

PPF banka records CZK 1.13 billion net profit in 2020

Press Release – Financial and operating results for 2020.
Prague, 3 May 2021

Net profit:	CZK 1.13 billion	Securities trading volume:	CZK 430.6 billion
Total capital ratio:	+6.2 pp to 24.5%	Record operating income:	CZK 4.27 billion
Total assets:	CZK 169.72 billion	Net interest income:	CZK 3.29 billion

In 2020, the Bank recorded CZK 4,271 million operating income, its highest ever.

Owing to the overall results, shareholders' capital rose almost 8% to CZK 15,414 million.

Impairment losses were one of the most important items of last year's results compared to the same period in the year earlier. While operating expenses remained stable, the decline in assets value was the main driver in the year-on-year net profit decline. The creation of loss allowances reflects the pandemic-induced deterioration of the country's macroeconomic environment. This affected both performing and non-performing loan exposures to clients and the impairment of some financial instruments when accounted at their fair value in other comprehensive income.

Net interest income was CZK 3,292 million, affected mainly by a reduction in interest rates. Net fees and commission income in 2020 was up CZK 79 million.

The Bank recorded an outstanding comprehensive net income of CZK 759 million from financial operations in 2020.

About PPF banka

PPF banka is a modern Bank for corporate, public, and private sector clients who appreciate our professional and personalized approach. The Bank specializes in trading on financial and capital markets. It arranges money market operations and investment loans. The Bank also offers interest-rate and currency risk analysis. PPF banka is integral to PPF Group as the hub of its financial activities. For other PPF Group companies, the Bank carries out international payments, manages financial assets and secures project finances on capital markets.

PPF banka is a socially responsible company. The Bank supports the activities of The Kellner Family Foundation, PPF Foundation, and Pipan, a bilingual pre-school for hearing-impaired children. Together with other PPF Group companies PPF banka has been a long-term partner of the Summer Shakespeare Festival and Jára Cimrman Theatre.

“Despite a challenging year under the pandemic, we succeeded in a **net profit of CZK 1.13 billion**, boosting the Bank's capital ratio to 24.7%, and also creating robust allowances against potential loan losses,” said **Petr Jirásko, chairman and CEO of PPF banka**.

When the Czech Republic issued record volumes of government bonds in 2020, PPF banka strengthened its already solid role as the country's key securities trader on capital markets. “We assisted the Czech state in underwriting **CZK 108 billion in government bonds**. We are proud to have achieved second slot in the Czech Finance Ministry's ranking of primary dealers of Czech government bonds,” said PPF banka CEO.

In the corporate banking segment, PPF banka specializes in project, export, and acquisition financing. This requires a strong position in cross-border payment services. “Therefore, we became a **direct participant in the TARGET2 payment system**,” said PPF banka CEO, referring to the settlement process for large payment volumes at the European Central Bank, national central banks, and commercial banks.

Last year, PPF banka actively participated in the distribution and processing of government assistance to companies adversely impacted by the pandemic. “For the state's **COVID III a COVID Plus support programs, we have earmarked CZK 5.5 billion**,” said the Bank's CEO.

On the Bank's investments in digital technologies, the CEO said: “We continue to apply modern tools that meet all required security standards. They not only make our work less difficult, but they also make the use of our services easier for clients, for whom **we have also revamped our internet banking**.”

Financial Indicators:

Assets in millions of CZK	2020	2019
Cash and cash equivalents	90 096	156 713
Financial assets at fair value through profit or loss	19 291	7 166
Financial assets at fair value through other comprehensive income	19 314	17 551
Loans and advances to banks	4 130	3 636
Loans and advances to customers	35 745	41 109
Investments in subsidiaries	237	132
Other assets	910	651
Total assets	169 723	226 958
Equity and liabilities in millions of CZK	2020	2019
Deposits from banks	1 933	25 743
Deposits from customers	131 462	172 805
Debt securities issued	3 122	3 536
Financial liabilities at fair value through profit or loss	16 710	9 054
Other liabilities	1 082	1 525
Issued capital	769	769
Other components of equity	14 645	13 526
Total equity and liabilities	169 723	226 958
Income statement in millions of CZK	2020	2019
Net interest and similar income	3 292	4 112
Net fee and commission income	209	130
Net income from financial operations and dividend income	759	(433)
General administrative expenses	(817)	(907)
Impairment gains / (losses)	(1 750)	74
Other operating profit or loss	(382)	(347)
Income tax expense	(178)	(541)
Net profit for the year	1 133	2 088

The Bank's balance sheet totalled nearly CZK 170 billion in 2020. In assets, the year-on-year difference resulted mainly from reverse repo operations with the Czech central bank. The Bank's sources to finance its overall liabilities, namely its exposure to clients, remain stable and are spread evenly between demand and term deposits. The overall change in volume of liabilities therefore mainly reflects a change in business opportunities after a fall in interest rates on repo business with financial institutions.

Kontakt:

Leoš Rousek

Spokesperson of PPF Group

+420 224 174 214

spokesperson@ppf.eu

www.ppfbanka.cz