

Report on
**Czech Banking
Association**
activities in 2021

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President's Foreword



Ladies and gentlemen, bank customers, colleagues,

Last year was again an atypical and, in many respects, a difficult year. Rising inflation rates, business often bound by restrictions, logistical challenges, forced production stoppages and energy supplies crisis. All of this has had an impact on the lives of perhaps all of us. Thankfully, the banking sector has remained and continues to remain an island of stability and security in these uncertain times.

The pandemic requires agile responses and sometimes ground breaking approaches. The financial sector has coped very well with this task: banks have accelerated and modernized their processes and services, they have delivered covid programs and applied a number of pioneering solutions. It was the banks who helped accelerate the digitization of the Czech state through the Banking Identity and actively participated in creating a business environment that would lead to economic growth of our country.

During the pandemic, banks have also shown that they can stand on the side of their clients and are ready to help them at any time. As inflation rises, the number of those who find themselves in financial distress is likely to grow. Banks are aware that individual solutions are important in these cases where personal contacts with clients remain in many ways irreplaceable. The approach to clients that the banks embraced during the pandemic will thus be useful in the coming period, which will not be easy for many citizens, but also for companies.

However, the entire banking sector is in good shape and on behalf of all banks, I can promise that we bankers are prepared to be not only supportive and helpful to all our customers as they restart their business activities, but also to be an engine of the entire Czech economy.

On behalf of banks, I would like to thank all our customers for their trust and all our colleagues and bank staff for the outstanding efforts they delivered throughout 2021.

Tomáš Salomon
President of the Czech Banking Association

Managing Director's Foreword



Ladies and gentlemen,

The year 2021 has not given the Czech economy any reason to rejoice. Covid affected all areas of life. Bank customers and the banks themselves had to cope with various obstacles in the course of the covid crisis.

During the pandemic, banks were exposed to an unprecedented global crisis which tested their stability, flexibility and quality of their customer relations, but also the resilience of their employees. The crisis has confirmed that for many years, the Czech banking sector has been among the most stable and strongly capitalized ones, with an above-average profitability in the EU-wide context.

However, 2022 will not be an easy year for banks either. They will face several challenges. Whether it is helping Ukrainian citizens fleeing from war to the Czech Republic or supporting our fellow citizens who will be significantly affected by the rising inflation, energy and fuel prices.

In addition, the banks will continue to pursue their established business objectives. From continued digitization to meeting sustainability commitments and to further developing customer experience and customer focus.

Fortunately, the Czech banking sector is used to big challenges and big goals. Its strength and stability are an advantage that we will appreciate in the coming period. For it is the banks that will play a key role both in the difficult period ahead and in the take-off of our economy.

Monika Zahálková
Managing Director of the Czech Banking Association

Development of Czech economy in 2021 and uncertain outlook for 2022

While the domestic economy contracted by 5.8% in 2020 due to the outbreak of the pandemic, the gradual easing of pandemic restrictions allowed the economy to grow by 3.3% in 2021. However, compared to many advanced countries, the Czech economy did not return to the pre-pandemic level of late 2019 even by the end of 2021 and remained 2% below it. The year 2021 was still marked by pandemic restrictions, which had a significant impact on some parts of the economy in particular. Nevertheless, the economy partially adapted to the adverse developments and the negative consequences of the new restrictions were milder compared to 2020. Thus, household consumption increased by more than 4%, while it fell by 7% in 2020. Households and firms began to perceive the pandemic situation less negatively, also due to the arrival of a functional vaccine, leading to relatively optimistic expectations regarding the speed of recovery of the domestic economy.

Sharp rise in energy prices and accelerating inflation

By mid-year, however, it became apparent that the pandemic restrictions had significantly disrupted supplier-consumer relations. Domestic industry, especially car production, had to start interrupting production as it did not have sufficient quantities of components. These issues reached a peak in October, so that industrial added value dropped by 3% in the third quarter and the difficulties in production continued, albeit to a lesser extent, for the rest of the year. In the second half of the year, the economy then faced a further adverse shock in the form of a similarly sharp rise in energy prices, which affected not only firms but also a large proportion of households, due to the closure of several energy suppliers and the transfer of about one million consumption points to the supplier of last resort regime. Under this scheme, firms and households faced high market prices for energy immediately.

Domestic inflation began to accelerate more significantly in the second half of the year with energy price developments, approaching the 7% threshold by the end of the year. For the whole of 2021, it averaged 3.8%. The main contributors to inflation were the costs associated with the acquisition and renovation of home ownership (imputed rent), reflecting real estate price increases, but also the prices of building materials and construction work, particularly in the second half of last year. As in 2020, tobacco prices also contributed to inflation, driven by rising excise duties. Another important factor was fuel prices, which rose by almost 15% year-on-year. Although part of the year-on-year dynamism was due to the low basis for comparison in 2020, when prices fell more noticeably with the outbreak of the pandemic, fuel prices in nominal terms were only just below the peak of late 2012 in the second half of the year, when the price of petrol surpassed CZK 38 per liter. Car prices also contributed significantly to inflation in the "transport" category. Another important factor was prices in the catering and restaurant sectors, which have been rising by approximately 5% per year since 2017. In general, however, price increases were very broad-based, especially for services (4.4%). Declining prices were rather exceptional, but prices of mobile phones or smaller household appliances, for example, traditionally decreased. Despite the energy crisis, energy prices also fell on average, precisely because of exemption from VAT at the end of the year.

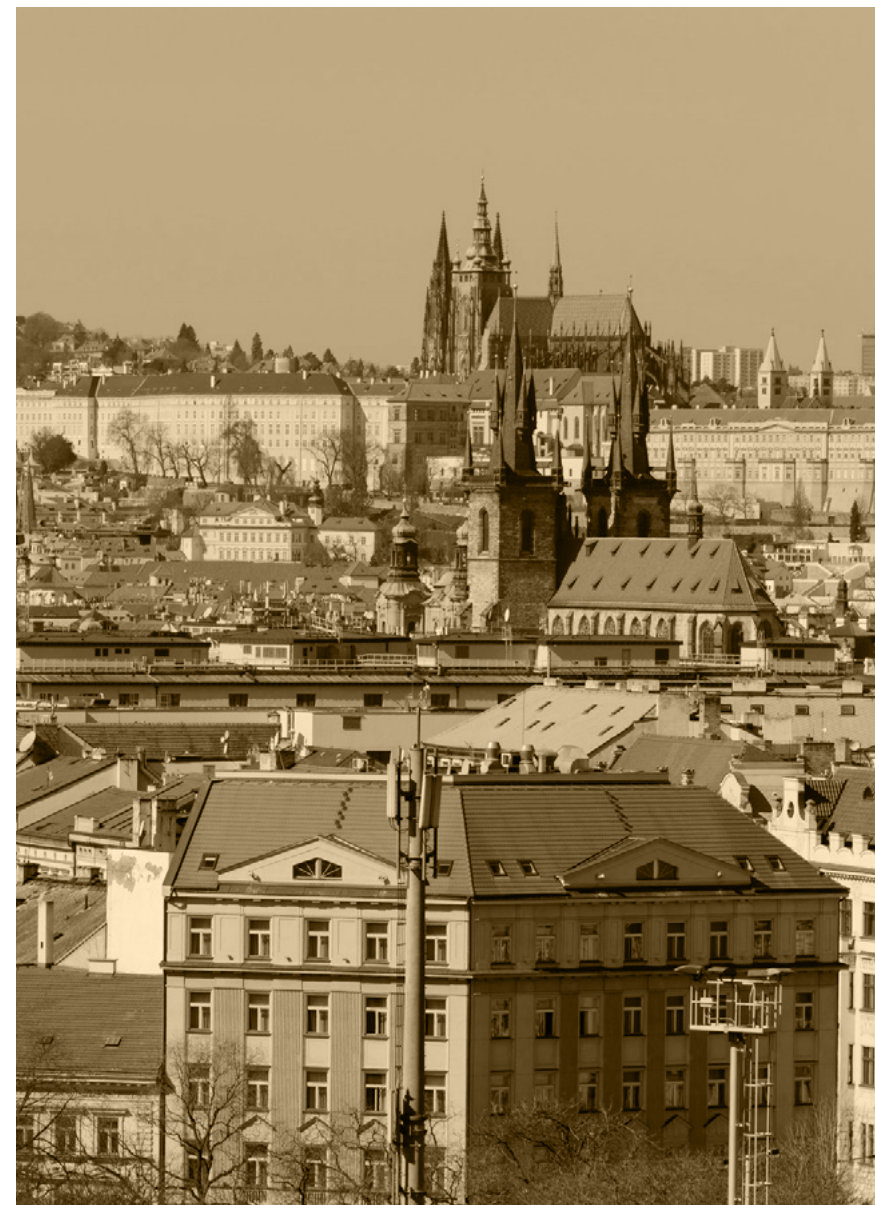
Central bank's response was not too long in coming

The Czech National Bank (the CNB) also started to respond to the increasing inflationary pressures during the year. At the end of June, the CNB raised its base interest rates by 0.25 percentage point. The next traditional increase in rates by

a quarter of a percentage point came at the next monetary policy meeting at the beginning of August, but then the central bank started to raise rates more sharply due to rising inflation and by the end of the year, had raised them to 3.75 %. In addition to tightening the monetary policy, the CNB also continued to increase the countercyclical capital buffer. During 2021, it increased it by 50 basis points three times up to 2% with effect from January 2023.

Uncertain year 2022

Although the original prospects for the development of the domestic economy in 2022 were slightly clouded by the ongoing issues in supply relationships and the energy crisis, the launch of Russian aggression in Ukraine has made all the previous outlooks look obsolete. Shortly after the start of the aggression, it became apparent that the trend was markedly stagflationary and would mean not only weaker global economic growth but also higher inflation. That is why the central bank proceeded to raise rates further to the 5% threshold at the end of March. However, the economic outlook for this year is extremely uncertain and will depend on the developments in the conflict in Ukraine, its length and intensity, as well as on further sanctions against Russia. The only thing that seems certain is that inflation will remain in double digits throughout this year and for the year as a whole and will be the highest since 1993, i.e., in almost 30 years.



Banking sector in2021

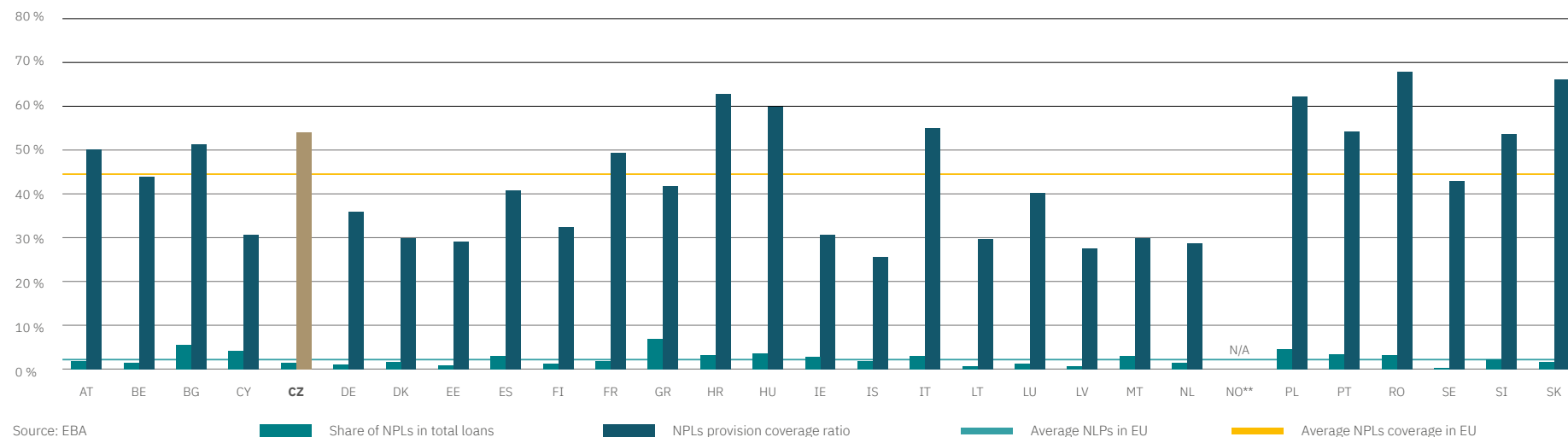
The key driver that determined the direction of the Czech banking sector in 2021 was undoubtedly the on-going pandemic of covid-19. After the initial shock in 2020, when banks were building up massive provisions for prudential reasons and reacted to an unprecedented situation, there was a relative calm and the sector adapted very quickly to the new conditions and clients' needs in the area of financial services.

Thanks to a number of factors, such as the support provided to residents and businesses by the government or restrictions on the distribution of dividends, the banking sector has endured the situation and coped with the biggest shock since the financial crisis in 2008. As a result, the capital endowment of the whole sector was strengthened and both the quality of the loan portfolio and the very good level of profitability were maintained. The Czech banking sector thus continued its tradition last year and confirmed its position of belonging to the most stable and best capitalized banking sectors in Europe.

Czech banks are stable and strongly capitalized

In the EU single market, the Czech banking sector was one of the most stable, well-capitalized, and above-average profitable banking sectors not only in the medium term, but also in 2021, and in terms of financial health, characterized by an exceptionally low share of non-performing loans (NPLs), it stood up to international comparison. This is confirmed every year by the results of the Czech National Bank's demanding stress tests, which examine the resilience of the sector as a whole and of individual institutions on the basis of scenarios with more severe impact parameters than those used at EU level by the European Banking Authority (EBA). In addition, the values of financial health indicators also testify to this. The aggregate capitalization of the Czech banking sector at the end of 2021 consistently exceeded the prescribed capital requirements, for example, the CET 1 ratio of Czech banks was 22.1% at the end of last year, exceeding regulatory requirements by CZK 481.8 billion. By comparison, the same ratio in the euro area was 15.5% as at the same date.

Share of NPLs in loans in EU and NPLs provision coverage ratio as at 31 December 2021

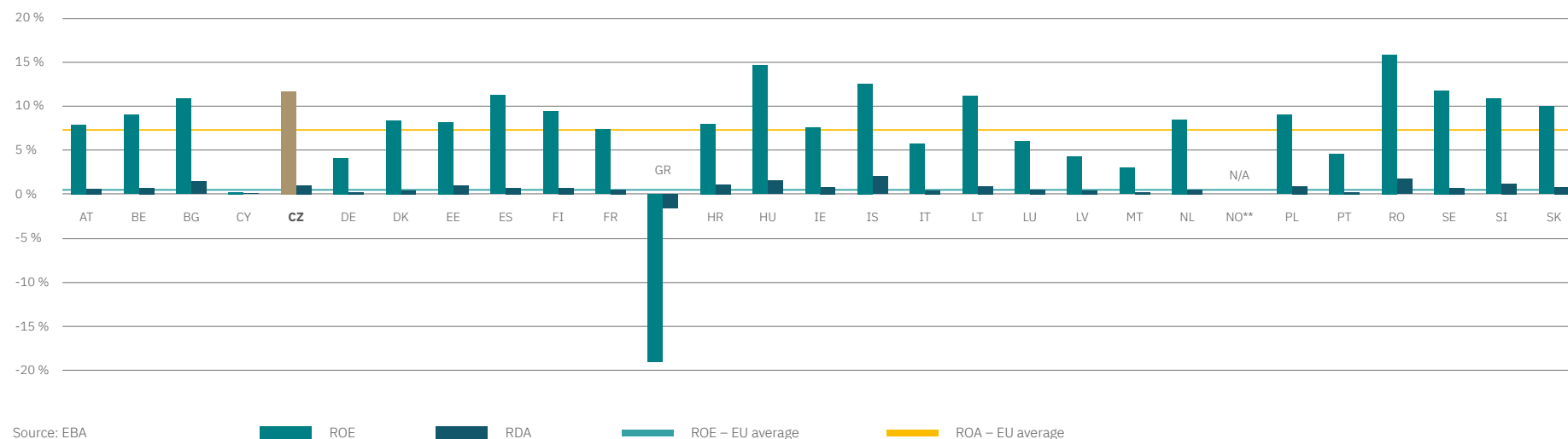


Banking sector: basic facts

At the end of 2021, 46 banks operated on the Czech banking market, including 23 branches of foreign banks, 5 building societies and 2 banks with state participation. The total value of the banking sector's assets increased by approximately 7% to CZK 8 524 billion by the end of 2021. At the end of the year, the volume of assets in relation to GDP was approximately 139 %.

Net profit for 2021 increased by 48.7% to just under CZK 70.6 billion compared to the previous year, which was marked by a decline due to the pandemic-related economic downturn. Compared to the pre-pandemic year 2019, however, it was about 22.5% lower. Return on equity, according to comparable EBA data, increased to a solid 11.7% (compared to the EU average of 7.3%), and return on assets also halved to 1% (compared to the EU average of 0.5%). These comparable figures also reflect the post-covid recovery in the second half of the year.

Banks' profitability – ROE and ROA in EU as at 31 December 2021

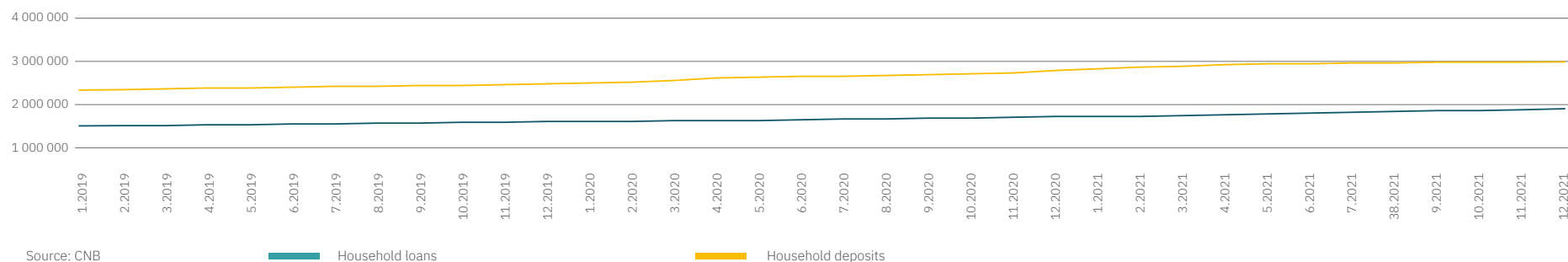


Household and corporate deposits grew recognizably slower than in 2020

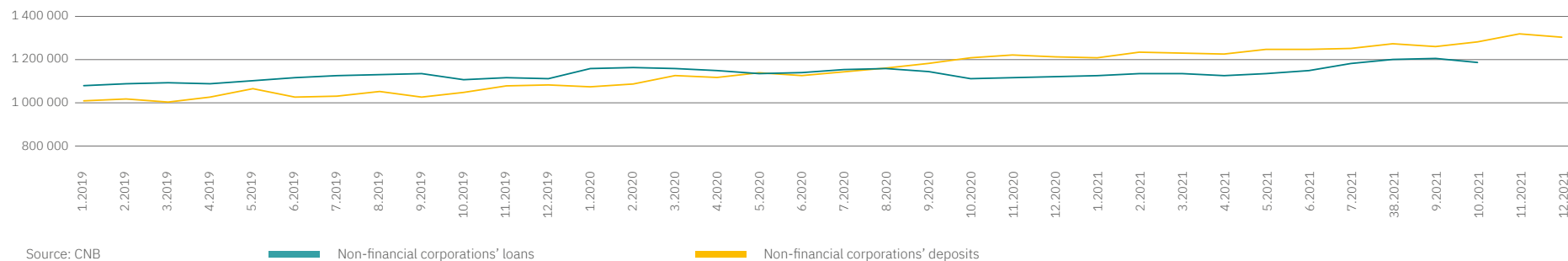
After 2020, when the behavior of firms and households was affected by the uncertainty caused by the first waves of the pandemic, to which both sectors responded by generating very high savings (partly forced and deferred consumption), the dynamics of deposits slowed down significantly in 2021. If in 2020, deposits of non-financial corporations increased by a high 11.2% and corporate deposits exceeded bank loans for the first time, last year brought a decline in deposit growth to less than 7.5%. The balance of deposits over loans stood at 118.2 billion at the end of the year.

As for the population, the year-on-year growth in deposits fell from 11.2% in 2020 to 7% last year. However, households traditionally have a very high excess of deposits over loans in banks, but last year, due to the extraordinary dynamics in mortgages, it decreased in the case of the population from CZK 1.133 trillion at the end of 2020 to CZK 1.072 trillion as at the last day of 2021.

Deposits and loans of households 2019–2021 (CZK mil.)



Deposits and loans of non-financial corporations 2019–2021 (CZK mil.)



Interest in loans was driven by mortgages, support for companies through guarantee programs continued

The total volume of bank loans in the Czech Republic at the end of 2021 reached CZK 3,848 billion, up 7% compared to the previous year, an acceleration of 2.8 percentage points compared to the previous year; however, taking into account the rise in inflation, a more restrained assessment is appropriate.

Lending to households grew relatively dynamically, with loans increasing by a total of 10 per cent to CZK 2,043.4 billion. In fact, it is no exaggeration to say that the main part of the credit growth last year was driven by households borrowing for the purchase of dwellings.

Corporate loans reached the level of CZK 1,188.3 billion at the end of 2021, compared with CZK 1,123.0 billion at the end of the previous year, and thus increased by 5.8 per cent year-on-year. Meanwhile, the share of long-term corporate loans, usually used to finance investments, decreased from 57.5% to 55.9%. Here, the growth rate of nominal balances was only 2.9%, compared with a much more dynamic 13.7% increase in short-term loans.

During 2021, too, banks continued to support the entrepreneurs most affected by the restrictive measures against the COVID-19 epidemic through loans guaranteed under the COVID III (SMEs up to 500 employees) and COVID Plus (exporters with more than 250 employees) programs. In the middle of the year, the government added investment to the eligible expenditure under the COVID III guarantee program, in addition to operating finance support. This had no practical impact on the disbursement of funds: it remained practically linear. At the end of 2021, the program was terminated and the drawdown continued only where contracts had already been concluded.

Status of implementation of COVID III Program (data as at 15 February 2022, source: the CNB)				Total volume of disbursed funds (cumulatively in CZK mil.
Applications received		Applications approved		
Units (cumulatively since the start of disbursement)	Volume (cumulatively since the start of disbursement) in CZK mil.	Units (cumulatively since the start of disbursement)	Volume (cumulatively since the start of disbursement) in CZK mil.	
11 671	65 932	7 583	47 754	42 001

The drawdown from the COVID Plus guarantee program for exporters followed a different course. After a relatively dynamic second half of 2020, when the first CZK 15 billion were contracted (i.e., half of the achieved volume), there was a rapid increase by CZK 10 billion (2-3/2021) due to the conclusion of several relatively large contracts. By June 2021, there was an increase of only CZK 5 billion, followed by stagnation. In an environment of emerging recovery, demand for the relatively expensive product gradually faded. The program was also terminated on 31 December 2021.

Status of implementation of COVID Plus Program (data as at 15 February 2022, source: the CNB)				Total volume of disbursed funds (cumulatively in CZK mil.
Applications received		Applications approved		
Units (cumulatively since the start of disbursement)	Volume (cumulatively since the start of disbursement) in CZK mil.	Units (cumulatively since the start of disbursement)	Volume (cumulatively since the start of disbursement) in CZK mil.	
182	29 567	137	17 844	17 302

Boom in the mortgage market, banks granted the most in history.

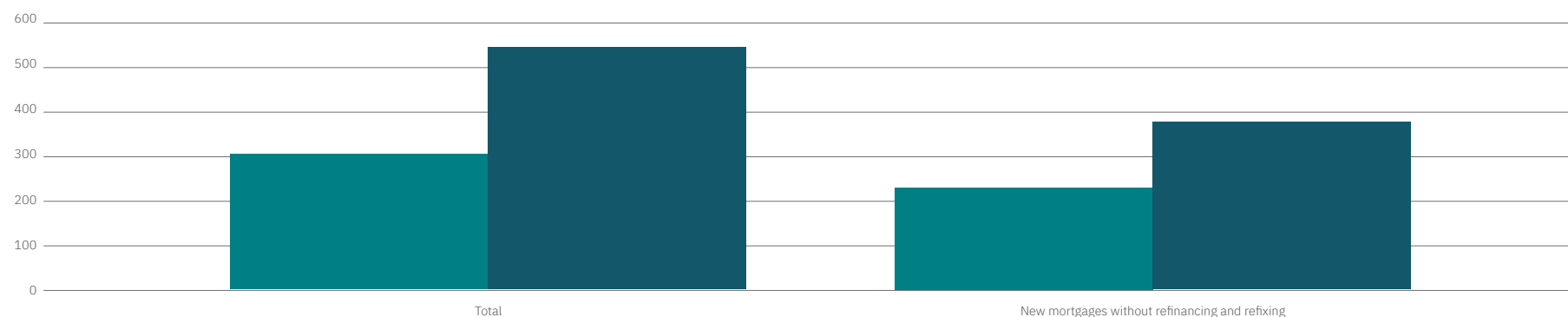
The high demand of households for housing loans in 2021 far exceeded expectations and was driven by a combination of factors - from higher demand for real estate in connection with its increasing prices over the past few years, to efforts to protect savings against accelerating inflation or the desire to acquire a mortgage loan at a yet more favorable interest rate considering its anticipated gradual price growth.

Almost 178,000 mortgages were granted during the entire year, one-and-a-half times more than in 2020. The total volume, including refinancing, reached a record CZK 541 billion, compared to CZK 312 billion in 2020. A similarly strong year-on-year growth was also evident in the case of actual new mortgages granted (excluding refinancing and refixing of mortgage loan rates), of which banks also granted a historically record volume of CZK 379 billion. Compared to 2020, this represents a year-on-year increase of 70%.

At the end of 2021, the Czech National Bank announced a tightening of the parameters for mortgage lending through the LTV, DTI and DSTI limits.

As of April 2022, banks have been required to grant only loans where the mortgage amount reaches a maximum of 80% of the value of the mortgaged property (loan-to-value ratio, LTV). The ratio of the loan applicant's total debt to his/her net annual income (debt-to-income ratio, DTI) must not exceed 8.5 times and the maximum monthly debt repayment compared to the applicant's net monthly income (debt service-to-income-ratio, DSTI) must not exceed 45%. For applicants under 36 years of age, the limits are more relaxed, at 90 %, 9,5 multiple and 50 % respectively.

Volume of mortgages granted in 2020 and 2021 (CZK billion)



Source: the CBA Hypomonitor

2020

2021

Quality of loan portfolios is one of the best in Europe

The quality of loan portfolios of banks operating in the Czech Republic also belongs to those which are characterized by a very low share of non-performing loans (NPLs). Despite the legal moratorium in the previous year and several waves of covid that negatively affected business in a number of sectors, including related supply chain disruptions, these adverse factors have had a much less pronounced impact on the non-performing loans (NPL) ratio than expected. Moreover, the share of NPLs declined in all sectoral categories during 2021. In the case of non-financial corporations, it dropped from 4.2% at the end of January 2021 to 3.84% in December, compared with 8.07% in January 2011.

The retail portfolio is even in a better shape in the case of loans to residents (from 1.71% NPL in January 2021 to 1.44% at year-end), while mortgage loans reached an all-time low with 0.74% NPL at the end of last year. In international comparison, the loan portfolios of banks operating in the Czech Republic are again among the best in Europe.

Changes in the banking market, bank mergers after years of "peace and calm"

After the privatization of the financial sector and the entry of low-cost banks in 2011, there were no significant changes in the market distribution for many years. However, 2021 brought several significant mergers and acquisitions.

The Austrian banking group Raiffeisenbank took over Equa bank. The acquisition took effect on 1 January 2022. ING Bank's retail clients in the Czech Republic also became part of the same banking group. The retail portfolio of the Austrian regional bank Waldviertler Sparkasse was then taken over by Česká spořitelna at the turn of 2021. The most significant transaction took place at the end of the year, when the takeover of Air Bank by Moneta Money Bank was approved by shareholders after several previous attempts. The transaction is still awaiting regulatory approval at European and national level (in the Czech Republic and in Slovakia), but if approved, the third largest entity on the market would be created in terms of the number of clients and the fourth largest in terms of the total volume of deposits.

Regulation of the banking market in the Czech Republic and in the European Union

Legislative area

The fading pandemic and the defense of proportionality and rationality

The year 2021 was still partly in the shadow of the retreating pandemic, but it was also marked by the election campaign and post-election negotiations, which somewhat dampened legislative activity, at least in the last quarter of the year. Among the pandemic issues, we can mention very intensive and time-consuming negotiations with the Ministry of Industry and Trade of the Czech Republic, the Ministry of Finance of the Czech Republic and the National Development Bank on the conditions and parameters of the **COVID Invest guarantee program**. The Czech Banking Association played a significant role in these negotiations and it is appropriate to thank the members of the CBA Legal Commission and the CBA Workout Commission for their enormous commitment in negotiating the related contractual documentation.

The big topics included the negotiation of an as acceptable as possible form of **protected account** legislation. Unfortunately, the topic became a subject of intense political rhetoric and tug-of-war, and it was not easy to bring a rational and matter-of-fact approach back into play. In the end, the political fervor prevailed to no small extent when the Chamber of Deputies refused to support a much more appropriate regulation negotiated by the Czech Banking Association in the Senate. In the end, a three-month postponement of the effective date was successfully pushed through so that banks could make preparations to the extent necessary to get ready for this legislation.

Another long-term topic in 2021 was the government's proposal for comprehensive changes to the **Civil Procedure Code and to the Enforcement Procedure Code**. After intensive negotiations with representatives of the Ministry of Justice of the Czech Republic and especially in the Committee on Legal and Constitutional Affairs of the Chamber of Deputies and in the Senate, a relatively acceptable compromise was achieved, when, among other things, efforts to create barriers in the form of mandatory advances preventing entering into the enforcement process were averted. Several proposals to introduce territoriality for court distraints were not adopted which can be considered a success. The Czech Banking Association has been consistent and robust in its opposition to territoriality, and it is also due to its contribution that the coalition that has emerged from the October parliamentary elections decided not to propose territoriality during its term of office.

In 2021, intensive efforts continued to define economically rational rules for determining the costs reasonably incurred for the early repayment of consumer mortgage credits in the law. There has been a significant development that offers hope for the adoption of the relevant legislation in 2022. The Czech Banking Association also initiated a fundamental debate with the Czech National Bank and with the Ministry of Finance on the desirable modifications to the legal framework for assessing the creditworthiness of consumer loan applicants using modern and proven mathematical and predictive methods.

Last year, expert discussions also continued on the form of the **implementation of the part of the European Directive on preventive restructuring frameworks and the second chance**. The discussions were subsequently interrupted after the October elections when the new government withdrew the existing proposals and subsequently invited the CBA to debate a new approach to these transposition arrangements. The government's original draft law on collective procedure met with a similar fate and legislative discussions can be expected to be revived in late 2022.

In the area of European legislation, the Czech Banking Association has been primarily focusing over the past year on **the European Commission's proposal to review the Consumer Credit Directive (CCD)** which included cooperation with the Ministry of Finance of the Czech Republic in formulating the Czech Republic's framework position on the proposal. The CBA was also intensively involved in analyzing and communicating its position on the proposal for an **EU regulatory framework on artificial intelligence**, especially in relation to the proposed inadequately harsh regulation of banking systems using elements of artificial intelligence in the creditworthiness assessment process.

Tax area

Focus on tax avoidance

In 2021, many activities were focused on tax and tax avoidance. The major reform of the international tax system that has been completed at the OECD can be considered a success. It is a two-pillar reform plan, to which 137 countries and jurisdictions from the 140 members of the OECD/G20 Inclusive Framework (representing more than 90% of global GDP) have so far signed up.

The first pillar will ensure a fairer distribution of profits and taxing rights between countries with respect to the largest and most profitable multinational companies. It will redistribute certain rights to tax multinationals from their home countries to the markets where they have business activities and earn profits,

regardless of whether firms have a physical presence there. Specifically, the new rules will apply to multinational companies with global revenues of more than €20 billion and profitability of more than 10%. Under the first pillar, more than USD 125 billion is expected to be redistributed to market jurisdictions each year.

The second pillar introduces a global minimum corporate tax rate set at 15%. The new minimum tax rate will apply to companies with revenues above EUR 750 million and is estimated to generate additional global tax revenues of approximately USD 150 billion annually.

Countries endeavor to sign a multilateral convention during 2022, with effective implementation date in 2023. The OECD will prepare model rules for incorporating the second pillar into domestic legislations during 2022, to enter into force in 2023.

In December 2021, the European Commission (EC) published its proposal for a Council Directive laying down rules to prevent the abuse of shell companies for tax purposes and amending Directive 2011/16/EU (the Directive). The proposal should ensure that entities in the European Union that don't have any or have minimal economic activity cannot benefit from any tax advantages and do not represent any financial burden for taxpayers. Once adopted by the Member States, the Directive should enter into force on 1 January 2024.

In the area of remuneration, directives have been adopted to reflect the changes introduced by the Capital Requirements Directive (CRD V) in relation to sound remuneration policies for institutions and in particular the requirement for gender-neutral remuneration rules, the impact on the assessment of the suitability of members of the management body, in particular with regard to money laundering, terrorist financing risks and gender diversity. The latest guidelines also take into account supervisory practices and clarify certain aspects of bonuses and severance payments.

European Union regulations

Sustainability, digitization and fight against terrorism

Also in 2021, the European Commission (EC) has put forward a number of legislative proposals that will significantly influence the activities of banks in the European Union. These include both proposals for new regulations and directives as well as proposals to amend some of the existing legislation. As in previous years, sustainability and green finance, digitization and the fight against terrorism and money laundering are at the center of attention.

1. Corporate Sustainability Reporting

On 21 April 2021, the European Commission published a proposal for a directive on corporate sustainability reporting that would amend the current reporting requirements under the directive on non-financial reporting. The new proposal extends the scope to all large companies and all companies listed on regulated markets (except listed micro-enterprises) and requires an audit of non-financial information published. It also introduces more detailed reporting requirements and a requirement to report in accordance with mandatory EU sustainability reporting standards and, last but not least, requires companies to digitally "tag" reported sustainability information so that it is machine-readable and enters the European Single Access Point envisaged in the Capital Market Union action plan.

2. European Digital Identity (EU ID Wallet)

On 3 June 2021, the European Commission proposed a framework for a European Digital Identity that will be available to all citizens, residents and businesses in the European Union.

Under the new regulation, Member States will provide citizens and businesses with digital wallets that will allow them to link their national digital identities to a proof of other personal attributes (for instance, driving licenses, diplomas or bank accounts). Digital wallets, which can be issued by public authorities or private bodies provided they are recognized by Member States, will allow all Europeans to access online services without having to use private identification methods or to share personal data unnecessarily. With this solution, they will be in full control of the data they share, they will themselves choose which aspects of their identity, data or certificates they will share with third parties and they will know which they have shared.

3. Credit agreements for consumers

On 30 June 2021, the European Commission issued a proposal for a directive on consumers credits, which would repeal and replace the 2008 Consumer Credit Directive. The proposal increases consumer protection by, among other things, extending and clarifying information duties, as well as prohibiting the sale of credit to consumers without their prior agreement and introducing price regulation.

4. European Green Bond

On 6 July 2021, the European Commission published a sustainable finance package, which includes a draft regulation on European green bonds regulating the conditions for their issuance. It sets out requirements for bond issuers wishing to use the European Green Bond ("EuGB" or "European Green Bond") label for their

environmentally sustainable bonds offered to investors in the European Union. Any legal entity can be an issuer of a European Green Bond. The funds raised by the European Green Bond should be used to finance economic activities that have a lasting positive impact on the environment, i.e., meet the requirements of the Taxonomy Regulation. The compliance of European Green Bonds with the proposed Regulation will be monitored by external assessors registered with ESMA.

5. Anti-Money Laundering and Countering the Financing of Terrorism (AML/ CFT)

The European Commission published the AML/CFT package on 20 July 2021 as part of fight against money laundering, which consists of a new AML Regulation containing the vast majority of rules affecting the obliged parties as regards anti-money laundering and countering the financing of terrorism measures, as well as a new sixth AML Directive. The latter contains AML/CFT rules impacting Member States (for instance, powers of financial intelligence units (FIUs), establishment of central account registers, registers of ultimate beneficial owners, implementation of national risk assessments). The new AML/CFT package also includes a new regulation establishing a new authority (AMLA - Authority for Anti-Money Laundering and Countering the Financing of Terrorism) which, in addition to national authorities, will ensure the exercise of supervision (including the direct one) over the compliance of obliged persons with AML/CFT obligations, hosting a platform for the exchange of information between the FIUs, coordinating cooperation between the FIUs and drafting AML/CFT regulatory technical standards. The last important innovation in the package mentioned above is the amendment of Regulation 2015/847 on information accompanying transfers of funds, which includes transactions with virtual assets in its scope.

6. Banking Package

At the end of October 2021 (27 October), the European Commission published a legislative proposal for the Banking Package, i.e., a proposal to review the Capital Requirements Directive and Regulation (referred to as CRD² VI and CRR³ III). This legislative proposal implements the remaining part of the Basel III international standard into European Union law.

Among other things, it introduces an output floor, the purpose of which is to reduce the variability of capital requirements calculated on the basis of internal models, regulate the standardized approach to credit risk measurement (increasing the risk-sensitivity of this approach), and it modifies the measurement of credit risk based on internal rating, sets a minimum capital requirement for CVA⁴ risk (adjustments to the valuation of derivatives in order to take account of counterparty credit risk), sets a minimum capital requirement for operational risk and introduces adjustments related to the bank resolution framework (in particular, adjustment to the indirect subscription of internal MREL⁵).

The proposal also contains certain modifications beyond the framework of Basel III, including revisions of macro-prudential instruments, a review of the regulation of administrative punishment, review of the powers of supervisory authorities, modification regarding sustainability (ESG), regulation in the field of assessment of competence and integrity assessment (fit & proper), changes to the treatment of third country branches, and adjustments to consolidation in relation to fin-techs and other digital financial businesses.

7. European Single Access Point (ESAP)

On 25 November 2021, as part of the Capital Markets Union legislative package, the European Commission presented a proposal for a regulation establishing a European Single Access Point providing centralized access to publicly available information on financial services, capital markets and sustainability. Currently, financial information and sustainability of companies' information is fragmented, appearing in many languages and on many platforms. These shortfalls represent a barrier to cross-border investing. The EC is therefore proposing a European Single Access Point (ESAP) to be set up by the European Securities and Markets Authority (ESMA). The ESAP would collect publicly available information on companies and investment products in the EU.

8. MiFIR and MiFID

As part of the Capital Markets Union legislative package, the European Commission has also presented a proposal, for a review of the Markets in Financial Instruments Regulation (MiFIR) on 25 November 2021, and a related adjustment of the Markets in Financial Instruments Directive (MiFID). According to the EC, a well-functioning market is based on high-quality market data, and the proposed revision is therefore mainly related to data. The proposed changes should increase transparency. The new rules should also bring a comprehensive view of trading conditions in exchanges across the EU. All investors, whether retail or professional, should have access to consolidated data across EU markets, regardless of the financial instruments involved. In particular, a "European Consolidated Trading Information System" will be introduced, allowing investors to access near real-time trading data on shares, bonds and derivatives across all trading systems in the EU. Until now, only a limited number of professional investors have had this access. The proposed changes to MiFID II are technical in nature and are linked to the proposed changes to MiFIR.

² Capital Requirements Directive

³ Capital Requirements Regulation

⁴ Credit Valuation Adjustments

⁵ Minimum Requirement for Own Funds and Eligible Liabilities

Digitization of the Czech Republic and of its banking sector

The banking sector has been a long-term leader in the field of digitization and a partner of the state in its efforts to digitize the Czech Republic. This partnership has been supported by the banks which, among other things, made hundreds of millions of investments into the creation and development of the Banking Identity (BankID), a key private sector digitization project enabling a dramatic increase in the number of public administration agendas that can be digitized. This gradually simplifies them and speeds them up, achieving related savings.

In order to support cooperation and the development of digitization, the Digitization Commission (DC) was established by a decision of the Executive Board of the CBA at the end of 2020. It focuses not only on the development of the Banking Identity (BankID), including the supporting legislation (cooperation in the preparation of the rights to digital services act, amendment of the act on amendments to certain laws concerning the computerization of public administration), but also on capturing other digitalization trends and their sector application, cooperation with partners in this area (the telecommunications sector, IT, etc.).

In 2021, the DC worked together with the state on data exchange, Census and My Taxes projects, the coronavirus pandemic agenda, development of data boxes, use of electronic signatures in the private sector, introduction of the non-specific directional indicator, replacing the birth number in combination with the document number, archived data protection, etc. It also contributed to the development of legislation in the field of digitization, proposed amendments to the act on amendments to certain laws concerning the computerization of public administration (extending data from the basic registers used in the banking sector - updating the agenda of the private data provider), amendments to the rights to digital services act, etc. In addition, the DC has been intensively involved in the

development of the national positions on European legislation, in particular on the review of the EU eIDAS regulatory framework (introduction of the EU ID Wallet and changes to the operation of trust services), which, as proposed, may significantly change the operating conditions of private entities in this area, including their business models and at least a partial return on investment. This may reduce the readiness, but also the willingness of the private sector to co-invest in the further development of digitization in the Czech Republic. It is therefore highly advisable for the banking sector and representatives of the state to find a model of cooperation in the development and functioning of the Banking Identity through which the state would meet the conditions set for it by the eIDAS regulatory framework and at the same time continue to enable the implementation of major digitization projects of the state and the private sector, thereby increasing the competitiveness of the Czech Republic.

Banking Identity - key digitization project of the state and the private sector successfully launched

The Czech Banking Association was the initiator of the Banking Identity project and as a representative of the banking sector on the Czech market, it considers a further development of this unique method of identification to be crucial. Therefore, in 2021, it declared a clear view of the challenges, goals and responsibilities to the public, which it perceives in relation to the electronic banking identity. In its official declaration, to which the CBA has committed itself, it has given the public, the state and the private sector the assurance that the Banking Identity is a key digitization tool that banks will continue to work on and that they will continue to invest significant resources in its development.

In its first year of operation, the Banking Identity (Bank ID) was used at least once by 700 000 bank customers. The majority of users have used it to log in to government services.

From June 2021, people can also securely and easily log with the new BankID digital platform to company portals and use guaranteed digital signature and from October, they may use the BankID SIGN. By the end of the year, the BankID, i.e., logging in by means of the Banking Identity to corporate services, has been made operational by 70 firms; for instance, in addition to the largest banks by ČEZ, Generali Česká pojišťovna, OZP, Sazka, Pražská plynárenská, Mall Pay, Česká spořitelna - Pension Company, EUC, Deloitte Advisory or Avant IS, and many others are planning this innovation. Interest in the BankID is enormous among companies. Companies are realizing how the BankID can simplify their operations, attract new clients and speed up their service, as well as reduce costs, which plays a big role as prices are currently increasing. The goal for 2022 is to double the number of firms with the BankID. However, the potential in the Czech Republic is much higher; thousands of companies may have the BankID.

The Banking Identity can now be used by clients of Air Bank, Česká spořitelna, ČSOB, Komerční banka and Moneta Money Bank for state and corporate portals and applications. Raiffeisenbank customers have digital access to the state admin-

istration, and the connection to corporate portals is under preparation in the bank. In the next stage of development, Banka Creditas, Fio banka, mBank and UniCredit Bank, for example, would like to get accreditation for the Banking Identity.

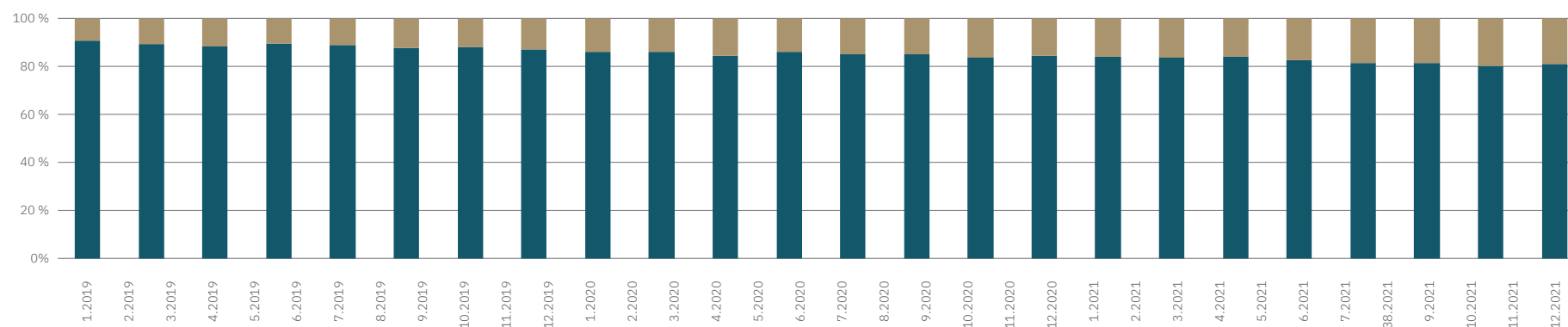
Payments are getting faster and faster, Czechs like modern ways of paying in stores

Digitization is also closely related to the acceleration of payments and the introduction of modern payment methods. In 2021, banks continued to develop instant payments, which are made in seconds at any time of the year, including weekends and holidays. In 2021, almost 20% of interbank transactions were already made this way. As a result of the long-lasting pandemic of covid-19, 2021 will also see an increase in the number and volume of cashless transactions, the development of the use of payment cards, as well as expansion of modern payment methods using smartphones, watches, etc.

Payments to contact - banks launched a new project in cooperation with the Czech National Bank

Despite the difficult conditions caused by the pandemic, the CBA held meetings of

Standard and instant payments in 2020 and in 2021



Source: CNB data

■ Average daily volume – standard payments

■ Average daily volume – instant payments

many working groups, the aim of which was - of course, in addition to ensuring the smooth operation of the existing payment services - to develop innovative solutions and projects. These include the Czech Open Banking Standard, or a project with the working title “Payments to Contact”, which will simplify transfers of money among people. Instead of entering the account number in internet or mobile banking, it will be enough to enter the mobile phone number of the payee. The system will then replace the phone number with the corresponding bank details that the payee has chosen and “linked” to his or her phone number. The payer’s bank will find out the correct details of this linkage in the register maintained by the Czech National Bank, which is participating in the project, together with nine banks. The project should be fully launched in 2023.

Digitization and moving to online environment have led to an increase in cyber attacks

The digitization of banking has also had a significant impact on the decline in physical attacks on bank branches. They have been constantly decreasing in recent years due to the development of cashless counters. Unfortunately, in con-



trast, there has been a dramatic increase in attacks in cyberspace. The covid pandemic and also, as Czechs moved to the online environment, have made the situation even more acute. The Czech Banking Association is therefore intensively focusing on the topic of cyber security. Last year, in cooperation with the Police of the Czech Republic, the National Cyber and Information Security Agency, ESET and other partners, it has launched a nationwide educational cybercampaign called You Too Can Be a Hacker’s Target, the central element of which was an educational online test. During the course of the test, those interested could try to see if they would recognize fraudulent attacks and learn what to look out for in the cyber world. The campaign was well received by the general public, by experts and the media. Therefore, the CBA will continue the project in 2022. The campaign will now focus more on new trends in cyber fraud, such as vishing attacks in connection with spoofing of phone numbers, m-payments and payment gateways, which are common in bazaar fraud, or investment fraud.

However, the CBA’s education in the field of cyber security does not end with the cybercampaign. The Association is aware of the importance of the topic, which is why it has signed a Memorandum of Cooperation with key organizations - the Police of the Czech Republic in 2021 and with the National Cyber and Information Security Agency in 2022. Together with them, the CBA wants to participate in the further development of digital literacy of the public and in the prevention of cyber fraud.

In the area of financial crime prevention, in 2021, the CBA, through its Banking and Financial Security Commission, organized the 24th Annual Conference on Financial Crime Prevention under the auspices of the President of the Senate of the Parliament of the Czech Republic, which was attended by representatives of the Senate, the Financial Analytical Office, the CNB and the Police of the Czech Republic.

Sustainable finance - banks are driving the change

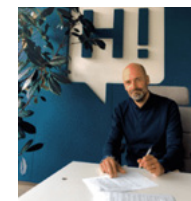
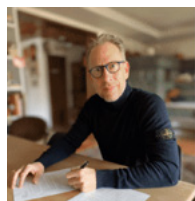
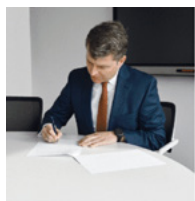
Environmental protection is one of the key priorities in the new EU programming period alongside with the economic recovery from the coronavirus crisis and digitization. It is a topic that will pose many challenges and also open many new opportunities for banks in the future. Banks in the Czech Republic responded to this trend as early as November 2020, when they established the Platform for Sustainable Finance at the Czech Banking Association, which was transformed into the Sustainable Finance Commission in February 2021. Fifteen banks operating on the Czech market joined its activities during the year. The short-term and medium-term priorities of the Commission include in particular the monitoring of the regulatory framework and sustainability policies, especially taxonomy and its impact on banks, and sustainability risks management. Banks are also involved in the gradual preparation of a soft standard for sustainable finance, including the product level, coordination of ESG (environmental, social and corporate governance) approaches across the financial market and co-operation with the state administration and the regulator (the Czech National Bank, the Ministry of Finance of the Czech Republic), in reporting with a focus on customers, mutual inspiration and exchange of information among banks, including the impact of banks' activities in a narrow sense.

However, the key outcome of the efforts developed by the Sustainable Finance Commission was the creation of a program document - the [CBA Memorandum for Sustainable Finance](#). The Memorandum was published on 11 March 2021, and in it, sixteen banks operating in the Czech market openly committed themselves to strengthening an environmentally and socially responsible business in the Czech Republic. In it, the banks expressed their commitment to contribute to the creation of a business environment that would lead to a sustainable and socially responsible development of the

country. At the same time, banks committed themselves to embed the principles necessary to achieve this goal in their own activities.

In addition to the Memorandum, the banks prepared and published during the year a [model ESG questionnaire to assist corporate customers](#). The ESG questionnaires are currently used for a relatively narrow group of customers (large listed companies), but this scope will gradually get bigger (the adoption of the Corporate Sustainability Reporting Directive, containing binding deadlines for other companies including listed SMEs, is expected in 2022). Although the use of the questionnaire outputs for the classification of the entire portfolio is only mandatory from the year 2024 for the year 2023, a number of banks are already using them today due to the commitment of their parent companies. The publication of a model questionnaire should provide clients with the necessary guidance on the type and frequency of information required. The ESG questionnaire is also one of the inputs for the development of the soft standards under consideration. The CBA became one of the first EBF member associations to take such an effort in autumn 2021.

Throughout the entire year, a dialogue with the stakeholders in the field of sustainability was conducted through the Czech Banking Association. The dialogue focused on the need for a coordinated implementation of taxonomy across state administration, on enabling banks to access the ENEX database (energy labels) and on the prospective creation of a single ESG database. There were also intensive discussions with the regulators (the Czech National Bank and the Ministry of Finance of the Czech Republic) focused on sustainability, and possible synergies towards the Czech Presidency of the EU Council in the second half of 2022 were considered. A number of meetings were also held with private sector entities or NGOs involved in sustainability.



Corporate social responsibility

The Czech Banking Association is aware of its corporate social responsibility (CSR), arising from the importance of banks for the economy and society. The strategic emphasis on the social responsibility dimension in the CBA 's activities was defined by its annual Assembly of Members in 2011 and, since then, the Association has been consistently fulfilling its mandate.

It is gratifying to note that the CBA Member Banks, too, are aware of their social role and responsibility and consider the CSR agenda to be an important part of their activities and of their own presentation. That is far from merely funding charity projects - although they too play a clearly identifiable role in building a positive image of the banking industry - but first and foremost, this means introducing the element of human touch to the entire range of their relationships with the client community and with business partners. The ethics of these relationships stand high in the hierarchy of banks 'approaches.

One of the key topics of the banks' corporate social responsibility in 2021 was their approach to environmental protection and to developing sustainable finance. To this end, a new Sustainable Finance Commission was established within the Czech Banking Association, whose key task is to actively develop this area and to attract as many banks operating on the Czech market as possible to cooperate. With this aim, the banks formulated the CBA Memorandum for Sustainable Finance, committing themselves to participate in creating a business environment that would lead to a sustainable and socially responsible development of the country.

Financial education represents another topic that shapes the profile of the CSR of the Association and of its member banks. The CBA was one of the first entities to

develop - more than a decade ago - activities in the area of strengthening the financial literacy of the Czechs. And it also implemented a number of financial-education projects and campaigns that have moved online due to the coronavirus pandemic in 2021.

An absolutely vital activity implemented by the Czech Banking Association in 2021 in cooperation with the Police of the Czech Republic and ESET Company was a nationwide preventive "cybercampaign" with the main slogan " You Too Can Be a Hacker's Target!". Its key element was the web application Kybertest.cz, a specially prepared online interactive quiz in which the user could test whether he or she could identify suspicious elements indicating that he or she had been targeted by online fraudsters in realistic-looking simulations. The campaign was mainly conducted in the form of educational videos or banners on social networks, alerts on ATMs and screens at bank branches. Awareness of the issue was also brought to the public through posters and leaflets, which were distributed to selected locations by regional prevention officers of the Police of the Czech Republic. In addition to the CBA, the Police of the Czech Republic and ESET Company, the campaign also involved CBA member banks, the company Zásilkovna, the Czech Chamber of Commerce and other entities. The campaign was so successful that the Czech Banking Association decided to continue it in 2022.

Also in 2021, the CBA built on the previous successes of the financial education project "Bankers Go to Schools". The eighth year, after a one-year covid break, saw record interest from schools and speakers. In 2021, the project focused on developing a general knowledge of the world of finance, but also on expanding awareness of cyber-security. According to the feedback, the online Cyber Test, in which students could test their knowledge that they had gained, attracted the

most interest. Through two-hour interactive workshops, the bankers reached approximately 4,500 children from all over the Czech Republic. In total, they taught an impressive 260 hours in primary and secondary schools. In addition to the CBA, more than 110 bankers from 16 member banks participated in the Bankers Go to Schools project this year: Air Bank, Česká spořitelna, Commerzbank, CREDITAS, ČSOB, Equa bank, Expobank CZ, Hello bank! ING, Komerční banka, mBank, Modrá pyramida, MONETA Money Bank, PPF Banka, Trinity Bank and UniCredit Bank. Financial education is also an important topic at European level. In coordination with and under the auspices of the European Banking Federation, the CBA has prepared the national rounds of the European Money Quiz for the fourth time, a financial literacy competition for children. Unlike in the previous years, the European finals were held online.

In 2021, cooperation with Czech Television on the popular educational series Bankovkovi (The Banknotes Family) was completed; the series explain the basic concepts from the world of finance to children.

The CBA has been educating seniors in the area of finance through another series of articles published on the i60.cz information portal under the title How to Handle Money. The public can find independent relevant information and advice on finance on the portals www.financnivzdelavani.cz and www.bezpecnebanky.cz.

CBA EDUCA - a platform for increasing and demonstrating proficiency in the financial market

For five years now, CBA EDUCA has been a constant and trusted brand in the market of regulatory certifications for the distribution of financial products. The activity, which started as a response to the requirements of Member Banks to smoothly meet the new legislative requirements for proving proficiency in the financial market in a financially minimalist way, has grown during that time into a unique training center whose services are used not only by Member Banks, but also by the general public and by many companies from the non-banking sector. CBA EDUCA has become a market benchmark with the high quality of its servic-

es and many of the functionalities which it was the first to put into practice and which have been introduced by other accredited entities following its example. Whether it was the high-quality e-learning materials and practice tests for exam preparation included in the price of the exam in the beginning, or the electronic creation and online assessment of the exam test. In the course of 2021, it was confirmed that the path that CBA EDUCA had started on a year earlier, when it pushed through and introduced the possibility of conducting professional tests under remote supervision of the examination board entirely by distance learning, without the need to come to the examination room, was a well-judged and much-needed one. In a difficult time of ongoing restrictions against the spread of covid-19, it enabled the staff of member banks and the public to acquire the necessary skills in a safe, comfortable and timely manner. It also made it possible to smoothly manage the flood of exam candidates at the end of the transition period under the act on distribution of insurance and reinsurance. The usefulness of distance examinations was also demonstrated after the cancellation of the anti-epidemic measures. Interest in distance examinations has not declined and they still account for more than 50 % of the examinations taken.

In 2021, CBA EDUCA organized a total of nearly 600 in-person and 1,350 distance examination dates, in which nearly 24,000 examinations were performed in total, 17,000 of them by distance learning. In total, more than 15,000 exam participants received a certificate issued by the Czech Banking Association in 2021. In 2021, the total of 100,000 examinations passed during the entire existence of the CBA EDUCA was also exceeded.

However, CBA EDUCA's activities are not limited to professional examinations only. The accreditations granted also include continuing education for the distribution of insurance and, last but not least, continuing education for the distribution of consumer credit and financial market products. In 2021, nearly 8,000 users have passed courses and received certificates of completion of continuing education in insurance at CBA EDUCA.

In 2021, CBA EDUCA, in cooperation with the Czech Insurance Association, added another course, the Fleet Manager's Manual to the courses offered, which is mainly used to acquire and prove the proficiency and skills of the insurer's staff

for offering the possibility of becoming insured in group insurance.

The high standard and quality of CBA EDUCA's services were verified by due diligence audit by the CNB in 2021, which did not record a single shortcoming.

CBA EDUCA services are used by virtually all Member Banks as well as by other financial and non-financial institutions. During its existence, the CBA EDUCA brand has become a pioneer in the education of financial market professionals and it is ready for further development of its activities.

About the Czech Banking Association

The Czech Banking Association is a voluntary association of banks and building societies operating on the Czech market. Since 1990, it has been promoting the development of the Czech banking sector, the Czech economy and the financial literacy of the Czechs. In 2021, it had 36 members.

The role of the Association is primarily to represent and promote the common interests of its members, to present the role and interests of the banking sector to the public, participate in the standardization of banking practices and the creation of professional practices, promote the harmonization of banking legislation with that of the European Union and be active in the information and training field. The CBA is a member of the European Banking Federation and of EMMI.

The Association's work is based on the combined expertise of nearly five hundred bank experts who come to work in the Association's professional structures. But of course, the CBA itself and its employees, who are among the greatest financial experts on the Czech banking market, also contribute their expertise to this work.

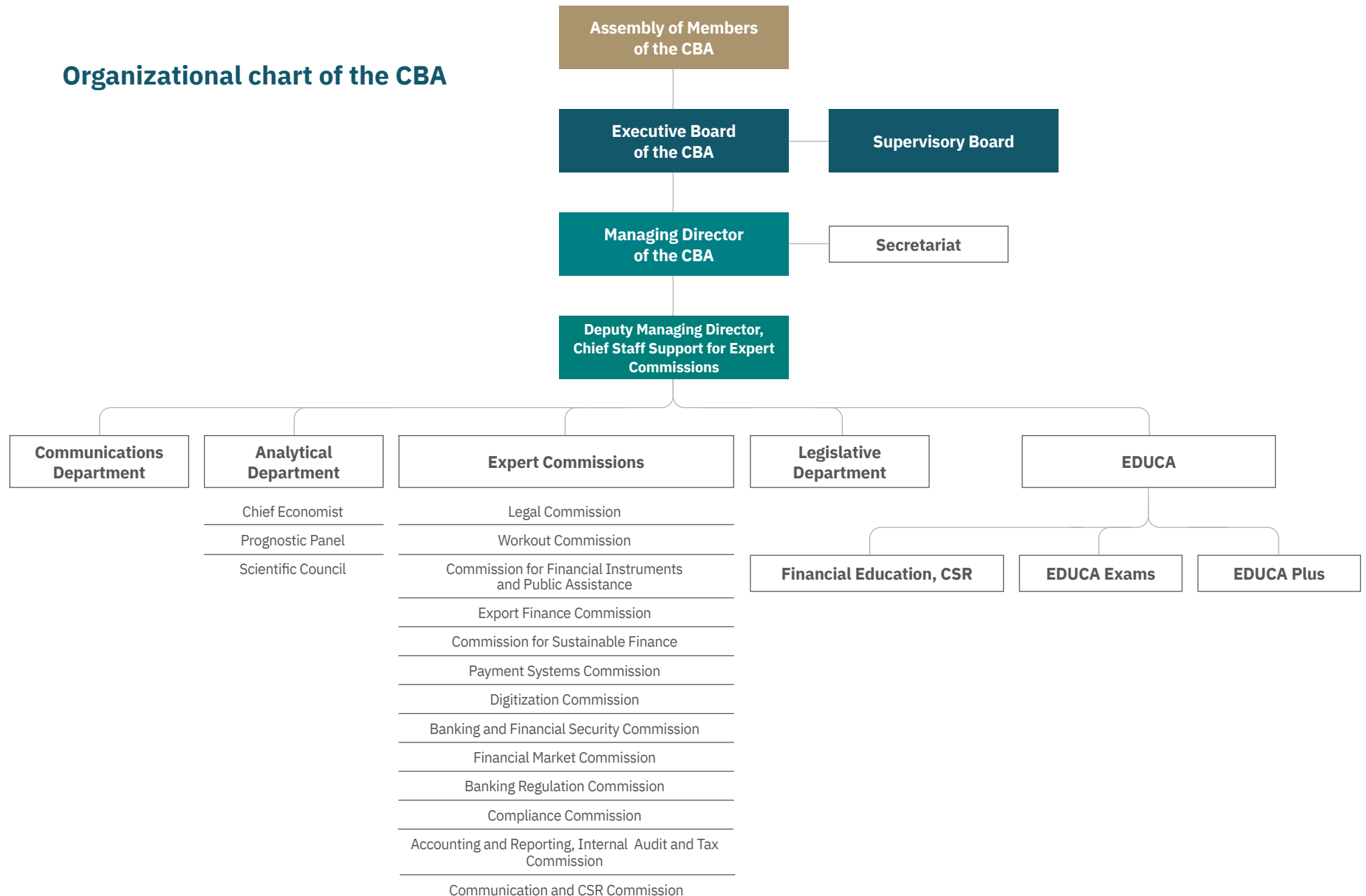
The members of the CBA are important partners for the Association, which is why the Association represents them in negotiations with regulatory authorities at both the working and political levels. In cooperation with its membership, the CBA creates and issues standards and codes that help not only banks set the necessary policies. The Czech Banking Association regularly organizes in-person and online professional seminars and conferences, not only for its members, and thus helps to further develop and cultivate the Czech banking market. It provides a platform for reflection on the challenges and opportunities of providing customer-oriented financial services in the digital age, and has also supported the rapid spread of digitization and fintech in banking through a number of projects.

In 2021, the Czech Banking Association rebranded its visual identity and introduced new formats of communication with the public. The streamlined visual identity is based on the original design, it is modern and dynamic, just like the banking market. From 2021, the new communication formats are the regular fortnightly newsletters, the CBA NEWS, which are also intended for the general public, and the CBA FOCUS discussion program, which focuses on current topics and features guests from the financial sector, politicians and other interesting personalities who have something to say on the topic under discussion and whose opinion is interesting and inspiring. With this change, the CBA wants to get closer to the members it represents. Banks operating on the Czech market are no longer traditional, ossified banks. They are modern, dynamic, they are the leaders in digitization and they are able to respond quickly to the changing needs of their clients. The Czech Banking Association wants to keep pace with them. It must be modern, dynamic and open not only to banks but also to the public. These reasons were the main impetus behind the CBA's decision to change its visual identity, starting communicating more with the public, but also to move to new premises. From mid-2021, the Czech Banking Association is based in modern offices in the Churchill II complex at Vinohradská 69, Prague 2.

CBA FOCUS Roundtable



Organizational chart of the CBA



Executive Board of the Czech Banking Association



PRESIDENT

Tomáš Salomon

Chairman of the Board
and CEO of
Česká spořitelna, a.s.



1st VICE PRESIDENT

Jan Juchelka

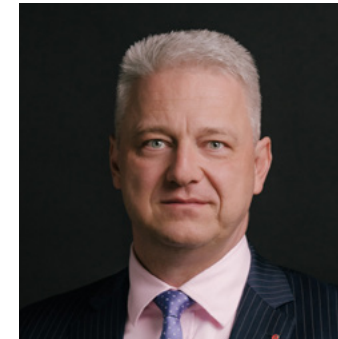
Chairman of the Board
and CEO of
Komerční banka, a.s.



VICE PRESIDENT

Michal Strcula

Chairman of the Board
and CEO of
Air Bank, a.s.



Jakub Dusílek

Chairman of the Board
and CEO of
UniCredit Bank CZ and SK, a.s.



Zdeněk Tůma

Chairman of the Supervisory Board of
Československá obchodní banka, a.s.

Supervisory Board of the Czech Banking Association



Jiří Feix

Chairman of the Board of
Hypoteční banka
Chairman of the Board of
ČSOB Stavební spořitelna



Petr Řehák

Chairman of the Board and CEO
Equa bank, a.s.



Libor Vošický

Chairman of the Board of
Stavební spořitelna České spořitelny

*Jiří Feix was elected to the position of the
Chairman of the Supervisory Board
on 28 June 2021. In the role of the Chairman,
he replaced Petr Řehák.

Commissions and working groups



Czech Banking Association and international involvement

In addition to its extensive domestic involvement, the Czech Banking Association is also active internationally. In addition to continuously monitoring developments and initiatives in the European Union, it is involved in all stages of the process of drafting European Union legislation, both directly and by providing inputs for the opinions of the European Banking Federation. Information on the practices and positions of other Member States is also important for banks. The CBA uses carefully analyzed information and contacts obtained to engage in the process of drafting both the EU and national legislations as effectively as possible (of not only transposing, but also of a purely national nature) so that the banking sector can prepare well and effectively for planned changes.

CBA and activities vis-a-vis the structures and institutions of the EU

The Czech Banking Association closely cooperates in European or Basel topics, already at the stage when they are drafted and at an expert level, with the Ministry of Finance of the Czech Republic as a regulator, with the CNB and with representatives of the Permanent Representation of the Czech Republic to the European Union in Brussels. During 2021, it also started to cooperate with the above-mentioned institutions in the preparation of joint events within the framework of the Czech Presidency of the Council of the EU, which the Czech Republic assumed in the second half of 2022. The CBA Secretariat also actively participates in public consultations of the European Commission (EC), or the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA), and works together with representatives of the European Parliament, or the European Investment Bank (for instance, joint conference “Investment and Investment Finance in the Czech Republic” in March 2021).

In 2012, the Czech Banking Association initiated the establishment of an informal platform of banking associations of the Visegrad countries, which grew into the V8 in 2017. Its members are also the banking associations of Bulgaria, Croatia, Hungary, Poland, Slovakia, Slovenia and Romania. The regular semi-annual meetings of the V8 were held only virtually in 2021 due to the ongoing covid restrictions and were mainly focused on the exchange of up-to-date information and experiences regarding the impact of the pandemic on the economy, the banking sector, contribution made by banks to cope with it, including the banks’ helpful steps in relation to their customers. A joint position paper of the V8 associations for the discussion on the governance of the European Banking Federation was also drawn up.

CBA as member of the European Banking Federation

Since joining the EU in 2004, the Czech Banking Association has been a member of **the European Banking Federation (EBF)**, which brings together the national associations of commercial banks from the EU countries, the UK, Switzerland, Norway and Iceland (www.ebf-fbe.eu). Through the EBF Executive Committee, the CBA co-decides on conceptual issues and key opinions of the EBF, not only on proposals for new European Union legislation. Most CBA expert committees and some of its working groups have representatives in the EBF’s working bodies, allowing the CBA to take the opportunity of participating in formulating and harmonizing positions within the European banking sector, including responses to EC or EBA public consultations.

Other European banking associations and CBA’ international cooperation

EBF, together with the European Savings and Retail Banking Group, the European Association of Co-operative Banks, and other specialized banking and financial associations form the European Banking Industry Committee (EBIC). The committee

provides representative and coordinated positions of the industry, particularly on matters of common interest, during the process of drafting, adopting, implementing and enforcing EU financial legislation (www.ebic.org).

EBF is also a member of the **International Banking Federation (IBFed)**, which aims to represent the interests of groups of national banking associations in individual continents at a global level, to influence legislative, regulatory and other initiatives having an impact on the global banking industry (www.ibfed.org).

Membership in **the European Payments Council (EPC)** is important. The Council is the supreme self-regulating European body of the commercial sector in the area of payment system, serving as an umbrella for banks, savings banks, cooperative banks and three relevant European banking federations, or associations. The CBA represents Czech institutions on the Board and in the EPC Plenary, its representatives are active in the most important working groups (for SEPA payment schemes and in the Cards Working Group). (www.europeanpaymentscouncil.eu).

The Czech Banking Association is also represented in **the Payment Systems Market Expert Group** of the European Commission at the Directorate-General for Financial Stability, Financial Services and Capital Markets Union www.ec.europa.eu/info/departments/financial-stability-financial-services-and-capital-markets-union_en).

Since 2006, the CBA has been a member of the **European Money Markets Institute - EMMI, Euribor®**, www.emmi-benchmarks.eu/euribor-org/about-euribor.html and bank representatives also serve on the Banking Commission of the International Chamber of Commerce (ICC).

The CBA Mortgage Banking Commission is a member of the **European Mortgage Federation** (www.hypo.org), where it is represented in the Executive Committee and in the Legal Affairs Committee; it participates in the preparation of EMF's opinions on EU legislative proposals, the sharing of experience with the regulation of mortgage loans at the national level and in the preparation of the national chapter for the publication on the development of European mortgage and real estate mar-

kets. Representatives of the CBA member organizations are involved in the activities of other European bodies based on the individual memberships of their own institutions. Five building societies (members of the CBA) are thus involved in the **European Association of Building Societies** (www.efbs.org) as part of the autonomous Association of Czech Buildings Savings Banks.

Economic results

Tax unit	Czech Banking Association
VAT, Trader Identification:	45772193 / CZ45772193
Residence of the accounting entity:	Italská 2584/69, 12000 PRAHA 2

**Balance sheet for accounting units whose main activity is not business, in abbreviated form
as at 31 December 2021**
(in whole thousands of CZK)

	ASSETS	Status as of the first day of the accounting period	Status as of the last day of the accounting period
		1	2
A.	Total non-current assets	3864	9178
A.II.	Total tangible fixed assets	3864	9178
A.IV.	Total amortization-fixed assets	-3828	-9142
B.	Total short-term assets	69332	82480
B.II.	Total receivables	1857	2682
B.III.	Total short-term financial assets	67275	77520
B.IV.	Total other assets	200	2278
	TOTAL ASSETS	69368	82516
	LIABILITIES	Status as of the first day of the accounting period	Status as of the last day of the accounting period
		1	2
A.	Total own resources	8818	13003
A.II.	Comprehensive income	8818	13003
B.	Total liabilities	60550	69513
B.II.	Total non-current liabilities		1473
B.III.	Total current liabilities	3174	700
B.IV.	Total other liabilities	22	2171
	TOTAL LIABILITIES	69368	82516

Tax unit	Czech Banking Association
VAT, Trader Identification:	45772193 / CZ45772193
Residence of the accounting entity:	Italská 2584/69, 12000 PRAHA 2

**Balance sheet for accounting units whose main activity is not business, in abbreviated form
as at 31 December 2021**
(in whole thousands of CZK)

	Item name	Main activity	Economic activity	Total
		1	2	3
A.	Expenses	56188	38171	
A.I.	Consumer purchases and services purchased	23069	32870	
A.III.	Personnel expenses	23594	4834	
A.V.	Other expenses	29	8	
A.VI.	Depreciation, property sold, creation and use of provisions and allowances	4873	440	
A.VII.	Contributions provided	4623		
A.VIII.	Income tax		16	
	Total expenses	56188	38167	
B.	Revenues	60306	38238	
B.II.	Contributions received	60008		
B.III.	Revenues from production output and goods	290	38238	
B.IV.	Other revenues	8		
	Revenues total	60306	38238	
C.	Financial result before tax	4118	83	
D.	Financial result after tax	4118	67	

Report of the Supervisory Board

The Supervisory Board of the Czech Banking Association performs the tasks which are due to it under the CBA Articles, i.e., in particular it:

- Supervises the material aspects of activities of the Association;
- Supervises compliance with the resolutions adopted by the Executive Board;
- Inspects the financial management of the Association; and
- Reviews the draft budget of the Association prior to its discussion by the Executive Board and before it is submitted for approval to the annual Assembly of Members.

The Supervisory Board regards the activities of the Czech Banking Association in the year 2021 to be compliant with the strategic intentions as expressed in the Statuses and as further specified by the CBA Executive Board. Moreover, the Supervisory Board views positively the activity of the Czech Banking Association in connection with the digitization of the Czech Republic and with the strengthening of ecological and socially responsible business in the Czech Republic. It appreciates the work performed by the CBA as a whole and also of individuals who took part in the results achieved in the past period.

The Supervisory Board also conducted an audit of the financial management for the year 2020, it examined the implementation of the budget and its individual chapters and found them to be free of any defects. At the Assembly of Members held on 2 November 2021, the Supervisory Board recommended the financial statements of the CBA with the economic results for the year of 2020 for approval.

Jiří Feix

Chairperson of the Supervisory Board

Basic data about members as at 31 December 2021



Air Bank a. s.

člen skupiny PPF

Address: Evropská 2690/17, 160 00 Praha 6

Phone: +420 224 174 222

Fax: +420 224 174 222

Web: www.airbank.cz

E-mail: info@airbank.cz

Bank code: 3030

BIC: AIRA CZ PP

Michal Strcula

Chairman of the Board and CEO



Banka CREDITAS a.s.

Address: Sokolovská 675/9, 186 00 Praha 8

Phone: +420 800 888 009

Web: www.creditas.cz

E-mail: info@creditas.cz

Bank code: 2250

BIC: CTAS CZ 22

Vladimír Hořejší

Chairman of the Board and CEO



Bank of China (CEE) Ltd. Prague Branch

odštěpný závod

Address: Na Florenci 2116/15, 110 00 Praha 1

Phone: +420 225 986 666

Fax: +420 225 986 699

Web: www.bankofchina.com

E-mail: service.cz@bankofchina.com

Bank code: 8250

BIC: BKCH CZ PP

Wenbo Hou

General Manager



BNP PARIBAS

BNP Paribas S.A.

pobočka Česká republika

Address: Ovocný trh 8, 117 19 Praha 1

Phone: +420 225 436 000

Fax: +420 225 436 028

Web: www.bnpparibas.com

Bank code: 6300

BIC: GEBA CZ PP

Florian Korallus

General Manager



**BNP PARIBAS
PERSONAL FINANCE**



BNP Paribas Personal Finance SA

odštěpný závod

Address: Karla Engliša 3208/5, 150 00 Praha 5

Phone: +420 257 080 080

Fax: +420 257 080 128

Web: www.hellobank.cz

Bank code: 3050

BIC: BPPF CZ P1

Bruno Leroux

General Manager



Citibank Europe plc

organizační složka

Address: Bucharova 2641/14, 158 02 Praha 5

Phone: +420 233 061 111

Fax: +420 233 061 617

Web: www.citibank.cz

Bank code: 2600

BIC: CITI CZ PX

Munir Nanji

Citi's Chief Executive Officer of Central Europe
Citi Country Officer for Czech Republic and
the Czech Branch Head for Citibank Europe plc



COMMERZBANK Aktiengesellschaft

pobočka Praha

Address: Jugoslávská 1, 120 00 Praha 2

Phone: +420 221 193 111

Fax: +420 221 193 699

Web: www.commerzbank.cz

E-mail: info@commerzbank.cz

Bank code: 6200

BIC: COBA CZ PX

Dr. Volkhardt Kruse

CEO



Česká exportní banka, a. s.

Address: Vodičkova 34/701, P. O. Box 870,
111 21 Praha 1

Phone: +420 222 841 100

Fax: +420 224 226 162

Web: www.ceb.cz

E-mail: ceb@ceb.cz

Bank code: 8090

BIC: CZEE CZ PP

Jaroslav Výborný

Chairman of the Board and CEO



Česká spořitelna, a. s.

Address: Olbrachtova 1929/62, 140 00 Praha

4 Phone: +420 956 777 901

Web: www.csas.cz

E-mail: csas@csas.cz

Bank code: 0800

BIC: GIBA CZ PX

Tomáš Salomon

Chairman of the Board and CEO



Národní rozvojová banka, a. s.

Address: Jeruzalémská 964/4, 110 00 Praha 1
Phone: +420 255 721 111
Fax: +420 255 721 110
Web: www.cmzrb.cz
E-mail: info@cmzrb.cz
Bank code: 4300
BIC: CMZR CZ P1

Jiří Jirásek

Chairman of the Board and CEO



Československá obchodní banka, a. s.

Address: Radlická 333/150, 150 57 Praha 5
Phone: +420 224 111 111
Web: www.csob.cz
E-mail: info@csob.cz
Bank code: 0300
BIC: CEKO CZ PP

John Hollows

Chairman of the Board and CEO



ČSOB Stavební spořitelna, a. s.

Address: Radlická 333/150, 150 00 Praha 5
Phone: 225 225 225
Web: www.csobstavebni.cz
E-mail: info@csobstavebni.cz
Bank code: 7960

Jiří Feix

Chairman of the Board



**Deutsche Bank Aktiengesellschaft
Filiale Prag**

organizační složka

Address: Jungmannova 24/745,
P.O. Box 829, 111 21 Praha 1
Phone: +420 221 191 111
Fax: +420 221 191 411
Web: www.deutsche-bank.cz
Bank code: 7910
BIC: DEUT CZ PX

Dagmar Linder
Managing Director



Equa bank a. s.

Address: Karolinská 661/4, 186 00 Praha 8
Phone: +420 222 010 111
Fax: +420 222 010 444
Web: www.equabank.cz
E-mail: info@equabank.cz
Bank code: 6100
BIC: EQBKCZPP

Petr Řehák
Chairman of the Board and CEO



Expobank CZ a.s.

Address: Budova Trimaran,
Na Strži 2097/63, 140 00 Praha 4
Phone: +420 233 233 233
Fax: +420 233 233 299
Web: www.expobank.cz
E-mail: info@expobank.cz
Bank code: 4000
BIC: EXPN CZ PP

Lubomír Lízal
Chairman of the Board



Fio banka, a. s.

Address: V Celnici 10, 117 21 Praha 1
Phone: +420 224 346 111
Fax: +420 224 346 110
Web: www.fio.cz
E-mail: fio@fio.cz
Bank code: 2010
BIC: FIOB CZ PP

Jan Sochor
Chairman of the Board and CEO



HSBC France

pobočka Praha

Address: Florentinum, Na Florenci 2116/15,
110 00 Praha 1
Phone: +420 225 024 555
Fax: +420 225 024 550
Web: www.hsbc.cz
Bank code: 8150
BIC: MIDL CZ PP

Richard Keery
Chief Executive Officer



Hypoteční banka, a. s.

Address: Radlická 333/150, 150 57 Praha 5
Phone: +420 224 116 333
Web: www.hypotecnibanka.cz
E-mail: info@hypotecnibanka.cz
Bank code: 2100

Jiří Feix
Chairman



**Industrial and Commercial Bank
of China Limited**

Prague Branch, odštěpný závod

Address: Na Strži 1702/65, 140 00 Prague 4

Phone: +420 237 762 888

Fax: +420 237 762 899

Web: www.icbc-cz.com

E-mail: info@cz.icbc.com.cn

Bank code: 8265

BIC: ICBK CZ PP

Yu Yang

CEO



ING Bank N. V.

Address: Českomoravská 2420/15, 190 00 Praha
9

Phone: +420 257 474 111

Fax: +420 257 474 582

Web: www.ingbank.cz

E-mail: klient@ing.cz

Bank code: 3500

BIC: INGB CZ PP

Isold Heemstra

CEO ING Bank Česká republika



J&T BANKA, a. s.

Address: Pobřežní 297, 186 00 Praha 8

Phone: +420 221 710 111

Fax: +420 221 710 211

Web: www.jtbank.cz

E-mail: info@jtbank.cz

Bank code: 5800

BIC: JTBP CZ PP

Patrik Tkáč Chairman of the Board

Štěpán Ašer CEO



Komerční banka, a. s.

Address: Na Příkopě 33 čp. 969, 114 07 Praha 1
Phone: +420 955 511 111
Web: www.kb.cz
E-mail: mojebanka@kb.cz
Bank code: 0100
BIC: KOMB CZ PP

Jan Juchelka

Chairman of the Board and CEO



mBank S.A.

organizační složka

Address: Perneroва 691/42, 186 00 Praha 8
Phone: +420 221 854 100
Fax: +420 221 854 102
Web: www.mbank.cz
E-mail: kontakt@mbank.cz
Bank code: 6210
BIC: BREX CZ PP

Pawel Kucharski

CEO



Modrá pyramida stavební spořitelna, a. s.

Address: Bělehradská 128, 120 00 Praha 2
Phone: +420 222 824 111
Fax: +420 222 824 111
Web: www.modrapyramida.cz
Web: www.radcenafinance.cz
E-mail: info@modrapyramida.cz
Bank code: 7990

Pavel Jirák

Chairman of the Board and CEO



MONETA Money Bank, a. s.

Address: BB Centrum, Vyskočilova 1442/1b,
140 28 Praha 4
Phone: +420 224 441 111
Fax: +420 224 441 500
Web: www.moneta.cz
Bank code: 0600
BIC: AGBA CZ PP

Tomáš Spurný
Chairman of the Board and CEO



MONETA Stavební Spořitelna, a.s.

Address: Vyskočilova 1442/1b, 140 00 Praha 4
Phone: +420 257 092 775
Web: www.moneta.cz
Kód banky: 7970

Andrew Gerber
Chairman of the Board and CEO



MUFG Bank (Europe) N. V.

Prague Branch

Address: Klicperova 3208/12, 150 00 Praha 5
Phone: +420 257 257 911
Fax: + 420 257 257 957
Web: www.nl.bk.mufg.jp
E-mail: MUFG-PRAGUE@cz.mufg.jp
Bank code: 2020
BIC: BOTKCZPP

Hiroshi Katsumata
CEO

**Oberbank AG**

pobočka Česká republika

Address: nám. I. P. Pavlova 5, 120 00 Praha 2

Phone: +420 224 190 100

Fax: +420 224 190 138

Web: www.oberbank.cz

E-mail: paha@oberbank.cz

Bank code: 8040

BIC: OBKL CZ 2X

Filip Vavruška

Director, Czech Republic Branch

**Poštová banka, a. s.**

pobočka Česká republika

Address: Prosecká 851/64, 190 00 Praha 9

Phone: +420 222 330 400

Web: www.postovabanka.sk

Web: www.postovabanka.cz

E-mail: info@pabk.sk

Bank code: 2240

BIC: POBN CZ PP

Miroslav Halička

Director

**PPF banka a. s.**

Address: Evropská 17/2690, 160 41 Praha 6

Phone: +420 224 175 888

Fax: +420 224 175 980

Web: www.ppfbanka.cz

E-mail: info@ppfbanka.cz

Bank code: 6000

BIC: PMBPCZPP

Petr Jirásko

Chairman of the Board and CEO



Raiffeisenbank a. s.

Address: Hvězdova 1716/2b, 140 78 Praha 4
Phone: +420 234 405 222
Web: www.rb.cz
E-mail: info@rb.cz
Bank code: 5500
BIC: RZBC CZ PP

Igor Vida
Chairman of the Board and CEO



Raiffeisen stavební spořitelna a.s.

Address: Koněvova 2747/99, 130 45 Praha 3
Phone: +420 271 031 111
Fax: +420 222 581 156
Web: www.rsts.cz
E-mail: rsts@rsts.cz
Bank code: 7950

Pavel Čejka
Chairman of the Board



Sberbank CZ, a. s.

Address: U Trezorky 921/2, 158 00 Praha 5
Phone: +420 221 969 911
Fax: +420 221 969 951
Web: www.sberbankcz.cz
E-mail: mail@sberbankcz.cz
Bank code: 6800
BIC: VBOE CZ 2X

Edin Karabeg
Chairman of the Board and CEO



**Stavební spořitelna
České spořitelny, a. s.**

Address: Vinohradská 180/1632, 130 11
Praha 3 Phone: +420 956 786 772
Web: www.burinka.cz
E-mail: burinka@burinka.cz
Bank code: 8060

Libor Vošický
Chairman of the Board

TRINITY BANK

TRINITY BANK a. s.

Address: Senovážné náměstí 1375/19,
110 00 Praha 1
Phone: +420 800 678 678
Web: www.trinitybank.cz
E-mail: info@trinitybank.cz
Bank code: 2070
BIC: MPUBCZPP

Dušan Benda
Chairman of the Board



**UniCredit Bank Czech Republic
and Slovakia, a. s.**

Address: Želetavská 1525/1, 140 95 Praha 4
Phone: + 420 955 911 111
Fax: +420 221 112 132
Web: www.unicreditbank.cz
E-mail: info@unicreditgroup.cz
Bank code: 2700
BIC: BACX CZPP

Jakub Dusílek
Chairman of the Board and CEO



**Volksbank Raiffeisenbank
Nordoberpfalz eG**

pobočka Cheb

Address: Kubelíkova 4, 350 02 Cheb
Phone: +420 354 524 511
Fax: +420 354 524 519
Web: www.vr-nopf.cz
E-mail: info@vr-nopf.cz
Bank code: 8030
BIC: GENOCZ21

Rainer Lukas

Head of VR NOPF Branch



Všeobecná úverová banka, a. s.

pobočka Praha

Address: Pobřežní 3, 186 00 Praha 8
Phone: +420 221 865 111
Fax: +420 221 865 555
Web: www.vub.cz
E-mail: infovub@vub.cz
Bank code: 6700
BIC: SUBA CZ PP

Stefano Burani

CEO and Chairman of the Management Board



Waldviertler Sparkasse Bank AG

Address: Klášterská 126/II,
377 01 Jindřichův Hradec
Phone: +420 384 344 111
Fax: +420 384 344 108
Web: www.wspk.cz
E-mail: info@wspk.cz
Bank code: 7940
BIC: SPWT CZ 21

Franz Prucker

Chairman of the Board

Part of Česká spořitelna, a.s. from 1 January 2021

Note:

Bank code

Bank Identification Code according
to the CNB (domestic payments)

BIC

Bank Identification Code
in accordance with S.W.I.F.T.