

2020 Half-Year Report

UniCredit Bank Czech Republic and Slovakia, a.s.

Issued on 29 September 2019

UniCredit Bank Czech Republic and Slovakia, a.s.
Želetavská 1525/1
140 92 Praha 4

UniCredit Bank Czech Republic and Slovakia, a.s., Company Reg. No. 64948242, with its registered seat at Želetavská 1525/1, Prague 4, as an issuer of listed securities, submits to the public this Half-Year Report prepared in accordance with Section 119 of Act No. 256/2004 Coll. on Capital Market Undertakings as amended.

The Half-Year Report has not been audited.

DISCLAIMER: The English version of the Half-Year Report is a translation of the Czech original and is for information purposes only. In case of a discrepancy, the Czech original will prevail.

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1. Commentary on the Bank's financial results

The UniCredit Bank Czech Republic and Slovakia Group (the "Group") achieved a net profit of CZK 2,599 million as at 30 June 2020, which is lower by 47.03% compared to last year's half-year result of CZK 4,907 million as at 30 June 2019.

The decline in profitability is attributable to the fact that most of the 2Q 2020 period has been affected by COVID-19 pandemic, one of the main consequences of which is an increase in the total expected credit loss and the related increase in impairment losses on loans. Further details can be found in Note c) of the part Financial Assets at amortized cost - loans and advances to clients in the interim consolidated financial statements that is part of this Half-year Report.

Despite the current unprecedented situation, the group continues to demonstrate strong resilience in commercial activities, is very well capitalized and has solid results in the area of net interest income.

Statement of Comprehensive Income

Compared to the first half of 2019, net interest income decreased by 11.13% to CZK 6,377 million (CZK 7,176 million as at 30 June 2019). This is mainly the result of the CNB's steps in the form of lowering interest rates in order to stabilize the Czech economy that took place at the end of March 2020 and in May 2020.

Net fee and commission income amounted to CZK 1,748 million (as at 30 June 2019: CZK 1,972 million), a decrease by 11.36%.

Net profit from the sale or repurchase of financial instruments slightly increased to CZK 389 million (the value as at 30 June 2019 was CZK 305 million).

Income from trading decreased by 37.01% from CZK 1,162 million as at 30 June 2019 to CZK 732 million as at 30 June 2020.

Operating revenues reached CZK 9,258 million, a decrease by 13.89% compared to CZK 10,751 million as at 30 June 2019.

Administrative expenses were reported in the amount of CZK 3,804 million (as at 30 June 2019: CZK 3,689 million), a slight increase of 3.12%.

Impairment losses on financial assets at amortized cost increased by 104.21% from CZK 878 million as at 30 June 2019 to CZK 1,793 million as at 30 June 2020, in line with the IFRS 9 methodology on Expected Loss calculation reflecting the updated macroeconomic scenario.

Statement of Financial Position

Assets

As at 30 June 2020, the Group's total assets amounted to CZK 946.7 billion, which represents an increase by 37.88% compared to the end of 2019, when the balance sheet total was CZK 686.6 billion.

Financial assets at fair value through profit or loss increased by 72.95% from CZK 12.2 billion to CZK 21.1 billion since the end of 2019.

Financial assets at fair value through other comprehensive income decreased by 1.29% to CZK 22.9 billion (at the end of 2019 this value was CZK 23.2 billion).

Loans and advances to clients increased by 4.22% to a total of CZK 459.4 billion compared to the end of 2019 (CZK 440.8 billion).

The growth dynamics of the loan portfolio continued to be focused on the retail segments (mainly due to the growth of mortgage loans) and small and medium-sized companies.

Loans and advances to banks increased by 121.02% compared to 31 December 2019 (CZK 411.1 billion as at 30 June 2020 compared to CZK 186.0 billion at the end of 2019), mainly due to an increase in receivables from reverse repo operations.

The value of tangible assets and assets from the right of use (including investment property) was CZK 6,580 million as at 30 June 2020 and represents a decrease by 2.91% compared to the value of CZK 6,777 million as at 31 December 2019.

A small decrease can be recorded in the case of the value of intangible assets, which decreased by 1.79% from CZK 2,345 million as at 31 December 2019 to CZK 2,303 million as at 30 June 2020.

Liabilities

Liabilities to banks increased by 29.41% from CZK 141.1 billion as at 31 December 2019 to CZK 182.6 billion as at 30 June 2020. The growth is mainly due to an increase in liabilities from repo operations.

Liabilities to clients increased by 49.47% compared to the end of 2019 to a total of CZK 620.3 billion. (from CZK 415.0 billion as at 31 December 2019). The growth is mainly due to an increase in liabilities from repo operations.

Debt securities issued decreased by 41.75% to a total of CZK 12.0 billion (from CZK 20.6 billion as at 31 December 2019).

The Group strives to optimize the financing for its activities, leading to increased liabilities to banks. The client deposit base (current accounts and term deposits) reported only a moderate year-on-year increase, nevertheless, strong growth was reported by the retail segment. This increase in the stable deposit base creates room for further development of credit business and other services to clients. The Group takes always into account the Bank's prudential liquidity management (both short-term and structural).

Equity

The Group's equity amounted to CZK 79.5 billion as of June 30, 2020, which represents an increase of CZK 0.9 billion compared to the end of 2019. This year, the Sole shareholder approved a dividend of CZK 5.1 billion from profit of 2019 and partly also from the special-purpose reserve fund. Subsequently, based on the circumstances foreseen by the Czech National Bank from March 2020 the dividend payment was put on hold with expected payment at the end of 2020.

2. Expected development in 2020

The group's results in 2020 are affected by the economic recession and the consequences of the COVID-19 pandemic. A negative development compared to previous periods is expected in all categories of the Statement of Comprehensive Income, but mainly in net interest income due to the reduction of key interest rates by the Czech National Bank. Fee and commission income after adjusting for the introduction of PSD2 impact will only gradually approach pre-crisis values due to reduced activity on the clients part.

The growth of client loans and client deposits did not stop despite the crisis, but the growth rate slowed down in all segments.

Operating costs are growing year-on-year mainly due to non-personnel costs, especially in the area of information technology and due to extraordinary costs for prevention and protection of employees. We expect personnel costs at the level of the previous year. The cost / income ratio will deteriorate slightly, mainly due to a decrease in operating income. In accordance with the Team 23 group program (for more detail see <https://www.unicreditgroup.eu/en/press-media/press-releases-price-sensitive/2019/team23.html>), the bank continues to focus on optimizing processes and increasing efficiency with an emphasis on digitization.

The economic downturn in both economies has resulted in an increase in the need to create loan loss provisions.

The group is still monitoring the situation regarding COVID-19 carefully and taking all necessary precautions. The set of adopted measures consist of home office for employees who are vulnerable due to health conditions as well as quarantine for those who have returned from areas heavily affected by the COVID-19 spread. Further measures applied to ensure a normal level in terms of operational activities represent replacing the standard face-to-face meetings with on-line meetings as much as possible, physical separation of teams, as well as strict rules of hygiene, increased intensity of cleaning and disinfection of spaces, and other measures.

Despite the negative effects of the macroeconomic environment, the bank maintains historically highest levels of capital adequacy and liquidity ratios. The risk to the bank's profitability is mainly the further impact of the pandemic on the economic situation, the increase in the cost of risk after the end of Moratoriums in in connection with COVID-19 and the fall in interest income due to lower interest rates on the asset side.

The economic impact of COVID-19 that cannot be quantified at the moment will depend upon the intensity and duration of the COVID-19 spreading.

3. Interim Consolidated Financial Statements as of 30 June 2020

UniCredit Bank Czech Republic and Slovakia, a.s.**Interim Consolidated Statement of Comprehensive Income for the period ended 30 June 2020**prepared in accordance with International Financial Reporting Standards
as adopted by the European Union (in millions CZK)

| | 1 Jan - 30 Jun 2020 | 1 Jan - 30 Jun 2019 |
|---|--------------------------------|--------------------------------|
| Interest income, of which: | 8 387 | 9 324 |
| - interest income calculated using the effective interest method | 7 942 | 8 912 |
| Interest expenses | (2 010) | (2 148) |
| Net interest income | 6 377 | 7 176 |
| Fee and commission income | 2 379 | 2 609 |
| Fee and commission expenses | (631) | (637) |
| Net fee and commission income | 1 748 | 1 972 |
| Dividend income | 2 | 1 |
| Net income/(loss) from trading | 732 | 1 162 |
| Net income/(loss) from hedging against risk of changes in fair value | - | 28 |
| Net income/(loss) from the sale or repurchase of: | 389 | 305 |
| Financial assets at amortised cost | 36 | 88 |
| Financial assets at fair value through other comprehensive income | 353 | 217 |
| Financial liabilities | - | - |
| Net income/(loss) from financial assets/liabilities at fair value through profit or loss, of which: | 10 | 107 |
| Mandatorily at fair value | 10 | 107 |
| Operating income | 9 258 | 10 751 |
| Impairment losses on: | (1 797) | (877) |
| Financial assets at amortised cost | (1 793) | (878) |
| Financial assets at fair value through other comprehensive income | (4) | 1 |
| Administrative expenses | (3 804) | (3 689) |
| Net provisions for risks and charges: | (88) | 232 |
| Loan commitments and financial guarantees given | (88) | 245 |
| Other net provisions | 0 | (13) |
| Depreciation and impairment of property, equipment and right of use assets | (522) | (507) |
| Amortisation and impairment of intangible assets | (241) | (205) |
| Other operating income and expenses | 330 | 362 |
| Operating expenses | (4 325) | (3 807) |
| Net income/(loss) on property and investment property measured at fair value | (12) | - |
| Profit/loss from equity investments | 28 | 37 |
| Profit/(loss) from the sale of non-financial assets | 0 | 1 |
| Profit before income tax | 3 152 | 6 105 |
| Income tax | (553) | (1 198) |
| Profit after tax | 2 599 | 4 907 |
| Net profit attributable to the Group's shareholders | 2 599 | 4 907 |

UniCredit Bank Czech Republic and Slovakia, a.s.**Interim Consolidated Statement of Comprehensive Income for the period ended 30 June 2020**prepared in accordance with International Financial Reporting Standards
as adopted by the European Union (in millions CZK)

| | 1 Jan - 30 Jun 2020 | 1 Jan - 30 Jun 2019 |
|--|--------------------------------|--------------------------------|
| Items that cannot be subsequently reclassified to profit or loss | | |
| Reserve from revaluation of property used in business measured at fair value, of which: | (1) | n/a |
| Change in fair value | 5 | n/a |
| Transfer of the revaluation reserve into the retained earnings | (6) | n/a |
| Deferred tax | - | n/a |
| Items that can be subsequently reclassified to profit or loss | | |
| Reserve from revaluation of hedging instruments in cash flow hedges, of which: | 2 995 | 13 |
| Change in fair value | 3 702 | 14 |
| Revaluation reclassified to profit or loss | 0 | - |
| Deferred tax | (707) | (1) |
| Reserve from revaluation of financial assets at fair value through other comprehensive income, of which: | (330) | (131) |
| Change in fair value | (73) | 96 |
| Revaluation reclassified to profit or loss | (336) | (208) |
| Deferred tax | 79 | (19) |
| Foreign exchange rate gains from the consolidation of a foreign branch | 597 | (146) |
| Other comprehensive income, net of tax | 3 261 | (264) |
| Other comprehensive income, net of tax, attributable to the Group's shareholders | 3 261 | (264) |
| Total comprehensive income, net of tax | 5 860 | 4 643 |
| Total comprehensive income, net of tax, attributable to the Group's shareholders | 5 860 | 4 643 |

UniCredit Bank Czech Republic and Slovakia, a.s.
Interim Consolidated Statement of Financial Position as of 30 June 2020
prepared in accordance with International Financial Reporting Standards
as adopted by the European Union (in millions CZK)

| | 30 Jun 2020 | 31 Dec 2019 |
|---|--------------------|--------------------|
| Assets | | |
| Cash and cash balances | 4 350 | 4 634 |
| Financial assets at fair value through profit or loss, of which: | 22 612 | 12 185 |
| Held for trading | 21 096 | 11 698 |
| Mandatorily at fair value | 1 516 | 487 |
| Financial assets at fair value through other comprehensive income | 22 900 | 23 181 |
| Financial assets at amortised cost, of which: | 870 465 | 626 735 |
| Loans and advances to banks | 411 053 | 185 975 |
| Loans and advances to customers | 459 412 | 440 760 |
| Positive fair value of hedging derivatives | 14 662 | 7 198 |
| Equity investments | 335 | 372 |
| Property, equipment and right of use assets | 6 218 | 6 406 |
| Investment property | 362 | 371 |
| Intangible assets | 2 303 | 2 345 |
| Tax receivables, of which: | 943 | 1 005 |
| Current income tax | 16 | - |
| Deferred tax | 927 | 1 005 |
| Non-current assets held for sale | 33 | 31 |
| Other assets | 1 517 | 2 130 |
| Total assets | 946 700 | 686 593 |
| Liabilities | | |
| Financial liabilities at fair value through profit or loss, of which: | 17 827 | 11 537 |
| Held for trading | 17 827 | 11 537 |
| Financial liabilities at amortised cost, of which: | 814 803 | 576 627 |
| Deposits from banks | 182 542 | 141 092 |
| Deposits from customers | 620 257 | 414 953 |
| Debt securities issued | 12 004 | 20 582 |
| Negative fair value of hedging derivatives | 10 844 | 7 624 |
| Changes in fair value of the portfolio of hedged instruments | 2 606 | 1 096 |
| Tax liabilities, of which: | 1 347 | 1 481 |
| Current income tax | 253 | 659 |
| Deferred tax | 1 094 | 822 |
| Other liabilities | 18 799 | 8 733 |
| Provisions for risks and charges | 983 | 882 |
| Total liabilities | 867 209 | 607 980 |
| Equity | | |
| Issued capital | 8 755 | 8 755 |
| Share premium | 3 495 | 3 495 |
| Reserve funds from revaluation | 2 998 | (263) |
| Retained earnings and reserve funds | 61 644 | 56 504 |
| Profit for the period | 2 599 | 10 122 |
| Total shareholder's equity | 79 491 | 78 613 |
| Total liabilities and shareholder's equity | 946 700 | 686 593 |

UniCredit Bank Czech Republic and Slovakia, a.s.
Interim Consolidated Statement of Changes in Equity for the period 1 January - 30 June 2020
prepared in accordance with International Financial Reporting Standards
as adopted by the European Union (in millions CZK)

| | Issued capital | Share premium | | | | | | Reserve from revaluation of | | | Retained earnings and reserve funds | Profit for the period |
|---|-------------------|------------------|------------------------|---|--|--|--|--|--|----------------------|---|-----------------------------|
| | | | hedging instruments | financial assets at fair value through other compr. income | property measured at fair value | exchange rate gains/(losses) of a foreign branch | Reserve fund and other capital funds | Special- purpose reserve fund | FX differences from consolidation | Retained earnings | | |
| Balance as of 1 January 2019 | 8 755 | 3 495 | 203 | 828 | n/a | (119) | 5 240 | 12 423 | (88) | 36 045 | 8 957 | 75 739 |
| Transactions with owners, contributions from and distributions to owners | | | | | | | | | | | | |
| Allocation of the prior year profit | | | | | | | 9 | 817 | | 8 131 | (8 957) | - |
| Dividend | | | | | | | | | | (6 070) | | (6 070) |
| Consolidation impact | | | | | | | | | (17) | (24) | | (41) |
| Total comprehensive income for the current period | | | | | | | | | | | | |
| Net profit for the current period | | | | | | | | | | | 4 907 | 4 907 |
| Other comprehensive | | | 13 | (131) | | (146) | | | | | | (264) |
| Balance as of 30 June 2019 | 8 755 | 3 495 | 216 | 697 | n/a | (265) | 5 249 | 13 240 | (105) | 38 082 | 4 907 | 74 271 |
| Balance as of 1 January 2020 | 8 755 | 3 495 | (798) | 564 | 261 | (290) | 5 243 | 13 240 | (111) | 38 132 | 10 122 | 78 613 |
| Transactions with owners, contributions from and distributions to owners | | | | | | | | | | | | |
| Allocation of the prior year profit | | | | | | | | | | 10 122 | (10 122) | - |
| Dividend | | | | | | | | (1 626) | | (3 435) | | (5 061) |
| Consolidation impact | | | | | | | | | 95 | (16) | | 79 |
| Total comprehensive income for the current period | | | | | | | | | | | | |
| Net profit for the current period | | | | | | | | | | | 2 599 | 2 599 |
| Other comprehensive | | | 2 995 | (330) | (1) | 597 | | | | | | 3 261 |
| Balance as of 30 June 2020 | 8 755 | 3 495 | 2 197 | 234 | 260 | 307 | 5 243 | 11 614 | (16) | 44 803 | 2 599 | 79 491 |

UniCredit Bank Czech Republic and Slovakia, a.s.
Interim Consolidated Statement of Cash Flows for the period 1 January - 30 June 2020
prepared in accordance with International Financial Reporting Standards
as adopted by the European Union (in millions CZK)

| | 1 Jan - 30 Jun 2020 | 1 Jan - 30 Jun 2019 |
|--|--------------------------------|--------------------------------|
| Profit after tax | 2 599 | 4 907 |
| Adjustments for non-monetary items: | | |
| Impairment losses of: | | |
| Financial assets at amortised costs | 1 797 | 877 |
| Financial assets at fair value through other comprehensive income | 1 793 | 878 |
| Revaluation of financial instruments | 4 | (1) |
| Net provisions for risks and charges: | (906) | 480 |
| Loan commitments and financial guarantees given | 88 | (232) |
| Other net provisions | 88 | (245) |
| Depreciation and impairment of property, equipment and right of use assets | - | 13 |
| Amortisation and impairment of intangible assets | 522 | 507 |
| Net income/(loss) from the sale or repurchase of: | 241 | 205 |
| Financial assets at amortised cost | 113 | 113 |
| Financial assets at fair value through other comprehensive income | - | - |
| Financial liabilities | 113 | 113 |
| Profit/(loss) from equity investments | 37 | (7) |
| Profit/(loss) from the sale of non-financial assets | - | (1) |
| Taxes | 553 | 1 198 |
| Unrealised foreign currency gains/(losses) | 597 | (146) |
| Other non-monetary adjustments | (638) | (3 779) |
| Operating profit before change in operating assets and liabilities | 5 003 | 4 122 |
| Financial assets at fair value through profit or loss, of which: | (10 560) | (662) |
| Held for trading | (9 541) | (665) |
| Mandatorily at fair value | (1 019) | 3 |
| Financial assets at amortised cost, of which: | (245 178) | (195 664) |
| Loans and advances to banks | (225 126) | (190 491) |
| Loans and advances to customers | (20 052) | (5 173) |
| Other assets | 613 | 291 |
| Financial liabilities at fair value through profit or loss, of which: | 7 085 | 1 033 |
| Held for Trading | 7 085 | 1 033 |
| Financial liabilities at amortised cost, of which: | 246 645 | 190 472 |
| Deposits from banks | 41 392 | 24 488 |
| Deposits from customers | 205 253 | 165 984 |
| Other liabilities | 4 947 | 6 004 |
| Income tax paid | (1 232) | (837) |
| Net cash flows from operating activities | 7 323 | 4 759 |
| (Acquisition)/sale and maturity of financial assets at fair value through other comprehensive income and other financial instruments | 748 | 2 197 |
| Gains from the sale of property and equipment and intangible assets | 553 | 505 |
| (Acquisition) of property and equipment and intangible assets | (111) | (223) |
| Dividends received | 2 | 1 |
| Net cash flows from investment activities | 1 192 | 2 480 |
| Dividends paid | - | (6 070) |
| Financial liabilities at amortised cost - debt securities issued and repaid | (8 605) | (1 490) |
| (Payment) of Lease liabilities | (194) | (185) |
| Net cash flows from financial activities | (8 799) | (7 745) |
| Cash and cash balances at the beginning of the period | 4 634 | 4 842 |
| Cash and cash balances at the end of the period | 4 350 | 4 336 |
| Interest received | 9 476 | 8 836 |
| Interest paid | (2 679) | (1 579) |

UniCredit Bank Czech Republic and Slovakia, a.s.
Notes to Interim Consolidated Financial Statements as of 30 June 2020
prepared in accordance with International Financial Reporting Standards
as adopted by the European Union (in millions CZK)

CONSOLIDATION

The Group consists of the parent company UniCredit Bank Czech Republic and Slovakia, a.s., a joint stock company (hereinafter the "Bank" or the "Parent Company") with its registered office Želetavská 1525/1, 140 92, Praha 4 – Michle, 12 subsidiaries and 1 associate.

The Bank's ultimate owner is UniCredit S.p.A, Milan, which consolidates the entire UniCredit group in accordance with International Financial Reporting Standards as adopted by the European Union.

Certain subsidiaries maintain their accounts under Czech or Slovak Accounting Standards and the Group makes reclassifications and adjustments to figures under IFRS.

There were no changes in the Group in the first half of 2020 compared to the Group as at 31 December 2019.

ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the International Financial Reporting Standard of IAS 34 Interim Financial Reporting as adopted by the European Union and these financial statements have not been audited.

Accounting rules, policies and accounting estimates and assumptions (apart from those affected by COVID-19 pandemic – see below) identical to the ones in the last annual financial statements as of 31 December 2019 have been applied to the interim financial statements. The amounts are in millions of Czech korunas (CZK million), unless stated otherwise.

In the first half of 2020 COVID-19 pandemic has affected the Czech Republic and Slovakia and the associated lockdown measures put in place by governments in order to limit its spreading have affected the economic activity and, as consequence, Group profitability.

This circumstance has requested, as of 30 June 2020, a careful evaluation of certain items of financial statements whose recoverability depends on future cash flows projections by re-estimating the cash flows so to incorporate assumptions on the effects of COVID-19 pandemic.

While evaluations have been made on the basis of information deemed to be reasonable and supportable as at 30 June 2020, the current scenario is affected by an high uncertainty whose outcome is not foreseeable at the moment and that may require changes evaluations performed in light of the evolution of the pandemic, the effect of relief measures put in place and the shape of economic recovery.

The slow-down in economic activity that resulted from COVID-19 pandemic and associated lockdown measures have also affected the assessment on credit exposure recoverability and the calculation of the associated loan loss provisions. On this matter it should be noted that, in accordance with IFRS9 accounting standard, their evaluation depends on forward-looking information and on the evolution of macro-economic scenarios used in the calculation of loan loss provisions. Considering Covid-19 and associated lock-down measures, the Group has updated macro-economic scenario to reflect this principle.

Further details can be found in Note c) of the part Financial Assets at amortized cost - loans and advances to clients in the interim consolidated financial statements.

UniCredit Bank Czech Republic and Slovakia, a.s.
Notes to Interim Consolidated Financial Statements as of 30 June 2020
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CASH AND CASH BALANCES

| | 30 Jun 2020 | 31 Dec 2019 |
|-----------------------------------|--------------|--------------|
| Cash in hand | 4 231 | 4 400 |
| Other balances with central banks | 119 | 234 |
| Total | 4 350 | 4 634 |

For cash flow reporting purposes, cash is defined as cash and cash equivalents.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Held for Trading

(i) Based on the Quality of the Input Data Used for Valuation at Fair Value

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------|--------------|---------------|------------|---------------|
| 30 Jun 2020 | | | | |
| Debt securities | 1 788 | 1 536 | - | 3 324 |
| Derivatives | 31 | 17 626 | 115 | 17 772 |
| Total | 1 819 | 19 162 | 115 | 21 096 |

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------|--------------|--------------|------------|---------------|
| 31 Dec 2019 | | | | |
| Debt securities | 2 392 | - | - | 2 392 |
| Derivatives | 35 | 9 159 | 112 | 9 306 |
| Total | 2 427 | 9 159 | 112 | 11 698 |

(ii) Based on the Type of Issuer

| | 30 Jun 2020 | 31 Dec 2019 |
|------------------------|--------------|--------------|
| Debt securities | | |
| Public administration | 3 324 | 2 392 |
| Total | 3 324 | 2 392 |

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Notes to Interim Consolidated Financial Statements as of 30 June 2020
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FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Based on the Quality of the Input Data Used for Valuation at Fair Value

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------|---------------|--------------|------------|---------------|
| 30 Jun 2020 | | | | |
| Debt securities | 19 441 | 3 328 | 124 | 22 893 |
| Shares | - | - | 7 | 7 |
| Total | 19 441 | 3 328 | 131 | 22 900 |

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------|---------------|--------------|-----------|---------------|
| 31 Dec 2019 | | | | |
| Debt securities | 19 829 | 3 281 | 65 | 23 175 |
| Shares | - | - | 6 | 6 |
| Total | 19 829 | 3 281 | 71 | 23 181 |

(b) Based on the Type of Issuer

| | 30 Jun 2020 | 31.12.2019 |
|-------------------------|---------------|---------------|
| Debt securities | | |
| Government institutions | 16 566 | 16 099 |
| Credit institutions | 6 327 | 7 076 |
| Shares | | |
| Other | 7 | 6 |
| Total | 22 900 | 23 181 |

(c) Participation interests

| Business name | Registered office | Date of acquisition | Acquisition price | Net book value 2020 | Net book value 2019 | Share of the Group as of 30 Jun 2020 | Share of the Group as of 31 Dec 2019 |
|--|-------------------|---------------------|-------------------|---------------------|---------------------|--------------------------------------|--------------------------------------|
| CBCB - Czech Banking Credit Bureau, a.s. (bank register) | Prague | 10 Oct 2001 | 0.24 | 0.24 | 0.24 | 20% | 20% |
| Total | | | 0.24 | 0.24 | 0.24 | - | - |

UniCredit Bank Czech Republic and Slovakia, a.s.
Notes to Interim Consolidated Financial Statements as of 30 June 2020
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FINANCIAL ASSETS AT AMORTISED COST - LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis of Receivables from Customers, by Type

Corporate Customers

| | Stage 1 | | | Stage 2 | | | Stage 3 | | | Total | | |
|-------------------------------|----------------|----------------|----------------|---------------|----------------|---------------|--------------|----------------|--------------|----------------|----------------|----------------|
| | Gross amount | Impair. losses | Net amount | Gross amount | Impair. losses | Net amount | Gross amount | Impair. losses | Net amount | Gross amount | Impair. losses | Net amount |
| 30 Jun 2020 | | | | | | | | | | | | |
| Current accounts (overdrafts) | 28 369 | (176) | 28 193 | 9 335 | (211) | 9 124 | 2 706 | (2 219) | 487 | 40 410 | (2 606) | 37 804 |
| Mortgage loans | 108 595 | (391) | 108 204 | 9 607 | (257) | 9 350 | 2 329 | (1 652) | 677 | 120 531 | (2 300) | 118 231 |
| Credit cards | 6 | - | 6 | 2 | - | 2 | 1 | (1) | - | 9 | (1) | 8 |
| Leases | 15 609 | (118) | 15 491 | 4 922 | (205) | 4 717 | 1 355 | (816) | 539 | 21 886 | (1 139) | 20 747 |
| Factoring | 5 526 | (37) | 5 489 | 931 | (48) | 883 | 36 | (8) | 28 | 6 493 | (93) | 6 400 |
| Other loans | 120 845 | (478) | 120 367 | 13 353 | (574) | 12 779 | 2 299 | (1 365) | 934 | 136 497 | (2 417) | 134 080 |
| Total | 278 950 | (1 200) | 277 750 | 38 150 | (1 295) | 36 855 | 8 726 | (6 061) | 2 665 | 325 826 | (8 556) | 317 270 |
| 31 Dec 2019 | | | | | | | | | | | | |
| Current accounts (overdrafts) | 31 050 | (133) | 30 917 | 5 254 | (106) | 5 148 | 2 828 | (2 527) | 301 | 39 132 | (2 766) | 36 366 |
| Mortgage loans | 95 427 | (199) | 95 228 | 7 065 | (115) | 6 950 | 2 632 | (2 127) | 505 | 105 124 | (2 441) | 102 683 |
| Credit cards | 11 | - | 11 | 1 | - | 1 | 2 | (1) | 1 | 14 | (1) | 13 |
| Leases | 18 760 | (94) | 18 666 | 1 804 | (70) | 1 734 | 1 084 | (693) | 391 | 21 648 | (857) | 20 791 |
| Factoring | 5 542 | (32) | 5 510 | 1 050 | (57) | 993 | 104 | (39) | 65 | 6 696 | (128) | 6 568 |
| Other loans | 129 554 | (328) | 129 226 | 7 211 | (128) | 7 083 | 1 953 | (1 381) | 572 | 138 718 | (1 837) | 136 881 |
| Total | 280 344 | (786) | 279 558 | 22 385 | (476) | 21 909 | 8 603 | (6 768) | 1 835 | 311 332 | (8 030) | 303 302 |

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Retail Customers

| | Stage 1 | | | Stage 2 | | | Stage 3 | | | Total | | |
|---------------------------------|----------------|----------------|----------------|--------------|----------------|--------------|--------------|----------------|------------|----------------|----------------|----------------|
| | Gross amount | Impair. losses | Net amount | Gross amount | Impair. losses | Net amount | Gross amount | Impair. losses | Net amount | Gross amount | Impair. losses | Net amount |
| 30 Jun 2020 | | | | | | | | | | | | |
| Current accounts (overdrafts) | 1 074 | (9) | 1 065 | 189 | (14) | 175 | 360 | (309) | 51 | 1 623 | (332) | 1 291 |
| Mortgage loans | 116 272 | (270) | 116 002 | 3 427 | (163) | 3 264 | 916 | (416) | 500 | 120 615 | (849) | 119 766 |
| Credit cards and consumer loans | 7 956 | (132) | 7 824 | 1 165 | (179) | 986 | 442 | (332) | 110 | 9 563 | (643) | 8 920 |
| Leases | 2 153 | (14) | 2 139 | 360 | (8) | 352 | 104 | (54) | 50 | 2 617 | (76) | 2 541 |
| Other loans | 8 970 | (66) | 8 904 | 659 | (39) | 620 | 250 | (150) | 100 | 9 879 | (255) | 9 624 |
| Total | 136 425 | (491) | 135 934 | 5 800 | (403) | 5 397 | 2 072 | (1 261) | 811 | 144 297 | (2 155) | 142 142 |

| | Stage 1 | | | Stage 2 | | | Stage 3 | | | Total | | |
|---------------------------------|----------------|----------------|----------------|--------------|----------------|--------------|--------------|----------------|------------|----------------|----------------|----------------|
| | Gross amount | Impair. losses | Net amount | Gross amount | Impair. losses | Net amount | Gross amount | Impair. losses | Net amount | Gross amount | Impair. losses | Net amount |
| 31 Dec 2019 | | | | | | | | | | | | |
| Current accounts (overdrafts) | 1 105 | (8) | 1 097 | 134 | (10) | 124 | 372 | (305) | 67 | 1 611 | (323) | 1 288 |
| Mortgage loans | 109 689 | (130) | 109 559 | 3 147 | (148) | 2 999 | 811 | (279) | 532 | 113 647 | (557) | 113 090 |
| Credit cards and consumer loans | 8 206 | (106) | 8 100 | 1 192 | (171) | 1 021 | 380 | (253) | 127 | 9 778 | (530) | 9 248 |
| Leases | 2 513 | (13) | 2 500 | 136 | (6) | 130 | 61 | (33) | 28 | 2 710 | (52) | 2 658 |
| Other loans | 10 753 | (52) | 10 701 | 437 | (27) | 410 | 178 | (115) | 63 | 11 368 | (194) | 11 174 |
| Total | 132 266 | (309) | 131 957 | 5 046 | (362) | 4 684 | 1 802 | (985) | 817 | 139 114 | (1 656) | 137 458 |

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(b) Analysis of Net Receivables from Customers, by Sector

| | 30 Jun 2020 | 31 Dec 2019 |
|----------------------------|----------------|----------------|
| Financial institutions | 18 068 | 8 642 |
| Non-financial institutions | 293 301 | 289 253 |
| Government sector | 5 901 | 5 407 |
| Individuals and others | 142 142 | 137 458 |
| Total | 459 412 | 440 760 |

(c) Analysis of Receivables from Customers in terms of the COVID-19 impact

The Czech economy was hit hard by the COVID-19 pandemic, both on the supply and demand side. In the second quarter, GDP fell by 11% year on year, which meant a year-on-year decrease of 6.4% for the entire first half of the year. The economy has been hit hard by a slump in foreign demand, but private consumption and investment have also fallen sharply. Only government consumption had a slight effect on easing the economic downturn. Industrial production, which suffered from the stalemate of international supply chains, declining foreign demand and domestic quarantine measures, fell by 13.8% in the first half of the year. Unemployment remained very low (3.8% in June) due to government measures, but average wages slowed sharply from a year-on-year increase of 5.1% in the first quarter to 0.5% in the second quarter. Inflation remained above 3% for most of the period, representing the upper limit of the CNB's tolerance band, and ended at 3.3% year on year in June, driven upwards mainly by increases in tobacco and alcohol taxes, food prices, housing and food prices.

The COVID-19 pandemic also hit the Slovak economy hard. For the time being, the negative effects of the pandemic on the economy culminated in the second quarter, when GDP fell by 12.1% year on year, declining by 8.1% on average in the first half of the year. The economy was significantly affected by the decline in domestic and foreign demand, and consumption by households and government, investment and exports fell sharply. The decline in economic activity cut across sectors of the economy, with the strongest declines in value added in the first half of the year being recorded in construction (21%), industry (14.7%) and sectors affected by domestic quarantine measures such as tourism, arts and recreation and partly trade and transport about 10%). Government measures dampened the negative effects on unemployment, which rose by 1 percentage point to 6.6% in the first half of the year. In the second quarter, however, nominal wages fell for the first time in history (by 1.2% year on year); on average in the first half of the year, their year-on-year growth slowed from 7.8% in 2019 to 2.5%. Inflation also slowed, from 3% at the end of last year to 1.8% in June, driven by cheap oil, a slowdown in food prices and demand-side inflation.

Due to an update of the macro-scenarios for Czech republic and Slovakia as well as other individual European countries which took into account the negative expectations caused by COVID-19, there was also an update of the forward looking information (FLI) component of expected credit loss calculation, according to IFRS 9, which was implemented in the 1H 2020.

Due to this update, there was an increase in total expected credit loss with cumulative impact of CZK 1,779 million which can be considered primarily as an effect caused by COVID-19 which influenced the P&L for the first half year 2020.

COVID-19 also lead to the change of the risk classification of part of the lending portfolio. Namely in line with prudent risk management practice and in order to anticipate increased credit risk related to COVID-19 impact, the bank transferred from Stage 1 to Stage 2 total exposure of CZK 11,559 million in the first half year 2020.

Moratoriums in connection with the COVID-19 pandemic were provided in accordance with following laws:

- No. 177/2020 Coll., Act on Certain Measures in the Area of Loan Repayment in Connection with the COVID-19 Pandemic, which was approved in the Czech Republic; and
- No. 67/2020 Coll., As amended by Act No. 75/2020 Coll., The Act on Certain Extraordinary Measures in the Financial Area in Relation to the Spread of Dangerous Infectious Human Disease COVID-19, which was approved in Slovakia.

in following form:

Czech Republic

- Law requiring banks to provide moratorium to retail and corporate customers was passed as of 17 April 2020; for all customers, it covers a maximum number of 9 instalments for the period ending 31 October 2020, upon request from customers.
- Debtors may apply for shorter period ending 31 July 2020; in the case of consumer (retail) loans debtors may apply for deferral of all installment (i.e. principal + interest); in the case of corporate loans debtors may apply only for deferral of principal repayments (interest would be still paid during the deferral).

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- Interests are accrued during the period of deferral, however the accrued interest for the period of delay must not be capitalized into the principal, i.e. the calculation and accrual of "interests on interests" is not carried out.

Slovakia

- Law requiring banks to provide moratorium to retail and corporate customers was passed as of April 9; for all the customers, it covers a maximum period of 9 months (6 months for leasing products) upon request from customers.
- Debtors may apply for deferral of instalments during the period of pandemic which officially started on 12 March 2020; in the case of consumer (retail) loans debtors may apply for deferral of all installment (i.e. principal + interest); in the case of corporate loans debtors can choose whether apply for deferral of all installment (i.e. principal + interest) or only of principal repayments (interest would be still paid during the deferral) or for deferral of loan repayable in one bullet payment.
- Interests are accrued during the period of deferral, however the accrued interest for the period of delay must not be capitalized into the principal, i.e. the calculation and accrual of "interests on interests" is not carried out.

Total Receivables from Customers (net) that are the subject to granted moratorium in connection with COVID-19 as at 30 June 2020 amounts to CZK 47,162 million (of which Non-financial institutions CZK 34,193 million, Individuals CZK 12,392 million and Others CZK 577 million).

FINANCIAL LIABILITIES AT AMORTISED COST

(a) Deposits from customers

Analysis of Deposits from Customers by Type

| | 30 Jun 2020 | 31 Dec 2019 |
|--------------------------------|----------------|----------------|
| Current accounts | 374 894 | 354 051 |
| Term deposits | 49 885 | 55 287 |
| Sale and repurchase agreements | 191 009 | - |
| Lease Liabilities | 2 445 | 2 047 |
| Other | 2 024 | 3 568 |
| Total | 620 257 | 414 953 |

(b) Issued Debt Securities

Analysis of Issued Debt Securities

| | 30 Jun 2020 | 31 Dec 2019 |
|------------------------------|---------------|---------------|
| Mortgage bonds | 8 741 | 16 812 |
| Structured bonds | 2 828 | 3 329 |
| Other issued debt securities | 435 | 441 |
| Total | 12 004 | 20 582 |

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PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges include the following items:

| | 30 Jun 2020 | 31 Dec 2019 |
|---|-------------|-------------|
| Provisions for off-balance sheet credit exposures | 846 | 721 |
| a. Stage 1 | 174 | 113 |
| b. Stage 2 | 201 | 100 |
| c. Stage 3 | 471 | 508 |
| Legal disputes | 35 | 37 |
| Provision for restructuring | 51 | 62 |
| Other | 51 | 62 |
| Total provision | 983 | 882 |

| | Provisions for off- balance sheet credit exposures | Legal disputes | Provision for restructuring | Other | Total |
|---|--|-------------------|--------------------------------|-----------|------------|
| Balance as of 1 Jan 2020 | 721 | 37 | 62 | 62 | 882 |
| Charge during the year | 413 | - | - | - | 413 |
| Usage during the year | - | (2) | (11) | (11) | (24) |
| Release of redundant provisions and other | (288) | - | - | - | (288) |
| Total as of 30 Jun 2020 | 846 | 35 | 51 | 51 | 983 |

DEPRECIATION AND IMPAIRMENT OF PROPERTY AND EQUIPMENT

In the first half of 2020 and in the first half of 2019, the Group did not release an impairment of property and equipment.

DIVIDEND

In the first half of 2019, the Group paid a dividend of CZK 6,070 million.

In the first half of 2020, the Group did not pay a dividend.

SEGMENT ANALYSIS

IFRS 8 Operating segments states that the presentation and reporting of operating segments shall be in accordance with the performance criteria monitored by the one responsible for operational decisions. In the Group, that responsibility lies with the Board of Directors of the Bank.

The Group's primary segment reporting is broken down by types of clients: retail and private banking, corporate and investment banking, and other. The performance of all the segments is monitored monthly by the Board of Directors and other members of the Group's management. The reporting segments generate income primarily from the provision of loans and other banking products.

Retail and private banking encompasses in particular providing loans, mortgages, account keeping, payment services (including payment cards), term and saving deposits, and investment advisory.

Corporate and investment banking, leases includes especially the following products and services: providing banking services to companies and public institutions, including loans, leases, factoring, bank guarantees, account maintenance, payment services, opening documentary letters of credit, term deposits, derivative and foreign currency operations, and capital market activities inclusive of securities underwriting for clients, investment advisory, and consulting on mergers and acquisitions.

Other includes banking services that are not included within the aforementioned segments.

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(a) Segment Information by Client Category

| | Retail and private banking | Corporate and investment banking, leases | Other | Total |
|---|-------------------------------|--|------------|----------------|
| 30 Jun 2020 | | | | |
| Net interest and dividend income | 1 591 | 4 185 | 603 | 6 379 |
| Other net income | 792 | 2 107 | 326 | 3 225 |
| Depreciation/impairment of property and equipment and intangible assets | (316) | (241) | (206) | (763) |
| Impairment loss | (492) | (1 434) | 41 | (1 885) |
| Segment expenses | (1 662) | (2 314) | 172 | (3 804) |
| Profit before tax | (87) | 2 303 | 936 | 3 152 |
| Income tax | | | (553) | (553) |
| Result of segment | (87) | 2 303 | 383 | 2 599 |
| Segment assets | 152 996 | 781 789 | 11 915 | 946 700 |
| Segment liabilities | 278 245 | 565 258 | 23 706 | 867 209 |

| | Retail and private banking | Corporate and investment banking, leases | Other | Total |
|---|-------------------------------|--|---------|----------------|
| 30 Jun 2019 | | | | |
| Net interest and dividend income | 1 820 | 4 646 | 711 | 7 177 |
| Other net income | 929 | 2 363 | 681 | 3 973 |
| Depreciation/impairment of property and equipment and intangible assets | (293) | (244) | (175) | (712) |
| Impairment loss | (136) | (519) | 10 | (645) |
| Segment expenses | (1 722) | (2 206) | 240 | (3 688) |
| Profit before tax | 598 | 4 040 | 1 467 | 6 105 |
| Income tax | | | (1 198) | (1 198) |
| Result of segment | 598 | 4 040 | 269 | 4 907 |
| Segment assets | 141 014 | 716 790 | 11 244 | 869 048 |
| Segment liabilities | 243 375 | 528 942 | 22 460 | 794 777 |

The income tax for all segments is presented in the segment "Other".

The Group does not have a customer or a group of customers that would comprise more than 10 percent of the Group's income.

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(b) Information on Geographical Areas

| | Czech Republic | Slovakia | Total |
|---|----------------|------------|----------------|
| 30 Jun 2020 | | | |
| Net interest and dividend income | 4 982 | 1 397 | 6 379 |
| Other net income | 1 959 | 1 266 | 3 225 |
| Depreciation/impairment of property and equipment and intangible assets | (511) | (252) | (763) |
| Impairment loss | (1 232) | (653) | (1 885) |
| Segment expenses | (2 596) | (1 208) | (3 804) |
| Profit before tax | 2 602 | 550 | 3 152 |
| Income tax | (550) | (3) | (553) |
| Result of segment | 2 052 | 547 | 2 599 |
| Segment assets | 796 738 | 149 962 | 946 700 |
| Segment liabilities | 726 838 | 140 371 | 867 209 |
| 30 Jun 2019 | | | |
| Net interest and dividend income | 5 828 | 1 349 | 7 177 |
| Other net income | 2 976 | 997 | 3 973 |
| Depreciation/impairment of property and equipment and intangible assets | (479) | (233) | (712) |
| Impairment loss | (774) | 129 | (645) |
| Segment expenses | (2 675) | (1 013) | (3 688) |
| Profit before tax | 4 876 | 1 229 | 6 105 |
| Income tax | (878) | (320) | (1 198) |
| Result of segment | 3 998 | 909 | 4 907 |
| Segment assets | 740 297 | 128 751 | 869 048 |
| Segment liabilities | 683 187 | 111 590 | 794 777 |

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the ordinary course of business, the Group conducts various financial transactions that are not reported the Group's statement of financial position and that are designated as off-balance sheet financial instruments. Unless stated otherwise, the information below represents the nominal values of off-balance sheet transactions.

Contingent Liabilities

Legal Disputes

As of 30 June 2020, the Group assessed the legal disputes in which it acted as a defendant. The Group recorded provisions for these legal disputes. In addition to these disputes, legal actions arising from ordinary business activities were taken against the Group. The management does not anticipate the result of these legal disputes to have a material impact on the Group's financial position.

Contingent Liabilities arising from Guarantees, Loan Commitments and Other Contingent Liabilities

Contingent liabilities predominantly include undrawn amounts of loans. Loan commitments issued by the Group include issued credit and guarantee commitments, and undrawn amounts of credits and overdraft loan facilities. Revocable commitments include undrawn loans that may be revoked by the Group at any time without stating the reason. On the contrary, irrevocable commitments represent the Group's liability to provide a credit or issue a guarantee, the performance of which, even though bound on meeting the contractual terms by the client, is to a certain extent independent of the Group's will.

Contingent liabilities arising from financial guarantees include irrevocable commitments made by the Group to repay debts in lieu of the debtor owed to the guarantee beneficiary in case the debtor defaults on their obligation to pay subject to terms and conditions of the individual contracts. As such, commitments bear similar risk to loans, the Group creates the relevant provisions using a similar algorithm as for provisions.

Documentary letters of credit represent a written irrevocable commitment of the Group issued based on a client's request (orderer), to provide a third party or to its order (recipient, beneficiary), with certain performance, under the condition the terms of the letter of credit are met by a specified deadline. For these financial instruments, the Group creates provisions using a similar algorithm as applied for credits.

The Group recorded provisions for off-balance sheet items to cover expected credit losses and arising from the impairment losses on the off-balance sheet items due to credit risk. As of 30 June 2020, the aggregate provisions amounted to MCZK 846 (as of 31 December 2019: MCZK 721).

| | Gross amount | Impair. losses | Net amount |
|--|----------------|----------------|----------------|
| 30 Jun 2020 | | | |
| Letters of credit and financial guarantees | 46 538 | (575) | 45 963 |
| - Stage 1 | 41 905 | (93) | 41 812 |
| - Stage 2 | 4 194 | (100) | 4 094 |
| - Stage 3 | 439 | (382) | 57 |
| Other contingent liabilities (undrawn credit facilities) | 127 541 | (271) | 127 270 |
| - Stage 1 | 118 679 | (81) | 118 598 |
| - Stage 2 | 8 610 | (101) | 8 509 |
| - Stage 3 | 252 | (89) | 163 |
| Total | 174 079 | (846) | 173 233 |
| | Gross amount | Impair. losses | Net amount |
| 31 Dec 2019 | | | |
| Letters of credit and financial guarantees | 45 283 | (464) | 44 819 |
| - Stage 1 | 42 116 | (64) | 42 052 |
| - Stage 2 | 2 686 | (26) | 2 660 |
| - Stage 3 | 481 | (374) | 107 |
| Other contingent liabilities (undrawn credit facilities) | 130 357 | (257) | 130 100 |
| - Stage 1 | 122 373 | (49) | 122 324 |
| - Stage 2 | 7 632 | (74) | 7 558 |
| - Stage 3 | 352 | (134) | 218 |
| Total | 175 640 | (721) | 174 919 |

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RELATED PARTY TRANSACTIONS

Entities are deemed to be related parties in the event that one entity is able to control the activities of another, or is able to exercise significant influence over the other entity's financial or operational policies. As part of its ordinary business, the Group enters into transactions with related parties. These transactions principally comprise loans, deposits and other types of transactions and are concluded under arm's length conditions and at arm's length prices in order to prevent any detriment to any party.

Related parties principally include the Bank's parent company, Bank's fellow subsidiaries and other companies controlled by UniCredit Group or where UniCredit Group exercises significant influence the, the Bank's subsidiaries and affiliates, members of the Board of Directors and other members of the Bank's management.

UniCredit Group has prepared an equity programme for the employees of UniCredit Group under which the employees may purchase shares of UniCredit Group parent at a discounted price. The Discounted employee shares may not be sold during the vesting period. Vested shares are forfeited if the respective employee's employment by the UniCredit Group ends. The provided discount is allocated to individual UniCredit Group companies involved in the programme and these companies recognise and defer the discount over the vesting period.

(a) Transactions with the parent company

| | 30 Jun 2020 | 31 Dec 2019 |
|--|---------------|--------------|
| Assets | | |
| Loans and advances to banks | 5 249 | 928 |
| Financial assets held for trading | 5 013 | 1 836 |
| Positive fair value of hedging derivatives | 4 143 | 925 |
| Total | 14 405 | 3 689 |

| | 30 Jun 2020 | 31 Dec 2019 |
|--|----------------|----------------|
| Liabilities | | |
| Deposits from banks | 100 009 | 118 092 |
| Financial liabilities held for trading | 5 280 | 1 656 |
| Negative fair value of hedging derivatives | 2 784 | 1 417 |
| Total | 108 073 | 121 165 |

| | 30 Jun 2020 | 31 Dec 2019 |
|--------------------------------|--------------|--------------|
| Off-balance sheet items | | |
| Issued guarantees | 1 144 | 1 490 |
| Irrevocable credit facilities | 271 | 311 |
| Total | 1 415 | 1 801 |

| | 1 Jan - 30 Jun 2020 | 1 Jan - 30 Jun 2019 |
|--|------------------------|------------------------|
| Interest income | 144 | 149 |
| Interest expenses | (43) | (95) |
| Net profit/loss from financial assets and liabilities held for trading | 83 | 783 |
| Net profit/loss from hedging of the risk of change in fair values | (195) | (3) |
| Administrative expenses | (2) | 4 |
| Total | (13) | 838 |

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(b) Transactions with key management members

| | 30 Jun 2020 | 31 Dec 2019 |
|---------------------------------|-------------|-------------|
| Assets | | |
| Loans and advances to customers | 129 | 114 |
| <i>of which:</i> | | |
| Board of Directors | 17 | 17 |
| Other management members | 112 | 97 |
| Total | 129 | 114 |

| | 30 Jun 2020 | 31 Dec 2019 |
|--------------------------|-------------|-------------|
| Liabilities | | |
| Payables to customers | 141 | 169 |
| <i>of which:</i> | | |
| Board of Directors | 26 | 85 |
| Other management members | 115 | 84 |
| Total | 141 | 169 |

| | 30 Jun 2020 | 31 Dec 2019 |
|-------------------------------|-------------|-------------|
| Off-balance sheet items | | |
| Irrevocable credit facilities | 9 | 3 |
| <i>of which:</i> | | |
| Board of Directors | 1 | 1 |
| Other management members | 8 | 2 |
| Total | 9 | 3 |

(c) Transactions with other related parties

| | 30 Jun 2020 | 31 Dec 2019 |
|--|---------------|--------------|
| Assets | | |
| Financial assets held for trading | 3 196 | 1 654 |
| <i>of which:</i> | | |
| UniCredit Bank AG | 3 196 | 1 654 |
| Loans and advances to banks | 2 025 | 166 |
| <i>of which:</i> | | |
| UniCredit Bank AG | 845 | 1 |
| UniCredit Bank Austria AG | 1 025 | 79 |
| Yapi ve Kredi Bankasi AS | - | 54 |
| UniCredit Bank Hungary Zrt. | 103 | 16 |
| AO UniCredit Bank | 8 | 1 |
| Loans and advances to customers | 750 | 801 |
| <i>of which:</i> | | |
| UCTAM Czech Republic s.r.o. | 323 | 398 |
| UCTAM SVK, s.r.o. | 427 | 403 |
| Positive fair value of hedging derivatives | 6 594 | 4 139 |
| <i>of which:</i> | | |
| UniCredit Bank AG | 6 594 | 4 139 |
| Total | 12 565 | 6 760 |

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| | 30 Jun 2020 | 31 Dec 2019 |
|--|---------------|---------------|
| Liabilities | | |
| Deposits from banks | 3 749 | 3 800 |
| <i>of which:</i> | | |
| UniCredit Bank Austria AG | 2 845 | 2 973 |
| UniCredit Bank AG | 824 | 750 |
| UniCredit Bank Hungary Zrt. | 64 | 55 |
| Deposits from customers | 335 | 339 |
| <i>of which:</i> | | |
| UniCredit Services S.C.p.A. | 77 | 110 |
| Financial liabilities held for trading | 4 466 | 2 563 |
| <i>of which:</i> | | |
| UniCredit Bank AG | 4 466 | 2 563 |
| Negative fair value of hedging derivatives | 5 726 | 3 310 |
| <i>of which:</i> | | |
| UniCredit Bank AG | 5 726 | 3 310 |
| Total | 14 276 | 10 012 |
| | | |
| | 30 Jun 2020 | 31 Dec 2019 |
| Off-balance sheet items | | |
| Issued guarantees | 2 068 | 2 348 |
| <i>of which:</i> | | |
| UniCredit Bank AG | 1 635 | 1 853 |
| UniCredit Bank Austria AG | 310 | 325 |
| UniCredit Bank Hungary Zrt. | 12 | 12 |
| AO UniCredit Bank | 36 | 53 |
| Irrevocable credit facilities | 483 | 534 |
| <i>of which:</i> | | |
| UniCredit Bank AG | 254 | 433 |
| UniCredit Bank Austria AG | 134 | 15 |
| Total | 2 551 | 2 882 |

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| | 1 Jan - 30 Jun 2020 | 1 Jan - 30 Jun 2019 |
|--|---------------------|---------------------|
| Interest income | 23 | 54 |
| <i>of which:</i> | | |
| UniCredit Bank AG | 4 | 1 |
| UniCredit Bank Austria AG | 11 | 45 |
| Interest expenses | (288) | (268) |
| <i>of which:</i> | | |
| UniCredit Bank AG | (233) | (156) |
| UniCredit Bank Austria AG | (51) | (108) |
| Fee and commission income | 26 | 89 |
| <i>of which:</i> | | |
| UniCredit Bank AG | 18 | 81 |
| UniCredit Bank Hungary Zrt. | 1 | 1 |
| UniCredit Bank Austria AG | 7 | 6 |
| Fee and commission expenses | (4) | (3) |
| <i>of which:</i> | | |
| UniCredit Bank Austria AG | (2) | (2) |
| Net profit/loss from financial assets and liabilities held for trading | (698) | (714) |
| <i>of which:</i> | | |
| UniCredit Bank AG | (698) | (714) |
| Net profit/loss from hedging against risk of changes in fair value | 447 | 224 |
| <i>of which:</i> | | |
| UniCredit Bank AG | 447 | 224 |
| Administrative expenses | (415) | (457) |
| <i>of which:</i> | | |
| UniCredit Services S.C.p.A. | (409) | (459) |
| Total | (909) | (1 075) |

SUBSEQUENT EVENTS

The Group's management is not aware of any post balance sheet events that would require adjustment to the Group's interim financial statements.

4. Statement of the Issuer's authorised persons

To the best of our knowledge, this Half-Year Report gives a true and fair view of the financial situation, business activities and results of operations of the Issuer and the Issuer's consolidation group for the last half-year and of the outlook of future development of the financial situation, business activities and results of operations of the Issuer and the Issuer's consolidation group.

Prague, 29 September 2019

Mgr. JAKUB DUSÍLEK, MBA

Member of the Board of Directors

MASSIMO FRANCESE

Member of the Board of Directors