS



Board of Directors' Report

GROUP STRATEGY AND VISION

J&T Group actively takes positions in a wide range of investment opportunities including investments in banks, investments in securities and structured investments, such as private equity funds. 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

In terms of total consolidated assets of J&T Group, the Banking segment is the largest, which includes primarily banks in the Czech and Slovak Republics, Switzerland, the Russian Federation and a prominent Czech securities investor. Thanks to our highly developed banking structure with additional asset management services, we can provide our clients with a comprehensive range of services and flexibility. In 2010, the Group extended its services through acquisitions and geographic expansion.

As well as its strategic banking activities, the Group consolidates significant non-banking investments in economic sectors in Central and Eastern Europe – Principle Investments segment. These investments differ in the length of investment period, risk and in the economic sector they are realized in. J&T Group, as a financial investor, strictly monitors its investments, and expects their further development and appreciation

based on clearly defined economic parameters. At the same time, J&T Group searches for additional acquisition opportunities throughout all economic sectors and due to its capital strength, is prepared to take advantage of these opportunities.

J&T BUSINESS MODEL – SEGMENTS

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 is currently represented by J&T BANKA, a.s. in the Czech Republic and its foreign subsidiary in the Slovak Republic, J&T Bank (Switzerland) Ltd. and J&T Bank ZAO in Russia. The total assets of the Banking segment as at 31 December 2010 exceeded EUR 2.2 billion.

In 2010, the newly acquired company ATLANTIK finanční trhy, a.s. was incorporated into the Banking segment. This strategic acquisition was a further development of J&T Group's client services, primarily in securities trading, asset management and issuance of securities.

Key Performance Indicators

in thousands of EUR	31.12.2010	31.12.2009
Net interest income	51,540	63,279
Net profit	12,838	13,220
Total assets	2,253,871	1,654,173
Equity	215,605	197,333

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.

The strategy of J&T Group in the Banking segment is to strengthen our competitive advantage in the area of private banking and provide the best, comprehensive financing services based on complete financing solutions. Another of our competitive advantages is a minimum dependence on interbank and other financial markets.

Asset Management

J&T Group, with its 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	31.12.2010	31.12.2009
Assets under management	1,556,739	1,203,671
Fee and commission income	3,910	2,457
Net profit (loss)	-5,295	-2,212

Asset management is carried out by centers in the Czech and Slovak Republics, Switzerland, Barbados and since 2010, also in Canada and Mexico.

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 2010, J&T Group had consolidated non-banking investments of approximately EUR 1.7 billion.

Key Performance Indicators

in thousands of EUR	31.12.2010	31.12.2009
Total assets	1,729,087	2,896,134
Net profit	95,467	118,980

J&T Group provided significant support in the establishment of Energy and Industry Holding, J&T Real Estate, Best Hotel Properties and Tatry Mountain Resorts. The Group did not only sell assets to these holdings, but also contributed priceless experience gained during their development process.

Public

During 2010, companies in the Public sub-segment managed primarily a portfolio of publicly traded investments including UNIPETROL, a.s., CENTRAL EUROPEAN MEDIA ENTERPRISES LTD., Erste Group Bank AG, Tatry mountain resorts, a.s., Best Hotel Properties, a.s. and more.

Key Performance Indicators

in thousands of EUR	31.12.2010	31.12.2009
Financial assets	237,314	210,592
Dealing profit	44,830	60,653
Net profit	21,787	33,158

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.

Key Performance Indicators

in thousands of EUR	31.12.2010	31.12.2009
Total assets	1,554,300	1,598,477
Loans and advances to customers	1,437,418	1,136,435
Net profit	75,109	77,723

Energy and industry

Through Energetický a průmyslový holding, a.s. ["Energy and Industry Holding"], J&T Group is an important investor in the energy and industrial sectors. Energy and Industry Holding primarily comprises companies operating in the mining, electricity and heat generation, and electricity and heat distribution sectors. J&T Group acts as a financial investor in two private equity Limited Partnership¹ structures, in which J&T Group is a Limited Partner.

Real Estate, Tourism, Services and other

The aim of other private equity structures is to invest into important real estate assets in the CEE region and their development. The Group plans to invest in these kinds of private equity investments even more in the future.

Opportunity

In the Opportunity sub-segment J&T Group invests in projects with a short and medium-term investment period. During 2010 the following companies were disposed from J&T Group: media house TV JOJ; East Bohemia Energy

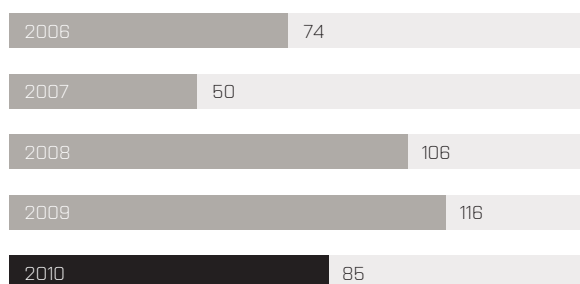
Holding Limited, the entity owning shares in Elektrárny Opatovice, a.s.; and other companies operating in areas of factoring and receivables financing.

Key Performance Indicators

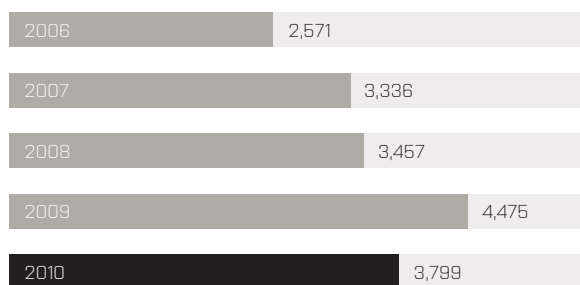
in thousands of EUR	31.12.2010	31.12.2009
Total assets	24,870	1,210,547
Operating profit	84,069	7,736
Net profit (loss)	-4,280	-2,960

¹ A 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.

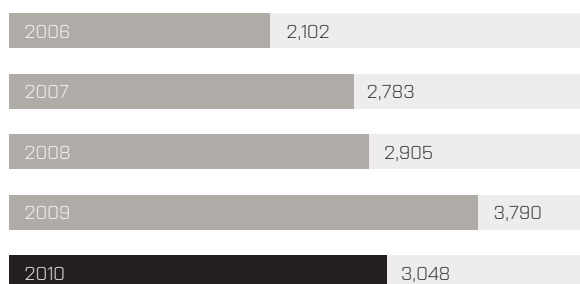
JTFG PROFIT 2006 – 2010
(in millions of EUR)



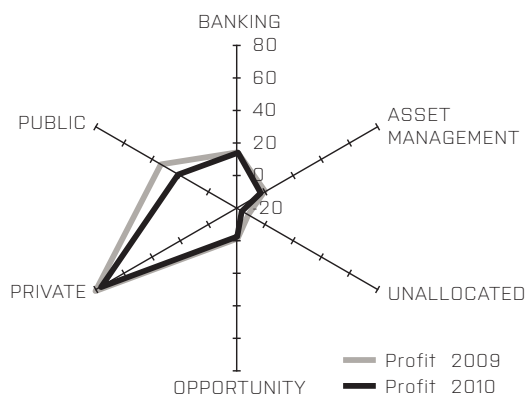
TOTAL ASSETS JTFG 2006 – 2010
(in millions of EUR)



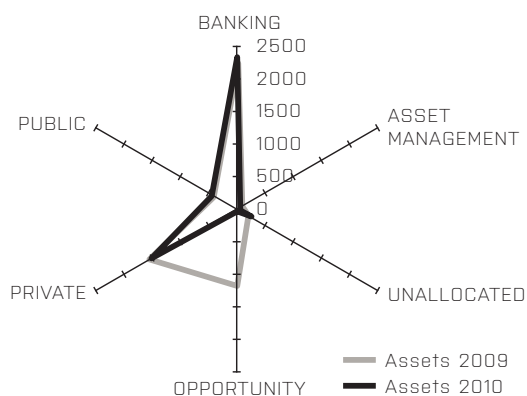
JTFG LIABILITIES 2006 – 2010
(in millions of EUR)



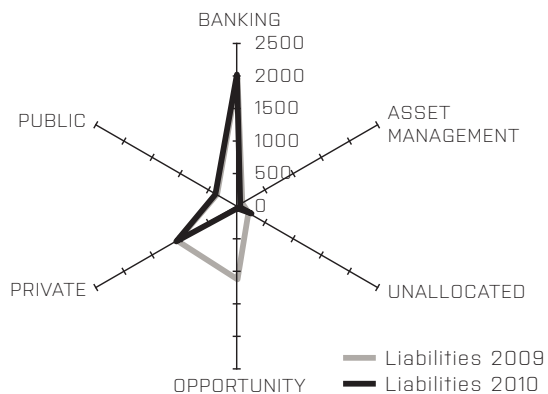
JTFG PROFIT STRUCTURE 2010/2009
(in millions of EUR)



STRUCTURE OF JTFG ASSETS 2010/2009
(in millions of EUR)



STRUCTURE OF JTFG LIABILITIES 2010/2009
(in millions of EUR)



Financial Operations Report

J&T Group generated a net profit of EUR 85.4 million² in 2010. Return on equity reached 12.3%. In 2008 and 2009, profit of the Group was partly influenced by selling non-financial investments to various holding entities. Profit of 2010 was driven primarily by the increase in net interest income and gains from the sale of certain financial assets. In the future, the Group plans to extend its activities of providing loan finance, which is expected to lead to further growth in interest income and related profit. For the purpose of income and risk diversification, part of the J&T Group investment portfolio is placed in the financial markets. Related income generated from this portfolio may be influenced by short-term volatility in those markets, however in the long-term management expects consistent growth.

Total consolidated assets of J&T Group as at 31 December 2010 amounted to EUR 3.8 billion, a decrease of 15.1% compared to the prior year. The decline was caused by the sale of Elektrárny Opatovice, a.s. in the last quarter of 2010. Apart from this disposal, the Group significantly expanded its activities of providing loans, the amount of which increased to EUR 2.5 billion (increase of 34%). Free cash amounted to EUR 586.3 million.

Banking / 2010 results: Stabilization of profit and significant strengthening of role of J&T banks

In the Banking segment J&T Group generated a net profit of EUR 12.8 million. As noted, J&T Group's banks generate the largest proportion of profit in the segment. Within the consolidated Banking segment, the banks generated 85% of the total consolidated segment profit (EUR 10.9 million). The banks also increased their net interest income by 10.8% to EUR 47.0 million compared to the prior year. The increase reflects recovery of the credit market and growth in interest margins in the case of newly provided loans (the volume of provided bank loans within the consolidated segment increased by 23.7% to EUR 1,192.4 million). Compared to prior year, the volume of client deposits increased by 24.4% to EUR 1,634.7

million. J&T Banka's proportion had the largest impact on the result, as the number of its clients increased more than three times. The banks also generated growth in net fee and commission income, by 15.9% to EUR 8.4 million compared to the previous year.

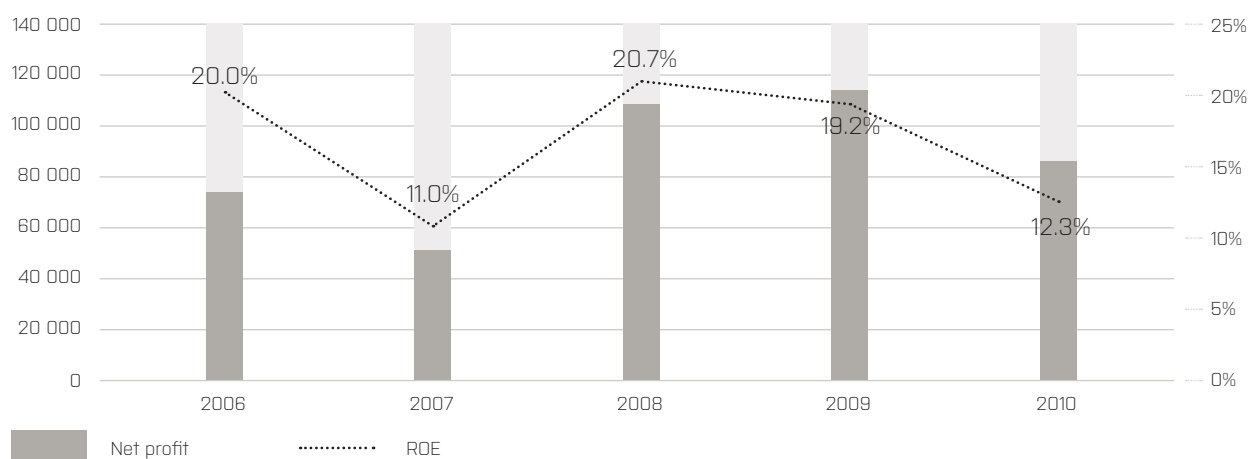
Asset Management / 2010 results: Growth in volume of assets under management and increase in fee and commission income

The total segment assets under J&T asset management was EUR 1.6 billion as at 31 December 2010 (a year-to-year increase of 29.3%). This comprised assets managed in own funds (EUR 78.6 million), discretionary portfolio management services (EUR 282.7 million) and other assets under management (EUR 1.2 billion). The value of managed assets in each category significantly increased year on year. As a result, fee and commission income increased by 59.2% to EUR 3.9 million.

However, the Asset Management segment generated a consolidated loss of EUR 5.3 million, which was mainly from J&T Bank and Trust Corporation (Barbados). Acquisition of this company in 2008 (prior to the global economic crisis) was at a price which did not reflect its actual, real economic performance. Therefore, goodwill and a portion of other intangible assets recorded at the time of the acquisition have been impaired over the last two years. Management of J&T Bank and Trust Corporation (Barbados) recognizes the situation and is intensively working to improve it. On the other hand, J&T Bank and Trust Corporation (Barbados) had the highest growth in fee income from EUR 1.6 million in 2009 to EUR 2.5 million in 2010.

² Net profit of J&T Group attributable to equity holders of the parent company in 2010 was EUR 85.4 million, the profit attributable to the non-controlling interest was EUR 272 thousand.

NET PROFIT / ROE (in thousands of EUR)



Public / 2010 results: Initial positive trend of profit generation weakened by a decline in the markets during last quarter of the year

Within consolidated Public sub-segment, the Group generated profit of EUR 21.8 million (a 34.3% year-to-year decline). Together with long-held positions (Unipetrol, a.s., Erste Group Bank AG), a significant part of the profit was generated by investments in shares of Tatry Mountain Resorts, a.s. and Best Hotel Properties, a.s., which together generated net income of EUR 7.9 million.

The main reason for the year-to-year decline of the sub-segment profit was investment into shares of Central European Media Enterprises Ltd (CME). The CME investment generated income of EUR 20.8 million in 2009, compared with a loss of EUR 7.5 million in 2010. It was caused mostly by a decline in the market price during the last quarter of 2010. However, in total the CME investment has generated income of EUR 13.3 million within the consolidated J&T Group since 2009.

Private / 2010 results: Stabilization of profit and significant increase in net interest income and its role within profit generation

Net income of Private sub-segment reached EUR 75.1

million in 2010. The most significant part of the profit resulted from net interest income in the amount of EUR 40.4 million. In 2010 part of the allowance for loan impairments in amount of EUR 16.4 million was also released. In the future, management of J&T Group expects a continual increase in net interest income in this non-banking segment of the Group, through new investments and the growth in interest margins of the current loan investments.

Opportunity / 2010 results: Income from proceeds of Elektrárny Opatovice a.s., loss of media project Z1

The sub-segment Opportunity generated a consolidated loss of EUR 4.3 million in 2010. The main reason for this result was a loss from the media project Z1 that exceeded the sub-segment income generated, which was mostly from the sale of Elektrárny Opatovice, a.s. and companies operating in the business of trading receivables. According to a bilateral agreement between J&T Group and its client, the contract relating to the share of profits from the project TV JOJ was cancelled. Cancellation of this agreement resulted in a loss of EUR 1.5 million within the consolidated sub-segment. Currently, in the sub-segment's assets there are only receivables from disposals.

Supervisory Board Report

The Supervisory Board of J&T FINANCE GROUP, a.s. consisted of three members in 2010. It continuously worked on 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 23 June 2011 issued their independent auditors' report, the full wording of which is presented on pages 12 – 13 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 2010.

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 2010

23 June 2011
Bratislava



RNDr. Marta Tkáčová

Independent Auditors' Report to the Shareholder, Board of Directors and Supervisory Board of J&T FINANCE GROUP, a.s.

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 2010, 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 overall 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 2010, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our audit opinion, we draw attention to the fact that in 2008 the Group started a long-term planned process to reorganise its activities which was completed in 2010. The effect of the related transactions on the Group's financial position and performance is described in Notes 3, 4 and 24 of the consolidated financial statements. The reader should refer to those notes for a proper understanding of the consolidated financial statements.

23 June 2011

Bratislava, Slovak Republic



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

Responsible auditor:
Luboš Vančo
License SKAU No. 745

Responsible audit partner:
Mark Eberst

A handwritten signature in dark ink, appearing to read "M Eberst".

Consolidated Income Statement for the Year Ended 31 December 2010

In thousands of EUR	Note	2010	2009
Interest and similar income	5	177,906	142,374
Interest expense and similar charges	5	(107,103)	(103,432)
Net interest income		70,803	38,942
Fee and commission income		20,490	35,055
Fee and commission expense	6	(8,008)	(48,935)
Net fee and commission income (expense)		12,482	(13,880)
Dealing profits (losses), net	7	98,960	75,619
Negative goodwill	8	–	4,977
Other operating income	9	37,693	59,095
Operating income		136,653	139,691
Personnel expenses	10	(30,847)	(28,978)
Depreciation and amortisation	13, 14	(6,807)	(8,594)
Goodwill impairment	8, 14	–	(16,284)
Impairment of property, plant and equipment and intangible assets	13, 14	(5,381)	(3,150)
Other operating expenses		(100,687)	(118,186)
Operating expenses		(143,722)	(175,192)
Impairment of loans		7,603	(60,980)
Profit (loss) from operations		83,819	(71,419)
Income (expense) from associates and joint ventures	15	(2)	31
Profit (loss) before tax		83,817	(71,388)
Income tax expense	12	(2,638)	(2,218)
Profit (loss) for the period from continuing operations		81,179	(73,606)
Profit for the period from discontinued operations	4	4,473	191,238
Profit for the period		85,652	117,632

Attributable to:

Equity holders of the parent	85,380	115,575
– continuing operations	80,907	(75,652)
– discontinued operations	4,473	191,227
Non-controlling interests	272	2,057
– continuing operations	272	2,046
– discontinued operations	–	11
Total	85,652	117,632

Profit from discontinued operations in 2009 includes results of the entities discontinued in 2009 up to the date of disposal. 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 24 to page 105 form an integral part of the consolidated financial statements. An analysis of the income statement by segment is provided in Note 2 – Operating segments.

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2010

In thousands of EUR	2010	2009
Profit for the period	85,652	117,632
OTHER COMPREHENSIVE INCOME		
Foreign exchange translation differences	34,640	15,785
Change in fair value of financial assets available for sale	(1,368)	(123)
Cash flow hedges: Effective portion of changes in fair value	11,597	(6,855)
Other comprehensive income for the period, net of income tax	44,869	9,807
Total comprehensive income for the period	130,521	127,439

Attributable to:

Equity holders of the parent	129,068	125,431
Non-controlling interests	1,453	2,008
Total comprehensive income for the period	130,521	127,439

The notes presented on page 24 to page 105 form an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position as at 31 December 2010

In thousands of EUR	Note	2010	2009
ASSETS			
Property, plant and equipment	13	14,510	20,198
Intangible assets	14	38,789	144,769
Investments in joint ventures and associates	15	–	1
Trade receivables and other assets	17	12,727	5,720
Loans and advances to customers	18, 19	1,405,668	778,878
Receivables from the sale of discontinued operations		–	37,379
Financial instruments held to maturity		4,041	691
Deferred tax assets	16	448	3,136
Total non-current assets		1,476,183	990,772
Trade receivables and other assets	17	145,733	300,408
Loans and advances to customers	18, 19	1,069,427	1,068,882
Receivables from the sale of discontinued operations		20,180	212,953
Financial assets at fair value through profit or loss	21	436,724	339,075
Financial instruments held to maturity		204	340
Securities available for sale	22	63,823	17,345
Cash and cash equivalents	23	586,287	517,456
Disposal group held for sale	24	–	1,027,525
Total current assets		2,322,378	3,483,984
Total assets		3,798,561	4,474,756
In thousands of EUR	Note	2010	2009
EQUITY			
Share capital		31,540	31,540
Share premium		14,937	14,937
Retained earnings and other reserves		682,278	616,656
Equity attributable to equity holders of the parent	25	728,755	663,133
Non-controlling interests	26	21,864	21,359
Total equity		750,619	684,492

In thousands of EUR	Note	2010	2009
LIABILITIES			
Deposits and loans from banks	27	9,969	60,458
Deposits and loans from customers	28	278,052	188,156
Subordinated debt	32	76,751	93,538
Trade payables and other liabilities	31	7,275	1,197
Deferred tax liabilities	16	1,584	19,281
Total non-current liabilities		373,631	362,630
Deposits and loans from banks	27	166,245	124,257
Deposits and loans from customers	28	2,295,155	2,093,612
Subordinated debt	32	122	12
Financial liabilities at fair value through profit or loss	30	1,224	9,123
Trade payables and other liabilities	31	172,074	154,172
Current income tax		688	1,059
Provisions	29	38,803	57,804
Liabilities associated with disposal group held for sale	24	–	987,595
Total current liabilities		2,674,311	3,427,634
Total liabilities		3,047,942	3,790,264
Total equity and liabilities		3,798,561	4,474,756

The notes presented on page 24 to page 105 form an integral part of the consolidated financial statements.

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
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
Profit for the year	-	-	-
OTHER COMPREHENSIVE INCOME			
Foreign exchange translation differences	-	-	-
Change in fair value of financial assets available for sale	-	-	-
Cash flow hedges: Effective portion of changes in fair value	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income for the period	-	-	-
TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY IN EQUITY			
Transfer to legal reserve fund	-	-	98,151
Dividends	-	-	-
Total transactions with owners	-	-	98,151
Changes in ownership in subsidiaries that do not result in a loss of control			
Effect of disposals	-	-	(97,848)
Effect of acquisitions	-	-	-
Effect of changes in shareholdings on non-controlling interests	-	-	-
Total changes in ownership	-	-	(97,848)
Balance at 31 December 2010	31,540	14,937	10,314

Foreign exchange translation reserve	Revaluation reserve	Retained earnings	Total attributable to equity holders of the parent	Non-controlling interests	Total
[1,731]	2,267	606,109	663,133	21,359	684,492
-	-	85,380	85,380	272	85,652
33,459	-	-	33,459	1,181	34,640
-	(1,368)	-	(1,368)	-	(1,368)
-	11,597	-	11,597	-	11,597
33,459	10,229	-	43,688	1,181	44,869
33,459	10,229	85,380	129,068	1,453	130,521
-	-	(98,151)	-	-	-
-	-	(63,446)	(63,446)	-	(63,446)
-	-	(161,597)	(63,446)	-	(63,446)
-	(11,446)	109,294	-	(948)	(948)
-	-	-	-	-	-
-	-	-	-	-	-
-	(11,446)	109,294	-	(948)	(948)
31,728	1,050	639,186	728,765	21,864	750,619

In thousands of EUR	Share capital	Share premium	Non-distributable reserves
Balance at 1 January 2009	31,540	14,937	9,795
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
Profit for the year	-	-	-
OTHER COMPREHENSIVE INCOME			
Foreign exchange translation differences	-	-	-
Change in fair value of financial assets available for sale	-	-	-
Cash flow hedges: Effective portion of changes in fair value	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income for the period	-	-	-
TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY IN EQUITY			
Transfer to legal reserve fund	-	-	1,286
Dividends	-	-	-
Total transactions with owners	-	-	1,286
Changes in ownership in subsidiaries that do not result in a loss of control			
Effect of disposals	-	-	(1,070)
Effect of acquisitions	-	-	-
Effect of changes in shareholdings on non-controlling interests	-	-	-
Total changes in ownership	-	-	(1,070)
Balance at 31 December 2009	31,540	14,937	10,011

The notes presented on page 24 to page 105 form an integral part of the consolidated financial statements.

Foreign exchange translation reserve	Revaluation reserve	Retained earnings	Total attributable to equity holders of the parent	Non-controlling interests	Total
[17,565]	33,484	465,511	537,702	14,933	552,635
-	-	115,575	115,575	2,057	117,632
15,834	-	-	15,834	[49]	15,785
-	[123]	-	[123]	-	[123]
-	[5,855]	-	[5,855]	-	[5,855]
15,834	[5,978]	-	9,856	[49]	9,807
15,834	[5,978]	115,575	125,431	2,008	127,439
-	-	[1,286]	-	-	-
-	-	-	-	[18]	[18]
-	-	[1,286]	-	[18]	[18]
-	[25,239]	26,309	-	[291]	[291]
-	-	-	-	-	-
-	-	-	-	4,727	4,727
-	[25,239]	26,309	-	4,436	4,436
[1,731]	2,267	606,109	663,133	21,359	684,492

Consolidated Cash Flow Statement for the Year Ended 31 December 2010

In thousands of EUR	Note	2010	2009
OPERATING ACTIVITIES			
Profit from operations		102,678	112,799
Adjustments for:			
Depreciation and amortization	13,14	6,807	22,984
Impairment losses	13,14	5,381	19,434
Revaluation of investment property	9,11	–	186
Revaluation of financial instruments at fair value		(54,351)	(49,500)
(Gain) / loss on disposal of property, plant and equipment, investment property and intangible assets	9,11	66	(271)
(Gain) / loss on the sale of emission rights	9,11	(2,581)	(14,473)
Profit on disposal of subsidiaries, special purpose entities, joint ventures, associates and non-controlling interests	9	(6,748)	(152,073)
(Profit) / loss on disposal of financial assets		(3,950)	(5,066)
Interest (income) / expense, net	5	(41,775)	(25,356)
Increase / (decrease) in allowance for impairment of loans	19	(7,603)	60,980
Change in impairment of trade receivables and other assets		(332)	11,444
Change in impairment of inventories		282	(2,908)
Change in provisions	29	(17,684)	58,338
Negative goodwill	8	–	(4,977)
Unrealised foreign exchange gains, net		(14,463)	10,553
Operating profit before changes in working capital		(34,273)	42,094
Change in available for sale and held to maturity financial assets		(30,176)	11,128
Change in loans and advances to customers		(483,139)	(95,830)
Change in trade receivables and other assets		82,117	45,601
Change in inventories		5,394	6,832
Change in deposits and loans from banks		59,112	(147,283)
Change in deposits and loans from customers		225,953	332,479
Change in trade payables and other liabilities		61,680	409,800
Cash generated from / (used in) operations		(113,332)	604,821
Interest paid		(111,474)	(91,014)
Income taxes paid		(22,777)	(15,987)
Cash flows generated from / (used in) operating activities		(247,583)	497,820

In thousands of EUR	Note	2010	2009
INVESTING ACTIVITIES			
Purchase of financial instruments at fair value through profit or loss		(269,809)	(222,680)
Proceeds from sale of financial instruments at fair value through profit or loss		247,539	179,166
Acquisition of property, plant and equipment, investment property and intangible assets		(8,872)	(26,495)
Proceeds from sale of emission rights		3,535	20,957
Proceeds from sale of property, plant and equipment, investment property and other intangible assets		485	2,299
Acquisition of subsidiaries and special purpose entities, net of cash acquired	3	(13,729)	(674,565)
Net cash inflow from disposal of subsidiaries and special purpose entities	3	271,271	265,415
Interest received		119,506	90,169
Dividends received		2,087	640
Cash flows generated from / (used in) investing activities		352,013	(365,104)

In thousands of EUR	Note	2010	2009
FINANCING ACTIVITIES			
Subordinated debt issued		2,243	–
Payments of finance lease liabilities		(322)	(514)
Dividends paid		(63,446)	(18)
Cash flows generated from / (used in) by financing activities		(61,525)	(532)
Net increase in cash and cash equivalents		42,905	132,184
Cash and cash equivalents at beginning of the year		518,925	386,639
Effect of exchange rate fluctuations on cash held		24,457	102
Cash and cash equivalents at end of the year		586,287	518,925
Cash and cash equivalents	23	586,287	517,456
Cash and cash equivalents included in disposal group held for sale	24	–	1,469
Cash and cash equivalents at end of the year		586,287	518,925

See Note 4 – Discontinued operations for the cash flows relating to operating, investing and financial activities from discontinued operations.

Cash and cash equivalents includes cash included in disposal group, see Note 24 – Disposal group held for sale.

The notes presented on page 24 to page 105 form an integral part of the consolidated financial statements.

J&T Finance Group, a.s. (the "Parent Company" or "the Company") is a joint-stock company having its legal seat and domicile at Lamačská cesta 3, 841 05 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 2010 and 31 December 2009 was as follows:

	Interest in share capital TEUR	Interest in share capital %	Voting rights %
TECHNO PLUS, a.s.	31,540	100.00	100.00
Total	31,540	100.00	100.00

The consolidated financial statements of the Company for the year ended 31 December 2010 comprise the Parent Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates, jointly controlled entities and special purpose entities.

Until 2008 the main activities of the Group were investment and private banking, the development of real estate properties for sale and commercial use, asset management and corporate investments in the energy and industry sectors.

In the last quarter of 2008, the Group started a long-term planned process of reorganisation of its activities, with the aim to separate its banking activities from the other business segments. The first part of the process resulted in disposal of the Real Estate segment by the end of 2008, and partial disposal of the Corporate Investment segment (energy and industry sectors). At the same time governance of the Group was changed, leading notably to the termination of the positions of Partners and Top Managers.

Partnerships

In 2010 the reorganisation process was completed as expected, and going forward, the Group focuses its activities on private banking, asset management, financial markets and investments in specific projects.

The Group's strategic intent as far as the disposed segments are concerned is to act as a financial investor. To this effect the Group has invested in two private equity funds, J&T Partners LP I (Cyprus) and J&T Partners LP II (Cyprus), which hold participations in Energetický a průmyslový holding, a.s. (Czech Republic). Another investment structure expected to be created in 2011 will invest in real estate assets. In the future, the Group plans to use such type of investments more frequently, both in connection with segments disposed in 2008 and 2009 and new investment opportunities.

SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements were approved by the Board of Directors on 23 June 2011.

(b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments, financial assets and liabilities at fair value through profit or loss and available for sale.

Non-current assets held for sale and discontinued operations are stated at the lower of their carrying amount and fair value less costs to sell.

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. Certain comparative amounts have been reclassified to conform with the current year's presentation, notably with regard to presentation of discontinued operations.

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 1 – 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 year ended 31 December 2010, and have been applied in preparing the Group's financial statements:

IFRIC 17 – Distributions of Non-cash Assets to Owners, and complementary Amendments to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, [effective for accounting periods beginning on or after 1 July 2009]. IFRIC 17 provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. The scope of IFRS 5 has been extended to non-cash assets held for distribution. Both the Interpretation and Amendments are applied on a prospective basis and there is no effect on the current Group's results and position.

Amendment to IAS 38 – Intangible Assets, [effective for annual reports beginning on or after 1 July 2009]. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. There is no material effect on the current year financial statements from this amendment.

Amendment to IFRS 2 – Share-based Payment, [effective for annual period beginning on or after 1 July 2009]. The amendment clarifies the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment

transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award. As the Group prepares consolidated financial statements, this amendment does not apply to the Group and its transactions.

Amendment to IAS 1 – Presentation of financial statements, (effective for annual periods beginning on or after 1 January 2010). The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. No impact on the presented financial statements results from the amendment.

Amendment to IAS 17 – Leases, (effective for annual periods beginning on or after 1 January 2010, and they are to be applied retrospectively to unexpired leases at 1 January 2010 if the necessary information was available at the inception of the lease). Following the amendments, leases of land are classified as either 'finance' or 'operating' in accordance with the general principles of IAS 17. The revised Standard is applied based on the facts and circumstances existing on 1 January 2010 and the Group recognises assets and liabilities related to land leases newly classified as finance leases at their fair values on that date; any difference between those fair values is recognised in retained earnings. As the Group has not leased any land under lease agreements, there is no resulting impact on the current year's financial statements from this amendment.

Amendment to IFRS 8 – Operating Segments, (effective for annual periods beginning on or after 1 January 2010) regarding disclosure of information about segment assets. No impact on the presented financial statements results from the amendment.

Amendment to IAS 36 – Impairment of assets, (effective for annual reports beginning on or after 1 January 2010). The amendment clarifies the unit of accounting for goodwill impairment testing using segments under IFRS 8 before aggregation. There is no effect on the current year financial statements from this amendment.

Amendments to IAS 39 – Financial instruments: Recognition and Measurement, (effective for annual reports beginning on or after 1 January 2010). The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options. Another subject of this amendment is treating loan prepayment penalties as closely related embedded derivatives or scope exemption for business combination contracts. There is no effect on the current year financial statements from these amendments.

The revised IFRS 3 – Business combinations - allows entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the acquisition method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured at acquisition date as the difference

between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired. Acquisition-related costs are accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer has to recognise at the acquisition date a liability for contingent purchase consideration. Changes in the value of that liability after the acquisition date should be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The revised standard is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. There is no material effect on the current year financial statements from the revised standard.

IAS 27 – Consolidated and Separate Financial Statements (2008). The revisions to IAS 27 principally affect the accounting for transactions or events that result in a change in the Group's interests in its subsidiaries. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss. There is no material effect on the current year financial statements from this standard.

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 2010, and have not been applied in preparing these financial statements:

IFRS 9 – Financial Instruments, (effective for annual reports beginning on or after 1 January 2013, with early adoption permitted starting in 2009). In November 2010, the IASB issued a revised version of IFRS 9 Financial Instruments that is going to replace IAS 39 Financial Instruments: Recognition and Measurement since 1 January 2013. The issued version of IFRS 9 contains new requirements for classifying and measuring financial assets, related derecognition, and for classifying and measuring financial liabilities. The Group is currently assessing the impact of the standard on its financial statements.

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 is not expected to have a significant impact on the Group's 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 is currently assessing the impact of this revised standard on its financial statements.

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 are not expected to have a significant impact on 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. The Group is currently assessing the impact of these amendments on its financial statements.

Amendments to IFRS 7 – Financial Instruments: Disclosure, [effective for annual reports beginning on or after 1 July 2011]. The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for: financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The Group is currently assessing the impact of these standard on its 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.

Other International Financial Reporting Standards

The Group has not early adopted any IFRS standards where adoption is not mandatory at the balance sheet 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.

[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 43 companies included in the consolidation as at 31 December 2010 (2009: 59). All fully consolidated companies prepared their annual financial statements at 31 December 2010. The companies are listed in Note 41, and this list is based on 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 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 conditions for recognition 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 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 functional currency at the exchange rate at the balance sheet 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 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 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 balance sheet 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 reported and valued.

(e) Financial instruments

(i) Classification

Financial instruments at fair value through profit or loss are those that the Group principally 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 at 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 acquired 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 balance sheet 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 flows 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 balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market-related measures at the balance sheet 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. Changes in fair value of available-for-sale assets are derecognised from other comprehensive income through profit or loss at the moment of sale. Interest income and expense from available-for-sale securities are recorded in the income statement by applying the effective interest rate method.

(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 sold 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.

The movement in the revaluation reserve from hedging instruments in equity is disclosed in the Consolidated statement of comprehensive income.

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

Loans and advances to banks and customers 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 (i)).

(h) Sale and repurchase agreements

Where securities are sold under a commitment to repurchase at a predetermined price (repos), they remain on the balance sheet 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 balance sheet 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 balance sheet 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.

(j) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (refer to accounting policy (r)) are reviewed at each balance sheet 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). Receivables with a short duration are not discounted.

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
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.

(l) 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 acquisitions of subsidiaries is included under intangible assets. Goodwill on acquisitions 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) Emission rights

Emission rights are accounted for under the cost model. Initially, emission rights are recognized at their fair values with reference to an active market as a non-depreciable intangible asset with a corresponding deferred income amount (government grant).

The consumption of rights is reflected in expenses on a continuous basis based on the actual production of emissions, with a corresponding decrease in the carrying value of deferred income on a systematic basis over the period for which the rights were issued.

For a shortage of rights, a provision is recorded based on current fair values. Any surplus of rights is sold on the open market.

(iii) Software, TV format 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)).

TV format as newly recognized intangible assets acquired in business combinations (based on IFRS 3 requirements) are recorded at their fair value as at the acquisition date.

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.

(iv) 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
TV format	Indefinite
Customers relationships	Company specific

(m) Provisions

A provision is recognised in the balance sheet 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.

(i) Employee benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate is the yield at the balance sheet date in high quality bonds that have maturity dates approximating the terms of the Group's obligations.

(ii) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and weighting of all possible outcomes against associated probabilities.

(n) 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.

[o] 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 balance sheet (refer to Note 38 –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.

[p] 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.

[q] Rental income

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

[r] 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 balance sheet 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 that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. No 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 balance sheet 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 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.

[s] 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.

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.

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.

[t] 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 balance sheet 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.

[u] Trade and other payables

Trade and other payables are stated at amortised cost.

[v] Dividends

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

[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] Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (and all assets and liabilities in a disposal group) are re-measured in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group (discontinued operation) is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax

assets, and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent re-measurement. Gains are not recognised in excess of any cumulative impairment loss.

Any gain or loss on the re-measurement of a non-current asset (or disposal group) classified as held for sale that does not meet the definition of a discontinued operation is included in profit or loss from continuing operations.

(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 includes 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.

Notes to the Consolidated Financial Statements

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1. 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.

(a) Business combinations and purchase price allocations

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.

Fair value adjustments resulting from business combinations in 2010 are presented in the following table:

In thousands of EUR	Intangible assets	Deferred tax asset/ (liability)	Total net balance sheet effect
SUBSIDIARIES			
ATLANTIK finanční trhy, a.s.	4,594	(873)	3,721
ATLANTIK Asset Management investiční společnost, a.s.	1,155	(219)	936
Total subsidiaries	5,749	(1,092)	4,657

(b) 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.

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. This was subject to impairment testing. Before recognition of impairment losses for 2010, the carrying amount of customer relationships was EUR 22,715 thousand.

The recoverable amount of this intangible asset as at 31 December 2010 was determined on the basis of value in use, derived from the business plan updated since the date of acquisition and in consideration of varying possible future developments in the business. The key assumptions used, which were also the most sensitive factors in the determination of the recoverable amount, were planned revenues, assets under management, and the cost of capital applied as a discount factor on future net cash flows. Revenues have been forecast based on nominal GDP, inflation, redemption rate and volatility in financial and foreign exchange markets, which directly affect the expected appreciation of assets under management and the corresponding fees charged to investors. The final impairment loss was determined on the basis of four alternative cash flow scenarios. Each cash flow scenario was a result of an analysis comparing forecasted and actually resulting cash flows across the last three years, and a range of possible future forecasts.

As a result, an impairment loss of EUR 2,927 thousand on the carrying amount of customer relationships was identified and recognised. Were revenues to differ by 10% down from management's estimate, the value in use would decrease, and this would indicate an additional impairment loss of EUR 6,861 thousand.

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. (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 is strategically linked to the development of the Group's banking and asset management operations in the Czech Republic, and therefore synergies from the acquisition are 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 each 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. As a result, goodwill of EUR 468 thousand was allocated to the Atlantik finanční trhy, a.s. cash generating unit and goodwill of EUR 5,953 thousand was allocated to the J&T Banka, a.s. cash generating unit. Goodwill of EUR 972 thousand related to the acquisition of ATLANTIK Asset Management investiční společnost, a.s. The allocated goodwill and the carrying amounts of the associated cash generating units were subject to impairment testing at 31 December 2010.

J&T Banka, a.s.

The recoverable amount of the J&T Banka, a.s. cash generating unit, with carrying amount of EUR 145,966 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%. The other key assumptions were forecast net interest income, loans provided to customers and the cost of capital applied to discount the 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. Were revenues to differ by 10% down from management's estimate, the value in use would decrease, however no impairment loss would arise.

(c) 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 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.

Were fair values to differ by 10% from management's estimates, the net carrying amount of financial instruments would be an estimated EUR 49,932 thousand higher or lower than disclosed as at 31 December 2010 (2009: EUR 34,730 thousand).

2. OPERATING SEGMENTS

Information about operating segments – Consolidated income statement for the year ended 31 December 2010

In thousands of EUR	Banking	Asset Management	Opportunity
Interest and similar income	102,784	258	1,014
external	92,566	105	759
intersegment	10,218	153	255
Interest expense and similar charges	(51,244)	(342)	(33,085)
Net interest income (expense)	51,540	(84)	(32,071)
Fee and commission income	15,955	3,910	909
external	13,225	3,910	909
intersegment	2,730	-	-
Fee and commission expense	(6,381)	(603)	(43,161)
Net fee and commission income (expense)	9,574	3,307	(42,252)
Dealing profits (losses), net	34,570	3	4,542
Negative goodwill	-	-	-
Other operating income	2,443	3	235,084
external	2,423	3	234,817
intersegment	20	-	267
Other operating expenses	(50,031)	(2,364)	(102,592)
Personnel expenses	(19,430)	(2,147)	(16,703)
Depreciation and amortisation	(2,826)	(252)	(3,463)
Impairment of goodwill and other non-current assets	(1)	(3,640)	(1,740)
Other operating non-cash expenses	(10,497)	(9)	(31,059)
Income (expense) from associates and joint ventures	-	-	(2)
Income tax expense	(2,504)	(112)	(14,024)
Segment result – total	12,838	(5,295)	(4,280)
discontinued operations	-	-	4,473
continuing operations	12,838	(5,295)	(8,753)

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

Principal Investments				Unallocated	Total segments	Inter-segment eliminations	J&T Finance Group
Private	Public	Intra-segment eliminations	Total Principal Investments				
97,972	367	(12,528)	86,825	6,603	196,470	(17,914)	178,556
83,858	67		84,684	1,201	178,556		178,556
14,114	300	(12,528)	2,141	5,402	17,914	(17,914)	-
(57,538)	(18,693)	12,528	(96,788)	(6,321)	(154,695)	17,914	(136,781)
40,434	(18,326)	-	(9,963)	282	41,775	-	41,775
3,537	5	(908)	3,543	190	23,598	(2,200)	21,398
2,628	5		3,542	721	21,399		21,398
909	-	(908)	1	(531)	2,200	(2,200)	-
(2,348)	(696)	908	(45,297)	(66)	(52,347)	2,200	(50,147)
1,189	(691)	-	(41,754)	124	(28,749)	-	(28,749)
30,112	44,830	-	79,484	(11,698)	102,359	(279)	102,080
-	-	-	-	-	-	-	-
120	4,812	(33)	239,983	6,133	248,562	(1,377)	247,185
115	4,812		239,744	5,015	247,185		247,185
5	-	(33)	239	1,118	1,377	(1,377)	-
(12,748)	(8,566)	1,289	(122,617)	(7,430)	(182,442)	1,656	(180,786)
-	-	-	(16,703)	(4,769)	(43,049)	-	(43,049)
-	-	-	(3,463)	(266)	(6,807)	-	(6,807)
-	-	-	(1,740)	-	(5,381)	-	(5,381)
16,382	-	1,595	(13,082)	(2)	(23,590)	-	(23,590)
-	-	-	(2)	-	(2)	-	(2)
(380)	(272)	-	(14,676)	268	(17,024)	-	(17,024)
75,109	21,787	2,851	95,467	(17,358)	85,652	-	85,652
-	-	-	4,473	-	4,473	-	4,473
75,109	21,787	2,851	90,994	(17,358)	81,179	-	81,179

Information about operating segments – Consolidated balance sheet as at 31 December 2010

In thousands of EUR	Banking	Asset Management	Opportunity
Fixed assets	26,647	24,004	1
property, plant and equipment	12,278	207	1
goodwill	6,574	995	–
other intangible assets	7,795	22,802	–
Investments in joint ventures and associates	–	–	–
Financial assets	254,225	194	–
financial assets at fair value through profit or loss	199,361	194	–
securities available for sale	50,619	–	–
financial instruments held to maturity	4,245	–	–
Trade receivables and other assets	16,827	1,339	567
Loans and advances to customers	1,397,071	3,678	5,050
Receivables from the sale of discontinued operations	–	–	18,680
Cash and cash equivalents	558,999	27,451	572
Deferred tax assets	102	–	–
Disposal group held for sale	–	–	–
Total segment assets	2,253,871	56,666	24,870
Deposits and loans from banks	137,594	1,206	–
Deposits and loans from customers	1,790,734	26,422	27,335
Subordinated debt	26,860	–	–
Financial liabilities at fair value through profit or loss	1,099	–	–
Trade payables and other liabilities	80,150	1,027	3,537
Deferred tax liabilities	1,372	212	–
Current income tax	457	–	–
Liabilities associated with disposal group held for sale	–	–	–
Total segment liabilities	2,038,266	28,867	30,872

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

Principal Investments				Unallocated	Total segments	Inter-segment eliminations	J&T Finance Group
Private	Public	Intra-segment eliminations	Total Principal Investments				
11	117	-	129	2,519	53,299	-	53,299
-	-	-	1	2,024	14,510	-	14,510
11	117	-	128	398	8,095	-	8,095
-	-	-	-	97	30,694	-	30,694
-	-	-	-	-	-	-	-
5,309	237,314	-	242,623	12,051	509,093	(4,301)	504,792
-	237,302	-	237,302	75	436,932	(208)	436,724
5,309	12	-	5,321	11,976	67,916	(4,093)	63,823
-	-	-	-	-	4,245	-	4,245
80,890	55,523	-	136,980	37,345	192,491	(34,031)	158,460
1,437,418	34,207	(177,575)	1,299,100	149,908	2,849,757	(374,662)	2,475,095
-	-	-	18,680	1,500	20,180	-	20,180
30,672	331	-	31,575	1,637	619,662	(33,375)	586,287
-	-	-	-	346	448	-	448
-	-	-	-	-	-	-	-
1,554,300	327,492	(177,575)	1,729,087	205,306	4,244,930	(446,369)	3,798,561
10,387	97,240	-	107,627	4,466	250,893	(74,679)	176,214
1,007,523	174,526	(177,669)	1,031,715	61,727	2,910,598	(337,391)	2,573,207
-	26,842	(26,842)	-	50,013	76,873	-	76,873
75	116	-	191	142	1,432	(208)	1,224
135,262	434	-	139,233	31,833	252,243	(34,091)	218,152
-	-	-	-	-	1,584	-	1,584
228	3	-	231	-	688	-	688
-	-	-	-	-	-	-	-
1,153,475	299,161	(204,511)	1,278,997	148,181	3,494,311	(446,369)	3,047,942

Information about geographical areas for the year ended 31 December 2010

In thousands of EUR	Slovakia	Czech Republic
FIXED ASSETS		
property, plant and equipment	2,157	11,713
goodwill	1	7,795
other intangible assets	210	7,709
Total fixed assets	2,368	27,217

In thousands of EUR	Slovakia	Czech Republic
Interest and similar income	34,392	43,584
Fee and commission income	3,392	6,117
Other operating income	23,338	213,658
Total	61,122	263,359
Less discontinued operations	66	210,109
Total from continuing operations	61,056	53,250

The Group has 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
459	23,255	53,299	-	53,299

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	21,399
486	6,277	157	3,270	247,185
7,120	72,799	16,794	25,946	447,140
-	-	-	876	211,051
7,120	72,799	16,794	25,070	236,089

Information about operating segments – Consolidated income statement for the year ended 31 December 2009

In thousands of EUR	Banking	Asset Management		
			Opportunity	Private
Interest and similar income	103,856	385	1,035	53,883
external	97,691	339	664	42,063
intersegment	6,165	46	371	11,820
Interest expense and similar charges	(40,577)	(166)	(10,141)	(69,434)
Net interest income (expense)	63,279	219	(9,106)	(15,551)
Fee and commission income	15,761	2,457	36	21,610
external	12,132	2,457	36	20,036
intersegment	3,629	–	–	1,574
Fee and commission expense	(21,803)	(28)	(1,597)	(25,339)
Net fee and commission income (expense)	(6,042)	2,429	(1,561)	(3,729)
Dealing profits (losses), net	22,382	–	3,475	(28,310)
Negative goodwill	4,665	–	–	–
Other operating income	2,733	1,378	88,557	866,367
external	678	1,378	87,461	866,367
intersegment	2,055	–	1,096	–
Other operating expenses	(30,448)	(1,989)	(50,856)	(641,869)
Personnel expenses	(14,447)	(1,761)	(11,496)	(16,669)
Depreciation and amortisation	(2,434)	(233)	(5,706)	(14,390)
Impairment of goodwill and other non-current assets	(7,470)	(2,151)	(9,813)	–
Other operating non-cash expenses	(14,608)	–	(6,425)	(78,020)
Income (expense) from associates and joint ventures	–	–	31	16,038
Income tax expense	(4,390)	(104)	(60)	(6,144)
Segment result – total	13,220	(2,212)	(2,960)	77,723
discontinued operations	–	–	11,672	179,566
continuing operations	13,220	(2,212)	(14,632)	(101,843)

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

Principal Investments			Unallocated	Total segments	Inter-segment eliminations	J&T Finance Group
Public	Intra-segment eliminations	Total Principal Investments				
842	(10,854)	44,906	9,159	158,306	(15,588)	142,718
67		42,794	1,894	142,718	-	142,718
775	(10,854)	2,112	7,265	15,588	(15,588)	-
(14,809)	10,854	(83,530)	(8,677)	(132,950)	15,588	(117,362)
(13,967)	-	(38,624)	482	25,356	-	25,356
34	(257)	21,423	401	40,042	(4,951)	35,091
34	-	20,106	396	35,091	-	35,091
-	(257)	1,317	5	4,951	(4,951)	-
(6,113)	257	(32,792)	(1,317)	(55,940)	4,951	(50,989)
(6,079)	-	(11,369)	(916)	(15,898)	-	(15,898)
60,653	-	35,818	(3,805)	54,395	171	54,566
1	-	1	311	4,977	-	4,977
-	-	954,924	4,825	963,860	(3,951)	959,909
-	-	953,828	4,025	959,909	-	959,909
-	-	1,096	800	3,951	(3,951)	-
(7,313)	-	(700,038)	(9,335)	(741,810)	3,780	(738,030)
-	-	(28,165)	(3,293)	(47,666)	-	(47,666)
-	-	(20,096)	(221)	(22,984)	-	(22,984)
-	-	(9,813)	-	(19,434)	-	(19,434)
-	11,059	(73,386)	(3)	(87,997)	-	(87,997)
-	-	16,069	-	16,069	-	16,069
(137)	-	(6,341)	(401)	(11,236)	-	(11,236)
33,158	11,059	118,980	(12,356)	117,632	-	117,632
-	-	191,238	-	191,238	-	191,238
33,158	11,059	(72,258)	(12,356)	(73,606)	-	(73,606)

Information about operating segments – Consolidated balance sheet as at 31 December 2009

In thousands of EUR	Banking	Asset Management		
			Opportunity	Private
Fixed assets	15,025	23,737	125,336	21
property, plant and equipment	11,641	217	8,107	–
goodwill	–	–	23,347	21
other intangible assets	3,384	23,520	93,882	–
Investments in joint ventures and associates	–	–	1	–
Financial assets	138,402	1	74	1,754
financial assets at fair value through profit or loss	127,306	1	68	1,270
securities available for sale	5,622	–	6	484
financial instruments held to maturity	5,474	–	–	–
Trade receivables and other assets	35,006	5,268	42,553	182,928
Loans and advances to customers	1,008,902	4,801	12,590	1,136,435
Receivables from the sale of discontinued operations	–	–	350	248,669
Cash and cash equivalents	455,115	62,368	764	28,670
Deferred tax assets	15	–	3,063	–
Disposal group held for sale	1,708	–	1,025,817	–
Total segment assets	1,654,173	96,175	1,210,548	1,598,477
Deposits and loans from banks	58,963	–	65,685	8,960
Deposits and loans from customers	1,329,930	57,831	21,342	1,030,276
Subordinated debt	24,514	–	50,771	–
Financial liabilities at fair value through profit or loss	8,264	–	–	1,422
Trade payables and other liabilities	33,712	4,150	30,047	131,850
Deferred tax liabilities	1,025	–	18,256	–
Current income tax	432	8	59	183
Liabilities associated with disposal group held for sale	–	–	1,017,420	–
Total segment liabilities	1,456,840	61,989	1,203,580	1,172,691

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

Principal Investments			Unallocated	Total segments	Inter-segment elimi-nations	J&T Finance Group
Public	Intra-segment eliminations	Total Principal Investments				
150	-	125,507	698	164,967	-	164,967
-	-	8,107	233	20,198	-	20,198
150	-	23,518	375	23,893	-	23,893
-	-	93,882	90	120,876	-	120,876
-	-	1	-	1	-	1
210,592	-	212,420	11,798	362,621	(5,170)	357,451
210,697	-	212,035	460	339,802	(727)	339,075
(105)	-	385	11,338	17,345	-	17,345
-	-	-	-	5,474	(4,443)	1,031
56,011	(1,359)	280,133	5,475	325,882	(19,754)	306,128
14,009	(194,356)	968,678	118,371	2,100,752	(252,992)	1,847,760
-	-	249,019	1,313	250,332	-	250,332
2,062	-	31,496	1,137	550,116	(32,660)	517,456
-	-	3,063	58	3,136	-	3,136
-	-	1,025,817	-	1,027,525	-	1,027,525
282,824	(195,715)	2,896,134	138,850	4,785,332	(310,576)	4,474,756
104,375	-	179,020	12,809	250,792	(66,077)	184,715
68,516	(73,391)	1,046,743	71,269	2,505,773	(224,005)	2,281,768
83,443	(115,191)	19,023	50,013	93,550	-	93,550
164	-	1,586	-	9,850	(727)	9,123
1,827	(1,359)	162,365	32,713	232,940	(19,767)	213,173
-	-	18,256	-	19,281	-	19,281
51	-	293	326	1,059	-	1,059
-	(29,825)	987,595	-	987,595	-	987,595
258,376	(219,766)	2,414,881	167,130	4,100,840	(310,576)	3,790,264

Information about geographical areas for the year ended 31 December 2009

In thousands of EUR	Slovakia	Czech Republic
FIXED ASSETS		
property, plant and equipment	5,851	13,661
goodwill	23,255	213
other intangible assets	94,118	2,261
Total fixed assets	123,224	16,135
In thousands of EUR	Slovakia	Czech Republic
Interest and similar income	27,516	28,711
Fee and commission income	1,139	2,683
Other operating income	167,816	736,472
Total	196,471	767,866
Less discontinued operations	125,569	730,913
Total from continuing operations	70,902	36,953

The Group had no revenues from transactions with a single external customer amounting to 10% or more of the Group's revenues in 2009.

Russian Federation	Other	Total segments	Inter-segment eliminations	J&T Finance Group
400	286	20,198	–	20,198
162	263	23,893	–	23,893
66	24,431	120,876	–	120,876
628	24,980	164,967	–	164,967

Russian Federation	Cyprus	Liechtenstein	Other	J&T Finance Group
4,570	37,513	32,464	11,944	142,718
276	5,292	20,676	5,025	35,091
226	1,962	212	53,222	959,909
5,071	44,767	53,352	70,191	1,137,718
–	–	21	44,691	901,194
5,071	44,767	53,331	25,500	236,524

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

Acquisitions

In thousands of EUR	Date of acquisition	Cost	Cash outflow	Group's interest after acquisition %
NEW SUBSIDIARIES				
ATLANTIK Asset Management investiční společnost, a.s.	16.6.2010	3,815	3,815	100
ATLANTIK finanční trhy, a.s.	16.6.2010	33,104	30,068	100
J&T Concierge SR, s. r. o. [Airlie Enterprises, s.r.o.]	30.8.2010	1	1	100
Total		36,920	33,884	

	Date of establishment	Group's interest after establishment %
ESTABLISHMENT OF SUBSIDIARIES		
J&T MINORITIES PORTFOLIO LIMITED	13.1.2010	100
J&T SECURITIES MANAGEMENT LIMITED	14.1.2010	100
J&T Advisors (Canada) Inc.	15.7.20010	100
J and T Capital, Sociedad Anonima de Capital Variable	18.10.2010	100
J&T IB and Capital Markets,a.s.	19.11.2010	100

Effect of acquisitions

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

In thousands of EUR	2010 Total
Property, plant and equipment	185
Intangible assets	6,198
Trade receivables and other assets	2,733
Loans and advances to customers	58,245
Financial asset at fair value through profit or loss	3,989
Financial assets available for sale	5,536
Cash and cash equivalents	20,155
Provisions	(1,064)
Deferred tax liabilities	(1,087)
Deposits and loans from banks	(24,681)
Deposits and loans from customers	(17,756)
Financial liabilities at fair value through profit or loss	(828)
Trade payables and other liabilities	(22,098)
Net identifiable assets and liabilities	29,527
Goodwill on acquisition of new subsidiaries	7,393
Cost of acquisition	36,920
Consideration paid, satisfied in cash	(33,884)
Cash acquired	20,155
Net cash outflow	(13,729)
Profit since acquisition date	890
Profit of the acquired entities for all of 2010	2,504
Revenues of the acquired entities for all of 2010	11,153

In June 2010, the Group acquired 100% of the shares in ATLANTIK finanční trhy, a.s. and ATLANTIK Asset Management, investiční společnost, a.s., companies with their seats in the Czech republic.

ATLANTIK finanční trhy, a.s. is a leading non-banking securities trader and fourth largest securities broker in the Czech market and has access to some of the major stock markets in the world. ATLANTIK Asset Management investiční společnost, a.s. specializes in individual asset management and provides investment advisory for private and corporate clients, municipalities and clients from the non-profit sector (for example, foundations and unions). As at the acquisition date the total assets of both companies amounted to EUR 97,041 thousand and their liabilities to EUR 67,514 thousand.

Disposals of subsidiaries, joint ventures and special purpose entities

In thousands of EUR	Date of disposal	Sales price	Cash inflow	Gain/(loss) on disposal
DISCONTINUED OPERATIONS				
EAST BOHEMIA ENERGY HOLDING LIMITED, including subsidiary:	31.12.2010	28,002	9,898	21
Elektrárny Opatovice, a.s (International Power Opatovice a.s.)		-	-	-
		28,002	9,898	21
CONTINUING OPERATIONS				
Barton & Lloyd Investment, spol. s r.o.	16.3.2010	-	-	3,461
Slovenská produkčná, a.s. including subsidiary: MAC TV s.r.o.	1.7.2010	-	-	(1,537)
Gomanold Trading Limited and subsidiaries: Gomanold spoločnosť s ručením omezeným Retunk, a.s. HORTEN LIMITED EXONERATE TRADING LIMITED ¹	1.10.2010	6,072	6,072	135
FORAX PROPERTY LIMITED	1.10.2010	-	-	211
POPELANTE DEVELOPMENT LIMITED	1.10.2010	-	-	(86)
VULKAN akciová spoločnosť	1.10.2010	3,393	-	(148)
ASSET MANAGEMENT Bratislava, a. s. v likvidácii	29.11.2010	120	-	(18)
FERVENT HOLDINGS LTD	31.12.2010	-	-	4,709
		9,585	6,072	6,727
Total		37,587	15,970	6,748

¹ Joint venture

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	¹ EBEH	² TV JOJ	Other	Total
Property, plant and equipment	–	5,251	–	5,251
Intangible assets	–	115,669	151	115,820
Investment in joint ventures	–	–	1	1
Deferred tax asset	–	3,062	15	3,077
Inventories	–	411	–	411
Trade receivables and other assets	–	61,790	24,735	86,525
Loans and advances to customers	–	–	13,048	13,048
Financial assets at fair value through profit or loss and available for sale	–	44	135	179
Cash and cash equivalents	–	668	305	972
Disposal group held for sale	1,243,096	–	44	1,243,140
Deposits and loans from banks	–	(64,698)	(4,646)	(69,344)
Deposits and loans from customers	–	–	(10,296)	(10,296)
Subordinated debt	–	(54,537)	(5,602)	(60,139)
Trade payables, provisions and other liabilities	–	(48,329)	(12,048)	(60,376)
Deferred tax liability	–	(17,862)	–	(17,862)
Liabilities associated with disposal group held for sale	(1,215,115)	–	(3,505)	(1,218,620)
Non-controlling interests	–	68	(1,016)	(948)
Net assets and liabilities	27,981	1,537	1,321	30,839
Sales price	28,002	–	9,585	37,587
Gain/(loss) on disposal	21	(1,537)	8,264	6,748
Consideration received, satisfied in cash	9,898	–	6,072	15,970
Cash disposed of	(3,011)	(668)	(305)	(3,984)
Net cash inflows/(outflows)	6,887	(668)	5,767	11,986
Cash received from disposals in prior years				259,285
Total cash inflows				271,271

¹ EBEH consists of EAST BOHEMIA ENERGY HOLDING LIMITED and its subsidiary Elektrárny Opatovice, a.s. Elektrárny Opatovice, a.s. (formerly International Power Opatovice, a.s.) was acquired by the Group in November 2009 with the intention to sell it in 2010 and therefore was presented as part of the Disposal group held for sale.

² TV JOJ comprises Slovenská produkčná, a.s. and its subsidiary MAC TV s.r.o. TV JOJ was disposed from the Group on termination of the profit share agreement, and this disposal had minor impact on the result of the Group.

4. DISCONTINUED OPERATIONS

In thousands of EUR	2010	2009
RESULTS OF DISCONTINUED OPERATIONS		
Interest and similar income	650	344
Interest expense and similar charges	(29,678)	(13,930)
Net interest expense	(29,028)	(13,586)
Fee and commission income	908	36
Fee and commission expense	(42,139)	(2,054)
Dealing profits (losses), net	3,120	(21,053)
Other operating income	209,471	748,689
Personnel expenses	(12,202)	(18,688)
Depreciation and amortisation	–	(14,390)
Other operating expenses	(111,292)	(646,861)
Net income from associates and joint ventures	–	16,038
Profit before tax	18,838	48,131
Gain on sale of discontinued operations	21	152,125
Income tax expense	(14,386)	(9,018)
Profit for the period from discontinued operations	4,473	191,238
CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS		
Net cash flows from (used in) operating activities	(1,780)	642,836
Net cash flows from (used in) investing activities	235	(676,254)
Net cash flows from (used in) financing activities	8	(234)
Net cash flows from (used in) discontinued operations	(1,537)	(33,562)

5. NET INTEREST INCOME

In thousands of EUR	2010	2009
INTEREST AND SIMILAR INCOME		
Interest and similar income arise from:		
Loans and advances to banks and customers	153,418	132,989
Repo transactions	7,658	2,495
Bonds and other fixed income securities	3,785	2,512
Bills of exchange	3,834	644
Receivables from central banks	3,127	2,738
Financial assets held for trading	6,483	1,050
Other	251	290
Total	178,556	142,718
Less discontinued operations	(650)	(344)
Total for continuing operations	177,906	142,374
INTEREST EXPENSE AND SIMILAR CHARGES		
Interest expense and similar charges arise from:		
Deposits and loans from banks and customers	(113,621)	(98,320)
Repo transactions	(3,615)	(4,155)
Bonds and other securities with fixed interest rate	(3,745)	(2,707)
Bills of exchange	(12,352)	(10,553)
Other	(3,448)	(1,627)
Total	(136,781)	(117,362)
Less discontinued operations	29,678	13,930
Total for continuing operations	(107,103)	(103,432)
Net interest income	41,775	25,356
Less net interest expense of discontinued operations	29,028	13,586
Net interest income of continuing operations	70,803	38,942

Interest income from impaired loans in 2010 was EUR 14,725 thousand (2009: EUR 13,272 thousand). The receivable from the interest income on the impaired loans has also been impaired.

6. FEE AND COMMISSION EXPENSE

In thousands of EUR	2010	2009
Intermediation fees	(3,851)	(38,290)
Other fees and commission expenses	(46,296)	(12,699)
Total	(50,147)	(50,989)
Less discontinued operations	42,139	2,054
Total for continuing operations	(8,008)	(48,935)

Intermediation fees represent expenses relating to new and on-going projects of the Group, and are allocated across the different segments in Note 2 – Operating segments.

7. DEALING PROFITS (LOSSES), NET

In thousands of EUR	2010	2009
Realised and unrealised gains (losses) on financial instruments at fair value through profit or loss, net	99,607	49,332
Realised and unrealised gains from receivables held for trading	388	4,594
Dividend income	2,087	640
Total	102,080	54,566
Less discontinued operations	(3,120)	21,053
Total for continuing operations	98,960	75,619

The majority of gains on financial instruments in 2010 arises from the Group's investments in Unipetrol, a.s., amounting to EUR 40,555 thousand (in 2009: losses of EUR 3,752 thousand), in Erste Bank der oesterreichischen Sparkassen AG for EUR 4,792 thousand (2009: EUR 1,916 thousand), in Tatry mountain resorts, a.s. for EUR 4,221 thousand (2009: EUR 36 thousand) and from trading in currency derivatives of EUR 27,427 thousand (2009: EUR 28,616 thousand). There were also losses from financial instruments in Central European Media Enterprises Ltd in amount of EUR 7,506 thousand (2009: gains of EUR 20,807 thousand).

8. GOODWILL IMPAIRMENT AND NEGATIVE GOODWILL

In thousands of EUR	2010	2009
NEGATIVE GOODWILL		
Ingramm International N.V.	–	4,665
JTG Services Anstalt	–	239
Other	–	73
Total	–	4,977
Less discontinued operations	–	–
Total for continuing operations	–	4,977

In thousands of EUR	2010	2009
GOODWILL IMPAIRMENT		
J&T Media Group	–	10,000
J&T BANK ZAO	–	5,472
J&T Bank (Switzerland) Ltd.	–	812
Total	–	16,284
Less discontinued operations	–	–
Total for continuing operations	–	16,284

9. OTHER OPERATING INCOME

In thousands of EUR	2010	2009
Revenue from sales of heat and energy	157,898	80,114
Emission rights	32,999	26,170
Income from advertising	22,669	42,983
Revenue from manufacturing, distribution of electricity and construction contract sales	15,414	639,731
Profit on disposal of subsidiaries, special purpose entities, joint ventures and associates and on disposal of non-controlling interest in subsidiaries and special purpose entities	6,748	152,073
Consulting fees	4,969	6,637
Revenue from services	2,423	262
Rental income other than from investment property	1,639	1,126
Gain on disposal of property, plant and equipment, investment property and intangible assets, net	–	271
Income from investment property	–	106
Other income	2,426	10,436
Total	247,185	959,909
Less discontinued operations	(209,492)	(900,814)
Total for continuing operations	37,693	59,095

An analysis of Other operating income by segment is provided in Notes 2 – Operating segments.

The income from discontinued operations of EUR 209,492 thousand includes EUR 21 thousand of gain on the sale of discontinued operations (2009: EUR 152,125 thousand) (see Note 4 – 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	2010	2009
Wages and salaries	33,725	37,055
Compulsory social security contributions	8,423	9,472
Other social expenses	901	1,139
Total	43,049	47,666
Less discontinued operations	(12,202)	(18,688)
Total for continuing operations	30,847	28,978

The average number of employees during 2010 was 1,055 (2009: 2,007), out of which executives represent 116 (2009: 122).

11. OTHER OPERATING EXPENSES

In thousands of EUR	2010	2009
Materials	50,772	93,344
Foreign exchange losses, net	43,958	37,779
Consumption of emission rights	30,418	11,697
Energy	17,911	513,777
Television program expenses	11,166	21,766
Advertising expenses	7,626	5,967
Repairs and maintenance expenses	7,575	5,857
Consulting expenses	6,501	7,255
Rent expenses	5,870	4,582
News production expenses	4,913	5,334
Transport and accommodation, travel expenses	4,175	5,037
Sponsoring and gifts	1,150	741
Communication expenses	923	667
Property and other taxes	869	582
Outsourcing, legal and other administration fees	814	2,271
Training, courses and conferences	174	153
Loss on disposal of property, plant and equipment, investment property and intangible assets, net	66	-
Change in impairment of receivables and inventories	57	10,317
Contractual penalties	41	713
Receivables written-off, net	-	4,998
Transmission capacity services	-	1,056
Change in fair value of investment property, net	-	186
Other operating expenses	17,000	30,968
Total	211,979	765,047
Less discontinued operations	(111,292)	(646,861)
Total for continuing operations	100,687	118,186

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 2 – Operating segments.

12. INCOME TAX

In thousands of EUR	2010	2009
CURRENT TAX EXPENSE		
Current year	(17,740)	(14,329)
Adjustments for prior periods	(115)	(656)
Withheld on interest	(24)	(37)
Total	(17,879)	(15,022)
DEFERRED TAX INCOME (EXPENSE)		
Origination and reversal of temporary differences	855	3,890
Change in tax rate	–	(104)
Total income tax expense	(17,024)	(11,236)
Less discontinued operations	14,386	9,018
Total income tax expense from continuing operations	(2,638)	(2,218)

The corporate income tax rate in Slovakia for 2009 and 2010 is 19%.

Deferred income taxes are calculated using currently enacted tax rates expected to apply when the asset is realized or the liability settled. In November 2007 the Czech government enacted legislation under which the corporate income tax rate was reduced from 24% to 21%, 20% and 19% for the fiscal years ending in 2008, 2009 and 2010 onwards, respectively.

Income tax recognized in other comprehensive income

In thousands of EUR	2010			2009		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Foreign exchange translation differences	34,640	–	34,640	15,785	–	15,785
Change in fair value of financial assets available for sale	(1,689)	321	(1,368)	(123)	–	(123)
Cash flow hedges: Effective portion of changes in fair value	14,317	(2,720)	11,597	(7,228)	1,373	(5,855)
Total	47,268	(2,399)	44,869	8,434	1,373	9,807

Reconciliation of the effective tax rate

In thousands of EUR	2010 %	2010	2009 %	2009
Profit before tax		102,676		128,868
Income tax at 19% (2009: 19%)	19.0	19,508	19.0	24,485
Effect of tax rates in foreign jurisdictions	2.7	2,714	39.1	50,372
Non-deductible expenses	24.6	25,228	33.4	42,999
Non-taxable income	(42.0)	(43,116)	(86.7)	(111,771)
Tax incentives	0.0	5	0.2	316
Tax withheld on interest	0.0	24	0.0	37
Recognition of previously unrecognised tax losses	(0.4)	(369)	(2.9)	(3,712)
Current year losses for which no deferred tax asset was recognised	7.4	7,549	2.9	3,702
Change in temporary differences for which no deferred tax asset was recorded	5.1	5,235	1.6	2,067
Under (over) provided in prior years tax charges	0.1	115	0.5	656
Effect of changes in tax rate	0.1	131	1.6	2,085
Total	16.6	17,024	8.7	11,236
Less discontinued operations		(14,386)		(9,018)
Total tax from continuing operations		2,638		2,218

See also Note 16 – Deferred tax assets and liabilities.

13. PROPERTY, PLANT AND EQUIPMENT

In thousands of EUR	Land and buildings	Fixtures fittings and equipment	Under construction	Total
COST				
Balance at 1 January 2009	12,449	20,784	65	33,298
Effects of movements in foreign exchange	76	(132)	–	(56)
Additions	46	1,284	15	1,345
Acquisitions through business combinations	–	74	–	74
Disposals	(387)	(458)	–	(845)
Transfers	–	23	(23)	–
Balance at 31 December 2009	12,184	21,575	57	33,816
Balance at 1 January 2010	12,184	21,575	57	33,816
Effects of movements in foreign exchange	679	675	–	1,354
Additions	806	2,153	821	3,780
Acquisitions through business combinations	–	185	–	185
Disposals	(169)	(10,168)	(362)	(10,699)
Balance at 31 December 2010	13,500	14,420	516	28,436
DEPRECIATION AND IMPAIRMENT LOSSES				
Balance at 1 January 2009	(2,095)	(8,313)	–	(10,408)
Effects of movements in foreign exchange	(14)	42	–	28
Depreciation charge for the year	(300)	(3,723)	–	(4,023)
Disposals	203	395	–	598
Impairment	187	–	–	187
Balance at 31 December 2009	(2,019)	(11,599)	–	(13,618)
Balance at 1 January 2010	(2,019)	(11,599)	–	(13,618)
Effects of movements in foreign exchange	(115)	(428)	–	(543)
Depreciation charge for the year	(300)	(2,936)	–	(3,236)
Disposals	57	5,055	–	5,112
Impairment	–	(1,641)	–	(1,641)
Balance at 31 December 2010	(2,377)	(11,549)	–	(13,926)
CARRYING AMOUNT				
At 1 January 2009	10,354	12,471	65	22,890
At 31 December 2009	10,165	9,976	57	20,198
At 1 January 2010	10,165	9,976	57	20,198
At 31 December 2010	11,123	2,871	516	14,510

Idle assets

At 31 December 2010 the Group had no material idle assets (2009: EUR 0 thousand).

Security

At 31 December 2010 property, plant and equipment with a carrying value of EUR 9,034 thousand is subject to pledges securing bank loans (2009: EUR 8,824 thousand).

Finance lease liabilities

Finance lease liabilities are payable as follows as at 31 December 2010:

In thousands of EUR	Payments	Interest	Principal
Less than one year	398	73	325
Between one and five years	731	135	596
More than five years	-	-	-
Total	1,129	208	921

14. INTANGIBLE ASSETS

In thousands of EUR	Goodwill	TV format and brands	Other intangible assets	Total
COST				
Balance at 1 January 2009	50,470	88,429	58,219	197,118
Effect of movements in foreign exchange	(22)	-	(722)	(744)
Additions	114	-	642	756
Acquisitions through business combinations	469	-	67	536
Disposals	-	-	(54)	(54)
Transfers to disposal group held for sale	(43)	-	-	(43)
Balance at 31 December 2009	50,988	88,429	58,152	197,569
Balance at 1 January 2010	50,988	88,429	58,152	197,569
Effect of movements in foreign exchange	(376)	-	3,811	3,435
Additions	-	-	1,040	1,040
Acquisitions through business combinations	7,393	-	6,198	13,591
Disposals	(44,217)	(88,429)	(12,529)	(145,175)
Balance at 31 December 2010	13,788	-	56,672	70,460
AMORTISATION AND IMPAIRMENT LOSSES				
Balance at 1 January 2009	(10,810)	-	(18,031)	(28,841)
Effect of movements in foreign exchange	(1)	-	227	226
Amortisation charge for the year	-	-	(4,571)	(4,571)
Disposals	-	-	7	7
Impairment	(16,284)	-	(3,337)	(19,621)
Balance at 31 December 2009	(27,095)	-	(25,705)	(52,800)
Balance at 1 January 2010	(27,095)	-	(25,705)	(52,800)
Effect of movements in foreign exchange	591	-	(1,501)	(910)
Amortisation charge for the year	-	-	(3,571)	(3,571)
Disposals	20,811	-	8,539	29,350
Impairment	-	-	(3,740)	(3,740)
Balance at 31 December 2010	(5,693)	-	(25,978)	(31,671)
CARRYING AMOUNT				
At 1 January 2009	39,660	88,429	40,188	168,277
At 31 December 2009	23,893	88,429	32,447	144,769
At 1 January 2010	23,893	88,429	32,447	144,769
At 31 December 2010	8,095	-	30,694	38,789

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group has the following investment in a special purpose entity consolidated as a joint venture:

In thousands of EUR		Group's interest 2010	Group's interest 2009	Carrying amount 2010	Carrying amount 2009
	Country	%	%		
EXONERATE TRADING LIMITED	Cyprus	–	47.50	–	1
Total				–	1

The Group's income [expense] from associates and joint ventures, including in 2009, is as follows:

In thousands of EUR	2010	2009
Total net income from associates and joint ventures	(2)	16,069
Less income from discontinued operations	–	(16,038)
Net income [expense] from associates and joint ventures from continuing operations	(2)	31

The Group's income from associates and joint ventures from discontinued operations for the year ended 31 December 2009 was EUR 16,038 thousand, which consisted of net post-acquisition recognised income for Pražská energetika, a.s. of EUR 15,942 thousand and PRVNÍ MOSTECKÁ a.s. of EUR 96 thousand. These significant associates were disposed in 2009.

Summary financial information for 9 months of 2009 for Pražská energetika, a.s., a significant associate disposed in 2009, presented at 100%:

In thousands of EUR	Revenue	Profit/ [Loss]	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
31 DECEMBER 2009 [9 MONTHS]							
Pražská energetika, a.s.	568,134	38,741	–	–	–	–	–

16. DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax assets

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

In thousands of EUR	2010	2009
Tax losses carried forward	19,115	11,222
Total	19,115	11,222

Tax losses expire over a period of five years for losses arisen after 1 January 2004 in the Czech Republic (seven years for losses arisen before 1 January 2004) and five years for losses arisen before 1 January 2010 in Slovakia

[seven years for losses arisen after 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.

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

In thousands of EUR	2010	2009
Temporary difference related to:		
Property, plant and equipment	(305)	(860)
Property, plant and equipment	14	7
Intangible assets	(1,386)	(18,234)
Intangible assets	14	-
Impairment of trade receivables and other assets	5	55
Securities available for sale	324	-
Unpaid interest, net	(23)	(1)
Financial assets at fair value through profit or loss	6	(59)
Loan and borrowings	(174)	(121)
Loan and borrowings	68	-
Embedded derivatives	6	(1)
Tax losses	361	3,063
Other deferred tax assets	(17)	11
Other deferred tax liabilities	(29)	(5)
Total	(1,136)	(16,145)

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

In thousands of EUR	2011	2012	2013	2014	After 2014
Tax losses	19	-	3	2	20,501

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.

17. TRADE RECEIVABLES AND OTHER ASSETS

In thousands of EUR	2010	2009
Advance payments	55,125	57,815
Receivables from the sale of loans	38,716	90,086
Purchased receivables	35,464	12,238
Other receivables	12,530	49,102
Trade receivables	8,526	82,142
Securities settlement balances	5,788	958
Other tax receivables	4,450	1,803
Prepayments and accrued income	2,935	17,685
Allowance for bad debts	(5,074)	(5,701)
Total	158,460	306,128
Current	145,733	300,408
Non-current	12,727	5,720
Total	158,460	306,128

18. LOANS AND ADVANCES TO CUSTOMERS

In thousands of EUR	2010	2009
Loans and advances to customers	2,547,894	1,955,749
Less allowance for impairment of loans	(72,799)	(107,989)
Total	2,475,095	1,847,760
Current	1,069,427	1,068,882
Non-current	1,405,668	778,878
Total	2,475,095	1,847,760

Loans and advances to customers include 328 significant loans and advances, which represent 99% of total loans and advances to customers (2009: 303 representing 99%). Loans and advances to customers include two loans of EUR 122,682 thousand including accrued interest, each granted to J&T Partners LP I and J&T Partners LP II (2009: EUR 102,528 thousand each) and EUR 103,003 thousand including accrued interest, granted to J&T REAL ESTATE LIMITED (2009: EUR 100,493 thousand). In 2010 the Group had loans to four other customers with an aggregated balance of EUR 335,666 thousand (2009: EUR 235,269 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 with these provided loans as part of the projects. The assets are, in many cases, pledged in favour of the group. Management believes that these receivables will be repaid in full.

The amount of non-interest bearing loans as at 31 December 2010 totalled EUR 9,522 thousand (2009: EUR 11,006 thousand). These loans are mostly from the former Podnikatelská banka, the clients of which are now in bankruptcy proceedings. Receivables from these loans are fully provided for.

The weighted average interest rate on loans to customers for 2010 was 7.43 % (2009: 6.05 %).

19. IMPAIRMENT OF LOANS

In thousands of EUR	2010	2009
Balance at 1 January	107,989	98,110
Write-offs	(74,141)	(54,682)
Increase in the year	35,123	64,375
Differences due to foreign currency translation	3,828	186
Balance at 31 December	72,799	107,989

20. REPURCHASE AND RESALE 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 2010 and 2009, total assets sold under repurchase agreements were as follows:

In thousands of EUR	Fair value of underlying asset	Carrying amount of liability	Maturity	Repurchase price
31 DECEMBER 2010				
Loans and advances from customers	61,267	53,675	up to 1 month	53,704
Loans and advances from customers	8,142	6,871	1-6 months	6,926
Loans and advances from customers	10,717	9,648	6-12 months	10,155
Loans and advances from banks	114,599	98,781	up to 1 month	98,807
Loans and advances from banks	9,207	7,049	1-6 months	7,582
Total	203,932	176,024		177,174
31 DECEMBER 2009				
Loans and advances from customers	24,115	16,755	up to 1 month	17,227
Loans and advances from customers	18,443	10,555	1-6 months	10,621
Loans and advances from customers	2,738	2,641	6-12 months	2,785
Loans and advances from banks	96,294	62,592	up to 1 month	62,585
Loans and advances from banks	848	693	1-6 months	604
Loans and advances from banks	3,060	2,241	6-12 months	2,344
Total	145,498	95,477		96,166

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 2010 and 2009, total assets purchased subject to agreements to resell them were as follows:

In thousands of EUR	Carrying amount of receivable	Fair value of assets held as collateral	Maturity	Repurchase price
31 DECEMBER 2010				
Loans and advances to customers	130,498	131,258	up to 1 month	179,019
Loans and advances to customers	80,499	81,753	1-6 months	108,707
Loans and advances to banks	188,007	184,337	up to 1 month	188,056
Total	399,004	397,348		475,782
31 DECEMBER 2009				
Loans and advances to customers	35,740	60,887	up to 1 month	35,793
Loans and advances to banks	292,259	286,830	up to 1 month	292,304
Total	327,999	347,717		328,097

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

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In thousands of EUR	2010	2009
Bonds (Listed)	117,821	68,198
Bonds (Not listed)	2,920	2,687
Shares (Listed)	307,045	259,473
Shares (Not listed)	36	1
Other financial assets held for trading	3,102	6,469
	430,924	336,828
Forward currency contracts	5,675	2,234
Option contract for share purchase	49	2
Option contract for commodity purchase	60	11
Interest rate swaps (IRS)	16	-
Fair value of derivatives	5,800	2,247
Total	436,724	339,075

In thousands of EUR	2010	2009
FAIR VALUE OF SECURITIES AND OTHER FINANCIAL ASSETS		
Level 1 – quoted market prices	417,651	307,675
Level 2 – derived from quoted prices	13,237	29,153
Level 3 – calculated using valuation techniques	36	–
	430,924	336,828
FAIR VALUE OF DERIVATIVES		
Level 1 – quoted market prices	120	–
Level 2 – derived from quoted prices	5,680	2,247
	5,800	2,247
Total	436,724	339,075

The majority of financial assets at fair value through profit or loss as at 31 December 2010 comprise shares of Unipetrol, a.s. for EUR 136,604 thousand (2009: EUR 85,383 thousand), shares of Best Hotel Properties, a.s. for EUR 72,167 thousand (2009: EUR 31,490 thousand) and shares of Tatra mountain resorts, a.s. for EUR 53,682 thousand (2009: EUR 50,997 thousand). The value of these shares was determined based on market prices.

Shares of Central European Media with a carrying value of EUR 58,316 thousand at 31 December 2009 were sold during 2010.

Shares of Unipetrol, a.s. in amount of EUR 58,704 thousand (2009: EUR 49,544 thousand) have been pledged as security for bank loans as at 31 December 2010.

Income from debt and other fixed-income instruments is recognised in interest and similar income. At 31 December 2010 the weighted average interest rate on bonds was 7.64% (2009: 9.83%).

22. SECURITIES AVAILABLE FOR SALE

In thousands of EUR	2010	2009
Securities available for sale	63,823	17,345

In thousands of EUR	2010	2009
FAIR VALUE		
Level 1 – quoted market prices	45,863	513
Level 2 – derived from quoted prices	17,552	16,438
Level 3 – held at cost	408	394
Total	63,823	17,345

Securities available for sale comprise primarily shares as at 31 December 2010 and at 31 December 2009. Securities held at cost (level 3) in amount of EUR 400 thousand (2009: EUR 378 thousand) comprise investments of the Group in 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).

The investments in J&T Partners LP I and J&T Partners LP II are included in Level 3 (held at cost) because the fair value of the underlying participations in Energetický a průmyslový holding, a.s. cannot be reliably determined due to significant current fluctuations and uncertainties in the commodity input prices, and due to on-going and extensive restructuring and diversification by Energetický a průmyslový holding, a.s. As such, the fair value of these investments is not disclosed. The Group does not intend to dispose of these investments in the near future.

23. CASH AND CASH EQUIVALENTS

In thousands of EUR	2010	2009
CASH AND CASH EQUIVALENTS AT AMORTISED COST		
Cash on hand	3,766	3,219
Current accounts with banks	111,618	93,905
Balances with central banks	35,136	28,293
Loans and advances to central banks	256,550	326,859
Loans and advances to other banks	61,367	58,507
Cash and cash equivalents at amortised cost	468,437	510,783
CASH AND CASH EQUIVALENTS AT FAIR VALUE		
Government bonds issued, accepted by central banks for re-financing	117,850	6,673
Total	586,287	517,456
CASH AND CASH EQUIVALENTS AT FAIR VALUE		
Level 1 – quoted market prices	117,850	6,673

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. These obligatory minimum reserves are interest earning. The obligatory minimum reserve for J&T Bank ZAO is calculated as 2.5% of deposits from private persons and legal entities, except for subordinated loans. The obligatory minimum reserve is not interest earning for J&T Bank ZAO.

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

Part of Cash and cash equivalents is represented by highly liquid government bonds held for trading of EUR 117,850 thousand (2009: EUR 6,673 thousand).

Cash and cash equivalents as at 31 December 2010 includes EUR 61,133 thousand (2009: EUR 53,474 thousand), which represents money held on behalf of clients. A corresponding entry in liabilities to customers was recorded as at 31 December 2010.

The weighted average interest rate on loans and advances to banks was 0.94% in 2010 (2009: 0.89%).

24. DISPOSAL GROUP HELD FOR SALE

The disposal group in prior year consisted principally of companies which were intended to be sold or contributed in-kind as part of the Group's reorganisation plan that was finalised in 2010.

During 2010, the Group sold all three companies that were classified as disposal group held for sale as at 31 December 2009. Their net profit structure for the year ended 31 December 2010 is as follows:

In thousands of EUR	Barton & Lloyd Investment, spol. s.r.o.	EAST BOHEMIA ENERGY HOLDING LIMITED	Elektrárny Opatovice, a.s. (International Power Opatovice, a.s.)	Total
Net interest expense	(7)	(16,698)	(12,330)	(29,035)
Net fee and commission income (expense)	–	(36,661)	(4,569)	(41,230)
Other operating income	–	–	216,192	216,192
Other operating expenses	(1)	(94)	(127,002)	(127,097)
Profit before tax	(8)	(53,453)	72,291	18,830
Income tax expense	–	–	(14,386)	(14,386)
Net profit (loss) for the period	(8)	(53,453)	57,905	4,444

25. SHAREHOLDERS' EQUITY

Share capital and share premium

The authorised, issued and fully paid share capital as at 31 December 2010 and 2009 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 majority shareholder of the Group is TECHNO PLUS, a.s.

	Number of shares	Ownership %	Voting rights %
31 DECEMBER 2010			
TECHNO PLUS, a.s.	19,000	100.00	100.00
Total	19,000	100.00	100.00

Non-distributable reserves

Non-distributable reserves consist of a legal reserve of EUR 10,314 thousand (2009: EUR 10,011 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.

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.

Revaluation reserve

The revaluation reserve arises 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 revaluation reserve also comprises changes in fair value of financial instruments available for sale.

26. NON-CONTROLLING INTERESTS

In thousands of EUR	2010	2009
EQUITY HOLDING a.s.	16,387	15,231
BAYSHORE MERCHANT SERVICES INC.	2,904	3,020
EGNARD INVESTMENTS LIMITED	941	2,002
NEEVAS INVESTMENT LIMITED	802	–
VULKAN akciová spoločnosť	–	680
Other	830	426
Total	21,864	21,359

27. DEPOSITS AND LOANS FROM BANKS

In thousands of EUR	2010	2009
Current	166,245	124,257
Non-current	9,969	60,458
Total	176,214	184,715

The weighted average interest rate on deposits and loans from banks for 2010 was 2.87% (2009: 4.32%).

28. DEPOSITS AND LOANS FROM CUSTOMERS

In thousands of EUR	2010	2009
Current	2,295,155	2,093,612
Non-current	278,052	188,156
Total	2,573,207	2,281,768

The weighted average interest rate on deposits and loans from customers for 2010 was 3.33% (2009: 3.47%).

29. PROVISIONS

In thousands of EUR	Warranties	Other	Total
Balance at 1 January 2009	103	1,835	1,938
Provisions recorded during the period	-	57,270	57,270
Provisions used during the period	-	(576)	(576)
Provisions reversed during the period	(103)	(729)	(832)
Foreign exchange gain/loss	-	4	4
Disposal of entities	-	-	-
Balance at 31 December 2009	-	57,804	57,804
Current	-	57,804	57,804
Non-current	-	-	-

In thousands of EUR	Warranties	Other	Total
Balance at 1 January 2010	-	57,804	57,804
Additions through business combinations	-	1,064	1,064
Provisions recorded during the period	336	1,343	1,679
Provisions used during the period	-	(1,390)	(1,390)
Provisions reversed during the period	-	(18,196)	(18,196)
Foreign exchange gain/loss	(4)	72	68
Disposed entities	-	(2,226)	(2,226)
Balance at 31 December 2010	332	38,471	38,803
Current	332	38,471	38,803
Non-current	-	-	-

Other provisions

Other provisions includes provisions for fees related to the sale of discontinued operations recorded in 2009 of EUR 37,000 thousand, and provisions for untaken holiday of EUR 551 thousand (2009: EUR 435 thousand). Provisions for fees related to dealing profits (2009: EUR 18,000 thousand) were released in 2010 due to changes in the related market prices.

30. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

In thousands of EUR	2010	2009
FAIR VALUE OF DERIVATIVES		
Forward currency contracts	583	8,028
Forward shares contracts	–	617
Cross currency swaps	57	2
Option contracts for share purchases	245	419
Interest rate derivatives	16	–
Derivatives for commodity purchase	41	4
Fair value of derivatives	942	9,070
Other financial liabilities at fair value through profit or loss	282	53
Total	1,224	9,123
FAIR VALUE OF DERIVATIVES		
Level 1 – quoted market prices	237	84
Level 2 – derived from quoted prices	705	8,986
Total	942	9,070
FAIR VALUE OF OTHER FINANCIAL LIABILITIES		
Level 1 – quoted market prices	282	53
Total	1,224	9,123

31. TRADE PAYABLES AND OTHER LIABILITIES

In thousands of EUR	2010	2009
Trade payables	65,208	70,580
Advance payments received	29,456	32,908
Securities settlement balances	4,237	1,072
Payables to customers from securities trading	52,158	11,806
Employee benefits	1,821	1,618
Financial leasing liabilities	921	1,179
Uninvoiced supplies	2,932	7,682
Liabilities arising from acquisitions of subsidiaries and SPEs	2,286	3,578
Other liabilities	16,625	20,290
Accruals and other deferred income	3,705	4,656
Total	179,349	155,369
Current	172,074	154,172
Non-current	7,275	1,197
Total	179,349	155,369

32. SUBORDINATED DEBT

In 2009 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 and floating rate subordinated notes issued by J&T FINANCE GROUP, a.s. (initial amount of EUR 50 million) with maturity in 2022.

In thousands of EUR	2010	2009
Subordinated debt at amortised cost	76,873	93,550

Floating rate subordinated notes are based on 3 month EURIBOR. The weighted average interest rate on the subordinated notes for 2010 was 4.9% (2009: 5.2%).

33. 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 2010	Carrying amount 2009	Fair value 2010	Fair value 2009
FINANCIAL ASSETS				
Cash and cash equivalents	586,287	518,925	585,840	518,805
Loans and advances to customers	2,475,095	1,881,872	2,542,831	1,913,652
Receivables from sale of discontinued operations	20,180	250,332	20,242	250,723
Trade receivables and other assets	158,460	333,842	159,191	333,842
Financial instruments held to maturity	4,245	20,964	4,245	20,964
FINANCIAL LIABILITIES				
Deposits and loans from banks	176,214	350,914	177,541	355,377
Deposits and loans from customers	2,573,207	2,437,518	2,606,806	2,452,654
Trade payables and other liabilities	179,349	658,300	179,415	658,300

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 balance sheet 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: In view of the amounts of held to maturity assets, the carrying value is deemed to reflect the fair value.

34. FINANCIAL COMMITMENTS AND CONTINGENCIES

In thousands of EUR	2010	2009
Accepted and endorsed bills of exchange	24,570	8,423
Guarantees given	554,312	1,044,402
Loan commitments	336,810	217,760
Total	915,692	1,270,585

Guarantees mostly represent the carrying value of pledged assets that are used as collateral for loan financing in a total amount of EUR 181,180 thousand including pledges provided by companies included in the disposal group held for sale (2009: EUR 791,896 thousand), together with 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 373,131 thousand (2009: EUR 252,506). These guarantees are disclosed in the table above at the best estimate of the possible liability payable in the future. The maximum amount payable for guarantees given by the Group as at 31 December 2010 is EUR 780,479 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 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.

In 2004 the Municipal Court in Prague ordered a hearing in respect of a payment order of EUR 17.4 million payable to DEVÍN BANKA, a.s. No specific provision was recorded in this respect. On 7 March 2008 the Court decision was rendered and the claim was dismissed. DEVÍN BANKA, a.s. appealed to the Supreme Court in Prague. On 19 March 2008 the Supreme Court dismissed the action against J&T BANKA, a.s. with a final ruling in this process.

On 19 February 2009, the High Court in Prague issued a final decision dismissing the petition of the liquidator of DEVÍN BANKA, a.s. against J&T Banka, a.s. The judgement from 19 February 2009 is final, however the prosecutor delivered an appeal back to the Highest Court in Brno on 29 May 2009. There was no change in 2010.

35. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of EUR	2010	2009
Less than one year	626	400
Between one and five years	1,451	205
More than five years	811	408
Total	2,888	1,013

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 2010, EUR 4,993 thousand was recognised as an expense in the income statement in respect of operating leases for continuing operations (2009: EUR 3,540 thousand).

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	2010	2009
Less than one year	263	393
Between one and five years	1,006	1,334
More than five years	444	773
Undefined maturity	33	38
Total	1,746	2,538

During the year ended 31 December 2010, EUR 1,237 thousand was recognised as rental income from continuing operations (2009: EUR 690 thousand).

36. 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. 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 2010 are as follows:

In thousands of EUR	2010
VaR market risk overall	13,256
VaR interest rate risk	1,940
VaR foreign exchange risk	7,902
VaR stock risk	10,465

Credit risk

The Group's primary exposure to credit risk arises through its loans, advances and financial guarantees provided. The 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. Most loans and advances are to banks, companies in the financial sector, and various manufacturing companies.

The carrying amount of loans and advances represents the maximum accounting loss that would be recognised at the balance sheet 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 Group holds collateral against loans and advances to customers mainly in the form of pledges, securities and acceptances of bills of exchange.

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 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 IRB methodology.

Credit risk by sector

As at 31 December 2010

In thousands of EUR	Corporate	State, government	Financial institutions	Individuals	Other	Total
ASSETS						
Cash and cash equivalents	–	117,850	464,671	–	3,766	586,287
Financial assets at fair value through profit or loss	355,577	5,192	75,878	77	–	436,724
Financial instruments held to maturity	3,220	1,025	–	–	–	4,245
Securities available for sale	50,490	–	11,272	–	2,061	63,823
Loans and advances to customers	2,392,363	–	21,762	60,744	226	2,475,095
Receivables from sale of discontinued operations	20,180	–	–	–	–	20,180
Trade receivables and other assets	160,798	4,527	2,384	361	336	168,406
Total	2,972,628	128,594	575,967	61,182	6,389	3,744,760
LIABILITIES						
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
Financial, trade and other liabilities	149,975	3,637	92,904	8,997	2,621	258,134
Total	1,530,841	215,850	328,627	717,516	214,721	3,007,555

As at 31 December 2009

In thousands of EUR	Corporate	State, government	Financial institutions	Individuals	Other	Total
ASSETS						
Cash and cash equivalents	–	6,673	509,001	–	3,251	518,925
Financial assets at fair value through profit or loss	290,339	1,103	48,271	18	392	340,123
Financial instruments held to maturity	6,169	517	14,278	–	–	20,964
Securities available for sale	17,583	–	–	–	–	17,583
Loans and advances to customers	1,769,280	–	61,003	51,559	30	1,881,872
Receivables from sale of discontinued operations	250,324	–	–	8	–	250,332
Trade receivables and other assets	308,360	2,491	2,119	297	4,448	317,715
Total	2,642,055	10,784	634,672	51,882	8,121	3,347,514
LIABILITIES						
Deposits and loans from banks	–	–	350,914	–	–	350,914
Deposits and loans from customers	1,577,083	247,263	61,370	245,695	306,107	2,437,518
Financial, trade and other liabilities	659,406	5,047	92,841	10,233	1,117	768,644
Total	2,236,489	252,310	505,125	255,928	307,224	3,557,076

Credit risk by location

As at 31 December 2010

In thousands of EUR	Slovakia	Czech Republic	Cyprus	Liechtenstein	Other	Total
ASSETS						
Cash and cash equivalents	84,227	426,618	84	100	75,258	586,287
Financial assets at fair value through profit or loss	116,584	197,722	89	–	122,329	436,724
Financial instruments held to maturity	–	3,016	–	–	1,229	4,245
Securities available for sale	3	53,751	10,054	–	15	63,823
Loans and advances to customers	494,567	480,706	971,184	191,307	337,331	2,475,095
Receivables from sale of discontinued operations	–	1,810	95	–	18,275	20,180
Trade receivables and other assets	4,276	9,972	112,015	8,069	24,074	158,406
Total	699,657	1,173,595	1,093,521	199,476	578,511	3,744,760
LIABILITIES						
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
Financial, trade and other liabilities	6,334	64,845	11,860	1,209	173,886	258,134
Total	854,196	1,466,773	109,669	127,903	449,014	3,007,555

As at 31 December 2009

In thousands of EUR	Slovakia	Czech Republic	Cyprus	Liechtenstein	Other	Total
ASSETS						
Cash and cash equivalents	41,701	358,231	83	76	118,834	518,925
Financial assets at fair value through profit or loss	82,555	121,749	320	–	135,499	340,123
Financial instruments held to maturity	–	19,933	–	–	1,031	20,964
Securities available for sale	12	16,663	391	–	517	17,583
Loans and advances to customers	449,634	403,088	771,442	102,889	154,819	1,881,872
Receivables from sale of discontinued operations	9	224,985	9,810	15,528	–	250,332
Trade receivables and other assets	60,250	20,808	162,898	60,856	12,903	317,715
Total	634,161	1,165,457	944,944	179,349	423,603	3,347,514
LIABILITIES						
Deposits and loans from banks	85,962	239,320	–	–	25,632	350,914
Deposits and loans from customers	538,214	1,321,999	95,185	135,767	346,353	2,437,518
Financial, trade and other liabilities	15,281	535,037	8,894	50,074	159,358	768,644
Total	639,457	2,096,356	104,079	185,841	531,343	3,557,076

Credit risk – impairment of financial assets

As at 31 December 2010

In thousands of EUR	Financial assets at fair value through profit or loss (excluding derivatives)	Financial instruments held to maturity	Securities available for sale	Loans and advances to customers	Receivables from sale of discount'ed operations	Trade receivables and other assets
Carrying amount	430,924	4,245	63,823	2,475,095	20,180	158,406
A) ASSETS FOR WHICH A PROVISION HAS BEEN CREATED						
– gross amount	–	–	–	265,069	–	1,313
– provision individual	–	–	–	(101,408)	–	(1,313)
– provision collective	–	–	–	(706)	–	–
Net carrying value	–	–	–	162,955	–	–
B) ASSETS FOR WHICH A PROVISION HAS NOT BEEN CREATED – OVERDUE AND NO IMPAIRMENT PROVISION¹						
– <30 days	–	–	–	30	–	11
– 31-60 days	–	–	–	–	–	269
– 61-90 days	–	–	–	–	–	46
– 91-180 days	–	–	–	–	–	60
– 181-365 days	–	–	–	–	–	287
– >365 days	–	–	–	–	–	48,875
Total	–	–	–	30	–	49,548
C) ASSETS FOR WHICH A PROVISION HAS NOT BEEN CREATED – OTHER INDICATORS OF IMPAIRMENT THAN OVERDUE¹						
– gross amount	–	–	–	127,585	–	–

¹ For assets with indicators of impairment with no provision recorded, there exists collateral held by the Group or other security or basis for not recording an impairment provision.

As at 31 December 2009

In thousands of EUR	Financial assets at fair value through profit or loss (excluding derivatives)	Financial instruments held to maturity	Securities available for sale	Loans and advances to customers	Receivables from sale of discontinued operations	Trade receivables and other assets
Carrying amount	336,828	20,964	17,583	1,881,872	250,332	317,715
A) ASSETS FOR WHICH A PROVISION HAS BEEN CREATED						
- gross amount	-	176	-	164,867	43,695	30,721
- provision individual	-	(176)	-	(91,394)	(29,134)	(1,340)
- provision collective	-	-	-	(259)	-	(9,958)
Net carrying value	-	-	-	73,214	14,561	19,423
B) ASSETS FOR WHICH A PROVISION HAS NOT BEEN CREATED - OVERDUE AND NO IMPAIRMENT PROVISION¹						
- <30 days	-	-	-	243	-	1,948
- 31-60 days	-	-	-	-	-	391
- 61-90 days	-	-	-	389	-	(7,118)
- 91-180 days	-	-	-	80	-	2,291
- 181-365 days	-	-	-	90	-	45,995
- >365 days	-	-	-	1,834	-	4,571
Total	-	-	-	2,636	-	48,078
C) ASSETS FOR WHICH A PROVISION HAS NOT BEEN CREATED - OTHER INDICATORS OF IMPAIRMENT THAN OVERDUE¹						
- gross amount	-	-	-	114,860	-	-

¹ For assets with indicators of impairment with no provision recorded, there exists collateral held held by the Group or other security or basis for not recording an impairment provision.

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.

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 maturity groupings based on the remaining period from the balance sheet 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.

Maturities of financial assets and liabilities

As at 31 December 2010

In thousands of EUR	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity	Total
ASSETS						
Cash and cash equivalents	567,289	–	–	–	18,998	586,287
Financial assets at fair value through profit or loss	154,070	11,920	–	–	270,734	436,724
Financial instruments held to maturity	–	204	1,025	3,016	–	4,245
Securities available for sale	14,005	10,104	–	–	39,714	63,823
Loans and advances to customers	613,247	456,180	836,668	323,636	245,364	2,475,095
Receivables from sale of discontinued operations	–	20,180	–	–	–	20,180
Trade receivables and other assets	75,539	63,769	12,727	–	6,371	158,406
Total	1,424,150	562,357	850,420	326,652	581,181	3,744,760
LIABILITIES						
Deposits and loans from banks	149,082	17,163	9,969	–	–	176,214
Deposits and loans from customers	1,300,561	994,594	277,214	838	–	2,573,207
Financial, trade and other liabilities	135,761	33,122	7,274	76,752	5,225	258,134
Total	1,585,404	1,044,879	294,457	77,590	5,225	3,007,555
Loan commitments	21,195	104,956	193,554	17,105	–	336,810

As at 31 December 2009

In thousands of EUR	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity	Total
ASSETS						
Cash and cash equivalents	500,303	–	–	–	18,622	518,925
Financial assets at fair value through profit or loss	65,329	17,247	–	–	257,547	340,123
Financial instruments held to maturity	19,933	340	691	–	–	20,964
Securities available for sale	5,100	–	–	513	11,970	17,583
Loans and advances to customers	265,911	837,083	356,967	216,855	205,056	1,881,872
Receivables from sale of discontinued operations	200,764	12,189	37,379	–	–	250,332
Trade receivables and other assets	193,785	100,776	6,726	84	16,344	317,715
Total	1,251,125	967,635	401,763	217,452	509,539	3,347,514
LIABILITIES						
Deposits and loans from banks	96,498	193,958	60,098	360	–	350,914
Deposits and loans from customers	1,051,578	1,173,882	182,410	5,746	23,902	2,437,518
Financial, trade and other liabilities	87,555	569,573	21,119	74,552	15,845	768,644
Total	1,235,631	1,937,413	263,627	80,658	39,747	3,557,076
Loan commitments	24,488	165,162	20,532	7,578	–	217,760

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 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	581,286	–	–	5,001	586,287
Financial assets at fair value through profit or loss	125,816	11,377	34,893	264,638	436,724
Financial instruments held to maturity	204	1,025	3,016	–	4,245
Securities available for sale	18,531	1,637	3,272	40,383	63,823
Loans and advances to customers	1,699,510	473,178	56,384	246,023	2,475,095
Receivables from sale of discontinued operations	1,905	–	–	18,275	20,180
Trade receivables and other assets	1,212	209	–	156,985	158,406
Total	2,428,464	487,426	97,565	731,305	3,744,760
LIABILITIES					
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
Financial, trade and other liabilities	189,817	4,568	2,229	61,520	258,134
Total	2,619,997	263,589	2,229	121,740	3,007,555

Interest rate risk exposure as at 31 December 2009 was 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	514,724	–	–	4,201	518,925
Financial assets at fair value through profit or loss	71,793	–	–	268,330	340,123
Financial instruments held to maturity	19,933	–	–	1,031	20,964
Securities available for sale	5,100	–	–	12,483	17,583
Loans and advances to customers	1,525,096	126,358	15,318	215,100	1,881,872
Receivables from sale of discontinued operations	12,189	14,715	–	223,428	250,332
Trade receivables and other assets	23,234	586	494	293,401	317,715
Total	2,172,069	141,659	15,812	1,017,974	3,347,514
LIABILITIES					
Deposits and loans from banks	296,781	53,060	1,073	–	350,914
Deposits and loans from customers	2,342,498	55,620	1,128	38,272	2,437,518
Financial, trade and other liabilities	146,993	20,161	–	601,490	768,644
Total	2,786,272	128,841	2,201	639,762	3,557,076

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 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	110,734	404,159	41,734	29,660	586,287
Financial assets at fair value through profit or loss	160,960	209,788	25,337	40,639	436,724
Financial instruments held to maturity	3,016	–	–	1,229	4,245
Securities available for sale	11,377	51,848	–	598	63,823
Loans and advances to customers	1,415,816	877,914	159,606	21,759	2,475,095
Receivables from sale of discontinued operations	–	20,180	–	–	20,180
Trade receivables and other assets	134,166	19,115	3,315	1,810	158,406
Total	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					
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
Financial, trade and other liabilities	155,571	97,579	3,827	1,157	258,134
Total	1,148,067	1,756,759	44,774	57,955	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 promises and guarantees, granted and received pledges and assets under management.

As at 31 December 2009, the exposure from foreign exchange risk translated to thousands of EUR was as follows:

In thousands of EUR	EUR	CZK	USD	Other	Total
ASSETS					
Cash and cash equivalents	76,169	355,871	51,780	35,105	518,925
Financial assets at fair value through profit or loss	102,679	191,321	16,515	29,608	340,123
Financial instruments held to maturity	150	19,783	–	1,031	20,964
Securities available for sale	17	17,053	–	513	17,583
Loans and advances to customers	1,112,012	722,374	33,953	13,533	1,881,872
Receivables from sale of discontinued operations	24,380	225,952	–	–	250,332
Trade receivables and other assets	268,207	44,152	3,018	2,338	317,715
Total	1,583,614	1,576,506	105,266	82,128	3,347,514
Off balance sheet assets	463,042	1,487,734	463,256	26,734	2,440,766
LIABILITIES					
Deposits and loans from banks	93,935	237,287	2,237	17,455	350,914
Deposits and loans from customers	703,613	1,651,471	44,443	37,991	2,437,518
Financial, trade and other liabilities	181,207	579,197	6,755	1,485	768,644
Total	978,755	2,467,955	53,435	56,931	3,557,076
Off balance sheet liabilities	1,238,995	1,275,569	922,893	516,718	3,954,175

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

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 which 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.

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.

In thousands of EUR	2010	2009
IMPACT ON PROFIT OR LOSS		
decrease in interest rates by 100 bp	8,177	3,628
increase in interest rates by 100 bp	(8,177)	(3,628)
IMPACT ON EQUITY		
decrease in interest rates by 100 bp	1.09%	0.53%
increase in interest rates by 100 bp	(1.09%)	(0.53%)

(ii) Foreign exchange risk

A one percent strengthening of the Euro against the Czech Crown and US Dollar would have had the following effects on the portfolio.

In percentage	2010	2009
IMPACT ON PROFIT OR LOSS		
CZK	0.23%	4.21%
USD	(0.25%)	(0.24%)
IMPACT ON EQUITY		
CZK	0.23%	1.29%
USD	(0.24%)	(0.07%)

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

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.

In percentage	2010	2009
IMPACT ON PROFIT OR LOSS		
Financial assets at fair value through profit or loss	35.44%	22.06%
Securities available for sale	–	–
IMPACT ON EQUITY		
Financial assets at fair value through profit or loss	–	–
Securities available for sale	0.53%	0.17%

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

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 regulations of the Central Bank of the Czech Republic. Decree No. 123/2007 Coll. which incorporates the relevant regulations of the European Community (Directive 2006/48/EC and Directive 2006/49/EC) that are based on requirements of the Basel Capital Accord, known as Basel II.

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 deductions for 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.

Regulatory Capital

In thousands of EUR	2010	2009
Core capital (Tier 1)	791,706	582,272
Supplementary capital (Tier 2)	26,437	24,208
Total regulatory capital	818,143	606,480
CAPITAL REQUIREMENTS		
Credit risk of investment portfolio	278,242	253,088
Operational risk (BIA)	17,635	18,676
General interest risk	6,482	3,427
General equity risk	1,230	169
Capital requirement for currency risk	28,230	42,803
Capital requirement for commodity risk	15	13
Credit risk of trading portfolio	35,957	46,412
Total amount of capital requirements	331,834	318,176

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 26,437 thousand. The deductible items include intangible assets recognised at net book value.

In thousands of EUR	2010	2009
Calculation of Capital adequacy ratio	8% x $\frac{818,143}{331,834}$	8% x $\frac{606,480}{318,176}$
Capital adequacy ratio	19.72%	15.25%

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%.

37. 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 2010 fiduciary transactions performed by J&T Bank Switzerland Ltd. amounted to CHF 564,214 thousand (EUR 451,227 thousand) compared to CHF 596,863 thousand (EUR 402,307 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 balance sheet 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.

38. ASSETS UNDER MANAGEMENT

In thousands of EUR	2010	2009
Assets in own-managed funds	78,553	58,915
Assets with discretionary mandates	282,689	104,144
Other assets under management	1,195,497	1,040,612
Total assets under management (including double counting)	1,556,739	1,203,671
Of which double counting	5,581	4,106

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.

Assets in own-managed funds

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

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.

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.

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.

39. RELATED PARTIES

Identity of related parties

The Group has a related party relationship with its parent company and ultimate parent owners and other parties, as identified in the following table, either at 31 December 2010 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
- (6) Other related parties

x – the company was not a related party at the year-end.

In thousands of EUR	Ref.	Accounts receivable 2010	Accounts payable 2010	Accounts receivable 2009	Accounts payable 2009
Ultimate shareholders and companies they control	1	605	2,641	58,834	27
EXONERATE TRADING LIMITED	4	–	–	72	60
Total for disposed entities of segment Corporate	5	8,320	17,431	313,083	200,159
Other key management personnel of the entity or its parent and companies they control	5	187,244	66,541	155,233	64,663
Total		196,169	86,613	527,222	264,909

The provision for doubtful debts due from the "Ultimate shareholders and companies they control" as at 31 December 2010 amounted to EUR 545 thousand (2009: 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. 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 2010 and 2009 is as follows:

In thousands of EUR	Ref.	Revenues 2010	Expenses 2010	Revenues 2009	Expenses 2009
Ultimate shareholders and companies they control	1	2,450	6	1,869	2
EXONERATE TRADING LIMITED	4	5	–	255	1
Other Joint ventures and associates	3,4	–	–	5,267	64
RESR Real Estate Management Anstalt	5	–	–	13,258	–
CACR Corporate Advisors Anstalt	5	–	–	943	–
Total for disposed entities of segment Real Estate	5	–	–	9	31
Total for disposed entities of segment Corporate	5	38,229	25,480	17,175	1,663
Other key management personnel of the entity or its parent and companies they control	5	12,152	29,490	79,106	52,933
Others		–	–	1,432	239
Total		52,836	54,976	119,314	54,933

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

In thousands of EUR	Ref.	Guarantees received 2010	Guarantees provided 2010	Guarantees received 2009	Guarantees provided 2009
Ultimate shareholders and companies they control	1	69,722	373	39,593	55
Key management personnel of the entity or its parent and companies they control	5	59,313	1,430	36,269	53,400
Total for disposed entities for segment Corporate	5	–	3,500	–	36,720
Total		129,035	5,303	75,862	90,175

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	2010	2009
Remuneration	3,573	2,868
Loans	1,793	1,937

Of the loans to directors and key management, new loans of EUR 780 thousand were granted during 2010 and EUR 987 thousand were repaid.

40. SUBSEQUENT EVENTS

ATLANTIK Asset Management investiční společnost, a.s., acquired by the Group in June 2010, changed its name to J&T INVESTIČNÍ SPOLEČNOST, a.s. on 5 January 2011.

On 24 January 2011 the Group decided to terminate broadcasting of Z1, a news-oriented television channel in the Czech Republic. První zpravodajská a.s., the owner of the broadcasting licence, plans in the future to focus activities on other projects.

On 7 February 2011 INTEGRIS BANK AND TRUST (TURKS & CAICOS ISLANDS) LTD. terminated its activities and as such was deleted from the commercial register.

In March 2011 the ultimate shareholders of the Group announced that Dušan Palcr, one of the former partners of the Group until 2008 when governance of the Group was changed and positions of partners were terminated, will become a 10% shareholder in the Group's parent company.

41. GROUP ENTITIES

The list of the group entities as at 31 December 2010 is set out below:

Company name	Country of incorporation	2010 Consolidated %	2010 Ownership interest	2009 Consolidated %	2009 Ownership interest	Consolidation method
J&T FINANCE GROUP, a.s.	Slovakia	100	direct	100	direct	Full
J&T FINANCE, a.s.	Czech Republic	100	direct	100	direct	Full
J&T BANKA, a.s.	Czech Republic	100	direct	100	direct	Full
Bea Development, a.s.	Czech Republic	100	direct	100	direct	Full
J&T ASSET MANAGEMENT, INV. SPOL., a.s.	Czech Republic	100	direct	100	direct	Full
J&T Bank Switzerland Ltd	Switzerland	100	direct	100	direct	Full
IBI FUND ADVISORY S.A.	Luxembourg	–	–	100	direct	Full
J&T Integris Group LTD	Cyprus	100	direct	100	direct	Full
J&T BFL Anstalt	Lichtenstein	100	direct	100	direct	Full
EGNARO INVESTMENTS LIMITED	Cyprus	95	SPE	95	SPE	Full
LCE Company Limited	Cyprus	95	SPE	95	SPE	Full
NEEVAS INVESTMENT LIMITED	Cyprus	95	SPE	95	SPE	Full
STOMARLI HOLDINGS LIMITED	Cyprus	95	SPE	95	SPE	Full
Bayshore Merchant Services Inc	British Virgin Islands	90	direct	90	direct	Full
INTEGRIS FUNDS LIMITED	Cayman Islands	100	direct	100	direct	Full
J&T BANK AND TRUST CORPORATION INC.	Barbados	100	direct	–	–	Full
J and T Capital, Sociedad Anonima de Capital Variable	Mexico	100	direct	–	–	Full
J&T Advisors (Canada) Inc.	Canada	100	direct	–	–	Full
PRIVATE COUNSELS TRUST	Turks & Caicos Islands	–	–	100	direct	Full
INTEGRIS BANK AND TRUST (TURKS & CAICOS ISLANDS) LTD.	Turks & Caicos Islands	100	direct	100	direct	Full
J&T Concierge, s.r.o.	Czech Republic	100	direct	–	–	Full
J&T Bank ZAO ¹	Russia	100	direct	100	direct	Full
ATLANTIK Asset Management investiční společnost, a.s.	Czech Republic	100	direct	–	–	Full
ATLANTIK finanční trhy, a.s.	Czech Republic	100	direct	–	–	Full
J&T Concierge SR, s. r. o.	Slovakia	100	direct	–	–	Full
ASSET MANAGEMENT Bratislava, a. s. v likvidácii	Slovakia	–	–	100	direct	Full
První zpravodajská a.s.	Czech Republic	100	direct	100	direct	Full
KHASOMIA LIMITED	Cyprus	100	direct	100	direct	Full
RIGOBERTO INVESTMENTS LIMITED	Cyprus	100	direct	100	direct	Full
EAST BOHEMIA ENERGY HOLDING LIMITED	Cyprus	–	–	100	direct	IFRS 5



Company name	Country of incorporation	2010 Consolidated %	2010 Ownership interest	2009 Consolidated %	2009 Ownership interest	Consolidation method
Reatex a.s.	Czech Republic	-	-	100	direct	IFRS 5
EOP & HOKA s.r.o.	Czech Republic	-	-	99.79	direct	IFRS 5
V A H O s.r.o.	Czech Republic	-	-	100	direct	IFRS 5
Pražská teplárenská, a.s.	Czech Republic	-	-	48.67	direct	IFRS 5
Energotrans, a.s.	Czech Republic	-	-	100	direct	IFRS 5
Teplo Neratovice spol. s r.o.	Czech Republic	-	-	100	direct	IFRS 5
KOTRAB ENTERPRISES LIMITED	Cyprus	100	direct	100	direct	Full
J&T Private Equity B.V.	Netherlands	100	direct	100	direct	Full
J&T FINANCIAL INVESTMENTS Ltd.	Cyprus	100	direct	100	direct	Full
Barton & Lloyd Investment, spol. s r.o.	Slovakia	-	-	100	direct	Full
J&T International Anstalt	Lichtenstein	100	direct	100	direct	Full
VULKAN akciová spoločnosť	Czech Republic	-	-	85.69	SPE	Full
Gomanold Trading Limited	Cyprus	-	-	95	SPE	Full
EXONERATE TRADING LIMITED	Cyprus	-	-	50	SPE	Equity
Gomanold spoločnosť s ručením omezeným	Czech Republic	-	-	95	SPE	Full
Retunk, a.s.	Czech Republic	-	-	100	SPE	Full
HORTEN LIMITED	Cyprus	-	-	100	SPE	Full
FERVENT HOLDINGS LTD	Cyprus	-	-	95	SPE	Full
Slovenská produkčná, a.s.	Slovakia	-	-	95	SPE	Full
MAC TV s.r.o.	Slovakia	-	-	100	SPE	Full
FORAX PROPERTY LIMITED	Cyprus	-	-	95	SPE	Full
POPELANTE DEVELOPMENT LIMITED	Cyprus	-	-	95	SPE	Full
J&T Investment Pool - I - CZK, a.s.	Czech Republic	22.20	direct	37.60	direct	Full
J&T Investment Pool - I - SKK, a.s.	Slovakia	14.89	direct	9.11	direct	Equity
J&T Capital Management Anstalt	Lichtenstein	100	direct	100	direct	Full
Ingramm International, N.V.	Netherlands	100	direct	-	-	Full
J&T Management, a.s.	Czech Republic	100	direct	100	direct	Full
J&T Finance, LLC	Russia	100	direct	100	direct	Full
J&T GLOBAL SERVICES LIMITED	Cyprus	100	direct	100	direct	Full
JTG Services Anstalt	Lichtenstein	100	direct	100	direct	Full
J&T MINORITIES PORTFOLIO LIMITED	Cyprus	100	direct	-	-	Full
Equity Holding, a.s.	Czech Republic	62.64	direct	62.64	direct	Full
Geodezie Brno a.s.	Czech Republic	96.76	direct	96.76	direct	Full
J&T SECURITIES MANAGEMENT LIMITED	Cyprus	100	direct	-	-	Full
J&T IB and Capital Markets, a.s.	Czech Republic	100	direct	-	-	Full

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

¹ The Group owns a 99% share in J&T Bank ZAO through subsidiary J&T FINANCE, a.s. and another 1% share through J&T FINANCE GROUP, a.s.

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