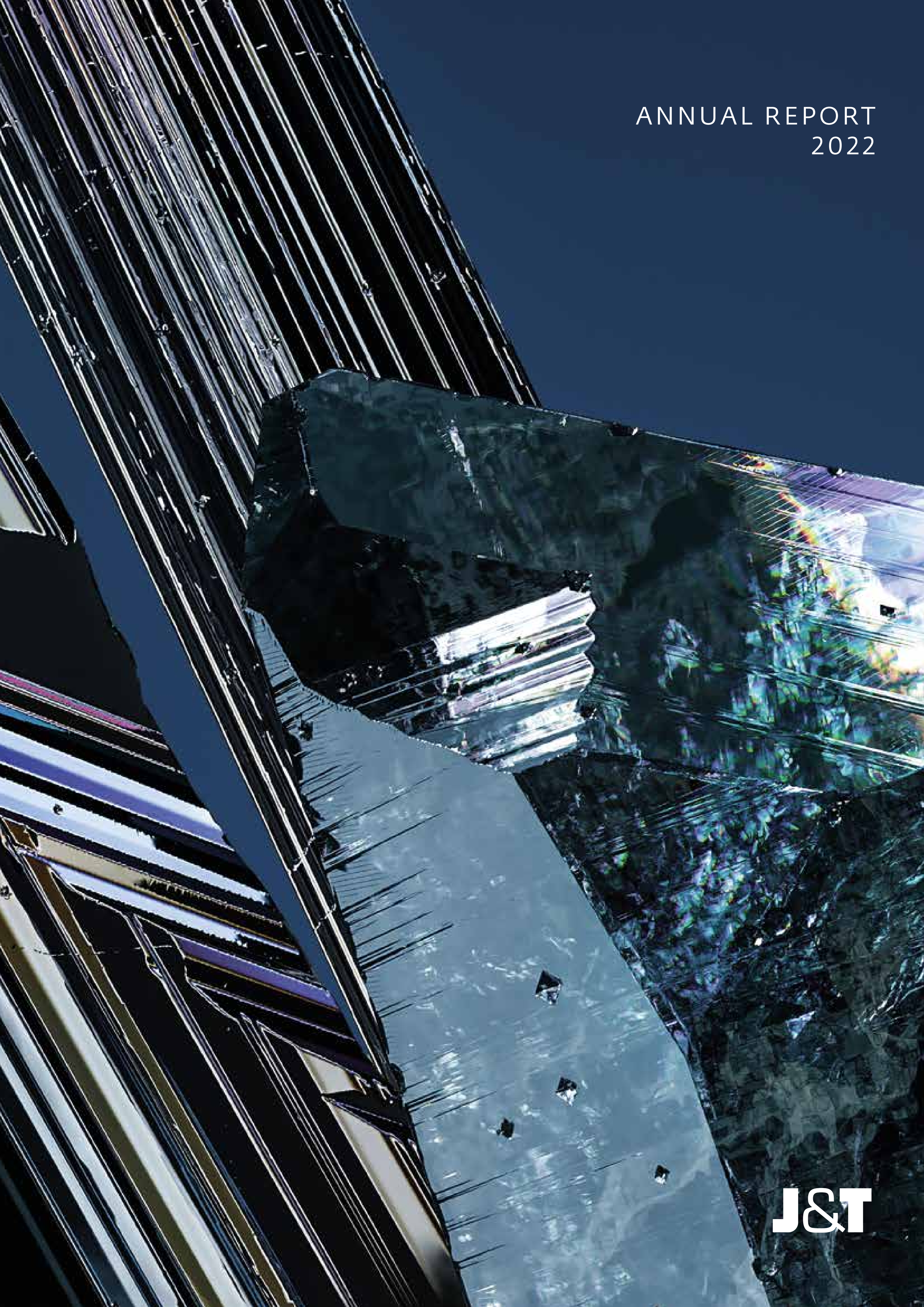
ANNUAL REPORT 2022



J&T

This version of the Annual Financial Report is non-ESEF compliant and constitutes non-official version of the official Annual Financial Report published in accordance with ESEF regulation in XHTML. This version of the Annual Financial Report is a translation from the original which was prepared in the Czech language. All possible care has been taken to ensure that this version is an accurate representation of the original, except for the machine-readable XBRL tags that are embedded only in the official XHTML version. However, in all matters of interpretation of information, views or opinions, the official version of the Annual Financial Report takes precedence over this version.

Statutory Annual Financial Report in line with ESEF regulation can be accessed at: https://www.jtfg.com/investori/

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PRESENTATION PART

FINANCIAL PART

FOREWORD

Dear clients, business partners, colleagues and friends,

We are pleased to present the Annual Report of J&T FINANCE GROUP SE (hereinafter the "Group") for 2022, which was a very successful year for us. Profit after tax amounted to EUR 162.6 million. While this is a slight decrease compared to the previous period, a closer look at the individual items of the profit and loss account shows that in key categories, the past year was once again exceptional.

The Group reported the highest operating profit in its history, especially due to record-breaking interest revenues reflecting the growth of the loan portfolio and the high market rates. The contribution of fee income related to an increase in the assets we managed was also significant. The profit was unfavourably affected mainly due to the creation of adjustments associated with the devaluation of Russian and Ukrainian assets.

The Group's growth was also reflected in the total assets, which exceeded EUR 14 billion for the first time. The growth in assets was accompanied by a corresponding increase in the received deposits with a stable ratio of client loans to client deposits. The Group continues to be adequately capitalised. At the end of 2022, it operated with a total regulatory capital ratio of 16.66% and complied with all internal and regulatory limits throughout the year.

In 2022, we further strengthened our position on capital markets. In November, we completed the acquisition of a controlling share in AMISTA, one of the largest Czech managers of qualified investor funds. The volume of assets owned by the J&T ARCH INVESTMENTS fund also increased significantly, exceeding EUR 1 billion. Last year, the Fund's shares were among the 5 most liquid titles on the Prague Stock Exchange.

The Group also expanded its activities in the banking sector. In March 2023, we opened J&T Direktbank, a purely digital bank in Germany, to help the Group collect euro deposits. The branch already generated solid results in the first weeks of its operation.

We also consider it a great success that in January 2023, the international rating agency Moody's granted J&T BANKA an investment rating of Baa2 with a stable outlook, which places the bank alongside few elite Czech and Slovak companies that have achieved this level of rating. The investment grade rating creates an opportunity to raise capital on European and global markets.

Last year, the Group gradually reduced its activities on the Russian and Ukrainian markets. We want to continue this strategy in the coming months and are currently negotiating on the sale of our subsidiaries in the Russian Federation.

The start of the new year was once again eventful. In the United States and Europe, we have witnessed bankruptcies or forced takeovers of established banking institutions. Inflation is only slowly decreasing and it seems that some central banks may continue raising their interest rates. The current macroeconomic trend threatens many countries with recession.

However, we are entering this year in good shape, ready to nurture good relationships with our clients and establish new partnerships.

REPORT OF THE BOARD OF DIRECTORS

STRATEGY AND FURTHER DIRECTION OF THE GROUP

Our success in the coming years will be determined by how we can tackle the challenges ahead. The war in Ukraine and uncertain geopolitical developments, only slowly decreasing inflation, the prediction of zero or even slightly negative economic growth – all these factors unfavourably affect the financial world and investors' trust. If we want to succeed in this environment, we need the courage to do things differently, to look for new solutions and opportunities, and to challenge ourselves to exceed the expectations of others as well as our own. Creating added value through the connection of capital and opportunities remains our main strategy and objective. We want to grow and move forward side by side with our clients and partners. By establishing J&T Bank's branch in Germany, we set foot in another market where we plan to focus primarily on deposit products with a potential for further development towards investment products. With the J&T ARCH Fund, we offer our clients the opportunity to enter the world of real assets and private equity investments.

Our long-term values remain unchanged. We continue to promote a personal client approach based on partnership, mutual trust and sharing of ideas and wealth.

FINANCIAL RESULTS – THE GROUP

In 2022, the Group recorded a great result, where the profit after tax reached EUR 162.6 million (as compared to EUR 187.7 million in 2021). This is the second-best result in the Group's history. The slight decrease in profitability in 2022 was caused by the depreciation of assets and creation of adjustments for assets affected by the armed conflict in Ukraine. As in the previous year, the strong performance in the banking and asset management areas played a key role in contributing to the overall profit for 2022. In the banking sector, the Group recorded an unprecedented net interest income, which increased by 28.2% year-on-year, reaching EUR 438.2 million (as compared to EUR 341.9 million in 2021) as a result of the growth of the loan portfolio and the basic interest rate on the Czech market, which equalled 7% at the end of 2022 (as compared to 3.75% as at 31 December 2021).

The Group also recorded success in net income from fees and commissions, where the year-on-year increase of 10.5% to EUR 141.3 million (as compared to EUR 127.9 million in 2021) was driven mainly by an increase in the area of asset management – in 2022, the volume of assets we managed increased by 21.7% to EUR 9.0 billion (as compared to EUR 7.4 billion as at 31 December 2021).

Compared to last year, the Group was successful in trading on financial markets, with net profit from trading reaching EUR 90.3 million (as compared to EUR 4.8 million in 2021). The main growth factor was the revaluation of currency derivatives. The year-on-year increase in total revenues, which amounted to EUR 750.8 million (as compared to EUR 524.0 million in 2021) was supported by profit from the sale of a life insurance company in Slovakia and post-Covid recovery in the hotel sector, where we recorded more than a 100% year-on-year increase in revenues.

The Group's growth in 2022 was also reflected on the cost side, where we recorded a 20% year-on-year increase in personnel costs. In 2022, the net creation of adjustments for loans and non-loan assets of the Group was significantly affected by the ongoing war in Ukraine. The Group prudently created adjustments in this respect, covering a significant part of the value of these assets. The total costs in 2022 thus reached EUR 492.1 million (as compared to EUR 323.8 million in 2021).

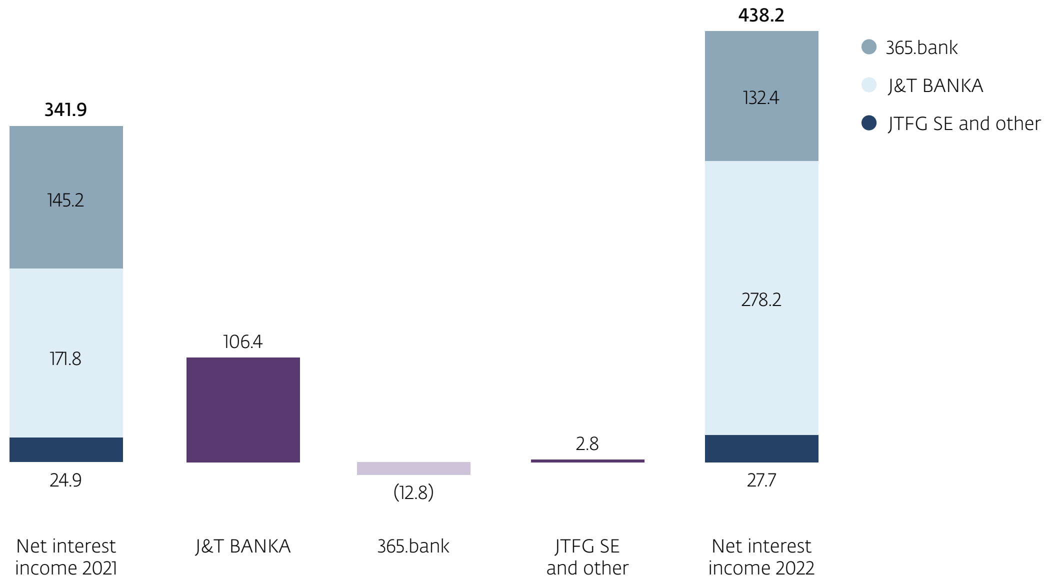
The Group's balance sheet total increased by 6.9% in 2022 to EUR 14.6 billion (as compared to EUR 13.7 billion as at 31 December 2021). This growth is represented, on the one hand, by a growth of the loan portfolio, and, on the other hand, by increasing exposures to central banks.

The gross value of the client loan portfolio grew by 2.3% year-on-year. The ratio of receivables from clients covered by adjustments decreased to 5.22% (as compared to 5.50% as at 31 December 2021). This is due to the use of adjustments created to cover credit losses.

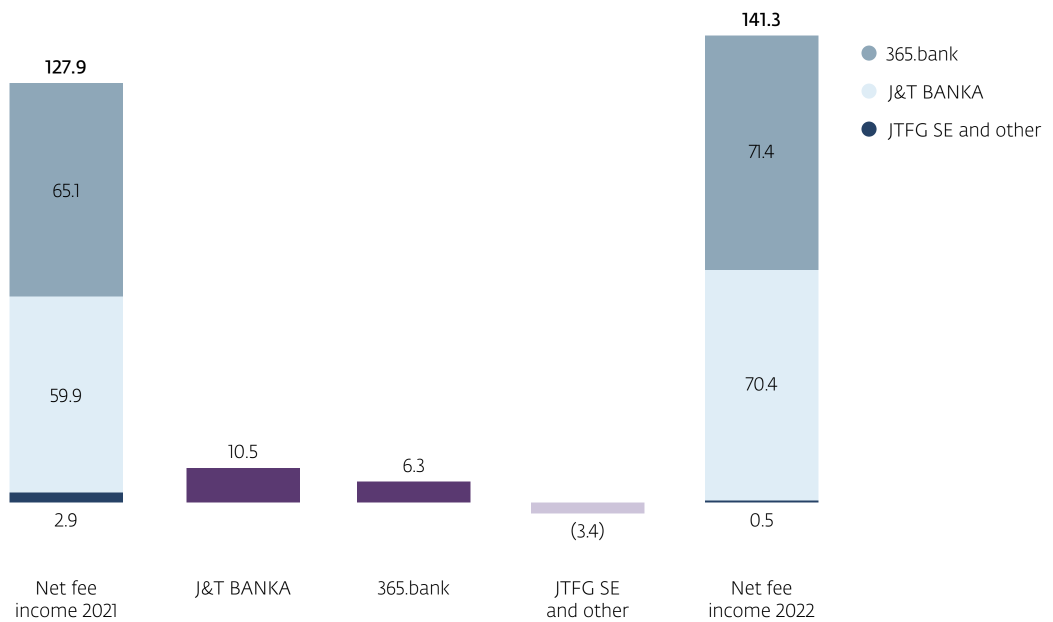
The financing of the increase in the balance sheet total was covered by both own and external resources. In 2022, the Group's equity increased by 2.7% to EUR 2,088.2 million (as compared to EUR 2,015.8 million in 2021). The year-on-year change was driven mostly by the 2022 profits and dividends paid to shareholders during 2022.

Client deposits were a significant source of liquidity, reaching EUR 10.2 billion as at 31 December 2022 (as compared to EUR 9.6 billion as at 31 December 2021).

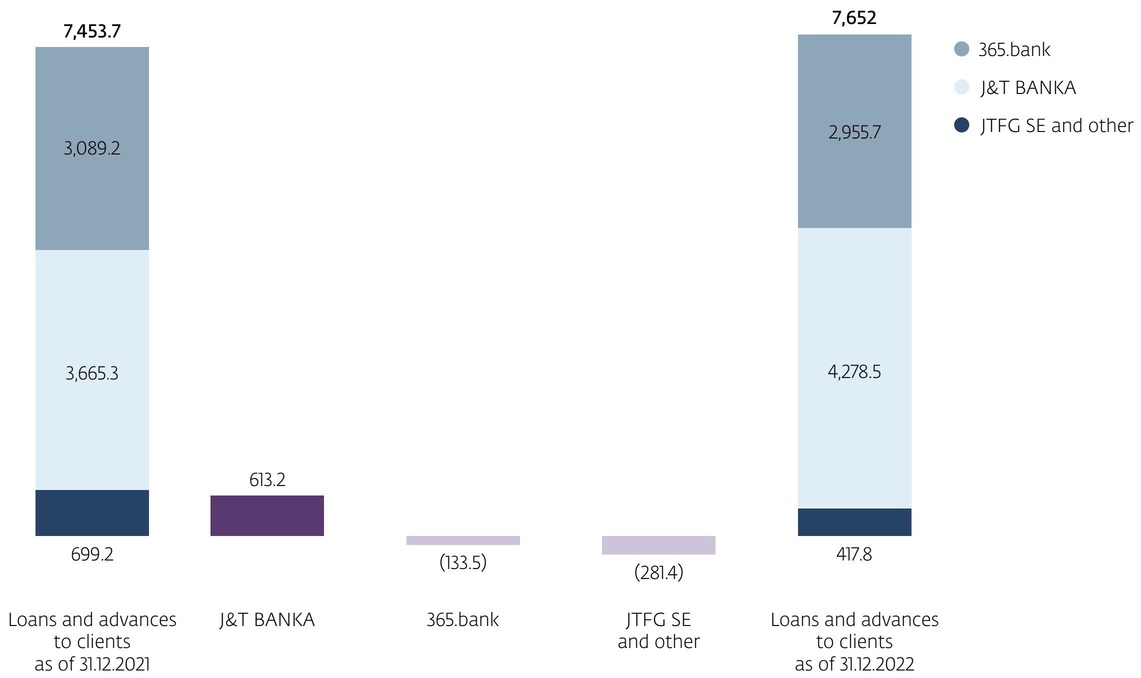
NET INTEREST INCOME (EUR million)



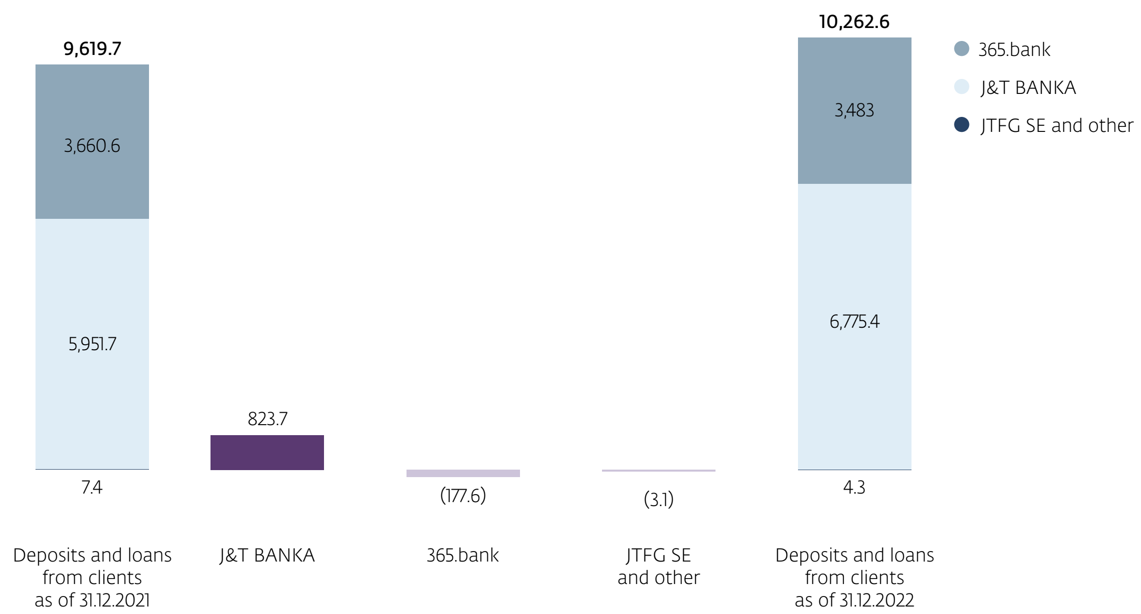
NET FEE INCOME (EUR million)



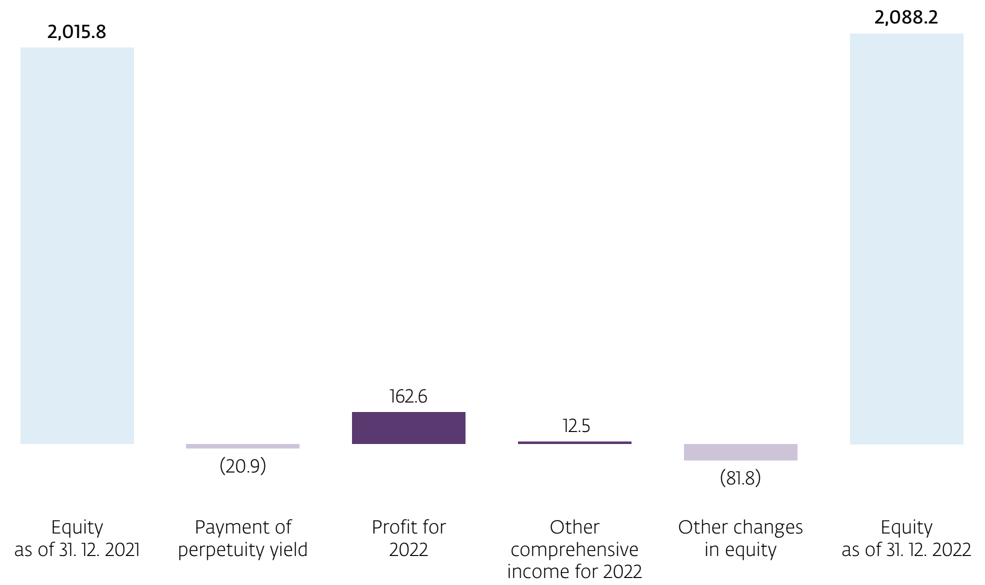
LOANS AND ADVANCES TO CUSTOMERS (EUR million)



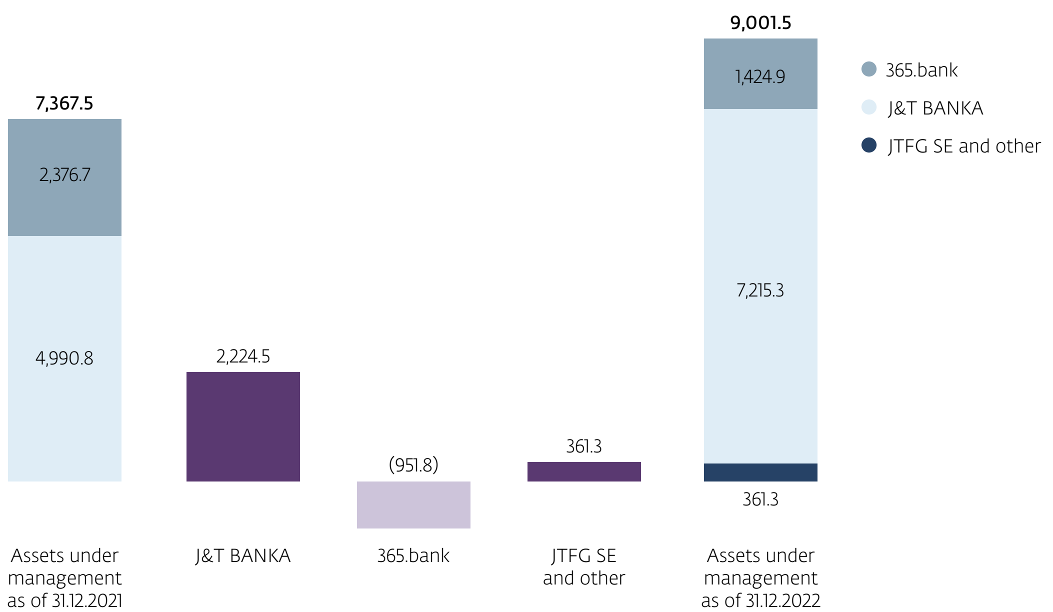
DEPOSITS AND LOANS FROM CLIENTS (EUR million)



CHANGES IN EQUITY (EUR million)



ASSETS UNDER MANAGEMENT (EUR million)



FINANCIAL RESULTS OF THE CONSOLIDATED J&T BANKA, A.S. GROUP

In 2022, the JTB Group's consolidated profit after tax reached a record-breaking amount of EUR 137.6 million (as compared to EUR 109.3 million in 2021). The growing trajectory of the balance sheet total showed more than 15% year-on-year increase and reached EUR 9.4 billion at the end of the year. J&T BANKA, a.s., operating on the Czech and Slovak markets, has a decisive share in the total amount of assets and the J&T Banka Group's profit. The assets of J&T BANKA, a.s. (on an individual basis) represent almost 97% of the JTB Group's consolidated assets and the JTB Group's economic management therefore significantly reflects the influences and events in the Czech and Slovak banking environments. The JTB Group's profit is primarily derived from the economic management of J&T BANKA, a.s.

The increase in the JTB Group's balance sheet total was mostly influenced by the increase in the deposit base as the source of financing and one of the important conditions for a growth of the loan portfolio. Attractive interest on deposits, as compared to our competitors, and the growth of the market interest rate levels were reflected in the clients' increased motivation to transfer funds from current accounts to products with a more interesting appreciation rate. In terms of the structure of the deposit portfolio, this was reflected, on the one hand, in the reduced share of demand deposits and, on the other hand, in an increased volume of deposits with a longer fixed term, which has a positive impact on the stability of the deposit base. At the same time, the replacement of current accounts by longer deposits reinforces the liquidity position and improves liquidity indicators. The volume of clients' deposits reached EUR 6.8 billion at the end of the year (as compared to EUR 6.2 billion in 2021). Fixed-term deposits recorded a dynamic increase, reflecting an increase in the interest rate differential between low or non-interest-bearing current accounts, on the one hand, and interest-bearing fixed-term deposits or deposits redeemable at notice, on the other hand. Their total volume grew to EUR 5.6 billion. The total number of deposit clients of the JTB Group's banks exceeded 103 thousand (as compared to 92 thousand in 2021).

The sufficient volume of own resources and resources received from clients enabled the JTB Group's banks to participate in the financing of a number of projects by increasing the volume of corporate loans. The volume of corporate loans reached an unprecedented amount of EUR 3.5 billion, with more than a 20% increase (as compared to EUR 2.9 billion in 2021).

There was a slight decline in margin trades, which J&T BANKA, a. s. carries out as the only bank in the Group. Due to the high comparative basis as a result of an extraordinary increase in the previous year, there was a decrease by EUR 0.77 billion (as compared to EUR 0.82 billion in 2021).

The total net balance of loans and other receivables from clients with amortised cost increased by EUR 0.7 billion year-on-year and reached EUR 4.4 billion at the end of the year (as compared to EUR 3.7 billion in 2021).

The dynamics of the loan portfolio, together with a growth of its interest rates, generated an increase in interest revenues from EUR 193 million to EUR 234 million, which represents a year-on-year increase of EUR 40 million. The increase in interest revenues from short-term free liquidity allocation equalled EUR 173 million. At the same time, the favourable situation in the area of interest revenues enabled the JTB Group to offer its clients high appreciation rates. The JTB Group approaches the clients' target groups with products combining banking products with investment forms of appreciation, and offers them attractive terms even for traditional banking products, such as fixed-term deposits and deposits redeemable at notice. By doing so, it shares some of its interest revenues with its clients. The rise in deposit interest rates is due to an increase in interest costs, which grew by as much as 178% year-on-year, i.e. by EUR 120 million. As a result, the JTB Group reported net interest revenues of EUR 287 million for 2022, with a year-on-year increase of 65% (as compared to EUR 174.1 million in 2021).

Similar to net interest revenues, the sum of the JTB Group's profit from fees and commissions is primarily derived from the business activities of J&T BANKA a.s. Fees related to the placement and management of corporate bond issues account for a high proportion of the fees collected. Execution fees for securities transactions recorded a stable year-on-year increase. The JTB Group includes J&T INVESTIČNÍ SPOLEČNOST, a.s., a company engaged in the management of investment funds for the public, as well as qualified investor funds, which significantly contributes to JTB Group's fee income in the area of fees for the acquisition and management of funds. As a direct consequence of the JTB Group's activities in the area of client loans, the fees for loan transactions also significantly contributed to the profit from fees and commissions in 2022. The annual net profit from fees totalled EUR 77 million, with a 23% year-on-year increase (as compared to EUR 63 million in 2021).

The net profit from trading and investments reached EUR 87.7 million in 2022 (as compared to a loss of EUR 5.2 million in 2021). Its development at the JTB Group's consolidated level is significantly influenced by revenues from the revaluation of derivative transactions, through which The JTB Group manages the currency structure of assets and liabilities, taking into account the expected development of the exchange rates for the Czech crown, primarily with regard to the dollar and euro, and also the interest rate differential of these currencies.

The JTB Group synergistically utilises its ability to operate and collect deposits on several geographic markets in parallel – on the Czech crown market, in the euro area in Slovakia and Croatia, and through alternative channels for collecting euro deposits also in Germany, Austria, etc. Through derivative instruments, it optimises the influence of the interest rate differential between the individual currencies and maximises the impact on revenues in the provision of loans or management of free liquidity.

The JTB Group's operating costs reached a total of EUR 153 million, which represents a 34% year-on-year increase. Personnel costs increased as a result of the growing number of employees and the growth of salaries caused by inflation pressures in the economy. Administrative costs reflected, in particular, the impact of massive investments in the development of information technology and digitisation of sales channels, growth of the marketing costs and costs related to the regulatory requirements, correlated with the growth of the bank's business activities – costs of deposit insurance, creation of a resolution fund and investment guarantee fund.

The dynamic growth of operating revenue created conditions for increasing the operating efficiency, and the JTB Group thus reported a profit of EUR 316 million before adjustments and provisions (as compared to EUR 126 million in 2021), which represents more than a two-fold year-on-year increase.

In 2022, the geopolitical situation and the local macroeconomic factors had a greater impact on the JTB Group's risk costs than in the previous year. Their volume exceeded EUR 128 million (as compared to EUR 22 million in 2021), mostly due to the costs of creating adjustments for loans provided by the JTB Group's banks and impairment of subsidiaries' assets, especially those of J&T Bank, a.o.

The JTB Group's equity equals EUR 1.49 billion (as compared to EUR 1.05 billion in 2021). The year-on-year increase of EUR 432 million was driven by the current year profit, which reached EUR 137.6 million. The contribution to equity from previous year's retained profits equalled EUR 133 million.

During the year, the JTB Group successfully placed perpetual bonds issued in the total amount of EUR 200 million, which increased the total capital by EUR 210 million, as part of additional own funds. As a regulated entity within the JTB Group, the bank also secured an additional increase in regulatory capital through the issue of MREL bonds with the nominal value of EUR 12.4 million in December 2022.

In addition, at the end of the year, the parent company J&T FINANCE GROUP SE increased the capital of J&T BANKA, a.s. through a contribution in the amount of EUR 120.7 million provided outside the registered capital.

The additional increase in the JTB Group's own resources was positively reflected in an increase in the value of the capital adequacy ratio at the consolidated level, which reached 19.37% (as compared to 16.21% in 2021).

FINANCIAL RESULTS OF THE CONSOLIDATED 365.BANK GROUP

The net profit of the 365.bank Group ("365.bank Group") reached EUR 91.8 million in 2022 (as compared to EUR 56.9 million in 2021), representing a 61.3% year-on-year increase, with the main contribution to this result generated by 365.bank attaining a profit of EUR 93.2 million (as compared to EUR 58.3 million in 2021).

The retail loan portfolio of 365.bank grew by 18% despite the continuing trend of increasing interest rates. On the other hand, the corporate portfolio decreased by 42% as a result of the strategy of reducing the corporate portfolio's concentration and risk levels. Net interest income totalled EUR 119 million in 2022, which represents a decrease of 11% compared to the previous year. Net income from fees and commissions equals EUR 43.6 million, this represents a 23% year-on-year increase.

The year-on-year decrease in other administrative expenses by EUR 2.2 million was driven mainly by the optimisation measures related to the transformation of 365.bank.

The financial performance of the 365.bank Group was also positively influenced by dividends in the amount of EUR 20 million received from the Group's subsidiaries. During 2022, the sale of 365.life, d.s.s., a.s. was completed and the 365.bank Group simultaneously increased its share in ART FOND – Stredoeurópsky fond súčasného umenia, a. s. and Monilogi, s.r.o.

The 365.bank Group's balance sheet total dropped by EUR 173 million year-on-year to a total of EUR 4.7 billion (as compared to EUR 4.9 billion in 2021). The decrease is mostly attributable to the deposit outflow as a result of the war in Ukraine and the reduction of deposits in central banks.

In compliance with the regulator's requirements, 365.bank successfully placed on foreign markets another issue of senior unsecured and unsubordinated bonds (MREL) in the amount of EUR 60 million.

The indicator of the capital adequacy ratio – the level of Tier I capital as a percentage of risk-weighted assets – increased year-on-year. The capital adequacy of 365.bank grew year-on-year from 19.14% to 23.97% and continues to significantly exceed the minimum required capital. The increase in capital adequacy was influenced primarily by the high profit of 2022 and a decrease in corporate exposures and the related reduction of RWA.

In 2022, shareholders of 365.bank received dividends in the amount of EUR 50 million.

Among the companies of the 365.bank Group, 365.invest, správ. spol., a. s. achieved a record-breaking profit of EUR 14.1 million – an increase of 6.2% year-on-year. At the end of 2022, the volume of assets managed amounted to EUR 1.4 billion, which represents a decrease of 23.4% compared to the previous year, corresponding to a decline of EUR 437 million in absolute terms. Still, 365.invest is one of the Top 4 management companies in Slovakia with a share of 12.3%.

The growth in production of the subsidiary Ahoj, a.s. continued in 2022, increasing by 26% and reaching a volume of almost EUR 73 million. Its main product, consumer loans, grew by 31% year-on-year and its total production reached EUR 51 million. Ahoj, a.s. continued optimising its structure and costs, which, combined with the positive development of sales, contributed to a net positive result.

COMPANY'S DIVIDEND POLICY

The Group's objective is to pay as much as possible from the consolidated annual net profit in the form of dividends to the Group's shareholders, while complying with the limitations following from the Group's business activities or imposed by regulations and taking into account the interests of the certificate holders. Dividends paid to the Group's shareholders reflect the Group's capital needs in view of the possibilities of future growth and investment opportunities and can thus be increased or decreased, as appropriate.

Limitations, in particular in the area of capital adequacy and liquidity, reflect, for example:
- the regulatory and internal capital adequacy limits;
- the regulatory and internal liquidity limits;
- other limits set out in the Group's risk appetite statement and in ICAAP;
- the results of internal and regulatory stress tests, etc.

NEW PRODUCTS AND SERVICES

365.bank continued to digitise its products and launched last year a fully digital mortgage loan, which can be applied for via a mobile application. Further, 365.bank introduced its "Investičné sporenie" product (Investment Savings), which is also a digital solution for investments in unit trusts. The bank also launched the SMARTIE banking application for parents and their children aged 8 to 15.

J&T Bank issued its first-ever MREL bonds with a nominal value exceeding EUR 12 million.

PRINCIPAL MARKETS

The Company is a holding company which primarily manages its equity interests. The Company also provides management, guarantor and administrative services to companies within the Group. In addition, the Company is also a creditor of internal and external entities. The Group is currently a bank holding consisting mainly of J&T BANKA and 365.bank.

Main categories of services provided
The main areas of activities and services provided by the Group include:
- Private banking services: Management, protection and appreciation of assets (including fixed-term and structured deposits, J&T unit trusts, clients' shares in private equity investments, asset management).
- Retail banking services: Comprehensive banking services provided to the general public, which primarily include the provision of consumer loans and mortgages, account management, savings, issuing of payment cards, as well as the sale of other products (insurance, pension funds, unit trusts).
- Investment banking services: Comprehensive services and consultancy in securing debt financing (bonds, credit clubs, private placement, currency exchange programmes), own financing – IPO (Initial Public Offering), SPO (Secondary Public Offering), post-IPO consultancy, mergers and acquisitions consultancy.
- Corporate banking services: Project financing, risk assessment, transaction structuring, provision of funds, restructuring, refinancing and specialised financing. Provision of long-term and short-term financing, structured financing. Services in the area of corporate finance (project financing, valuation, restructuring).
- Financial markets services: Comprehensive consultancy for trading and investing on financial markets, economic research and analysis, broker services, arrangement and settlement of transactions.
- Bank services: Comprehensive banking services focused on private clients and specialised financing. The Group provides all these services as a single unit, being able to prepare superior products for its clients according to individual requirements and needs with an emphasis on flexibility and speed of solution. The Group is able to accompany its clients through the entire transaction process, while offering a wide range of services.A significant competitive advantage consists in the ability to combine the services provided into a fully integrated unit – from the structuring of the transaction, through its financing, corporate consultancy to management and appreciation of assets.

The Group is primarily active in the European Union, especially in the Czech Republic and Slovakia. It is strengthening its position in Germany, where it has newly opened a branch of J&T Banka. It also operates in Croatia.

In contrast, the Group is scaling down its activities in Russia and Ukraine in view of the ongoing war conflict.

The breakdown of revenues by operating segment and geographic market is set out in Section 7. Operating segments of the consolidated financial statements.

SIGNIFICANT INVESTMENTS OF THE GROUP

Financial investments made by the Group (as at the end of the year)

in EUR thousand	31 December 2022	31 December 2021
Bonds and promissory notes	1,363,305	1,331,487
Shares and other equity instruments	187,744	66,638
Investment funds units	359,329	391,988
Equity interest in joint ventures and associates	50,357	77,174
Total	**1,960,735**	**1,867,287**

Non-financial investments made by the Group (as at the end of the year)

in EUR thousand	31 December 2022	31 December 2021
Tangible assets	347,174	310,198
Tangible investment assets	135,777	134,121
Intangible assets	85,976	75,699
Total	**568,927**	**520,018**

The Group uses tangible and intangible fixed assets for its operational activities (office buildings, banking and accounting software, etc.), as well as within its business activities, which are highly diversified.

These activities include, for example, investments in real estate projects – the construction and purchase of real estate for the purpose of its lease to third parties.

The Group's tangible assets are also used in the vinicultural sector, with planned investments in reconstructions, as well as in the accommodation services sector, because the Group owns several hotels in Slovakia.

Financing of investments is not viewed in isolation. The Company manages the structure of financing at the level of the Group and its members. The Company's financing structure is not clearly attributable to individual investments.

The geographical distribution of these investments is set out in Section 7 of the Notes to the consolidated financial statements.

REGULATORY ENVIRONMENT

Banking represents a critical part of the Group's business activities. Business in the banking sector is subject to supervision by the CNB (foreign banks within the Group are subject to the supervision by the competent national authority) and is conditional on obtaining a banking licence. A bank is not authorised to perform any activities other than those expressly specified in the licence. The law imposes a number of requirements on banks, including, among others, requirements of credibility and professional competence of persons with qualified participation in the bank and requirements of credibility, professional competence and experience of members of the governing body, members of the Board of Directors and members of the Supervisory Board of the bank.

The Company and key companies within the Group are part of the prudential consolidation unit ("Prudential Consolidation Unit"). The Prudential Consolidation Unit complies with the capital adequacy rules on a consolidated basis. The Prudential Consolidation Unit complies with the rules on general prudential requirements in relation to capital requirements for credit risk, market risk, operational risk, settlement risk and leverage, large exposure limitation requirements in accordance with the CRR rules limiting exposure to a client or an economically related group of clients to a certain amount (exposure rules), liquidity requirements, reporting requirements (in particular requirements regarding reporting to the CNB, the details of which are further defined by the European Banking Authority) and disclosure requirements. The activities of the companies in the Prudential Consolidation Unit are restricted by national and European regulatory rules that impose requirements on capital levels, limits on large exposures of the consolidated unit, liquidity, customer protection (including protection of banking secrecy), reporting obligations (in particular) vis-à-vis the CNB, and they limit the business activities in which the Prudential Consolidation Unit may engage and in which it may participate, in particular the acquisition of qualifying holdings outside the financial sector.

Special regulation under the CRR also applies to the concentration of credit risk (large exposure limit) of the Prudential Consolidation Unit, which arises due to the existence of loan receivables with similar economic characteristics that affect the debtor's ability to meet its obligations. Legal regulations further contain a number of provisions aimed at providing protection to the bank's customers, such as the regulation concerning business secrets and the bank's obligation to proceed carefully in the provision of investment services with professional care and in the best interest of its customers.

Banks are subject to extensive requirements concerning reporting and disclosure to supervisors, including the implementation of the single prudential reporting framework developed by the European Banking Authority (EBA). The Company's activities are also governed by other legal regulations, in particular the Corporations Act and tax regulations, including rules for determining transfer pricing between related parties.

STATE, COURT AND ARBITRATION PROCEEDINGS

As at the date of the Consolidated Annual Report, there are no court or arbitration proceedings pending which have had or may have a material effect on the financial position or profitability of the Company in future years.

EXPENSES ON RESEARCH AND DEVELOPMENT

In the relevant accounting period, the Company did not expend any costs on research and development.

INFORMATION ON ACTIVITIES IN THE AREA OF ENVIRONMENTAL PROTECTION

During the period from 1 January 2022 to 31 December 2022, the Company did not pursue any activities in the area of environmental protection. The Group's activities in the area of environmental protection are described in the Company's consolidated annual report.

COMPANY DETAILS

Company name: J&T FINANCE GROUP SE
LEI: 315700E9POA724IWFP59
Legal form of the Company: European company (Societas Europaea)
Registered office of the Company: Sokolovská 700/113a, 186 00 Prague 8, Czech Republic
Telephone number: +420 221 340 111
Web: www.jtfg.com

CORPORATE MANAGEMENT AND GOVERNANCE STATEMENT

CORPORATE MANAGEMENT AND GOVERNANCE STATEMENT

Description of the Company
Business name: J&T FINANCE GROUP SE
Registered office: Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic
Identification number: 275 92 502
Legal form: European company
Registered in: the Commercial Register kept by the Municipal Court in Prague, Section H, File 1317
Objects of business: Manufacture, trade and services not listed in Annexes 1 to 3 to the Trade Act
Objects of activities: acquisition and holding of shares in legal persons

Board of Directors of the Company as at 31 December 2022:
Chairperson of the Board of Directors: Ing. Jozef Tkáč
Vice-Chairperson of the Board of Directors: Ing. Patrik Tkáč
Vice-Chairperson of the Board of Directors: Ing. Ivan Jakabovič
Vice-Chairperson of the Board of Directors: Ing. Dušan Palcr
Member of the Board of Directors: Ing. Igor Kováč
Member of the Board of Directors: Štěpán Ašer, MBA

Supervisory Board of the Company as at 31 December 2022:
Chairperson of the Supervisory Board: RNDr. Marta Tkáčová
Member of the Supervisory Board: Ivan Jakabovič
Member of the Supervisory Board: Jana Šuterová

INFORMATION ON THE COMPANY'S ORGANISATIONAL COMPONENTS

The Company has an organisational component in the territory of the Slovak Republic, registered in the Commercial Register under the name J&T FINANCE GROUP SE, organizačná zložka, Id. No.: 47 251 735, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic.

DESCRIPTION OF THE DECISION-MAKING PROCEDURES AND COMPOSITION OF THE GOVERNING BODY, SUPERVISORY BOARD, OR OTHER EXECUTIVE OR SUPERVISORY BODY OF THE ISSUER

In accordance with the Articles of Association, the bodies of the Company are the Board of Directors and the Supervisory Board. The Company also has an Audit Committee and a Remuneration Committee, which help to improve the effectiveness of the Supervisory Board's supervisory activities. Persons who are members of the corporate bodies meet the requirements related to professional qualification, credibility and experience. In selecting the members of its bodies, the Company applies the diversity principle, having regard to qualification and experience, which is supervised by the Appointment Committee, which performs its activities at the level of the parent company.

The Board of Directors decides all matters of the Company unless they fall within the powers of the General Meeting, the Supervisory Board or the relevant committees established by the Company, including, but not limited to, the Audit Committee and the Remuneration Committee under the law or the Articles of Association or resolutions of the General Meeting.

The Company has not adopted and does not enforce a Code of Corporate Governance.

INFORMATION ABOUT INTERNAL CONTROL PRINCIPLES AND PROCEDURES RELATING TO THE FINANCIAL REPORTING PROCESS

The Company, to ensure that the accounts give a true and fair view of the state of affairs and financial statements are prepared in a due manner, uses the services of J&T SERVICES ČR a.s., a service subsidiary ("J&T Services"). J&T Services uses various tools to appropriately recognise individual transactions and to subsequently present them in the financial statements of the Issuer and its Group. Key tools include in particular maximum automation of recurring transactions, procedures and processes within appropriate systems and applications, regular monitoring and testing of these systems and setting of access rights to individual systems and applications. In addition to periodical reviews of the general ledger, J&T Services also applies a system of allocating responsibility and reconciliation of accounts in terms of individual analytical account balances. Each general ledger account has its administrator who has to provide regularly, or on demand, information on the particular analytical account (balance, reconciliation to primary data, breakdown to individual amounts, etc.). J&T Services shall also set up the rules and methodology for compilation of the consolidated reports and verifies the correctness of the underlying documents for compilation of the consolidated financial statements.

Ensuring compliance of the accounting methods used, in particular, with the international accounting standards for financial reporting and setting of controls in the Company's accounts is the responsibility of the Company's Board of Directors of the Company.

Information about applied accounting policies, valuation techniques and rules for establishing adjustments is disclosed in the Notes to the financial statements of this annual report.

The accuracy of information presented in the Company's financial statements is confirmed by the auditor's opinion. The annual report includes audited financial results of the Company and the Group.

For 2022 and 2021, the fees for auditing services, other verification services and other non-audit services were charged to the Company and the Group as follows:

In CZK thousand	Charged to the Company 2022	Charged to the Company 2021	Charged to other companies in the Group 2022	Charged to other companies in the Group 2021
Statutory audit	15,095	8,275	23,337	23,317
Other verification services	0	0	422	6,347
Other services	0	0	805	3,146
Total	**15,095**	**8,275**	**24,564**	**32,810**

In 2022, the auditor of the Company and the Group, KPMG Česká republika Audit, s.r.o., provided the following non-audit services to the Group companies:
- verification of the Prudential Consolidation Unit's reporting;
- regulatory training;
- general training and tailor-made training.

COMPETENCE OF THE GENERAL MEETING

The powers of the General Meeting also include decisions on a change in the Articles of Association, an amount of registered capital and the authorization of the Board of Directors to increase registered capital, election and removal of members of the Supervisory Board, the approval of regular, extraordinary or consolidated financial statements and, in cases when their preparation is stipulated by another legal regulation, of interim financial statements. The General Meeting also decides on the distribution of profit and other own resources or the settlement of a loss, it gives instructions to the Board of Directors and approves principles of the Board of Directors' activity unless they are contrary to legal regulations. The General Meeting can, in particular, prohibit certain legal actions to any member of the Board of Directors if it is in the interest of the company. The powers of the General Meeting are regulated in the Company's valid Articles and Association and respective legal regulations, in particular Act No. 90/2012 Coll., the Business Corporations Act.

MEMBERS OF THE COMPANY'S MANAGEMENT AND SUPERVISORY BODIES

Board of Directors

The Board of Directors is the governing and management body of JTFG SE; it manages the business activities of the Company and represents the Company in the manner specified in its Articles of Association and in the Commercial Register. The Board of Directors decides all matters of the Company unless they fall within the powers of the General Meeting or the Supervisory Board under the law or the Articles of Association or resolutions of the General Meeting.

The Board of Directors is responsible for the establishment of a comprehensive and appropriate management and control system and for keeping the system functional and effective. It is responsible for ensuring the setting of the Company's overall strategy, the rules which clearly define ethical and professional principles and expected models of behaviour of employees and for the determination of human resources management standards. The Board of Directors is responsible for ensuring that the Company consistently applies proper management, administrative, accounting and other procedures. The Board of Directors approves and regularly evaluates, in particular, the overall strategy, organisational structure, risk management strategy, including risks following from the macroeconomic environment in which the Company operates.

Ing. Jozef Tkáč
Chairperson of the Board of Directors

After he graduated from the University of Economics, he joined the Main Institute of the State Bank of Czechoslovakia ("SBCS") in Bratislava. In 1989, the Slovak Government and the SBCS authorized him to prepare activities of an investment bank in Slovakia. In 1990, he became the leading director of the Main Institute for the Slovak Republic in Investiční banka, s.p.ú., Praha and after Investiční banka Praha was privatised and divided, he became president of Investičná a rozvojová banka, a.s. in Bratislava. After a change in the bank's owners and the end of the privatisation of Investičná a rozvojová banka, a.s. he became president of the J&T Group and chairperson of the Board of Directors of J&T FINANCE GROUP SE.

In addition, he is or was, in the past five years, involved in the following companies:

J&T BANKA, a.s.
Id. No. 47115378, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Chairperson, status: current

Geodezie Brno, a.s. v likvidaci (in liquidation)
Id. No. 46345906, Brno, Dornych 47, Postal Code 602 00
Supervisory Board – Chairperson, status: current

ATLANTIK finanční trhy, a.s.
Id. No. 26218062, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T SERVICES ČR, a.s.
Id. No. 28168305, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Chairperson, status: current

Equity Holding, a.s.
Id. No. 10005005, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Board of Directors – Chairperson, status: current

Nadace J&T
Id. No. 27162524, Prague 1 – Malá Strana, Malostranské nábřeží 563/3, Postal Code 118 00
Managing Board – Member, status: current

J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.
Id. No. 53859111, Bratislava, Dvořákovo nábrežie 4, Postal Code 811 02, Slovakia
Supervisory Board – Chairperson, status: current

365.bank, a.s.
Id. No. 31340890, Bratislava, Dvořákovo nábrežie 4, Postal Code 811 02, Slovakia
Supervisory Board – Member, status: current

Family relationships: He is the husband of RNDr. Marta Tkáčová, the Chairperson of the Supervisory Board, and the father of Ing. Patrik Tkáč, a member of the Board of Directors.

Ing. Ivan Jakabovič
Vice-Chairperson of the Board of Directors

He graduated from the Faculty of Economic Informatics of the University of Economics in Bratislava. He obtained a broker's licence from the Slovak Ministry of Finance. In 1994, he co-founded J&T Securities, s.r.o., an investment firm. He is the Vice-Chairperson of the Board of Directors of J&T FINANCE GROUP SE.

In addition, he is or was, in the past five years, involved in the following companies:

J&T BANKA, a.s.
Id. No. 47115378, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Vice-Chairperson, status: current

J&T CAPITAL PARTNERS, a.s.
Id. No. 10942092, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Chairperson, status: current

J&T EQUITY PARTNERS, a.s.
Id. No. 17201373, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Chairperson, status: current

EP Power Europe, a.s.
Id. No. 27858685, Prague 1 – Josefov, Pařížská 130/26, Postal Code 110 00
Supervisory Board – Member, status: current

KOLIBA REAL, s. r. o.
Id. No. 35725745, Bratislava, Dvořákovo nábrežie 8, Postal Code 811 02, Slovakia
Board of Directors – Member, status: current

J & T Securities, s.r.o. v likvidaci (in liquidation)
Id. No. 31366431, Bratislava, Dvořákovo nábrežie 8, Postal Code 811 02
Executive Director, status: current

Energetický a průmyslový holding, a.s.
Id. No. 28356250, Prague 1 – Josefov, Pařížská 130/26, Postal Code 110 00
Supervisory Board – Chairperson, status: outdated

EP Energy, a.s.
Id. No. 29259428, Prague 1 – Josefov, Pařížská 130/26, Postal Code 110 00
Supervisory Board – Chairperson, status: outdated

EP Industries, a.s.
Id. No. 29294746, Prague 1 – Josefov, Pařížská 130/26, Postal Code 110 00
Supervisory Board – Member, status: outdated

Ing. Patrik Tkáč
Vice-Chairperson of the Board of Directors

He graduated from the Faculty of National Economy of the University of Economics in Bratislava. In 1994, he obtained a broker's licence from the Slovak Ministry of Finance and in the same year he co-founded J&T Securities, s.r.o., an investment firm. He is a leading representative of the J&T Group and chairperson of the Board of Directors of J&T BANK, a.s. In J&T Bank, Patrik Tkáč is responsible for the Financial Markets Unit.

In addition, he is or was, in the past five years, involved in the following companies:

J&T BANKA, a.s.
Id. No. 47115378, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Board of Directors – Chairperson, status: current

ATLANTIK finanční trhy, a.s.
Id. No. 26218062, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Chairperson, status: current

Nadace J&T
Id. No. 27162524, Prague 1 – Malá Strana, Malostranské nábřeží 563/3, Postal Code 118 00
Managing Board – Member + Founder, status: current

J&T IB and Capital Markets, a.s.
Id. No. 24766259, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

CZECH NEWS CENTER a.s.
Id. No. 02346826, Prague 7 – Holešovice, Komunardů 1584/42, Postal Code 170 00
Supervisory Board – Chairperson, status: current

J&T Family Office, a.s.
Id. No. 03667529, Prague 1 – Malá Strana, Malostranské nábřeží 563/3, Postal Code 118 00
Supervisory Board – Member, status: current

Nadace Sirius
Id. No. 28418808, Prague 1 – Malá Strana, Všehrdova 560/2, Postal Code 118 00
Founder, status: current

CZECH MEDIA INVEST, a.s.
Id. No. 24817236, Prague 1 – Josefov, Pařížská 130/26, Postal Code 110 00
Supervisory Board – Chairperson, status: current

J&T Wine Holding SE
Id. No. 06377149, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Board of Directors – Member, status: current

J&T ENERGY FINANCING CZK I, a.s.
Id. No. 06433855, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T ENERGY FINANCING CZK II, a.s.
Id. No. 06433901, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T ENERGY FINANCING CZK III, a.s. v likvidaci (in liquidation)
Id. No. 07084030, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T ENERGY FINANCING CZK IV, a.s.
Id. No. 07381158, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

Bermon94, a.s.
Id. No. 07234660, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

EP Global Commerce, a.s.
Id. No. 05006350, Prague 1 – Josefov, Pařížská 130/26, Postal Code 110 00
Supervisory Board – Chairperson, status: current

J&T ARCH INVESTMENTS SICAV, a.s.
Id. No. 08800693, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T ALLIANCE SICAV, a.s.
Id. No. 11634677, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T CAPITAL INVESTMENTS, a.s.
Id. No. 10913203, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Chairperson, status: current

J&T CAPITAL PARTNERS, a.s.
Id. No. 10942092, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Board of Directors – Chairperson, status: current

PT Equity Investments SICAV, a.s.
Id. No. 14095688, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T EQUITY PARTNERS, a.s.
Id. No. 17201373, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Board of Directors – Chairperson, status: current

J&T ENERGY FINANCING EUR I, a. s.
Id. No. 51142074, Bratislava – Karlova Ves, Dúbravská cesta 14, Postal Code 841 04, Slovakia
Supervisory Board – Member, status: current

J&T ENERGY FINANCING EUR II, a. s.
Id. No. 51143062, Bratislava – Karlova Ves, Dúbravská cesta 14, Postal Code 841 04, Slovakia
Supervisory Board – Member, status: current

J&T ENERGY FINANCING EUR III, a. s.
Id. No. 51579642, Bratislava – Karlova Ves, Dúbravská cesta 14, Postal Code 841 04, Slovakia
Supervisory Board – Member, status: current

J&T ENERGY FINANCING EUR IV, a. s.
Id. No. 51479982, Bratislava – Karlova Ves, Dúbravská cesta 14, Postal Code 841 04, Slovakia
Supervisory Board – Member, status: current

J&T ENERGY FINANCING EUR V, a. s.
Id. No. 51888777, Bratislava – Karlova Ves, Dúbravská cesta 14, Postal Code 841 04, Slovakia
Supervisory Board – Member, status: current

J&T ENERGY FINANCING EUR VI, a. s.
Id. No. 52312305, Bratislava – Karlova Ves, Dúbravská cesta 14, Postal Code 841 04, Slovakia
Supervisory Board – Member, status: current

J&T ENERGY FINANCING EUR VII, a. s.
Id. No. 52396274, Bratislava – Karlova Ves, Dúbravská cesta 14, Postal Code 841 04, Slovakia
Supervisory Board – Member, status: current

J&T ENERGY FINANCING EUR VIII, a. s.
Id. No. 52491218, Bratislava – Karlova Ves, Dúbravská cesta 14, Postal Code 841 04, Slovakia
Supervisory Board – Member, status: current

J&T ENERGY FINANCING EUR IX, a. s.
Id. No. 52491196, Bratislava – Karlova Ves, Dúbravská cesta 14, Postal Code 841 04, Slovakia
Supervisory Board – Member, status: current

J&T ENERGY FINANCING EUR X, a. s.
Id. No. 52661261, Bratislava – Karlova Ves, Dúbravská cesta 14, Postal Code 841 04, Slovakia
Supervisory Board – Member, status: current

J&T Banka, d.d.
Id. No. 675539, Međimurska ulica 28, 42000 Varaždin, Croatia
Supervisory Board – Member, status: outdated

PBI, a.s.
Id. No. 03633527, Prague 8 – Karlín, Sokolovská 394/17, Postal Code 186 00
Board of Directors – Member, status: outdated

Stamina Private Equity Investments a.s., v likvidaci (in liquidation)
Id. No. 03841669, Prague 8 – Karlín, Pobřežní 297/14, Postal Code 186 00
Supervisory Board – Member, status: outdated

Family relationships: He is the son of Ing. Jozef Tkáč, a member of the Board of Directors, and RNDr. Marta Tkáčová, the Chairperson of the Supervisory Board.

Ing. Dušan Palcr
Vice-Chairperson of the Board of Directors

He graduated from the Faculty of Business and Economics of Mendel University in Brno. From 1995 to 1998, he worked in banking supervision in the Czech National Bank. He joined the J&T Group in 1998. He was a member of the Board of Directors of J&T BANKA, a.s. in charge of the Finance and the Banking Operations Department. Since 2003, he has been a member of the Board of Directors of J&T FINANCE GROUP SE.

In addition, he is or was, in the past five years, involved in the following companies:

J&T BANKA, a.s.
Id. No. 47115378, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T Sport Team ČR, s.r.o.
Id. No. 24215163, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Executive Director, status: current

AC Sparta Praha fotbal, a.s.
Id. No. 46356801, Prague 7, Tř. Milady Horákové 1066/98, 170 00
Supervisory Board – Chairperson, status: current

I. Český Lawn – Tennis Klub Praha
Id. No. 45243077, Prague 7 – Holešovice, ostrov Štvanice 38, Postal Code 170 00
Member of the Executive Committee, status: current

Nadace J&T
Id. No. 27162524, Prague 1 – Malá Strana, Malostranské nábřeží 563/3, Postal Code 118 00
Managing Board – Member, status: current

Karlín development II. s.r.o.
Id. No. 28161980, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T REAL ESTATE CZ, a.s.
Id. No. 28255534, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Board of Directors – Chairperson, status: current

GLOBDATA a.s.
Id. No. 05642361, Prague 1 – Staré Město, Na Příkopě 393/11, Postal Code 110 00
Supervisory Board – Member, status: current

Doblecon a.s.
Id. No. 07015381, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

Česká rugbyová unie, z.s.
Id. No. 00540706, Prague 6 – Břevnov, U Vojtěšky No. 11, Postal Code 162 00
Executive Committee – President, status: current

RAILSCANNER, s.r.o.
Id. No. 07842511, Prague 2 – Vinohrady, Bělehradská 381/126, Postal Code 120 00
Supervisory Board – Chairperson, status: current

JTZE a.s.
Id. No. 08839662, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Chairperson, status: current

Menmar s.r.o.
Id. No. 13976257, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Executive Director, status: current

Baunario s.r.o.
Id. No. 11773430, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Executive Director, status: current

Alvadose s.r.o.
Id. No. 11773189, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Executive Director, status: current

MeasureTake s.r.o.
Id. No. 07209533, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Executive Director, status: current

J & T REAL ESTATE ENGINEERING s.r.o.
Id. No. 14319535, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Executive Director, current

MS Trnitá 3 a.s.
Id. No. 05783216, Brno – Černá Pole, třída Kpt. Jaroše 1922/3, Postal Code 602 00
Supervisory Board – Member, status: outdated

Skytoll CZ s.r.o., v likvidaci (in liquidation)
Id. No. 03344584, Prague 8 – Karlín, Pobřežní 297/14, Postal Code 186 00
Executive Director, status: outdated

Invictus development s.r.o.
Id. No. 07295049, Prague 4 – Chodov, Stýblova 2352/30a, Postal Code 149 00
Supervisory Board – Chairperson, status: outdated

PBI, a.s
Id. No. 03633527, Prague 8 – Karlín, Pobřežní 297/14, Postal Code 186 00
Supervisory Board – Chairperson, status: outdated

GLOBDATA a.s.
Id. No. 01527525, Prague 1 – Staré Město, Na Příkopě 393/11, Postal Code 110 00
Supervisory Board – Member, status: outdated

Příkopy Property Development, a.s.
Id. No. 27957799, Prague 1 – Nové Město, Nekázanka 858/5, Postal Code 110 00
Board of Directors – Member, status: outdated

Stadion Eden, a.s.
Id. No. 24128295, Prague 10 – Vršovice, U Slavie 1540/2a, Postal Code 100 00
Board of Directors – Member, status: outdated

ŽĎAS, a.s.
Id. No. 46347160, Žďár nad Sázavou, Strojírenská 675/6, Postal Code 591 01
Board of Directors – Member, status: outdated

KARMELITSKÁ HOTEL s.r.o.
Id. No. 27566196, Prague 1, Nebovidská 459/1, Postal Code 118 00
Executive Director, status: outdated

První zpravodajská, a. s.
Id. No. 27204090, Prague 8 – Karlín, Pobřežní 297/14, Postal Code 186 00
Supervisory Board – Chairperson, status: outdated

Štěpán Ašer, MBA
Member of the Board of Directors

He graduated from the School of Business and Public Management at George Washington University in Washington, in finance and financial markets. He holds an MBA at the Rochester Institute of Technology. He has been working in finance in the Czech Republic since 1997, first as an analyst, later as a portfolio manager in Credit Suisse Asset management. In 1999 – 2002, he was a member of the Board of Directors of Commerz Asset Management responsible for the portfolio management and sales. In Česká spořitelna, he focused shortly on institutional clients in the asset management. Since 2003, he has been working in J&T BANKA, a.s. In J&T Bank, he is responsible for the Trade Unit, Operations Unit and Administration Unit.

In addition, he is or was, in the past five years, involved in the following companies:

J&T BANKA, a.s.
Id. No. 47115378, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Board of Directors – Member, status: current

J&T INVESTIČNÍ SPOLEČNOST, a.s.
Id. No. 47672684, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T IB and Capital Markets, a.s.
Id. No. 24766259, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Chairperson, status: current

J&T Leasingová společnost, a.s.
Id. No. 28427980, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Chairperson, status: current

J&T Mezzanine, a.s.
Id. No. 06605991, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T SERVICES ČR, a.s.
Id. No. 28168305, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

AMISTA investiční společnost, a.s.
Id. No. 27437558, Prague 8 – Karlín, Pobřežní 620/3, Postal Code 186 00
Supervisory Board – Member, status: current

J&T RFI IV., a.s.
Id. No. 17843791, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T Bank, a.o.
Id. No. 1027739121651, 115035 Moscow, Kadashevskaya naberezhnaya, 26, Russian Federation
Board of Directors – Member, status: current

ATLANTIK finanční trhy, a.s.
Id. No. 26218062, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Board of Directors – Chairperson, status: outdated

PBI, a.s.
Id. No. 03633527, Prague 8 – Karlín, Sokolovská 394/17, Karlín, Postal Code 186 00
Supervisory Board – Member, status: outdated

J&T banka d.d.
Id. No. 675539, Međimurska ulica 28, 42000 Varaždin, Croatia
Supervisory Board – Member, status: outdated

Ing. Igor Kováč
Member of the Board of Directors

In 1998, he graduated from the Faculty of National Economy of the University of Economics in Bratislava. He has spent his entire professional career in finance. Since 2000, he has been working in the banking industry. He joined Hypovereinsbank Slovakia where he worked as a Senior Controller. In 2002–2008, he worked in Volksbank Slovakia as the manager of the Economic Department. Since 2008, he has been working in J&T BANKA, a.s. In J&T Bank, he is responsible for the Finance Unit and Project Unit.

In addition, he is or was, in the past five years, involved in the following companies:

J&T BANKA, a.s.
Id. No. 47115378, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Board of Directors – Member, status: current

J&T IB and Capital Markets, a.s.
Id. No. 24766259, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T INVESTIČNÍ SPOLEČNOST, a.s.
Id. No. 47672684, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T SERVICES ČR, a.s.
Id. No. 28168305, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T Leasingová společnost, a.s.
Id. No. 28427980, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, current

J&T Mezzanine, a.s.
Id. No. 06605991, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T RFI IV., a.s.
Id. No. 17843791, Prague 8 – Karlín, Sokolovská 700/113a, Postal Code 186 00
Supervisory Board – Member, status: current

J&T banka d.d.
Id. No. 675539, Aleja kralja Zvonimira 1, 42000 Varaždin, Croatia
Supervisory Board – Member, status: current

J&T Bank, a.o.
Id. No. 1027739 121651, 115035 Moscow, Kadashevskaya naberezhnaja, 26, Russian Federation
Board of Directors – Member, status: current

PBI, a.s.
Id. No. 03633527, Prague 8 – Karlín, Sokolovská 394/17, Postal Code 186 00
Supervisory Board – Member, status: outdated

Supervisory Board

The Supervisory Board is the main supervisory body of JTFG. The Supervisory Board of JTFG mainly supervises the business management of the Board of Directors, checks the proper keeping of accounts and the correctness of the financial statements, ensures that the business activities carried out are in accordance with the intent of the Articles of Association or the applicable legislation, and submits its opinions, recommendations and proposals to the General Meeting and the Board of Directors. Further details on the competence of the Supervisory Board are stipulated in the Articles of Association, internal regulations and laws and regulations.

RNDr. Marta Tkáčová
Chairperson of the Supervisory Board

Marta Tkáčová graduated from the Faculty of Natural Sciences of Comenius University in Bratislava, where she studied geology and chemistry; she also completed her postgraduate and doctoral studies in Bratislava. She worked as an assistant professor at the Faculty of Natural Sciences of Comenius University in Bratislava and taught at secondary schools.

In addition, she is, or was in the past five years, involved in the following companies:

J & T Investment Pool – I – CZK, a.s.
Id. No. 26714493, Sokolovská 700/113a, Karlín, 186 00 Prague 8
Chairperson of the Supervisory Board

J & T Investment Pool – I – SKK, a.s.
Id. No. 35888016, Dvořákovo nábrežie 8, 811 02 Bratislava
Chairperson of the Supervisory Board

Nadace J&T
Id. No. 27162524, Malostranské nábřeží 563/3, 118 00 Prague 1
Chairperson of the Supervisory Board

Family relationships: She is the wife of Ing. Josef Tkáč, a member of the Board of Directors, and the mother of Ing. Patrik Tkáč, a member of the Board of Directors.

Ing. Ivan Jakabovič Sr.
Vice-Chairperson of the Supervisory Board

In addition, he is or was, in the past five years, involved in the following companies:

KOLIBA REAL a.s.
Id. No. 35725745, Bratislava, Dvořákovo nábrežie 8, Postal Code 811 02, Slovakia
Member of the Supervisory Board

J&T Investment Pool - I - SKK, a.s.
Id. No. 35888016, Bratislava, Dvořákovo nábrežie 8, Postal Code 811 02, Slovakia
Member of the Supervisory Board

Jana Šuterová
Member of the Supervisory Board

She graduated from the Higher Vocational School at Bullova street in Bratislava, where she completed her studies with a focus on teaching and pedagogy. Since October 2009, she has served as the Chairperson of the Supervisory Board of J&T FINANCE, a.s.

In addition, she is, or was in the past five years, involved in the following companies:

KOLIBA REAL a.s.
Id. No. 35725745, Bratislava, Dvořákovo nábrežie 8, 811 02, Slovakia
Member of the Supervisory Board

KPRHT 14 s.r.o.
Id. No. 36864765, Bratislava, Dvořákovo nábrežie 8, 811 00, Slovakia
Executive Director

KPRHT 19, s.r.o.
Id. No. 36864889, Bratislava, Dvořákovo nábrežie 8, 811 02, Slovakia
Executive Director

EXPERT COMMITTEES OF THE COMPANY

Group Credit Committee
The objective of the Group Credit Committee is to assess whether the implementation of a proposed active trade transaction would result in a breach of internal or regulatory limits set at the consolidated level of the regulatory consolidated unit. The issued recommendation does not replace a decision of the relevant committee or management body at the level of an individual member of the regulatory consolidated unit; it merely allows for a decision on approval of the active trade to be taken at the level of the member of the regulatory consolidated unit.

The Group Credit Committee always has at least 3 members. There are two types of membership in the Group Credit Committee – with and without voting rights. The members of the Group Credit Committee are appointed by the Board of Directors of the Company, including the appointment of the Chairperson of the Committee on the basis of a proposal of the Group CRO. The Chairperson of the Group Credit Committee appoints the Secretary, who needs not be a member of the Committee. Changes in the composition of the Group Credit Committee are specified in the minutes of the Company's Board of Directors.

Current members of the Group Credit Committee are:
- representative of J&T BANKA, a.s. – Chairperson
- representative of J&T BANKA, a.s. – Member
- Group CRO – Member
- representative of 365.bank – Member (without voting rights)
- representative of J&T FINANCE GROUP SE, J&T Mezzanine, a.s. – Member (without voting rights)
- Petra Böhmerová – Secretary (without voting rights)

Group Remuneration Committee

The main objective and purpose of establishing the Group Remuneration Committee as an advisory body of the JTFG's Supervisory Board is to support the Supervisory Board in the area of setting and evaluating the system and principles of remuneration of employees of the prudential consolidation group Jakabovič and Tkáč.

The members of the Group Remuneration Committee are appointed and removed by the JTFG's Supervisory Board, including the Chairperson of the Group Remuneration Committee. The Chairperson of the Group Remuneration Committee appoints the Secretary, who needs not be a member of the Group Remuneration Committee. Changes in the composition of the Group Remuneration Committee are specified in the minutes of the Supervisory Board of the Company.

The Group Remuneration Committee has 3 members.

Current members of the Group Remuneration Committee are:
- Ivan Jakabovič – Chairperson
- Pavel Závitkovský – Member
- Eva Vinšová – Member, Secretary

Committee for the Management of Asset and Liabilities at the Consolidated Level (SALCO)

The SALCO's main objective and purpose is to facilitate the Group's asset and liability management process in terms of liquidity and the Group's profitability and capital adequacy.

The SALCO always has at least 3 members. There are two types of membership in the SALCO – with and without voting rights.

The members of the SALCO are appointed by the Board of Directors of the Company, including the appointment of the Chairperson, on the basis of a proposal of the Group CRO, whose competence includes the management of the SALCO's meetings. The Chairperson of SALCO appoints the Secretary, who needs not be a member of SALCO. Changes in the composition of SALCO are specified in the minutes of the JTFG's Board of Directors.

Current members of SALCO:
- representative of J&T BANKA, a.s. (member of ALCO JTB) – Chairperson
- representative of J&T BANKA, a.s. (member of ALCO JTB) – Member
- Group CRO – Member
- representative of 365.bank – Member (without voting rights)
- representative of J&T FINANCE GROUP SE, J&T Mezzanine, a.s. – Member (without voting rights)
- Mária Kešnerová – Secretary (without voting rights)

Group Audit Committee

The Group Audit Committee's main objective and purpose as an advisory body of the Company's Supervisory Board consists in supervision over the process of compilation of financial statements and the system of effectiveness of internal control and internal audit, including the risk management process.

The Group Audit Committee has at least 3 members, the majority of whom is independent of the Group and have at least three years of practical experience in accounting or statutory audit. The members of the Group Audit Committee are appointed by the General Meeting of the Company.

Current members of the Group Audit Committee are:
- Jakub Kovář – Chairperson
- Rudolf Černý – Member
- Michal Kubeš – Member
- Alena Křenková – Secretary (without voting rights)

Executive Committee (EC)
The EC's main objective and purpose is to ensure operational and procedural management of the Company's activities.

The EC has 3 members appointed and removed by the Company's Board of Directors (changes in the composition of the EC are always included in the minutes of the meeting of the Board of Directors of JTFG SE).

Current members of the EC:
- Štěpán Ašer – Member
- Igor Kováč – Member
- Dušan Palcr – Member
- Miloslav Mastný – Secretary (without voting rights)

CONFLICT OF INTERESTS

The Company is not aware of any potential conflict of interest between the duties of the members of the Board of Directors, the Supervisory Board, the Audit Committee or the Remuneration Committee of the Company in relation to the Company and their private interests or other duties. The applicable internal regulations of the Company contain effective measures to prevent any, even potential conflict of interests of the above-specified persons.

COMPANY'S CODE OF CORPORATE GOVERNANCE

The Company has not adopted and does not enforce a Code of Corporate Governance. In its activities, the Company is governed by the applicable legal regulations, as well as internal regulations and organisational documents and the rules, procedures and principles of good corporate governance specified therein. The Company conducts its activities primarily through its subsidiaries – mainly J&T BANKA, a.s. and 365.bank, a.s. – which have adopted their own codes of corporate governance.

INFORMATION ABOUT SECURITIES, RIGHTS AND OBLIGATIONS

In 2020, J&T FINANCE GROUP SE, Id. No.: 275 92 502, Legal Entity Identifier (LEI): 315700E9POA724IWFP59, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, registered in the Commercial Register kept by the Municipal Court in Prague, Section H, File 1317 (the "Company" or the "Issuer") based on approval by the Czech National Bank issued subordinated unsecured yield certificates without a maturity date with a yield of 7.5% p.a. in the nominal value of CZK 100,000, ISIN CZ0003527657 (the "certificates").

The certificates are unnamed securities issued in the Czech Republic in accordance with Czech legal regulations. The certificates are hybrid financial instruments combining characteristics of equity and debt securities and are issued as book-entry registered shares.

Provided that conditions are met under Article 52 (1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, the certificates can be included in Additional Tier 1 instruments of the Company.

The certificates are traded at the Prague Stock Exchange, a.s. The volume of the issued certificates as at 31 December 2022 amounted to CZK 500 million.

As at 31 December 2022, neither the certificates nor the Company had a valid rating.

Data on the number of shares, their nominal value and the Issuer's shareholder structure are given in the financial statements. The Issuer's persons with managing powers do not own any shares, options or comparable investment instruments whose value relates to shares or similar securities representing an ownership interest in the Issuer.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS AND CERTIFICATE HOLDERS

The certificates are not bonds as defined by Act No. 190/2004 Coll., the Bonds Act, as amended. Holders of the certificates are not the Company's shareholders and are not entitled to dividend payments.

Holders of the certificates have no ownership interest in the Company's equity and their certificates do not entitle them to exercise any direct or indirect voting rights. As approved by the Czech National Bank, the Company is not subject to obligations specified in Section 118 (5) (a) to (l) of Act No. 256/2004 Coll., the Act on Business Activities on the Capital Market, as amended. Other rights and obligations are defined in the terms and conditions of issue.

INFORMATION ON THE ACQUISITION OF THE COMPANY'S OWN SHARES

The Company did not acquire its own shares in the relevant accounting period.

SHARES OF THE COMPANY HELD BY PERSONS WITH EXECUTIVE POWERS

Person holding executive powers	Position	Share in the registered capital	Share in voting rights
Ing. Jozef Tkáč	Chairperson of the Board of Directors	45.05%	45.05%
Ing. Ivan Jakabovič	Vice-Chairperson of the Board of Directors	45.05%	45.05%

REMUNERATION POLICY FOR PERSONS HOLDING EXECUTIVE POWERS

JTFG applies the remuneration principles in compliance with Decree No. 163/2014 Coll., on activities of banks, savings and credit co-operatives and investment firms (hereinafter the "Decree") and Directive 2013/36/EU (hereinafter the "Directive") and Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council.

The key concepts of the remuneration policy, regulated in the Employee Remuneration Rules, include, in particular, transparency and predictability, compliance with regulatory requirements, fairness and alignment with shareholders' interests. Special remuneration principles and procedures are applied proportionately to the degree of influence of the individual selected persons on the JTFG's overall risk profile and on selected employees in control functions. The remuneration principles are reviewed once a year and submitted to the General Meeting for approval. The internal audit regularly, once a year, evaluates the remuneration principles and submit the results of evaluation to the Remuneration Committee. The assessment period is a calendar year and the frequency of assessment of the individual employees are no more than twice a year, in November and April.

Risk takers
This group of employees includes persons who have an influence on the JTFG's risk profile in accordance with the requirements of European legislation and Czech legal regulations. As part of the JTFG's risk management strategy, risk appetite statement and ICAAP, the Bank has identified key risk categories and analysed individual bodies and business units in terms of their ability (or power) to influence exposure to each of the risk categories above. The result is a group of persons who have a significant influence on the bank's risk profile. People falling into the Risk Takers group are identified based on qualitative and quantitative indicators. The analysis used for the selection

of these persons is prepared by the HR Department, submitted to the Remuneration Committee and approved by the Board of Directors and the Supervisory Board. The selection analysis is carried out regularly once a year and may be extended or narrowed in case of personnel changes. The analysis is subject to internal audit once a year.

In 2022, the following persons were identified as Risk Takers:
- members of the Board of Directors and Supervisory Board;
- governing bodies of companies within the J&T Group;
- key employees;
- senior employees in control functions;
- members of selected committees.

Board of Directors and Supervisory Board
The remuneration of the members of the Board of Directors consists of a fixed component which is paid on a monthly basis. The fixed component is determined on the basis of the professional experience, expertise, etc. and responsibilities of each member, reflecting the market situation in terms of remuneration for the position. The remuneration principles applicable to the members of the Board of Directors are approved by the Supervisory Board on the basis of the Remuneration Committee's proposal. Members of the Supervisory Board also only receive fixed remuneration based on the agreement on the discharge of office of a member of the Supervisory Board. Based on an analysis performed, members of the Board of Directors and the Supervisory Board have been included among employees with a significant influence on the Company's overall risk profile. At the same time, they are the persons holding executive powers of the Issuer.

Fixed component of JTFG employees' remuneration
The amount of the employees' fixed remuneration component is determined on the basis of their key abilities, professional experience and working tasks and based on a market comparison with the salaries of other entities of the financial and banking market in the Czech Republic. The remuneration policy for all employees is gender neutral, i.e. employees are remunerated equally for the same work, independent of their gender.

Variable component of JTFG employees' remuneration
Employees are not contractually entitled to receive this remuneration component. The variable component of remuneration depends on the fulfilment of the company-wide goals (corporate bonus), on the fulfilment of the individual goals (personal bonus), and, to the limited extent, also on the participation in the fulfilment of the objectives of the department in which the respective employee works (department bonus). For the individual positions, the portions of the overall budget for this type of remuneration intended for the corporate, department and personal bonuses are set. The total budget for this type of remuneration is determined as a multiple of the monthly salary for the individual positions. Remuneration is set so as to be gender neutral, i.e. per position, independent of gender. The multiple of the salary for the individual positions is always determined for the respective calendar year by the Bank's governing body and represents 15–100% of the fixed remuneration component. The criteria under assessment include, in particular, a qualitative and quantitative performance assessment, fulfilment of the Bank's strategy in the area of performance, risk management and work development indicators. If the set targets (including the targets related to the degree of the risks to which JTFG is exposed) are not fulfilled, the combination of various levels of the criteria results in the decision not to award the variable remuneration component in part or in full. JTFG does not use the clawback option, i.e. the option to demand the return of remuneration, unless permitted by Czech labour-law legislation in the particular case. Cases of employees motivated to variable remuneration exceeding 100% of the paid fixed salary for the period under evaluation must be approved by the General Meeting and notified to the Czech National Bank in advance; the CNB also has to be notified of the number of employees who have actually achieved such higher remuneration, in accordance with the requirements of the Decree. The variable remuneration component will not exceed 200% of the fixed remuneration paid for the assessment period.

The amount and manner of payment of the variable remuneration component are determined in compliance with the following rules:

1. Bonus pool
The calculation of the amount of the Bonus Pool is based on the sum of the target variable components of individual employees, taking into account the ability of the Group as a whole to maintain proper and robust capital base, and it is adjusted based on the regularly estimated degree of target performance on the level of the Group.

2. Corporate targets

Performance targets are set every year. The Remuneration Committee annually approves their fulfilment on the basis of audited data and proposes the amount of remuneration for the assessment period. The corporate targets represent planned values of profit (weight 35%), risk factors (weight 35%) and regulatory and strategic goals (weight 30%). For individual employees, the corporate targets have a weight for the determination of the total variable remuneration component between 25% and 70% depending on their functional and organisational position in JTFG.

3. Departmental and personal targets

The targets are set based on a proposal from direct superiors for each calendar year. The targets can have the nature of individual tasks, projects, activities or any other targets or behaviour. These targets are both quantitative and qualitative and are set on the basis of the priorities of the JTFG division for which the relevant manager is responsible. The departmental and personal targets also include the obligation to comply with the rules of prudent risk management within the degree of risk acceptable by JTFG and act in compliance with JTFG's strategy, targets, values and long-term interests.

4. K.O. criteria

The Group's K.O. criteria for the award of the corporate bonus and the payment of the deferred variable remuneration are subject to the Bank's conditions. If one or more of the following criteria are not met, the corporate portion of the bonus will not be granted and the payment of the deferred variable part of the remuneration will be delayed:

- the amount of net assets (excluding the effect of any increase in equity by the company's shareholders, dividends and extraordinary items) must not decrease year-on-year;
- operating profit, after taking into account exceptional items, must not decrease by more than 15% compared to plan;
- individual J&T BANKA, a.s. ROE must be at least 200 bps above the annual reference rate applicable at the beginning of the accounting period (12M PRIBOR);
- J&T BANKA, a.s. is not in the mode of launching a recovery plan.

The variable remuneration component awarded in previous years will not be paid should its payment result in a limitation of the Bank's ability to maintain a proper and robust capital base.

Rules for setting the variable remuneration component for selected groups of employees

1. Employees with a significant influence on JTFG's overall risk profile (from the qualitative viewpoint)

The payment of the variable remuneration component to these employees is postponed if their remuneration exceeds EUR 50 thousand, more than 1/3 of the annual income. The variable remuneration component is split into halves, which are paid in cash and by issuing a non-cash instrument. The monetary part is paid in that 60% of the remuneration is paid immediately after the employee assessment process has been completed and remuneration has been awarded; half of the awarded remuneration is paid in a non-cash instrument. The payment of the remaining 40% is postponed and will be paid during the next five years in the ratios of 8% – 8% – 8% – 8% – 8%; however, the Bank has the right not to pay this portion for objective reasons. The issue of the non-monetary part is postponed by one year and is credited in the following years in the ratios of 60% – 10% – 10% – 10% – 10%.

2. Employees with high and very high remuneration

These employees have a significant influence on JTFG's overall risk profile from the quantitative viewpoint. The payment of the variable remuneration component to these employees is postponed if they meet any of the following conditions:

- in the previous accounting period – total remuneration in the amount of EUR 750,000;
- more than 1,000 employees and the employees belong to 0.3% of employees who received the highest total remuneration in the previous accounting period;
- total remuneration for the previous accounting period equals EUR 1,000,000;
- total remuneration equals EUR 500,000 and, at the same time, at least the average remuneration of members of the governing body and top management.

The remuneration is paid as follows: 60% of the remuneration is paid immediately after the employee assessment process has been completed and remuneration has been awarded; half of the awarded remuneration is paid in a non-cash instrument. The payment of the remaining 40% is postponed and will be paid during the next five years in the ratios of 8% – 8% – 8% – 8% – 8%, half of which is always provided in a non-cash instrument; however, JTFG has the right not to pay this portion for objective reasons.

Definition of a very high remuneration is provided by the Board of Directors every year. Employees who exceed the amount have their remuneration postponed as follows: 40% of the remuneration is paid immediately after the employee assessment process has been completed and remuneration has been awarded; half of the awarded remuneration is paid in a non-cash instrument. The payment of the remaining 60% is postponed and will be paid during the next five years in the ratios of 12% – 12% – 12% – 12% – 12%, half of which is always provided in a non-cash instrument; however, JTFG has the right not to pay this portion for objective reasons.

3. Employees in internal control functions
Employees in internal control functions are not assessed based on the performance results of the units they control but based primarily on the targets set for the relevant control function. The rules for remuneration of the heads of the risk management, internal audit and compliance functions are directly supervised by the Remuneration Committee and the Supervisory Board.

Non-cash instrument
JTFG does not have any shares or other securities representing an interest in JTFG. It has therefore created a synthetic instrument – a perpetual investment certificate, the value of which is based on the adjusted value of equity; this brings the characteristics of this instrument closer to those required for a non-cash instrument. The certificate is issued/assigned gradually in accordance with the above rules for postponing the variable remuneration component and is redeemable on the anniversary of the issue.

REMUNERATION OF PERSONS HOLDING EXECUTIVE POWERS

The remuneration of persons holding executive powers for 2022 amounted to CZK 9.4 million in total and was distributed among 9 recipients, members of the Board of Directors and other persons holding executive powers and 3 members of the Supervisory Board. For 2022, members of the Board of Directors received remuneration in the amount of CZK 0.5 million in the form of salaries and CZK 2.9 million for the discharge of their office. Members of the Supervisory Board received remuneration for the discharge of their office in the amount of CZK 80 thousand. Other persons holding executive powers received remuneration in money in the form of salaries amounting to CZK 6.0 million. In 2022, JTFG did not pay any remuneration for the discharge of office to any other persons holding executive powers. (All the remunerations include contributions to health and social insurance).

INCOME IN KIND OF PERSONS HOLDING EXECUTIVE POWERS

Persons holding executive powers did not receive any income in kind from the Company or from entities controlled by the Company.

BONUSES

in CZK thousand	2022
Members of the governing body	3,334
Members of the Supervisory Board	80
Other persons holding executive powers	5,973

With the exception of the above, persons holding executive powers in the Company did not receive any other remuneration in the form of short-term benefits, post-employment benefits, other long-term employee benefits, early termination benefits or share-based payments.

The Remuneration Committee submits to the General Meeting of the Company for approval proposals concerning remuneration of the members of the Board of Directors, supervises the individual remuneration of key employees in internal control functions and makes recommendations for their remuneration to the Company's Supervisory Board.

Company diversity policy

When electing members of the Supervisory Board and the Board of Directors and when filling working posts and positions in the committees of the Company, the Company does not apply a diversity policy in terms of age, gender or education. The aspects that are taken into account for all positions are, in particular, professional experience and qualification of the prospective members and employees. The Company does not have any diversity policy set forth by an internal standard, it does not have any policy objectives or prescribed quotas in place. However, it ensures equal treatment and equal opportunities for all its employees.

MATERIAL CONTRACTS

The Company's material transactions made in 2022 are disclosed in the Notes to the financial statements. Contracts entered into between the Group members are given in a separate part of the annual report, the "Report on relations between related parties".

During the accounting period, neither the Company nor any other member of the Company's group entered into contracts beyond the ordinary course of business which might be considered material. No member of the Group entered into a contract containing any provisions under which any member of the Group has any obligation or claim significant for the Group.

The Company confirms that it is not aware of any conflict of interest between obligations of the members of the Board of Directors or the Supervisory Board towards the Company and between their private interests and other obligations. The Company also confirms that it is not aware of any agreements with the major shareholders, clients, suppliers or other entities under which a member of the Board of Directors or Supervisory Board is appointed as a member of administrative, management and supervisory bodies or a top management member.

The Company further confirms that it is not aware of any restrictions agreed with any member of the Board of Directors or Supervisory Board on the treatment of their interests in the Company's securities for a certain period of time.

DECLARATION

The Board of Directors of the Company declares that, to the best of their knowledge, the annual report and consolidated annual report present a true and fair view of the financial position, business activities and the economic results of the Company and its consolidation group for the past accounting period and of the outlook of the future development of their financial position, business activities and economic results, and that no substantial circumstances have been omitted.

In Prague, on 28 April 2023

Štěpán Ašer, MBA
Member of the Board of Directors
J&T FINANCE GROUP SE

Ing. Igor Kováč
Member of the Board of Directors
J&T FINANCE GROUP SE

NON-FINANCIAL INFORMATION

In accordance with Section 32g (1) of Act No. 563/1991 Coll., on Accounting, the Company as the consolidating entity of a large group of entities and a public interest entity discloses in this consolidated annual report non-financial information and information concerning diversity, supplementing the financial and non-financial information set out in other chapters of this consolidated annual report.
The Company still considers the sharing of non-financial information to be a significant step towards creating a sustainable global economy that will combine long-term profitability with social justice and protection of the environment.

The Company is also aware of the importance of protecting the environment and pays close attention to the related matters at all times. A number of steps are being constantly taken that have an impact on the environment, or the areas of health and safety, such as improved utilisation of water sources and waste separation. New technologies and procedures are monitored, and evaluation is also made of the potential for their implementation and benefits for society as a whole as well as individuals (whether clients or employees).

Attention is also paid to social and employee matters. Trends are monitored in this area and, if considered meaningful, they are subsequently implemented at the Company. Remedial measures are taken if any shortcomings are found in gender equality, working conditions, respect for the employees' right to information, consultations, occupational safety and health protection. Similarly, the Company's non-financial focus also includes respect for human rights and anti-corruption and anti-bribery measures.

Environmental protection and prevention of pollution
The core of the Company's business is banking, comprising J&T Banka and, in Slovakia, 365.bank; the banking model of both these companies consists primarily of the provision of services by the bank's staff to its clients.

The provision of banking and investment services is therefore a business directly generating very little waste. Nonetheless, the Company still considers it important to minimise the negative impact of its activities, and those of group companies, on the environment (consumption of water, electricity and paper; waste generation; direct and indirect CO2 emissions) and strives to support as much as possible those projects which could lead to improvement of the environment.

None of the banking activities can have a direct negative impact on the environment, but the Company is aware of its position as an important consumer of energy and goods that might end up as waste. As a result, its activity may have environmental impacts, which the Company and both banks are able to minimise through their own programmes and strategies.

Similarly, the Company strives to motivate its employees to also take measures to protect the environment in their working and private lives. Staff members are not only encouraged to adopt a pro-active approach, but they even often request or actively propose possible improvements to certain shortcomings.

On top of complying with legislative requirements, including those ensuing from the EU and other regulations regarding environmental protection that are applicable to the banking activities, the Company is also aware that its everyday work activities may have a direct or indirect negative impact on the environment and aggravate the global issues in this area, and therefore strives to find a way towards sustainability and conscious economic growth and development.

Wherever possible and provided that the individual supply serves its purpose, the relevant companies always try to find a local or regional supplier of goods and services in order to support these businesses and also to avoid unnecessary emissions, e.g. from the transport of goods.

Below, we present several specific activities pursued by the Company, and in particular by both banks, in the area of environmental protection.

Carbon neutrality commitment
365.bank is committed to becoming the first carbon-neutral bank in Slovakia by 2025. As part of this goal, the bank carried out a comprehensive audit of its activities, which resulted in a Greenhouse Gas Review Report certificate. The outputs of this analysis include the identification of specific areas and action steps that the bank will take to be carbon neutral by 2025. The bank then set its own "Ten Commandments", i.e., steps towards sustainability, which it wants to observe in its activities and operations and thus achieve its ambitious goal. In 2021, 365.bank also began negotiations with suppliers on purchasing electricity from renewable energy sources. Compared to 2020, the consumption of energy from renewable energy sources increased from 19% to 80% in 2022.

Registered office of the Company
Both the Company and J&T Banka have its headquarters in a building whose negative effects on its surroundings were already mitigated during its construction (details were described by the Company in its 2020 Annual Report).

The building is equipped with a system of controlled ventilation outside working hours. Taps with certain flow rates are used; grey water is used for flushing toilets. The building's roof is accessible to all employees and is planted with vegetation, thus improving the overall climate of the area. Plants are also grown in all offices and maintained by an external contractor (in an environmentally sound manner). A bicycle room is available to all employees and clients for the storage of their bicycles used for transportation to the building (bicycle stands are located in the guarded part of the building; showers and changing rooms are also available there). The building is located next to a metro station and a tram stop, which ensures easy access for pedestrians; this should contribute to greater utilisation of these types of transport and thus reduce the environmental footprint by minimising the number of trips made by private and company cars. Further, a certain number of parking spaces in the underground parking garage are reserved for low-emission vehicles (best spots close to the building entrance, next to the parking spaces reserved for people with disabilities and other groups prioritised by the law).

The building has predominantly large French windows spanning over the whole height of the floor, which allows for the longest possible utilisation of natural outside light, as well as external heating of the offices during sunny weather. All the windows are equipped with external blinds, which are controlled based on several factors. These also include weather conditions in the context of the construction design of the building. The blinds can be operated manually; they are also automatically shut if sunlight in a specific window exceeds the set value, in order to prevent heating the inside air above the standard temperature.

Pleasant ambient conditions in the offices are maintained automatically using the IRC (Individual Room Controller) regulator, which automatically maintains the set parameters of the environment (temperature and ventilation) in view of the presence of persons and energy efficient operation. There was a significant improvement in this regard in the past year, with the creation of a system that restricts adjustment possibilities to precisely defined number of degrees with respect to occupancy, a specific day of the week and a precise time range. From 6:00 a.m. to 7:00 p.m. on business days, it is possible to adjust the temperature in the offices and common areas only by +/- 2.5 °C within the default temperature setting. Further modification of this regime is planned soon (lowering the default temperature and the number of degrees by which the default temperature can be adjusted).

The building's heating system is regulated in a similar way outside the above-specified days, i.e. especially outside working hours; however, unlike the above scheme, it will not be possible to adjust the temperature at all on these days. The aim is primarily to completely eliminate any room for a human error where an employee might forget to adjust the temperature and ventilation regime, thus leaving the system to run in vain.

If the temperature is simply lowered by 1 °C, this will save approximately 4–5% in energy consumption.

The Company uses mainly electricity for lighting, cooling and running electrical appliances at its headquarters. Lights are currently set to automatically turn off at a given time (7 p.m.) and will also always turn off one hour after they are turned on. As part of cost-saving measures, it is planned to move the time when the lights turn off automatically to an earlier hour.

Reduction of the volume of waste and its appropriate recycling
Long-term reduction of the quantity of waste generated belongs among important indicators for the Company's and the group's everyday operation, as well as in establishing the long-term strategy and the individual steps aimed to achieve the strategy's objectives. New measures are being constantly introduced and existing measures assessed so as to gradually reduce energy intensity and environmental burdens directly connected with the Group's activities (zero waste policy).

The most important results at the Company's and J&T Banka's headquarters include the following: containers intended for waste separation (plastics, paper, paper documents to be shredded and other materials, where appropriate) are located at all strategic places (e.g. kitchenettes, catering rooms, at reception desks and close to printers and copiers).

Kitchenettes are equipped with dishwashers that reduce the volume of water needed for washing dishes used by employees and clients. The Company considers the use of water dispensers available to the employees a great environmental benefit. These dispensers are connected to the water mains and thus minimise plastic waste that would otherwise be generated if bottled water or water barrels were used. Drinking unpackaged water significantly reduces the risk of consumption of microplastics and the dispensers also provide hot water, thus avoiding the need for heating water in electric kettles and the associated use of electricity.

Obsolete IT and office technology is handed over to an external company specialising in its disposal. The staff are encouraged to bring discarded devices to the subsidiary's IT department so as to prevent their disposal as municipal waste.

The use of batteries is also being gradually eliminated (e.g. gradual replacement of wireless mice and keyboards).

Neither the Company nor its subsidiaries – banks and their services – generate material amounts of waste. The main risks in this regard include an increased quantity of waste produced by the companies' staff in their everyday operation. This risk is taken into account in adopting the relevant decisions (purchase of dishwashers, water dispensers, number of waste recycling bins, etc.) so as to prevent any increase in the volume of waste. In contrast, efforts are made to reduce waste wherever possible provided that this does not impede the companies' operation.

Green products

The popular Eco Fund, run by the 365.invest management company and focusing on equity investments of socially responsible companies, is now also available via the 365.bank mobile app as part of the Investment Savings product. The Fund is designed for regular investments starting at EUR 20 per month and is suitable for courageous and advanced investors who want to follow global trends or support meaningful companies promoting the maintenance of a healthy environment.

The Fund also builds on predictions made by the professional public, who believe that in the long term, there will no longer be any unit trusts available on the market other than ESG funds.

In addition to investment savings, the Eco Fund is also available to clients as part of the "Investičné Syslenie" (Investment Hoarding) product – micro-investing linked to cashless payment methods. Its works similarly as the previous "Syslenie" service (Hoarding) – by rounding up payments made with a 365.bank card or by setting up a zero-cent account, where the rounded-off part of the amount is, in the case of Investment Hoarding, transferred to the Eco Fund and appreciated over time.

In 2022, 365.bank continued with another product emphasising environmental responsibility from the banking portfolio perspective: clients were offered a mortgage with the possibility of a reduced interest rate if the mortgaged property had a class A or B energy consumption certificate.The offer can also be used to refinance existing mortgage loans for housing. The mortgage loan is among products that reflect the idea of sustainable and environmentally friendly banking services by being made available in the digital environment. The mortgage loan has thus expanded the portfolio of digital products that until now had comprised of the digital account, digital card and a digital loan.

Green investments

In view of its business model consisting in the provision of financial services, the Company and its group are aware of their important role especially in financing projects and investments related to renewable energy sources. Within its investment and business strategy, the Company therefore also evaluates, among other indicators, the environmental impact of projects and investments, and their conformity with the Company's strategy in this area.

The result, in J&T Banka in particular, is a preference for green investments, i.e. investments focusing on companies or projects that take into consideration the direct and indirect environmental impacts and support the purchase of environmentally friendly and technologically advanced environmental products and services, commit to reduce the use of natural energy sources (electricity, gas), produce and consume alternative energy sources, and implement projects focusing on clean air or water, and other green projects. In specific cases, these may include investments supporting research on renewable energy sources or the introduction of renewable energy sources, or investments targeting companies using natural energy sources and limiting the amount of waste generated.

Clients also fill in a J&T Banka investment questionnaire, through which the bank obtains information on their expert knowledge and experience in the field of investment, financial background, including the capacity to bear losses, and investment goals, including the tolerance to risk. Clients will now be asked about their preferences in the field of ESG so that the bank can have a comprehensive overview also in these turbulent times.
At the same time, the investment product portfolio is being adjusted to take into account ESG elements, and green investment in

particular, so that the bank can offer a range of high-quality products corresponding to green preferences to all its clients, especially the most demanding ones.

The risk involved in this respect is the augmentation of investments in companies or projects that are at variance with the green policy, whether in their objects or in the production and operation, especially at the expense of support for investments in companies and funds in energy-saving projects and investments. Given the active search for green investments, not only to promote the diversity of the banking portfolio, but especially to satisfy the clients' constantly increasing preference for such investments, the Company considers this risk minimal and well-managed.

In 2022, the Bank had over 370 funds in its portfolio that were expected to meet the strict ESG sustainability criteria.

Social and employee affairs

Our staff

A satisfied and motivated employee who perceives the importance of his/her role and is simultaneously aware that the mutual relationship with his/her employer is based on trust, communication and mutual respect is one of the greatest assets any company can have. The Company is well aware of this fact and is constantly trying to offer its employees the possibility to expand their knowledge and experience, education opportunities and a system of special benefits that is constantly being extended.

All senior employees, regular employees and members of the governing body are bound by the Company's internal regulations clearly defining the prohibition of discrimination and the obligation of equal treatment.

The Company and both banks operate in countries where a prohibition of child labour and forced labour might be expected in view of the European standards in the area of labour and social conditions. The risk that the mentioned problems could also be encountered at external suppliers of goods or services is considered minimal. In any case, should the Company be advised of any information or justified suspicion that any business partner violates these standards, the business co-operation will be immediately terminated. No violation of labour-law regulations by business partners or group companies was noted by the Company or the banks in 2022. None of the group companies has recorded any violation of occupational safety rules on its part, and no penalty or sanction has been imposed in this respect.

The Company and its Slovak branch employ 43% women and 57% men. J&T Banka employs a total of 49% women and 51% men. The ratio of women in the Bank's top management increased by 2% compared to the previous year. In 365.bank, the ratio is 66% women to 34% men, in top management women account for 37% and men for 63%.

Remuneration policy

The Company creates above-standard social and economic conditions for its employees in the long term. With a view to motivating its staff and strengthening their bonds with the Company and the Group, the Company has put in place certain internal procedures for setting fair remuneration for the work performed.

The result is a remuneration policy at the Company and J&T Banka, which combines a fixed and a variable component ensuring employees' economic stability but, at the same time, encouraging employees to continue their personal development and self-improvement and contribute to the performance of the whole Group, while reflecting not only short-term business goals but also the strategy of sustainable development and growth.

Furthermore, on top of their salary, employees regularly receive a contribution towards relaxation, sports or a health programme, including a cancer-prevention programme.

Special benefits

The Company and J&T Banka support consistently remote work by its employees (telecommuting), including continuous reinforcement of their IT systems and the protection of applications enabling or simplifying work from home (e.g. reinforcement of VPNs and support for software teleconference applications). Employees are provided with the necessary equipment, including related technical support in installation or in case of any problems with the use of teleconference and videoconference calls. The meeting rooms at the Company's headquarters are also adapted for tele- and videoconferences.

Further, employees are allowed to take one extra week of annual leave beyond the mandatory scope, and also take five sick days per calendar year to cover short unfitness to work. Employees are now also permitted to take 5 "whatever days" per calendar year.

One of the most important parts of the benefit system is the Magnus Club, where employees receive 40,000 points from the Company and J&T Banka every year (now worth CZK 10.000), which can be exchanged for vouchers for services or products from a variety of our partners, ranging from European hotels and various electronics providers to cinemas.

Since the Company considers human health priceless, it also attaches great importance to its employees' health. The Company therefore supports selected health care services up to the amount of CZK 10.000, either at two prestigious clinics, CPMPK and VO2max, or at clinics which the employees already attend. There, employees can use the benefits for sports and traditional massages, physiotherapy or an overall sports or medical check-up in the specified value.

An employee product called "J&T 60" was created last year, striving to teach employees how to invest and meaningfully appreciate their assets for old age. If an employee invests in the J&T 60 product, the Company will contribute the same amount up to CZK 20,000 per calendar year.

Flexible working time, where employees are only required to be present on the Company's premises at certain times, is a highly valued benefit. Beyond the scope of this time, employees may choose themselves the time when they will work.

Employees are also encouraged to work during maternity and parental leave. This allows them to increase their income at a time when they care for the family and also maintain their level of professional knowledge during parental leave, which facilitates their return to work.

The Company also supports parents in returning to their positions in the form of part-time jobs; the number of these jobs is constantly growing.

In 2022, J&T Banka and 365.banka employed 56 and 21 part-time employees, respectively (in both cases, the number increased year-on-year).

At the Company and J&T Banka, employees' salaries are set based on an analysis of working opportunities, drawn up by the HR Department. The analysis follows from externally available data, work experience and expertise of each employee, while strictly respecting the prohibition of any discrimination on the basis of sex, sexual orientation, race or ethnic origin, nationality, citizenship, social origin, birth, language, medical condition, age, religion or faith, property, marital and family status and relationship or obligations towards the family, political or other opinions, membership and activities in political parties or political movements.

The Company enables its employees to increase their professional qualifications and develop their personal or managerial skills in the long term. Its values are pursued primarily by individuals' own initiative; in spite of that, the Company has a group of cross-sectional competences which are taken into account while setting individuals' development plans, i.e. as a part of the individual KPI of each employee. Improving knowledge and skills on the basis of competences results in an effective implementation of the goals of individuals and, subsequently, of the Company and the Group as a whole.

The Company provides its employees with support in improving of their qualifications, also through the possibility to complete their studies related to the type of the work performed, such as CFA, ACCA, etc. This offer includes both financial support where the Company is prepared to pay the costs of the employee's studies as well as the temporal support where the employees are provided with the required time. The Company promotes knowledge of foreign languages and provides the employees with the opportunity to participate in various language courses and also promotes their participation in expert conferences and seminars.

The Company supports education of its employees – J&T Banka is a long-term partner of the Investor Club and co-organises educational activities and workshops for students.
The Company's headquarters provide a number of relaxation zones that can be used by employees for resting and dealing with personal

affairs. Along with new multifunctional coffee machines in each kitchenette on every floor of the building, employees are also allowed to use the fitness zone with a number of fitness machines, treadmills, workout benches with weights and kettlebells for individual training during or after the working time. The Company adds new equipment according to the wishes of its staff.

At the Company and most of the group, an internal communication network application is provided for employees' socialisation. This is a means of communication aimed to connect everyone within the Company through shared posts, statuses and photographs, organisation of events (e.g. a running team and a group of employees engaging in cycling activities).

Regular teambuilding events are organised with a training programme that focuses primarily on team communication; teams made up of bank's employees compete in annual volleyball tournaments. Regular events also include a family day – a day full of social and entertainment events, where staff members are joined by their families.

Employee satisfaction and ideas

The Company's long-term goal is to create a healthy and motivating environment for its employees, supporting their personal and career growth. All our HR processes are transparent; our employees are treated decently and fairly. We encourage their creativity and ideas that can influence the individual processes in the Group as well as specific products.

When new employees join the Company and J&T Banka, after several months they regularly meet with senior employees of the HR department and representatives of the respective group company's management, at 365.banka also with managers. The aim is to discuss the employees' personal motivation and expectations regarding their work in the Group and how the employees' expectations are being fulfilled, what they dislike and what they would like to improve, etc. All opinions are heard and discussed, and many of them are presented to the competent persons for further implementation or discussion.

Regular eNPS surveys, repeated once every six months, are also used to determine employee satisfaction. Workshops are then held to discuss the results and set action steps to improve the current situation.

As one of the Company's principal values is partnership, each employee is considered to be a partner and, in case of a personal predicament, the respective group company strives to help such an employee as much as possible. This help is always individual in view of the current life situation. It may include, for example, financial support, maintaining the job position, shorter working time in necessary cases, etc.

Protection of employees' safety and health

Employees are regularly trained in the area of occupational safety and health protection, fire protection and provision of work aids and office equipment in the highest quality in an attempt to minimise or eliminate the risk of an occupational disease. The person responsible for this area further informs the employees and management of all new material information, or provides updates on issues which are already being addressed.

The Company has paid systematic attention to the care for its employees' health for several years now and organises regularly an event called Health Days. During this time, employees can undergo individual physiotherapy, massages or professional consultations, especially in relation to the negative consequences of the sedentary job (e.g. measuring body fat percentage and its ideal values in relation to sex, weight and height).

Disinfection is available to all employees on each floor, at each reception desk, in every kitchenette and in all lavatories.

Respect for human rights

The Company and the entire Group consider human rights to be one of their most important values. In all areas of the group companies' activities, the rule applies that human rights must always be respected and all legal obligations imposed need to be complied with; moreover, throughout the Group, restrictions following from the measures imposed by the United Nations, the EU or the US on persons violating human rights are observed.

One of the imperatives followed by the Group is that none of the Group companies will enter into a transaction with a person against whom international sanctions have been imposed; to this end, rules and their monitoring have been set at the Group level.
It is also a rule that the Company and other Group companies, including J&T Banka and 365.bank always proceeds in a non-discrimina-

tory manner vis-à-vis all customers, workers as well as other persons regardless of their sex, sexual orientation, religion, political opinion, citizenship, nationality or education.

The Company promotes an open doors policy in this regard as each employee is encouraged to inform his/her superior or anyone from the management of any potential concerns, findings or proposals for improvement (even anonymously, via the "whistleblowing line").

The result of compliance with the established rules is a constant unconditional imperative of not entering into contractual relationships with anyone subject to international sanctions, the Company's non-discriminatory approach towards customers, employees and other persons, as well as an open attitude towards dissenting opinions of the staff and third parties, e.g. expressed through the anonymous whistleblowing platform.

The risk in this regard may lie in an error or mistake made by an employee (a human error) who might make a decision inconsistent with this policy, at variance with the adopted measures. The Group companies have a control system in place which sufficiently safeguards that any such errors will be detected in due time. This includes, e.g., the four-eye principle (two employees are involved in the same act), managerial checks of the performance of activities falling within the responsibilities of the head of the relevant department, compliance control as a control function with the option/duty to perform inspections defined by internal regulations and a plan of inspections based on own risk assessment, and control activities within the internal audit department.

During the year 2022, no business was concluded with a person against whom international sanctions were imposed, and no allegations of any human rights violations by the Company or its employees were reported or identified.

Anti-corruption and anti-bribery
Within its activities, the Company is not engaged in any corrupt or other unethical practices when promoting its interests, it always strives to comply with all its statutory duties to the maximum extents and respects third-party interests.

In its internal regulations, the Company defines strict rules for the ethical behaviour of its employees; it motivates them to comply with the rules and appropriately monitors this compliance. These rules define, in particular, the prohibition of corrupt practices, soliciting, accepting or providing bribes, as well as the rules for managing potential conflicts of interests.

All employees are regularly trained in this area and the Company defines preventive and subsequent control mechanisms with a view to detecting such conduct, where any such case is considered a serious breach of working duties in accordance with the internal regulations. Any conduct that has the potential to correspond to the elements of a criminal offence, shall be notified by the Company to the competent prosecuting bodies.

The option to anonymously report any unfair conduct by employees and third parties, i.e. whistleblowing, constitutes the Company's basic tool for detecting any unethical conduct or conduct at variance with internal regulations or laws. The Company's internal regulations guarantee protection of the whistle-blower against any negative consequences of reporting unfair conduct, even if the unfair conduct is not confirmed.

In relation to corruption committed by third parties, the Company defines, in particular, measures aimed at preventing the legalisation of the proceeds of crime and financing terrorism, including, but not limited to, procedures of client identification and control in conformity with Act No. 253/2008 Coll., on certain measures against legalising the proceeds of crime and financing terrorism, including the implementing regulations and directly effective legislative acts issued by the EU. The banks in particular pay increased attention to cash transactions, as they may be a potential instrument of corrupt practices, and transactions of politically exposed persons.

The result of these measures is consistent compliance with strict rules of ethical conduct on the part of the Company, the entire Group, and their employees. The Company has not encountered any cases that could be evaluated as unethical conduct by its employees in relation to the prohibition of corrupt practices or that would be at variance with legal or internal regulations. Any report made via the whistleblowing line is properly investigated. All non-standard transactions are reported to the competent authorities.

Some of the Company's employees may be exposed to the risk of corrupt practices in view of their work or may be financially or otherwise incentivised by customers or third parties to carry out a transaction in accordance with the instructions of these persons. For this reason, the Company has a strong interest in limiting the risk of such conduct that could have a significant impact on the reputation of the Group and its business interests. For this reason, the Company does not tolerate any form of corruption or bribery and manages and mitigates the risks of a conflict of interests that harm the interests of the Group, its clients or third parties. The transactions made by persons involving a potential risk factor are evaluated and subsequently recorded.

All whistleblowing reports are always properly investigated and evaluated by the responsible persons.

Information pursuant to Regulation (EU) 2021/2178
Pursuant to Regulation (EU) 2021/2178, the Company discloses the following Information:

Quantitative indicators	Group
taxonomy-eligible exposures	11%
taxonomy-non-eligible exposures	13%
exposures (central governments, CBs, supranational issuers)	27%
derivatives not held for trading	2%
exposure to non-NFRD reporting enterprises ("SMEs")	34%
trading book	1%
on-demand interbank loans	4%

Year-on-year, taxonomy-eligible exposures increased by 10 pp and taxonomy-non-eligible exposures decreased by 17 pp. Exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU decreased by 19 pp. compared to 2021. The evaluation of quantitative indicators at the consolidated level does not include data of J&T Bank, a.o. (in 2021, the share of J&T Bank, a.o. in the total assets was approx. 3%) due to the Russian invasion of Ukraine.

The table shows the following proportions:
- the proportion of exposures to economic activities eligible for taxonomy in the total assets;
- the proportion of exposures to economic activities not eligible for taxonomy in the total assets;
- the proportion of exposures to central governments, central banks and supranational issuers in the total assets;
- the proportion of exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU;
- the proportion of exposures from derivatives not intended for trading in the total assets;
- the proportion of on-demand interbank loans in the total assets;
- the proportion of the trading book in the total assets.

The value of total assets used is indicated in the consolidated statement of financial position. The numerator included assets of credit institutions within the consolidated group.

The proportion of the trading book in the total assets was calculated as the proportion of assets included in the trading book. To avoid double counting, only the exposure in the non-trading book was included in the numerators of the other proportion indicators.

On-demand interbank loans, exposures from non-trading derivatives, exposures to central governments, central banks and supranational issuers and exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU were first excluded in order to calculate the proportion of exposures to economic activities eligible and non-eligible for taxonomy. Deposits in current accounts with other banks intended primarily for correspondent banking and brokerage services are considered on-demand interbank loans. Positive fair values of derivatives in the non-trading book are considered exposures from non-trading derivatives. Exposures to central governments, central banks and supranational issuers in the non-trading book consist especially of government bonds of the Czech Republic and receivables from the Czech National Bank. Exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU were determined on the basis of available information. In this determination, JTFG followed, in particular, the latest available data on the number of employees of the undertaking and on whether it was a public-interest entity, i.e. in particular whether the entity had issued securities admitted to trading on a European regulated market. These exposures consist of loans, bonds, stock, unit certificates and reverse repurchase agreements.

Eligibility for taxonomy was assessed for exposures to natural persons and undertakings that publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU in the non-trading book. These exposures consist of loans, bonds, mortgage bonds, stock, unit certificates and reverse repurchase agreements. Exposures from loans to undertakings and bonds are considered eligible for taxonomy according to the purpose of use of the funds under the loan contract or under the prospectus, or based on the predominant economic activity of the group of the security issuer. If the counterparty's business is split across multiple sectors, then the taxonomy-eligibility of the corporate lending exposure was assessed by the counterparty's turnover indicators or capital expenditure. If that information was not available when the credit exposure was assessed for eligibility, the exposure is considered taxonomy-non-eligible. JTFG followed an analogous approach for stock exposures. Mortgage bonds exposures were considered eligible for taxonomy in the calculation. Taxonomy eligibility was determined for unit certificates based on an analysis of the underlying assets. Reverse repurchase agreements and trader debits are considered taxonomy-non-eligible exposures. Exposures to individuals are considered taxonomy-eligible in the case of loans for the purchase or refurbishment of real estate and loans for the purchase of cars; other loans to individuals are considered taxonomy-non-eligible.

At the moment, there is no established market practice as to the interpretation of Regulation (EU) 2021/2178. The JTFG Group has made its best effort to present a true and complete view of the above listed exposures.

Environmental responsibility

The Company's and both banks' constant ambition is to be providers of the highest level of services and individual approach to their clients, partners and counterparties, which also means, in today's world, meeting the changing lifestyle preferences and needs of these parties, regardless of the ever-changing geopolitical relations. Both banks perceive their position as one in which they must actively participate in changes to our environment, while not negatively impacting the achievement of appreciation. Both believe that responsible investing need not be at the expense of performance and account should be taken not only of financial but also of non-financial factors.

The consideration of socially responsible investing, or ESG (environment – social aspects – governance) criteria, is increasingly apparent among clients when they choose their investments.

365.bank, rated the most ecological bank by "Finančná hitparáda" (Financial Hit Parade) portal in 2021, continued to pursue its commitment to environmental protection, which is its integral part. The bank focused its environmental activities primarily on customer environment and building products that emphasise its environmental principles based on a paperless and plastic-free approach. The Eco Agile team with several ongoing projects should also be a tool to support this goal. As part of its social responsibility, the bank (acting through the 365.bank Foundation) engaged in environmental activities not only to inspire its clients and lead by example, but also to motivate its colleagues internally, because the bank constantly emphasises environmentally sound operations and strives to mitigate negative impacts on the environment through decisive action. This is also evidenced by the signing of the Memorandum of the Slovak Banking Association on Sustainable Business and Development, as well as the bank's commitment to become the first carbon-neutral bank in Slovakia by 2025.

The Company's approach to social values is described in detail above in the section "Social and employee affairs". The Company is committed to compliance and continuous improvement of working conditions and zero tolerance to discrimination at any level. Social relationships are assessed and built among employees, and work is also done to deepen relationships between employees and junior and senior management. The Company considers respect for human rights to be one of its most important values and this aspect is taken into account within the Company and the Group. The Company closely monitors and complies with international sanctions relating to the provision of services or the establishment of relationships with specific persons, and compliance with the sanctions is then monitored. The Company's approach to the fight against corruption and bribery and other details in this area are also set out in the mentioned section above.

All aspects of good corporate governance that the Company considers important are also reflected in the fight against corruption, sufficient risk management, and internal and external audit.

The Company's business strategy is to continuously monitor and analyse global trends (which, especially in the context of the ongoing COVID-19 virus pandemic, and the war in Ukraine, have proven to be an unpredictable aspect) and the geopolitical situation, as it aims for a strategy that matches the realities of the surrounding world. This ability to react flexibly and assess trends and long-term changes as opposed to a rigid approach that could result in a loss of performance or following an outdated trend has consistently proven to be a very effective strategy.

In this regard, the Company closely monitors the ESG criteria in the area of the environment, and assesses the most appropriate and, at the same time, the most advantageous approach in relation to environmentally sustainable economic activities, so as to ensure that the relevant regulation is consistent with the Company's strategy, which is also reflected in the product design processes. Not only the Company's activity itself is affected by its strategic steps, as the changes introduced are also reflected in the setting and management of relations with the clients and counterparties of J&T Banka and 365.banka. When assessing appropriate ESG strategies, both banks plan to identify especially products that will sufficiently meet the environmental criteria.

Trends monitored in the trading book
The objective of the trading book within J&T Banka is to provide the market maker function (bonds, shares, unit certificates), while managing J&T Banka's overall FX and commodity position. Exposures to taxonomy-eligible economic activities equal 31% of the trading book. Of eligible exposures, 48% consists of real estate exposures and 42% of energy sector exposures. The eligibility of exposures in the trading book was assessed analogously to the banking portfolio. Compared to 2021, exposures to taxonomy-eligible economic activities at J&T Banka increased by 1/3 of the total volume.

As the Company stated above, ESG trends are constantly monitored and evaluated, in particular. The role and preferences are increasing primarily in terms of environmentally and ethically relevant products. In view of the unquestionable contribution, the significance of the ESG criteria is gradually increasing not only for products, but also for the counterparties and other entities co-operating with the Company and banks. These trends are being gradually incorporated into business objectives.

In terms of internal policy, the ESG criteria are also evident in the internal functioning of the institution, where environmental areas (more details are provided in the section "Environmental protection and prevention of pollution"), as well as social and corporate governance areas (both are detailed in the section "Social and employee affairs") are actively promoted.

Banks help
J&T Banka, its shareholders and employees have long been supporting the J&T Foundation, which has been helping endangered families with children for many years. Along with families that have fallen into a difficult situation due to various circumstances, assistance is also provided to foster families. The J&T Foundation also focuses on helping people who are seriously ill or disabled. Support is provided in this respect, for example, to mobile hospice care, and the Foundation is also actively involved in cultivating the third sector through the Awareness and Education aid area.

J&T Banka enables students in selected fields to gain experience in banking through trainee programmes; in Slovakia, the Bank also supports national competitions for talented young people "Študentská osobnosť roka" (Student of the Year) and "Mladý inovatívny podnikateľ" (Young Innovative Entrepreneur).

We also confirmed 365.bank's commitment to environmental banking by joining the Priceless Planet Coalition, an international project aimed at planting 100 million trees by 2025.More than 23,000 trees were planted on behalf of 365.banka clients during the campaign in 2022. This took place in territories all over the world, primarily in Australia, Kenya and Brazil. Trees planted with the support of 365.bank can capture up to 464 tonnes of CO2 over the next five years.

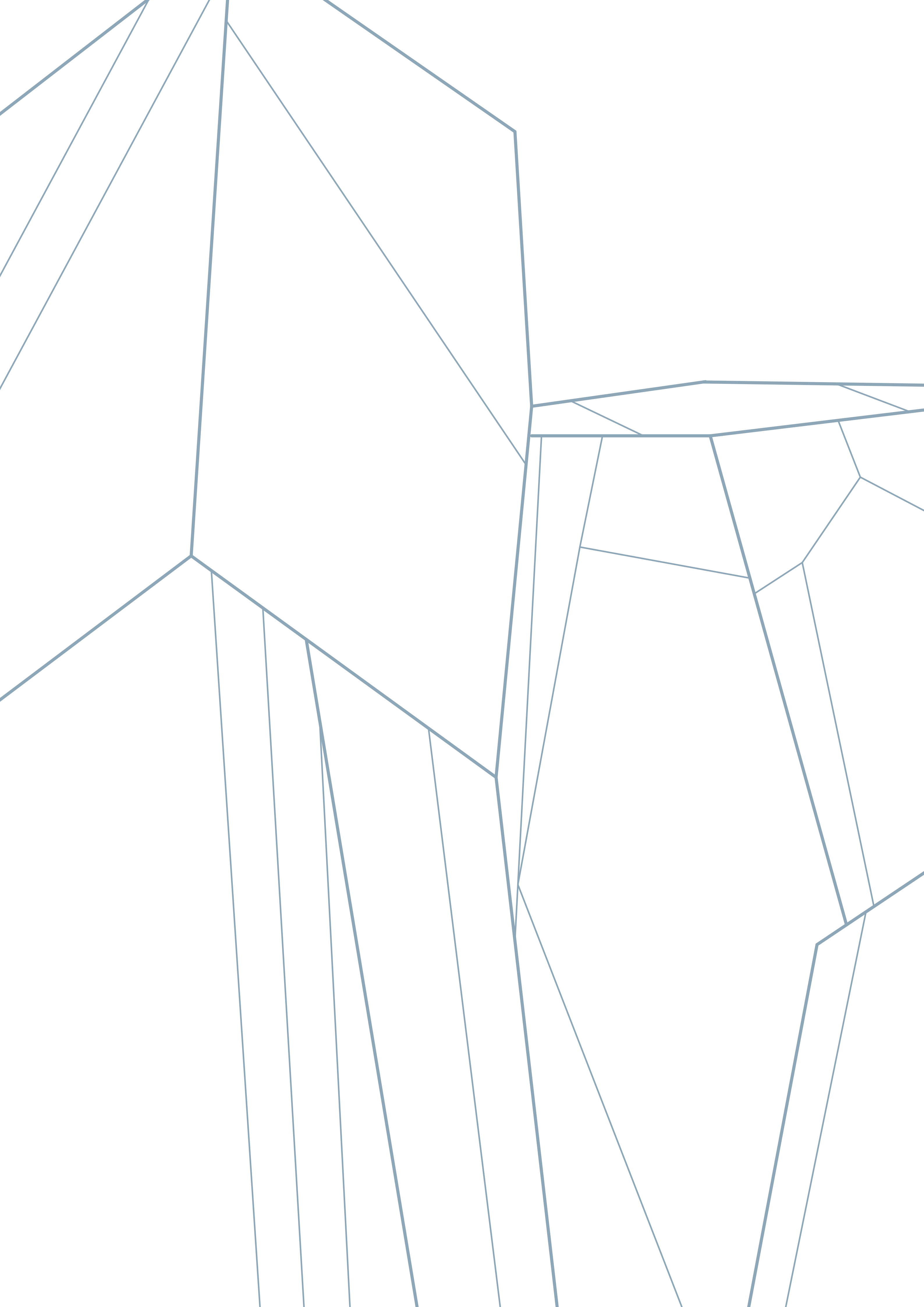
Another motivating element concerning the environment is the introduction of collection of cards at brick-and-mortar branches, and their subsequent recycling and transformation into ecological benches. Every year, millions of payment and loyalty cards are issued that cannot be recycled because they contain metal parts (chip, antenna). 365.bank decided to address the "invisible" issue and partnered with another Slovak company that can transform plastic waste into benches, for example.

Instead of the traditional plastic card, clients of 365.bank and J&T Banka can use a virtual card to make cashless payments and withdraw money from ATMs.

The Company and its representatives are also enthusiastic supporters of art. The Bank organises, for example, the Magnus Art project, which aims to introduce to general public contemporary art, its creators and the exceptional personalities who shape the artistic environment. A section of the Company's building is set aside for the permanent presentation of art exhibitions (the Magnus Art Gallery), also accessible to the public. Along with this section, the corridors of the building house works of art, both by renowned artists and by art school students (the exhibited works are regularly changed). The Company also offers guided tours of these works. As part of the Magnus Art book series, it helps publish exceptional books on art that cultivate society and individuals.

Given its orientation towards the art market, the Company also tries to educate clients about this alternative investment (investment in art), for example through the Magnus Magazine, whose main mission is to promote the idea of "noblesse oblige".

Sports are also supported, and especially rugby, which honours globally the values of Integrity, Passion, Solidarity, Discipline and Respect. Czech rugby – with J&T Banka as its general partner – also proudly subscribes to these values.



162.6
million EUR

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This document is an unsigned English translation of the Czech independent auditor's report that we issued on 28 April 2023 on the statutory consolidated financial statements included in the annual financial report of J&T Finance Group SE prepared in accordance with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("the ESEF Regulation"), related to the financial statements. The accompanying annual financial report has not been prepared in accordance with the ESEF Regulation and therefore does not represent a statutory annual financial report. Consequently, neither it nor this copy of the auditor's report is a legally binding document. We did not audit the consistency of the accompanying annual financial report with the statutory and legally binding annual financial report under the ESEF Regulation in Czech, and therefore we do not provide an opinion on the accompanying annual financial report.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS J&T FINANCE GROUP SE

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of J&T Finance Group SE ("the Company") and its subsidiaries (together "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Group is set out in Note 1 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit losses for loans to customers

Loans to customers amounted to TEUR 8 072 757 as at 31 December 2022 (31 December 2021:TEUR 7 886 996).

Expected credit losses for loans and advances amounted to TEUR 421 748 as at 31 December 2022 (31 December 2021:TEUR 433 819).

Refer to Note 3 (Accounting policies), Note 24 (Loans and advances to customers) and Note 27 (Expected credit losses).

Key audit matter

Impairment allowances represent the Management Board's best estimate of the expected credit losses ("the Expected Credit Losses", "ECLs") within loans and advances (together, "loans" or "exposures") to Group`s customers at the reporting date. We focused on this area as the measurement of impairment allowances requires the Management Board to make complex and subjective judgements and assumptions.

In the process, the loans are allocated into one of the three stages prescribed by IFRS 9 Financial instruments in order to estimate the loss allowances. Stage 1 and Stage 2 loans are performing loans, with Stage 2 loans being those for which significant increase in credit risk since origination has been observed. Stage 3 loans are non-performing, credit-impaired loans.

In determining the expected credit losses, the Group considered future repayment scenarios and also took into account the value of the collateral (if applicable).

Key assumptions and judgements in the calculation of the Expected Credit Losses include the following:
- application of the definition of default and significant increase in credit risk (SICR);
- the probability of default (PD), loss given default (LGD) and exposure at default (EAD) model parameters;
- credit conversion factor (CCF) for off-balance sheet exposures;
- application of selected forward-looking information (FLI) based on several macroeconomic scenarios; and
- adjustments to ECLs by means of management overlays.

PD parameter is determined based on annualized migration matrix resulting from the external market data adjusted for FLI, with probability-weighted scenarios considered. PD parameter is assigned to the loan based on its internal rating.

LGD is determined by estimating the probability-weighted discounted future cash flows for each exposure. The key judgments and assumptions are those for future cash repayment scenarios and related probabilities, also considering the realizable value of underlying collateral.

Due to the above factors and complexities, coupled with the need to consider the effects of the current economic and geopolitical volatility, measurement of ECLs in respect of retail loans required our increased attention in the audit and as such was determined to be a key audit matter.

How the audit matter was addressed

Assisted, where relevant, by our own credit risk and information technology (IT) specialists, we performed, among other things, the procedures outlined below:

We assessed the Group's credit and accounting policies and processes related to estimating ECLs. This included assessing whether the relevant methods, models, assumptions, and data used therein comply with the requirements of the relevant financial reporting standards and industry practice. As part of the above, we also tested IT control environment for data security and access.

We tested the design, implementation, and operating effectiveness of selected IT-based and manual controls over the approval, recording and monitoring of loans and advances, matching of incoming payments and calculating days past due. We tested the controls by making inquiries of heads of risk, finance and IT department and other relevant IT and risk department personnel, in combination with the observation, inspection of underlying documentation and, where applicable, reperformance of controls.

We assessed the key assumptions applied in the ECL measurement as follows:
- definition of default and of SICR – by assessing whether the financial instruments standard's definition of default and staging criteria were consistently applied;
- PD parameter – by reference to external market data and considering any required adjustments to reflect expected changes in circumstances;

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- LGD and EAD parameters – by reference to the Group's historical and contractual data and considering any required adjustments to reflect expected changes in circumstances; and
- forward-looking indicators as well as management overlays – by means of corroborating inquiries of the Management Board, applying our knowledge of the Group and inspecting publicly available data and reports.

For a sample of loans, by reference to the underlying documentation (loan files) and through inquiries of the Group's credit officers, we evaluated whether the loans were allocated to appropriate stages of IFRS 9, and whether appropriate internal rating and LGD parameters (incl. checking the realizable value of underlying collateral) were applied to on-balance and off-balance sheet exposures in determining the related ECLs. As part of the procedure, we specifically focused on the robustness of the Group's financial analysis of the borrower, the repayment pattern for the loan and the collateral provided.

For the selected groups of loans, we checked whether PD and EAD parameters were reasonably and consistently applied to on-balance and off-balance exposures in determining the related ECLs. We also independently recalculated ECL balance and assessed their overall reasonableness.

We examined whether the loan impairment and credit risk-related disclosures in the consolidated financial statements appropriately address the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Investment securities measured at fair value

Investment securities measured at fair value through profit or loss amounted to TEUR 423 712 as at 31 December 2022 (31 December 2021: TEUR 400 019).

Investment securities measured at fair value through other comprehensive income amounted to TEUR 508 001 as at 31 December 2022 (31 December 2021: TEUR 662 194).

Refer to Note 3 (Accounting policies), Note 18 (Investment securities measured at fair value through other comprehensive income) and Note 19 (Investment securities measured at fair value through profit or loss).

Key audit matter

Investment securities held at fair value mainly include debt and equity securities within portfolios of financial assets mandatorily valued at fair value in the profit and loss statement and financial assets valued at fair value in other comprehensive income.

If necessary, for both types of securities the Group determines their respective fair values based on:
- For securities traded in an active market (such as publicly traded corporate bonds and shares) – by reference to current market quotations;
- For securities not traded in an active market (such as non-traded corporate bonds) - based on a discounted cash flow (DCF) model with observable and unobservable inputs and assumptions, such as primarily contractual cash flows, risk-free interest rate and credit spread.

Significant management judgment is required in determining the appropriate valuation method and in determining model assumptions and inputs. In addition, complex models are more susceptible to the risk of management bias, errors, and inconsistent application. These require greater attention during the audit process to assess the objectivity of the sources used in making the assumptions and their consistent application.

Due to the above factors, the measurement of the fair value of the securities held by the Group required our increased attention in the audit and we considered it a key audit matter.

How the audit matter was addressed

Our audit procedures performed where relevant with the assistance of our valuation specialists included, but were not limited to:
Updating our understanding of the Group's fair value measurement methodology and assessing its compliance with the relevant requirements of the standard.

Within the framework of the above, we have identified relevant methods, models, estimates and data sources and evaluated whether these methods, models, estimates, data, and their application are appropriate in relation to the given requirements.
For debt and equity securities traded in an active market:

- for a sample of securities, we analysed the Group's assessment of the underlying markets as active by assessing whether transactions in that market occur with sufficient frequency and volume to provide price information on an ongoing basis; and
- for the total portfolio held, we assessed the reported fair values of the listed securities in the portfolio against publicly available market quotations.

For a valuation sample based on inputs other than quoted prices, we developed our own independent estimate of fair value. As part of the process, we developed the key inputs of the DCF model as follows:
- contractual cash flows – based on our inspection of the relevant contractual provisions;
- risk-free interest rate – based on government bond data provided by external financial data platforms; and
- credit spread – by reference to the comparable securities approach or, if necessary, the market curve approach.

Assessing the appropriateness of disclosures related to fair value in the consolidated financial statements, including disclosures related to the methods and inputs used in determining fair values against the requirements of the applicable financial reporting standard.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual financial report ("the annual report") other than the separate and the consolidated financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e., whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:
- the other information describing matters that are also presented in the separate and the consolidated financial statements is, in all material respects, consistent with the separate and the consolidated financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Consolidated Financial Statements
The statutory body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the statutory body is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group's financial reporting process. The Audit Committee is responsible for monitoring the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of J&T Finance Group SE ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the separate statement of financial position as at 31 December 2022, and the separate statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the separate financial statements.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2022, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process. The Audit Committee is responsible for monitoring the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council, we provide the following information in our independent auditor´s report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Group by the General Meeting of Shareholders on 3 October 2014 and our uninterrupted engagement has lasted for 10 years.

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Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 21 April 2023 in accordance with Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

We declare that no prohibited services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided.

Except for the statutory audit we did not provide the Company and its controlled undertakings with any other services that have not been disclosed in notes to the consolidated financial statements or annual report.

Report on Compliance with the ESEF Regulation

We have undertaken a reasonable assurance engagement on the compliance of all financial statements included in the annual report with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("the ESEF Regulation"), related to the financial statements.

Responsibilities of the Statutory Body

The Company's statutory body is responsible for the preparation of financial statements that comply with the ESEF Regulation. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation;
- the preparation of all financial statements included in the annual report in the applicable XHTML format; and
- the selection and application of XBRL mark-ups as required by the ESEF Regulation.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements included in the annual report comply, in all material respects, with the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000").

The nature, timing and extent of procedures selected depend on the auditor's judgment. Reasonable assurance is a high level of assurance but is not a guarantee that an assurance engagement conducted in accordance with the above standard will always detect any existing material non-compliance with the ESEF Regulation.

Our selected procedures included:

- obtaining an understanding of the requirements of the ESEF Regulation;
- obtaining an understanding of the Company's internal control relevant to the application of the ESEF Regulation;
- identifying and assessing the risks of material non-compliance with the ESEF Regulation, whether due to fraud or error; and
- based on the above, designing and performing procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The objective of our procedures was to evaluate whether:

- the financial statements included in the annual report were prepared in the applicable XHTML format;
- the disclosures in the consolidated financial statements as specified in the ESEF Regulation were marked up, with all mark-ups meeting the following requirements:
  - the XBRL mark-up language was used;

- the elements of the core taxonomy specified in the ESEF Regulation with the closest accounting meaning were used, unless an extension taxonomy element was created in compliance with the ESEF Regulation; and
- the mark-ups complied with the common rules on mark-ups specified in the ESEF Regulation.

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

Conclusion
In our opinion, the Company's financial statements for the year ended 31 December 2022 included in the annual report are, in all material respects, in compliance with the ESEF Regulation.

Other Matter
Given the possible technical limitations of the tools used in preparing the consolidated financial statements in compliance with the requirements of the ESEF Regulation, the content of some block tags in the machine-readable format of the notes to these consolidated financial statements may not be reproducible in the same form as in the human-readable layer of the audited consolidated financial statements.

Statutory Auditor Responsible for the Engagement
Ing. Ondřej Fikrle is the statutory auditor responsible for the audit of the consolidated financial statements of J&T Finance Group SE as at 31 December 2022 based on which this independent auditor's report has been prepared.

Prague, 28 April 2023

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Registration number 71

Unsigned copy

Ing. Ondřej Fikrle
Partner
Registration number 2525

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of EUR	Note	2022	2021 (restated)[1]
Interest income calculated using effective interest rate method	9	646,258	430,160
Other interest income	9	14,764	8,984
Interest expense	9	(222,776)	(97,284)
Net interest income		**438,246**	**341,860**
Fee and commission income	10	181,448	170,204
Fee and commission expense	10	(40,135)	(42,317)
Net fee and commission income		**141,313**	**127,887**
Financial markets, net result	11	90,266	4,812
Other operating income	12	80,992	49,451
Total income		**750,817**	**524,010**
Personnel expenses	13	(148,275)	(123,674)
Depreciation and amortisation	30, 31	(44,497)	(43,736)
Other operating expenses	14	(139,669)	(116,166)
Total expenses		**(332,441)**	**(283,576)**
Change in impairment of property, plant and equipment and intangible assets	30, 31	2,739	2,035
Net impairment losses on loans, loan commitments and financial guarantees	27	(126,487)	(34,828)
Net impairment losses of financial assets except loans, loan commitments and financial guarantees	27	(35,959)	(7,475)
Profit from operations		**258,669**	**200,166**
Share of profit from equity accounted investees		(12,254)	30,030
Profit before tax		**246,415**	**230,196**
Income tax expense	15	(83,802)	(42,537)
Profit for the period		**162,613**	**187,659**
Attributable to:			
Equity holders of the parent		**149,497**	**158 179**
Non-controlling interests – other equity instruments		9,871	7,127
Non-controlling interests – ordinary shares		3,245	22,353
Non-controlling interests – total		**13,116**	**29,480**
Profit for the period		**162,613**	**187,659**

The notes presented on page 70 to page 194 form an integral part of the consolidated financial statements.

[1] The comparable period figures were adjusted as a result of the correction of prior period errors (see Note 5).

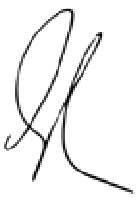
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of EUR	2022	2021 (restated)[2]
Profit for the period	**162,613**	**187,659**
Other comprehensive income - items that are or may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	36,251	82,552
Debt instruments measured at fair value through other comprehensive income – Net change in fair value	(24,044)	(4,090)
Debt instruments measured at fair value through other comprehensive income - Net amount transferred to profit or loss	1,051	3,627
Share of other comprehensive income of equity accounted investees	2,651	5,268
Other comprehensive income - items that will not be reclassified subsequently to profit or loss		
Equity instruments measured at fair value through other comprehensive income - Net change in fair value	(3,437)	4,378
Other comprehensive income for the period, net of tax	**12,472**	**91,735**
Total comprehensive income for the period	**175,085**	**279,394**
Attributable to:		
Equity holders of the parent	156,747	239,025
Non-controlling interests – other equity instruments	14,383	13,433
Non-controlling interests – ordinary shares	3,955	26,936
Non-controlling interests – total	**18,338**	**40,369**
Total comprehensive income for the period	**175,085**	**279,394**

The notes presented on page 70 to page 194 form an integral part of the consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 28 April 2023.

Signed on behalf of the Board of Directors:



Štěpán Ašer, MBA
Member of the Board of Directors
J&T FINANCE GROUP SE

Ing. Igor Kováč
Member of the Board of Directors
J&T FINANCE GROUP SE

[2] The comparable period figures were adjusted as a result of the correction of prior period errors (see Note 5).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

In thousands of EUR	Note	31 December 2022	31 December 2021 (restated)[3]	1 January 2021 (restated)
Assets				
Cash and cash equivalents	16	3,793,317	2,818,637	1,670,876
Financial assets for trading	17.1	545,706	197,898	385,720
Hedging derivatives	18	15,329	19,764	11,555
Investment securities measured at fair value through profit or loss	19	423,712	400,019	402,268
Investment securities measured at fair value through other comprehensive income	20	508,001	662,194	721,579
Investment securities at amortised cost	21	713,989	574,991	396,362
Disposal group held for sale	22	1,522	4,703	20,133
Loans and advances to banks	23	73,078	635,457	324,698
Loans and advances to customers	24, 25.2	7,651,986	7,453,723	7,160,144
FV changes of portfolio of hedged instruments – Loans and advances to customers		(6,140)	1,091	2,276
Trade receivables and other assets	26	251,412	290,276	121,490
Current tax assets		2,905	9,516	6,287
Investments in equity accounted investees	28	50,356	77,174	60,890
Investment property	29	135,777	134,121	126,435
Intangible assets	30	85,976	75,699	69,797
Property, plant and equipment	31	347,174	310,198	299,213
Deferred tax assets	38.2	53,513	42,038	44,429
Total assets		**14,647,613**	**13,707,499**	**11,824,152**
Liabilities				
Trading liabilities	17.2	162,426	86,435	29,261
Hedging derivatives	18	37	5,050	10,318
Liabilities associated with disposal groups held for sale	22	–	–	24
Deposits and loans from banks	32	814,483	650,022	191,270
Deposits and loans from customers	33	10,262,653	9,619,752	8,868,600
Debt securities issued	34	617,300	578,388	445,770
Subordinated debt	35	10,599	2,955	8,546
Other liabilities	36	615,650	722,707	484,912
Current tax liability		50,118	6,696	3,059
Provisions	37	13,771	7,944	36,711
Deferred tax liabilities	38.2	12,418	11,792	5,741
Total liabilities		**12,559,455**	**11,691,741**	**10,084,212**

[3] The comparable period figures were adjusted as a result of the correction of prior period errors (see Note 5).

In thousands of EUR	Note	31 December 2022	31 December 2021 (restated)[4]	1 January 2021 (restated)
Equity				
Share capital		574,138	574,138	574,138
Share premium		93,577	93,577	93,577
Other reserves		58,407	42,615	(41,839)
Retained earnings		939,690	882,776	739,467
Other equity instruments		218,900	218,900	218,900
Equity attributable to equity holders of the parent	**39**	**1,884,712**	**1,812,006**	**1,584,243**
Non-controlling interests – other equity instruments	40	145,040	115,722	84,150
Non-controlling interests – ordinary shares	40	58,406	88,030	71,547
Non-controlling interests – total	**40**	**203,446**	**203,752**	**155,697**
Total equity		**2,088,158**	**2,015,758**	**1,739,940**
Total equity and liabilities		**14,647,613**	**13,707,499**	**11,824,152**

The notes presented on page 70 to page 194 form an integral part of the consolidated financial statements.

[4] The comparable period figures were adjusted as a result of the correction of prior period errors (see Note 5).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of EUR	Note	Share capital	Share premium	Nondistributable reserves	Translation reserve	Other reserves and funds
Restated balance as at 1 January 2022		**574,138**	**93,577**	**49,245**	**(33,499)**	**26,869**
Profit for the period		–	–	–	–	–
Other comprehensive income for the period, net of tax – items that are or may be reclassified subsequently to profit or loss		–	–	–	33,346	(22,659)
Foreign exchange translation differences		–	–	–	30,695	–
Debt instruments measured at fair value through other comprehensive income – Net change in fair value		–	–	–	–	(23,709)
Debt instruments measured at fair value through other comprehensive income – Net amount transferred to profit or loss		–	–	–	–	1,050
Share of other comprehensive income of equity accounted investees		–	–	–	2,651	–
Other comprehensive income – items that will not be reclassified subsequently to profit or loss		–	–	–	–	(3,437)
Equity instruments measured at fair value through other comprehensive income – Net change in fair value		–	–	–	–	(3,437)
Other comprehensive income for the period, net of tax		**–**	**–**	**–**	**33,346**	**(26,096)**
Total comprehensive income for the period		**–**	**–**	**–**	**33,346**	**(26,096)**
Dividends		–	–	–	–	–
Change in non-controlling interests without a change in control	40	–	–	–	–	–
Acquisition and establishment of subsidiaries with non-controlling interests	8.1	–	–	–	–	–
Total transaction with owners of the Company, recognised directly in equity		**–**	**–**	**–**	**–**	**–**
Effect of disposals of subsidiaries	7.2	–	–	–	3,312	8
Issue of other equity instruments	39	–	–	–	–	–
Yield from issued other equity instruments paid	39	–	–	–	–	–
Transfer to legal and other reserve funds	39	–	–	5,222	–	–
Balance as at 31 December 2022		**574,138**	**93,577**	**54,467**	**3,159**	**781**

See Note 39. Shareholders' equity and Note 40. Non-controlling interests.

Retained earnings	Other equity instruments	Equity attributable to equity holders of the parent	Noncontrolling interests – other equity instruments	Noncontrolling interests – ordinary shares	Noncontrolling interests – total	Total equity
882,776	**218,900**	**1,812,006**	**115,722**	**88,030**	**203,752**	**2,015,758**
149,497	–	149,497	9,871	3,245	13,116	162,613
–	–	10,687	4,512	710	5,222	15,909
–	–	30,695	4,512	1,044	5,556	36,251
–	–	(23,709)	–	(335)	(335)	(24,044)
–	–	1,050	–	1	1	1,051
–	–	2,651	–	–	–	2,651
–	–	(3,437)	–	–	–	(3,437)
–	–	(3,437)	–	–	–	(3,437)
–	**–**	**7,250**	**4,512**	**710**	**5,222**	**12,472**
149,497	**–**	**156,747**	**14,383**	**3,955**	**18,338**	**175,085**
(77,290)	–	(77,290)	–	(19,477)	(19,477)	(96,767)
355	–	355	–	(9,033)	(9,033)	(8,678)
–	–	–	–	444	444	444
(76,935)	**–**	**(76,935)**	**–**	**(28,066)**	**(28,066)**	**(105,001)**
564	–	3,884	–	(5,513)	(5,513)	(1,629)
–	–	–	24,806	–	24,806	24,806
(10,990)	–	(10,990)	(9,871)	–	(9,871)	(20,861)
(5,222)	–	–	–	–	–	–
939,690	**218,900**	**1,884,712**	**145,040**	**58,406**	**203,446**	**2,088,158**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

In thousands of EUR	Note	Share capital	Share premium	Nondistributable reserves	Translation reserve	Other reserves and funds
Balance as at 1 January 2021		**574,138**	**93,577**	**44,438**	**(111,125)**	**24,848**
Correction of opening balances	5					
Restated balance as at 1 January 2021		**574,138**	**93,577**	**44,438**	**(111,125)**	**24,848**
Profit for the period		–	–	–	–	–
Other comprehensive income for the period, net of tax - items that are or may be reclassified subsequently to profit or loss		–	–	–	77,623	(489)
Foreign exchange translation differences (restated)		–	–	–	72,355	–
Debt instruments measured at fair value through other comprehensive income – Net change in fair value		–	–	–	–	(4,119)
Debt instruments measured at fair value through other comprehensive income – Net amount transferred to profit or loss		–	–	–	–	3,630
Share of other comprehensive income of equity accounted investees		–	–	–	5,268	–
Other comprehensive income – items that will not be reclassified subsequently to profit or loss		–	–	–	–	3,712
Equity instruments measured at fair value through other comprehensive income – Net change in fair value		–	–	–	–	3,712
Other comprehensive income for the period, net of tax		**–**	**–**	**–**	**77,623**	**3,223**
Total comprehensive income for the period		**–**	**–**	**–**	**77,623**	**3,223**
Dividends		–	–	–	–	–
Change in non-controlling interests without a change in control	40	–	–	–	10	–
Total transaction with owners of the Company, recognised directly in equity		**–**	**–**	**–**	**10**	**–**
Effect of disposals of subsidiaries	7.2	–	–	–	(7)	(1,202)
Issue of other equity instruments	39	–	–	–	–	–
Yield from issued other equity instruments paid (restated)	39	–	–	–	–	–
Transfer to legal and other reserve funds	39	–	–	4,807	–	–
Restated balance as at 31 December 2021		**574,138**	**93,577**	**49,245**	**(33,499)**	**26,869**

The notes presented on page 70 to page 194 form an integral part of the consolidated financial statements.

Retained earnings	Other equity instruments	Equity attributable to equity holders of the parent	Noncontrolling interests – other equity instruments	Noncontrolling interests – ordinary shares	Noncontrolling interests – total	Total equity
739,467	**303,050**	**1,668,393**	**–**	**71,547**	**71,547**	**1,739,940**
	(84,150)	(84,150)	84,150	–	84,150	–
739,467	**218,900**	**1,584,243**	**84,150**	**71,547**	**155,697**	**1,739,940**
158,179		158,179	7,127	22,353	29,480	187,659
–	–	77 134	6,306	3,917	10,223	87,357
–	–	72 355	6,306	3,891	10,197	82,552
–	–	(4,119)	–	29	29	(4,090)
–	–	3,630	–	(3)	(3)	3,627
–	–	5,268	–	–	–	5,268
–	–	3,712	–	666	666	4,378
–	–	3,712	–	666	666	4,378
–	**–**	**80,846**	**6,306**	**4,583**	**10,889**	**91,735**
158,179	**–**	**239,025**	**13,433**	**26,936**	**40,369**	**279,394**
–	–	–	–	(202)	(202)	(202)
1,064	–	1,074	–	(907)	(907)	167
1,064	**–**	**1,074**	**–**	**(1,109)**	**(1,109)**	**(35)**
–	–	(1,209)	–	(9,344)	(9,344)	(10,553)
–	–	–	25,266	–	25,266	25,266
(11,127)	–	(11,127)	(7,127)	–	(7,127)	(18,254)
(4,807)	–	–	–	–	–	–
882,776	**218,900**	**1,812,006**	**115,722**	**88,030**	**203,752**	**2,015,758**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of EUR	Note	2022	2021
Operating activities			
Profit before tax		**246,415**	**230,196**
Adjustments for:			
Depreciation and amortisation	30, 31	44,497	43,736
Change in impairment of property, plant and equipment and intangible assets	30, 31	(2,739)	(2,035)
Change in fair value of investment property, net		2,277	(3,217)
(Gain) / Loss on disposal of property, plant and equipment, intangible assets and investment property		(22)	280
Amortisation of deferred acquisition costs for insurance and clients' contracts		–	586
(Profit) / loss on disposal of subsidiaries and non-controlling interests	12, 14	(16,328)	1,209
(Profit) / loss on disposal of investment securities at fair value through other comprehensive income		4,038	(1,163)
(Profit) / loss on disposal of investment securities at amortised cost due to modification		4,668	(63)
Net interest income	9	(438,246)	(341,860)
Dividends income from equity instruments measured at FVOCI	11	(1,246)	(820)
(Decrease) / Increase in allowance for impairment of loans, loan commitments and financial guarantees	27	126,487	34,828
(Decrease) / increase in allowance for impairment of financial assets except loans, loan commitments and financial guarantees	27	35,959	7,475
Change in impairment of other assets	12, 14	2	280
(Profit) / loss from equity accounted investees		12,254	(30,030)
Creation and reversal of provisions	37	1,983	(1,379)
(Gain) on a bargain purchase and goodwill impairment	8.1, 30	29	–
Unrealised foreign exchange (gains) / losses, net		9,650	12,557
Operating loss before changes in working capital		**29,678**	**(49,420)**
(Increase) / decrease in operating assets:			
Change in financial assets for trading		(329,961)	202,562
Change in hedging derivative assets		4,690	(7,334)
Change in investment securities at fair value through profit or loss		4,555	2,992
Change in loans and advances to customers and banks		289,445	(481,236)
Change in trade receivables and other assets		35,331	(159,869)
Increase / (decrease) in operating liabilities:			
Change in trading liabilities		72,066	53,998
Change in hedging derivative liabilities		(5,014)	(5,271)
Change in deposits and loans from banks and customers		614,926	1,005,118
Change in other liabilities		(149,763)	188,170
Cash flows generated from (used in) operating activities		**565,953**	**749,710**
Interest received		598,563	431,466
Interest paid		(173,354)	(87,267)
Income taxes paid		(38,041)	(41,761)
Cash flows generated from (used in) operating activities		**953,121**	**1,052,148**

In thousands of EUR	Note	2022	2021
Investing activities			
Purchase of financial instruments at fair value through other comprehensive income		(142,397)	(192,685)
Proceeds from sale of financial instruments at fair value through other comprehensive income		232,645	254,589
Purchase of financial instruments at amortised cost		(109,244)	(216,048)
Proceeds from sale of financial instruments at amortised cost		20,990	24,364
Acquisition of property, plant and equipment, investment property and intangible assets		(46,913)	(46,296)
Proceeds from sale of property, plant and equipment, investment property and other intangible assets		2,097	4,849
Acquisition of subsidiaries, net of cash acquired	8.1	(51,498)	(854)
Acquisition of equity accounted investees		(356)	(14)
Capital contributions to equity accounted investees		–	–
Proceeds from sale of investments in equity accounted investees		–	16,270
Proceeds from assets held for sale		4,651	(500)
Net cash (outflow) inflow from disposal of subsidiaries	7.2	63,614	16,244
Dividends received		1,245	630
Cash flows generated from (used in) investing activities		**(25,166)**	**(139,451)**
Financing activities			
Proceeds from issued debt securities	34	161,113	114,432
Payments for buy-back of issued debt securities	34	(132,140)	(78)
Acquisition of non-controlling interests		444	–
Distribution of non-controlling interests		(8,467)	–
Subordinated debt issued		7,518	–
Subordinated debt paid	35	–	(5,568)
Payments of lease liabilities (principal)		(5,415)	(9,442)
Issue of other equity instruments		24,806	25,266
Yield from issued other equity instruments paid		(20,861)	(18,254)
Dividends paid		(79,403)	(68)
Cash flows generated from (used in) financing activities		**(52,405)**	**106,288**
Net decrease/increase in cash and cash equivalents		**875,550**	**1,018,985**
Cash and cash equivalents as at the beginning of the year	**16**	**2,818,637**	**1,670,977**
Effect of exchange rate fluctuations on cash held		99,130	128,743
Cash and cash equivalents as at the end of the year	**16**	**3,793,317**	**2,818,705**

The notes presented on page 70 to page 194 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

J&T FINANCE GROUP SE (the "Parent Company" or "the Company") is a European joint-stock company (Societas Europaea) having its legal seat and domicile at Sokolovská 700/113a, 186 00 Praha 8.

The consolidated financial statements of the Company for the year ended 31 December 2022 comprise the Parent Company, its subsidiaries and interests in associates and joint ventures (together referred to as "the Group"). A list of the Group entities is provided in Note 49. Group entities.

The shareholders of the Company as at 31 December 2022 and 31 December 2021 were as follows:

	Interest in share capital		Voting rights (registered)	
	In thousands of EUR	%	In millions of CZK	%
Ing. Jozef Tkáč	258,649	45.05	7,109	45.05
Ing. Ivan Jakabovič	258,649	45.05	7,109	45.05
Rainbow Wisdom Investment Limited	56,840	9.90	1,562	9.90
Total	**574,138**	**100.00**	**15,780**	**100.00**

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

The members of the Board of Directors were as at 31 December 2022 as follows:
Ing. Jozef Tkáč– Chairman
Ing. Ivan Jakabovič – Vice-Chairman
Ing. Patrik Tkáč – Vice-Chairman
Ing. Dušan Palcr – Vice-Chairman
Štěpán Ašer, MBA – member
Ing. Igor Kováč – member

The members of the Board of Directors were as at 31 December 2021 as follows:
Ing. Jozef Tkáč– Chairman
Ing. Ivan Jakabovič – Vice-Chairman
Ing. Patrik Tkáč – Vice-Chairman
Ing. Dušan Palcr – Vice-Chairman
Štěpán Ašer, MBA – member
Ing. Igor Kováč – member

2. BASIS OF PREPARATION

(a) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("EU").

The consolidated financial statements were approved by the Board of Directors on 28 April 2023.

(b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except for investment property, derivative financial instruments, financial assets and liabilities at fair value through profit or loss and investment securities at fair value through other comprehensive income, which are at fair value.

The consolidated financial statements are presented in Euro, rounded to the nearest thousand. The accounting policies have been consistently applied by the Group entities and are consistent with those used in the previous year taking into account newly adopted IFRS (see below).

Financial statements prepared in compliance with International Financial Reporting Standards require various judgements, assumptions, and estimates to be exercised that affect the reported amounts of assets, liabilities, income and expenses. Actual results will likely differ from these estimates. Critical accounting estimates and judgements made by management with a significant risk of material adjustment in the next year are discussed in Note 4. Critical accounting estimates and assumptions.

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

The following standards, amendments to standards and interpretations are effective for the first time for the year ended 31 December 2022 and have been applied in preparing the Group's consolidated financial statements.

- Amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021) provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.
- Amendments to IFRS 3: Reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022) update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022) prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, proceeds from selling such items, and the cost of producing those items, are recognized in profit or loss.
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022) specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract' that can either be incremental costs of fulfilling the contract (e.g. direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Annual Improvements to IFRS Standards 2018-2020 (effective for annual periods beginning on or after 1 January 2022)
  - IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to determine cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
  - IFRS 9 – The amendment clarifies that only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, are to be included when applying the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.
  - IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor due to possible confusion that might arise because of how lease incentives are illustrated in that example.
  - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

These amendments, effective for the first time for the year ended 31 December 2022, did not have any material impact on the Group's consolidated financial statements unless stated otherwise above.

Issued but not yet effective International Financial Reporting Standards

A number of new standards, amendments to standards and interpretations are not yet effective or not yet adopted by the EU for the year ended 31 December 2022, and have not been applied in preparing these financial statements:

- IFRS 17: Insurance contracts and Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023, with earlier

application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied; endorsed in the EU) requires insurance liabilities to be measured at a current fulfilment value instead of historical costs and provides a more uniform measurement and presentation approach for all insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts as of 1 January 2023.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023; endorsed in the EU) specify the exceptions to the initial recognition of an asset or liability by requiring that taxable and deductible differences of the same amount do not arise in the same transaction.
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023; not yet endorsed in the EU) help to determine whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current.
- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024, not yet endorsed by the EU) aims to clarify how conditions that an entity must satisfy within 12 months after the end of the reporting period affect the classification of liabilities.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023; endorsed in the EU) with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Newly IAS 1 will require entities to disclose their material accounting policies rather than their significant accounting policies.
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023, endorsed in the EU) that replace definition of a change in accounting estimates is with a definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023; already endorsed in the EU) issued on 9 December 2021 providing insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17 and IFRS 9.
- Amendment to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024; not yet endorsed in the EU). The amendments to the standard clarify how a seller (lessee) subsequently measures a sale and leaseback that meets the requirements of IFRS 15 to be accounted for as a sale.

The Group expects that these new standards amendments and interpretations, issued but not yet effective, will not have a material impact on the Group's consolidated financial statements unless stated otherwise above.

Other new International Financial Reporting Standards and Interpretations not yet due

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Associates

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

(iii) Joint ventures

Joint ventures are arrangements in which the Group has joint control, established by contractual agreement, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures on an equity accounted basis, from the date that joint control commences until the date that joint control ceases.

(iv) Consolidation scope

A total of 82 companies (2021: 71) were included in consolidation as at 31 December 2022. All fully consolidated companies prepared their annual financial statements as at 31 December 2022. The companies are listed in Note 49. Group entities. This list is based on the ownership hierarchy.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains (losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains arising from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent of the recoverable amount.

(vi) Acquisition method of accounting

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

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

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

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

(vii) Loss of control

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

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

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

(ix) Unification of accounting principles

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

(ii) Financial statements of foreign operations

The consolidated financial statements are presented in Euro, which is the Group's presentation currency.

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

(c) Financial instruments

The Group adopted IFRS 9 on 1 January 2018. The relevant policies applicable to financial instruments are described below.

(i) Classification

Financial assets

On initial recognition a financial asset is classified as measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is based on the business model in which the financial asset is managed and the contractual cash flow characteristics of the instrument.

The classification of debt instruments is determined based on:

a) The business model under which the asset is held, and
b) The contractual cash flow characteristics of the instrument.

The Group makes an assessment of the objectives of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The Group considers information such as the stated policies and objectives for the portfolio and the operation of those policies, the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed, how managers of the business are compensated, or the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The assessment of the contractual cash flow characteristics determines whether the financial instruments' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a lending arrangement, the SPPI test is not passed. When performing the SPPI test, the Group takes into consideration the following factors: non-standard interest rate, financial leverage, early repayment options, longer repayment options, non-recourse arrangement, contract-linked instruments, hybrid instruments, instruments purchased with a significant discount/ premium.

The Group has more than one business model for managing its financial instruments, which reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group defines business models as follows:

- "Hold and collect"
- "Hold, collect and sell"
- "Mandatorily at fair value"
- "Trading"
- "Fair value option"

The strategy "Hold and collect" has as an objective to hold financial assets in order to collect contractual cash flows of both principal and interest payments.

The strategy "Hold, collect and sell" has as an objective to both collect contractual cash flows and sell financial assets.

The strategy "Mandatorily at FV" is used for financial assets that are held for the purpose of holding and collecting or holding and collecting and selling, but that have not passed the SPPI test and cannot be measured at AC or FVOCI.

The strategy "Trading" has active trading as its objective. Assets for which this strategy is used are measured at fair value, with any gains/ losses arising on remeasurement recognised in profit or loss.

The strategy "Fair value option" is used for assets that are at initial recognition irrevocably designated as measured at FVTPL in order to eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing gains and losses using different bases.

The assessment above being made, the financial assets are classified into one of the following measurement categories:

a) Financial assets at amortised cost (AC)
   The relevant business model is to hold assets to collect contractual cash flows and the SPPI test is passed. Examples of such financial assets are loans, investment securities previously held to maturity or trade receivables. Expected credit losses ("ECL"; see below) are calculated and recognized in profit or loss for this category of financial assets. Foreign exchange ("FX") differences as well as interest revenues accrued using the effective interest rate ("EIR") method are also recognized in profit or loss.

b) Financial assets at fair value through other comprehensive income (FVOCI)
   In order to be classified as FVOCI, the asset either i) meets the SPPI test and is held within the business model "Hold, collect and sell", which has the objective of both collecting contractual cash flows and selling the financial asset or ii) the asset is an equity instrument that does not meet the SPPI test but is not held for trading and the Group elected to measure such instrument at fair value through other comprehensive income.

   Thus, there are two types of instruments that can be classified as FVOCI and the accounting treatment for these financial assets is different:
   i) Debt instruments meeting the SPPI test within the business model "Hold, collect and sell"
      Under this accounting treatment ECL are recognized in profit or loss and the changes in the fair value of the instrument are recognized in OCI. FX differences in relation to the amortised cost, including impairment, are recognized in profit or loss. Interest revenues calculated using EIR are recognized in profit or loss.

When the financial asset is derecognized, a gain or loss is recognized in profit loss as a result of reclassification of the gain or loss from OCI to profit or loss.

ii) Equity instruments not held for trading where the FVOCI option was elected
Under this treatment ECL are not calculated, as these assets are already measured at fair value and changes in fair value are recognized in other comprehensive income (OCI) and will not be reclassified to profit or loss upon disposal. FX differences are recognized in OCI as part of the revaluation reserve.

When the equity instrument is sold, the corresponding gain or loss remains in equity.

Dividends from these financial assets are recognized in profit or loss.

c) Financial assets at fair value through profit or loss (FVTPL)
Financial assets that do not meet the conditions for being classified and measured under one of the two previous categories are classified and measured at fair value through profit or loss.

Financial assets that are acquired to be actively traded (trading business model) are also classified and measured at FVTPL.

Furthermore, an entity may at initial recognition irrevocably designate a financial asset to be measured at FVTPL in order to eliminate or significantly reduce a measurement or recognition inconsistency (also referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing gains and losses using different bases.

For this category of assets ECL are not calculated and recognized. Changes is fair value are recognized in profit or loss. FX differences are recognized in profit or loss as well.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Liabilities are classified and measured at amortized cost, with the exception of:
- Financial liabilities held for trading including derivatives – these are measured at FVTPL;
- Financial liabilities that use the option to be measured at FVTPL at acquisition – designated at FVTPL.

In case of liabilities at FVTPL, the change in fair value resulting from a change in the Group's own credit risk is presented in OCI, while the remaining change in fair value is presented in profit or loss.

The following table provides a reconciliation between the line items in the statement of financial position and categories of financial instruments.

31 December 2022

V tis. EUR	Ref. to Note	Mandatorily at FVTPL	Designated at FVTPL	FVOCI – debt instruments	FVOCI – equity instruments	Amortised cost	Total carrying amount
Cash and cash equivalents	16	–	–	–	–	3,793,317	3,793,317
Financial assets for trading	17.1	545,706	–	–	–	–	545,706
Hedging derivatives	18	15,329	–	–	–	–	15,329
Investment securities measured at fair value through profit or loss	19	423,712	–	–	–	–	423,712
Investment securities at fair value through other comprehensive income	20	–	–	457,737	50,264	–	508,001
Investment securities at amortised cost	21	–	–	–	–	713,989	713,989
Loans and advances to banks	23	–	–	–	–	73,078	73,078
Loans and advances to customers	24	977	–	–	–	7,651,009	7,651,986
Trade receivables and other financial assets under risk management	26	–	–	–	–	158,184	158,184
Total financial assets		**985,724**	**–**	**457,737**	**50,264**	**12,389,577**	**13,883,302**
Trading liabilities	17.2	162,426	–	–	–	–	162,426
Hedging derivatives	18	37	–	–	–	–	37
Deposits and loans from banks	32	–	–	–	–	814,483	814,483
Deposits and loans from customers	33	–	–	–	–	10,262,653	10,262,653
Debt securities issued	34	–	–	–	–	617,300	617,300
Subordinated debt	35	–	–	–	–	10,599	10,599
Other financial liabilities under risk management	36	–	47,189	–	–	548,553	595,742
Total financial liabilities		**162,463**	**47,189**	**–**	**–**	**12,253,588**	**12,463,240**

31 December 2021

V tis. EUR	Ref. to Note	Mandatorily at FVTPL	Designated at FVTPL	FVOCI – debt instruments	FVOCI – equity instruments	Amortised cost	Total carrying amount
Cash and cash equivalents	16	–	–	–	–	2,818,637	2,818,637
Financial assets for trading	17.1	197,898	–	–	–	–	197,898
Hedging derivatives	18	19,764	–	–	–	–	19,764
Investment securities measured at fair value through profit or loss	19	400,019	–	–	–	–	400,019
Investment securities at fair value through other comprehensive income	20	–	–	620,356	41,838	–	662,194
Investment securities at amortised cost	21	–	–	–	–	574,991	574,991
Loans and advances to banks	23	–	–	–	–	635,457	635,457
Loans and advances to customers	24	546	–	–	–	7,453,177	7,453,723
Trade receivables and other financial assets under risk management	26	–	–	–	–	240,126	240,126
Total financial assets		**618,227**	**–**	**620,356**	**41,838**	**11,722,388**	**13,002,809**
Trading liabilities	17.2	86,435	–	–	–	–	86,435
Hedging derivatives	18	5,050	–	–	–	–	5,050
Deposits and loans from banks	32	–	–	–	–	650,022	650,022
Deposits and loans from customers	33	–	–	–	–	9,619,752	9,619,752
Debt securities issued	34	–	–	–	–	578,388	578,388
Subordinated debt	35	–	–	–	–	2,955	2,955
Other financial liabilities under risk management	36	–	16,863	–	–	686,543	703,406
Total financial liabilities		**91,485**	**16,863**	**–**	**–**	**11,537,660**	**11,646,008**

(ii) Recognition

Financial instruments for trading, investment securities measured at fair value through profit and loss and investment securities measured at fair value through other comprehensive income are recognised on the date the Group commits to purchase the assets. Regular way purchases and sales of other financial assets including investment securities at amortised cost are accounted for on the settlement date.

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

(iii) Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Subsequent to initial recognition, financial assets are measured at their fair value, except for loans and advances to banks, loans and advances to customers, and investment securities at amortised cost, and cash and cash equivalents. After initial recognition, financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. In measuring amortised cost, any difference between cost and redemption value is recognised in the income statement over the period of the asset or liability on an effective interest rate basis.

(iv) Fair value measurement principles

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

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

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments (Note 41) Fair value information.

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

Deposit and loans from banks and customers: For demand deposits and deposits with no defined maturities, fair value is taken to be the amount payable on demand at the statement of financial position date. The estimated fair value of fixed-maturity deposits is based on discounted cash flows using the appropriate yield curve.

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

Investment securities at amortised cost: Fair value is based on quoted market prices traded in active markets at the statement of financial position date. If not available, the fair value is calculated based on discounted expected future principal and interest cash flows using the appropriate yield curve and risk spread. Expected future cash flows are estimated considering credit risk and any indication of impairment. The estimated fair values of financial assets at amortised cost reflect changes in credit status since they were acquired and changes in interest rates in the case of fixed rate instruments.

(v) Gains and losses on subsequent measurement

Gains and losses arising from changes in fair value are recognised in the income statement for instruments held for trading or measured at fair value through profit or loss and directly in other comprehensive income for instruments at fair value through other comprehensive income, except for impairment gains and losses, and foreign exchange gains and losses in the case of debt instruments. The cumulative gains or losses of debt instruments at fair value through other comprehensive income, previously recognised in other comprehensive income, are reclassified to profit or loss as a reclassification adjustment, when assets at fair value through other comprehensive income are derecognised. In the case of equity instruments, the cumulative gains or losses from investment securities at fair value through other comprehensive income remain in the equity under IFRS 9, and are not reclassified to profit or loss anymore. Interest income and expenses, from debt instruments at fair value through other comprehensive income, are recorded in the Income statement by applying the effective interest rate method. Dividends from equity instruments at fair value through other comprehensive income are recognised in profit or loss. Refer to accounting policy (c) (vii) for accounting for gains and losses on subsequent measurement of hedges.

(vi) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire, or the Group transfers the rights to receive contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred a or in which the Group neither transfer nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

Investment securities at fair value through other comprehensive income, financial assets for trading and investment securities measured at fair value through profit or loss that are sold are derecognised and the corresponding receivables from the buyer for the payment are recognised as at the date the Group commits to sell the assets.

Investment securities at amortised cost and loans and advances to banks and customers are derecognised on the day they are disposed of by the Group. If control over investment securities at amortised cost and loans and advances is passed to third parties, the carrying amount of disposed asset at amortised cost is first adjusted through creation or reversal of impairment in the income statement to the lower of selling price and gross value.

(vii) Hedge accounting

Upon initial application of IFRS 9 the Group has elected to continue to apply the hedge accounting requirements of IAS 39.

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

From the inception of the hedge, the Group maintains a formal documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. The Group also periodically assesses the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item attributable to the hedged risk. The Group considers hedging as highly effective if the changes relating to the hedged risk during the period covered compensate changes in the hedging instrument in the range of 80% to 125%.

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

In case of a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value is recognised in profit or loss together with the changes in the fair value of the hedged item that are attributable to the hedged risk (in the same line as the hedged item). The Group uses fair value hedge to cover the foreign currency exposure to changes in the fair value of investment securities at fair value through other comprehensive income over the hedging period. The Group uses currency forwards as hedging instruments.

Furthermore, the Group uses hedging derivatives to hedge the fair value of fixed income bonds denominated in Euros. The Group entered into interest rate swaps to hedge the changes in fair value caused by changes in interest rates. The Group hedges as well the interest rate risk faced by a portfolio of fixed rate loans by the use of interest rate swaps.

In the past, the parent company hedged the translation risk of its foreign net investments denominated in EUR against its functional currency (CZK). The parent company used currency forwards as hedging instruments for such purposes.

(viii) Embedded derivatives

Hybrid financial instruments are a combination of non-derivative host contracts and derivative financial instruments (embedded derivatives). According to IFRS 9, embedded derivative components are separated from the host contracts when:

- The host contract is not an asset in the scope of IFRS 9;
- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss (i.e. a derivative that is embedded in a financial liability at fair value through profit or loss is not separated).

Separated embedded derivatives are carried at fair value with changes recorded in profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents represent cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Group includes into Cash and cash equivalents cash on hand, cash deposited with central banks (except for obligatory minimum reserves) and other short term highly liquid investments with original maturities of three months or less, such as Loans from reverse repurchase agreements with maturities of less than three months, Current account with banks and Loans and advances with original maturities of three months or less.

(e) Loans and advances to banks and customers
Loans and advances originated by the Group are classified and measured according to the criteria described in section (c). Loans and advances are reported net of impairment allowance (refer to accounting policy (h)).

Modifications of the contractual terms may result in derecognition of the original asset when the changes to the terms of the loans are considered substantial. The group considers modifications substantial, if the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 % different from the discounted present value of the remaining cash flows of the original loan. In such case, the original financial asset is derecognized and a new financial asset is recognized at its fair value. The difference between the carrying amount of the derecognized asset and the fair value of the new asset is recognized in the consolidated income statement.

For all loans, where the modification of terms did not result in the derecognition of the loan, the gross carrying amount of the modified loan is recalculated based on the present value of the modified cash flows discounted at the original effective interest rate and any gain or loss from the modification is recorded in the consolidated income statement.

Details regarding the structure and quality of the credit portfolio are given in Note 43. Risk management policies and disclosures.

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

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

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount.

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

The 'expected credit loss' (ECL) model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. It also applies to loan commitments measured at amortised cost and financial guarantees measured at amortised cost (refer to accounting policy (p)).

For the purposes of ECL calculation, financial assets are categorized into three stages (Stage 1, 2, 3). Financial assets that are impaired at the date of the initial recognition represent a separate category - Purchased or originated credit-impaired assets („POCI"). At the date of the first recognition, the financial asset is included in Stage 1 or POCI. Subsequent reclassification is carried out according to the occurrence of a significant increase in credit risk (Stage 2) or impairment (default) of the asset (Stage 3).

Stage 1 (12-month ECL)

Financial assets for which there has not been a significant increase in credit risk (SICR) since initial recognition remain classified in Stage 1. For financial assets in Stage 1, 12-months expected credit losses are recognized. The expected 12-month credit losses result from the default events that are possible within 12 months after the reporting date. Interest revenue from these assets is calculated from the GCA. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has a low credit risk at the reporting date (further described below).

Stage 2 (lifetime ECL not credit-impaired)

This stage is applicable when the credit risk has increased significantly since initial recognition of the financial asset, but the asset is not credit-impaired. Lifetime ECLs are calculated for this stage, i.e. ECLs that result from all possible default events over the expected life of a financial instrument. Interest revenue from these assets is calculated from the GCA.

Stage 3 (lifetime ECL credit-impaired)

In Stage 3, the credit quality of a financial asset has significantly deteriorated (financial instruments that are considered to be in default). Lifetime expected credit losses are recorded for Stage 3, however, the interest revenue is calculated from the net amortised cost.

For trade receivables and contract assets without a significant financing component lifetime ECL measurement is used instead of the approaches described above.

Financial assets with low credit risk

The credit risk of a financial instrument is considered to be low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. However, collateral does not influence whether a financial instrument has a low credit risk.

Expected credit losses over the remaining life of a financial instrument are not recorded solely due to the fact that it was considered to be a low-risk financial instrument in the previous financial year but due to this assessment at the end of the reporting period. As of that date, the Group determines whether there has been a significant increase in credit risk since initial recognition and whether it is therefore necessary to report the expected credit losses over the lifetime of the instrument.

At the end of the reporting period the Group assesses individual items classified in Stage 1 with low credit risk and if they do not meet this characteristic, they are reclassified to the relevant stage.

Determining a significant increase in credit risk (SICR) from initial recognition

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group considers the change in the risk of default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information (available without undue cost or effort) that is indicative of significant increases in credit risk since initial recognition.

If there has been a significant increase in credit risk since initial recognition, the exposure is included in Stage 2 and the lifetime ECL is estimated. If there has been no significant increase in credit risk since initial recognition, the exposure remains in Stage 1 (12-months ECL). If the exposure is in default, it is classified to Stage 3.

The assessment of significant increase in credit risk is based on an analysis of qualitative and quantitative factors (see below).

Qualitative factors considered in the assessment:

- The nature of the project being financed has changed with a negative impact on the debtor's ability to generate cash flow.
- The debtor does not meet non-financial contractual obligations for more than six months.
- Negative information about the borrower from external sources.
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates.
- Significant change in collateral value, which is expected to increase risk of default.

Quantitative factors considered in the assessment:

Retail portfolios:
- deterioration of the internal rating to the worst degree
- forbearance indicator

Corporate portfolios:
- deterioration of the internal rating
- forbearance indicator
- non-compliance with financial covenants

Credit risk deterioration is considered on the basis of a change in rating since initial recognition. The current rating is compared with the rating assigned at the time of initial recognition.

In its major subsidiaries the Group uses its own internal rating models and a transition matrix in order to determine a significant increase in credit risk (based on movements between the grades, i.e. rating deterioration). The Group uses internal rating models tailored to the various categories of counterparty. Information regarding borrower and loan, collected at the time of application (such as disposable income, level of collateral for retail exposures, or turnover and industry type for corporate exposures) is entered into these internal rating models. This is supplemented with external data, such as credit bureau scoring information on retail customers.

The Group uses an internal rating system with 12 rating grades, the 13th grade being referred to as default:

Retail portfolio:

	Current rating											
Rating at initial recognition	1	2	3	4	5	6	7	8	9	10	11	12
1	1	1	1	1	1	1	1	1	1	1	1	2
2	1	1	1	1	1	1	1	1	1	1	1	2
3	1	1	1	1	1	1	1	1	1	1	1	2
4	1	1	1	1	1	1	1	1	1	1	1	2
5	1	1	1	1	1	1	1	1	1	1	1	2
6	1	1	1	1	1	1	1	1	1	1	1	2
7	1	1	1	1	1	1	1	1	1	1	1	2
8	1	1	1	1	1	1	1	1	1	1	1	2
9	1	1	1	1	1	1	1	1	1	1	1	2
10	1	1	1	1	1	1	1	1	1	1	1	2
11	1	1	1	1	1	1	1	1	1	1	1	2
12	1	1	1	1	1	1	1	1	1	1	1	2

Corporate portfolio:

	Current rating											
Rating at initial recognition	1	2	3	4	5	6	7	8	9	10	11	12
1	1	1	1	2	2	2	2	2	2	2	2	2
2	1	1	1	1	2	2	2	2	2	2	2	2
3	1	1	1	1	2	2	2	2	2	2	2	2
4	1	1	1	1	1	2	2	2	2	2	2	2
5	1	1	1	1	1	1	2	2	2	2	2	2
6	1	1	1	1	1	1	1	2	2	2	2	2
7	1	1	1	1	1	1	1	1	2	2	2	2
8	1	1	1	1	1	1	1	1	2	2	2	2
9	1	1	1	1	1	1	1	1	1	2	2	2
10	1	1	1	1	1	1	1	1	1	1	2	2
11	1	1	1	1	1	1	1	1	1	1	1	2
12	1	1	1	1	1	1	1	1	1	1	1	1

Signs of default

To determine whether a financial asset is in default, the Group assesses the common signs of default listed below:

- The situation when the Group filed a petition for declaring the bankruptcy of the debtor,
- The situation when the debtor has applied for bankruptcy announcement,
- The situation when the bankruptcy was announced,
- The debtor has entered or intends to enter into liquidation,
- The court has ruled that the debtor (legal person) was not founded (does not exist) or the debtor (natural person) has died,
- The final judgment of the court or administrative authority was ordered to enforce the decision to sell the debtor's assets or execute the debtor's assets,
- The situation when the debtor`s liability is overdue for more than 90 days,
  - An overdue debtor's obligation should be considered significant if both the limit expressed as an absolute amount and the limit expressed as a percentage are exceeded. For a debtor to be classified as defaulted on an overdue basis, the overdue liability must be material for a continuous period of at least 90 days.
    - Absolute component is expressed as a maximum amount for the sum of all amounts past due owed by an obligor to the institution, the parent undertaking of that institution or any of its subsidiaries. This amount is set at 100 EUR (or the equivalent of that amount) for retail exposures and 500 EUR (or the equivalent of that amount) for other than retail exposures.
    - Relative component is expressed as a percentage reflecting the amount of the credit obligation past due in relation to the total amount of all on-balance sheet exposures to that obligor of the institution, the parent undertaking of that institution or any of its subsidiaries, excluding equity exposures. The percentage is set at 1%.
- The situation when the receivable is forced to be re-structuralized,
- It is proven that more than 20% of the funds provided to the debtor by the Group are used by the debtor for another purpose than stated in the contract.

Purchased or originated credit-impaired financial assets (POCI)

All purchased loans are initially measured at fair value on the date of acquisition. As a result, no allowances for credit losses would be recorded on the date of acquisition. Purchased loans may fit into either of the categories – performing loans or POCI. For assessment whether assets are credit impaired similar criteria to those described above are used (signs of default). Purchased performing loans follow the same accounting as originated performing loans and are reflected in Stage 1 on the date of acquisition. On the other hand, POCI loans are reflected in Stage 3. Any changes in the expected cash flows since the date of acquisition are recorded as a change in Net impairment losses on loans at the end of the reporting period.

In addition to defaulted loans being purchased, POCI may arise as a result of the restructuring of a borrower in financial difficulties that lead to substantial changes to the loan conditions, resulting into derecognition of the original assets and (new) recognition of the modified asset. For those financial assets, the Group applies the credit-adjusted effective interest rate from initial recognition. The credit-adjusted effective interest rate represents the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset.

Modifications of financial assets are described in the section Forbearance in more detail.

ECL for commitments and guarantees

For financial commitments and financial guarantees the initial ECL is recognized as provision. Changes in ECL in subsequent periods are recorded as gain or loss in profit or loss.

Determination of expected credit losses

ECLs are in fact the outcome from multiplication of the following parameters: probability of default (PD), expected loss given default (LGD) and exposure at default (EAD).

Determination of probability of default (PD)

Probability of default is assigned as follows:
- if the exposure is included in Stage 1, one-year (or lifetime if expected maturity shorter than 12 months) PD is determined,
- if the exposure is included in Stage 2, the corresponding life-time PD is assigned to the exposure,
- if the exposure is included in Stage 3, PD is 100%.

The calculation of PD applied by the Group is divided into 2 steps:
- calculation of one-year PDs as the long-term average of observed failure rates,
- calculation of multi-annual (cumulative) PDs.

The probability of default over the selected number of years is calculated based on an annualized migration matrix. The result is a multi-year (based on the choice of horizon) probability of defaults for a given rating.

Each internal rating grade has been linked to an external rating, so that the corresponding external PD fits into the PD interval for the relevant internal rating grade. The following table documents the external ratings to which they correspond:

Internal grading	External rating	Category
1	A	Very low risk
2	BBB	Low risk
3	BBB-	Low risk
4	BB+	Low risk
5	BB-	Medium risk
6	BB-	Medium risk
7	B+	Medium risk
8	B	Medium risk
9	B-	Medium risk
10	CCC+	High Risk
11	CCC	High Risk
12	CCC-	High Risk
13	D	Default

Employees of the local risk management departments are responsible for calculating and updating the relevant PDs in line with the Group methodology, by doing so they consider the specific characteristics of the local market, which lead to development of a country specific approach. The entities in the Group primarily determine scoring for non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Furthermore, the entities determine scoring for the commitments provided, financial guarantees and undrawn limits. Scoring cards are used to assign the internal PDs to the relevant exposures. The Group uses scorecards that differ according to the portfolio defined based on product type. There are following main portfolios with similar characteristics: Project financing in initial phase, Project financing in execution phase, Real estate projects in initial phase, Real estate projects in execution phase, Operational financing, Individual loans to natural persons, Individual loans to legal persons, Uncovered limits/charge cards of natural persons, Uncovered limits/charge cards of legal persons, Employee loans and Loans per Aval.

Scoring models were developed based on Group data. Nonetheless, so-called „benchmark" models with minor calibrations were used for portfolios where the variables used are the same or very similar for a large number of banks in the market (i.e. Operational financing or Employee loans).

Determination of loss given default (LGD)

LGD is an estimate of the loss arising when default occurs at a given time (expressed as a percentage). It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including cash flow from the realization of any collateral. For the calculation of LGDs the Group uses discounting of expected future cash flows.

For exposures above a given threshold, LGD is calculated on an individual basis in the form of scenario analyses, for exposures below a given threshold, LGDs can be calculated on a portfolio basis unless the Group entity already has individualized LGD calculations, e.g. from credit analysis or previous credit ratings.

The individual LGD is determined as the weighted average of relevant cash flows according to the scenario analysis. The Group commonly uses scenarios such as: breach of covenants resulting in full repayment request (first and main scenario), significant decrease in financial performance (i.e. significantly below the thresholds for immediately full repayment of the contract, usually cash flow on 50% level of the first scenario), realization of collateral or severe drop in performance parameters (usually cash flow on 10% level of the first scenario).

In determining the LGD value, the entity takes into account collateral of the receivable, when the entity has a legal right, so that in the event of default of the borrower, the collateral can be realized within a reasonable time. For collateralized receivables, the calculation of the present value of the expected future cash flows also takes into account the expenses associated with the realization of the collateral. For the purposes of LGD calculation, the Group takes into account only collateral up to the amount that is not used as security for other assets or assets of third parties if they are entitled to satisfaction before the Group (i.e. the value of such collateral is reduced by the amount owed to more senior debtors). Furthermore, collateral is used only up to the carrying amount of the collateralized assets recognized in the balance sheet.

For homogeneous segments below the materiality threshold, such as credit cards, overdrafts, personal loans and trade receivables, LGDs can be determined from historical data or from the average of historical LGDs published by a local national bank (e. g. Czech national bank) in the Financial Stability Report. Nonetheless, regular calibration of these parameters is performed at least once a year on the basis of current data.

Determination of Exposure at default (EAD)

EAD refers to the level of exposure at default of the client which is then multiplied by PD and LGD in order to calculate the expected credit loss (ECL). Thus, EAD is a discounted estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

For off-balance sheet exposures, the EAD represents the approved undrawn commitment adjusted by a credit conversion factor (“CCF”). The CCFs are determined based on historical experience or on regulatory parameters that were used as starting point and applied on the instruments held by the Group and modified to reflect the specifics of the Group.

Forward looking information

To estimate forward-looking probabilities of default based on macroeconomic factors, the Group uses a model based on transition matrices estimated by external rating agency Moody’s on historical data covering the 1983-2021 period, i.e., through-the-cycle (TTC) estimates of default rates (covering the entire economic cycle) as well as point-in-time (PiT) estimates for a given year.

Under IFRS 9, the TTC estimate of the probability of default was transformed into a PiT forward-looking estimate, i.e. an estimate that takes into account the impact of current and expected macroeconomic developments on the default rate.

The model for estimating the PiT probability of default consists of two parts: an estimate of Z component, which represents the business cycle, and an estimate of the relationship between macroeconomic variables and Z component. The basis for estimating Z component is Merton’s one-factor model, which divides counterparty risk into idiosyncratic risk and systemic risk.

Using the estimate of Z component and the relationship between Z component and macroeconomic variables, point-in-time forward-looking (PiT FL) transition matrices are then estimated by adjusting the TTC matrix for Z component. For these estimates, a Z component model and a GDP scenario model is used, taking into account the historical development of real GDP in a given country as well as projections of real GDP development in that country or forecasts of global macroeconomic developments (IMF). PiT FL transition matrices are estimated for a period of five years. Beyond this horizon, Z component is assumed to be zero, and thus the TTC matrix is used.

PD options:
Standard PD: Newly, 4 PD scenarios are created, generated at 5%, 12.5%, 25% and 50% of the GDP forecast quantile for each country. The four sets of PDs are evenly weighted at a weight of 25%.

Crisis PD: Separate PDs are generated for exposures located in the sectors affected by the crisis (selected NACE sectors).

Russia/Ukraine: Separate PDs were generated for exposures in Russia and Ukraine to reflect the increased risk.

As at 31 December 2022, the Group has the largest share of exposures in its loan portfolio in the Czech Republic (18%) and Slovakia (40%). GDP development for these countries only is shown below, as the shares in other countries are insignificant.

Real GDP growth used (in %):

Country	Year	National bank	National bank's forecast	Model's forecast 5% quantile	Model's forecast 12.5% quantile	Model's forecast 25% quantile	Model's forecast 50% quantile
CZE	2022	CNB	0.81	-0.9	-0.23	0.43	1.32
CZE	2023	CNB	3.64	-1.86	-0.73	0.43	2.09
CZE	2024	CNB		-3.55	-1.98	-0.29	2.09
CZE	2025	CNB		-3.52	-1.86	-0.29	2.12
CZE	2026	CNB		-3.63	-1.95	-0.29	2.15
SVK	2022	NBS	1.4	-1	-0.13	0.71	1.94
SVK	2023	NBS	1.9	-2.67	-1.48	-0.35	1.26
SVK	2024	NBS	3.5	-1.54	-0.48	0.52	2
SVK	2025	NBS		-3.58	-1.61	0.33	3
SVK	2026	NBS		-3.61	-1.67	0.26	3

Sources of data:

Country	National bank	Sources of data
SVK	National Bank of Slovakia (NBS)	Economic and Monetary Developments
CZE	Czech National Bank (CNB)	Monetary Policy Report

The PD curves are updated on an ongoing basis, i.e. in situations where the GDP forecast (national banks) changes by more than 1 pp.

Management adjustments (overlays)

The Group makes management adjustments through interventions in the PD model to correct the impact of the ongoing effects of the current geopolitical crisis on the PD model. The first adjustment is the choice of four equally weighted pessimistic macroeconomic scenarios entering the model. The use of scenarios arising from the 5%, 12.5%, 25% and 50% quantiles of GDP forecasts, as well as the identical ¼ weights of all these scenarios, indicate the Group's conservative outlook on future economic developments.

Another significant management adjustment is the division of sectors into crisis and non-crisis ones, for which different PDs are used. Sectors are divided by an expert decision approved by the relevant committee. Special PDs are being identified for Ukraine and Russia due to increased geopolitical risk. In addition, for exposures in Russia and Ukraine, the Group applied a prudential adjustment in the form of an allowance equal to 50% of the exposure considered.

The following table sets out the impact of management overlays:

31 December 2022

In thousands of EUR	Loans a nd receivables	Debt investment securities at FVOCI
Loss allowances before incorporation of management overlays	356,831	13,771
Impact of management adjustments	82,443	24,924
Loss allowances after incorporation of management overlays	439,274	38,695

31 December 2021

In thousands of EUR	Loans and receivables	Debt investment securities at FVOCI
Loss allowances before incorporation of management overlays	435,430	9,286
Impact of management adjustments	16,444	4,063
Loss allowances after incorporation of management overlays	451,874	13,349

The Group incorporated environmental sustainability, social responsibility and corporate governance (ESG) risks into the ECL measurement process. The Group did not identify any impact on the amount of ECL in 2022 or 2021 and therefore did not include specific adjustments for ESG risks in the ECL calculation. Taking a prudent approach to the current situation, the Group believes that the ECL amount represents the best estimate of expected credit losses as at 31 December 2022 (31 December 2021).

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:
- For financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets,
- For loan commitments and financial guarantee contracts generally as a provision,
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision, and
- For debt instruments measured at FVOCI, the ECL is not deducted from the carrying amount of the financial asset because the carrying amount is already measured at fair value. However, the loss allowance is recognized as reduction of the revaluation reserve in OCI, instead.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. This assessment is carried out at the individual asset level.

In case of write off, the Group directly reduces the gross carrying amount of a financial asset. Write-offs do not have any impact on profit or loss, because the amounts written off are already reflected in the loss allowance. A write-off constitutes a derecognition event. Nonetheless, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(i) Assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Group´s relevant accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax, employee benefits, investment property, which continue to be measured in accordance with the Group´s other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

A discontinued operation is a component of the Group´s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:
- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

When an asset (or disposal group) previously classified as held for sale no longer meets the criteria for such classification, the Group ceases to classify such asset (or disposal group) as held for sale. Thus, the entity remeasures a non-current asset (or disposal group) at the lower of its carrying amount before the asset was classified as held for sale (adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset not been classified as held for sale) and its recoverable amount at the date of the subsequent decision not to sell.

(j) Property, plant and equipment

(i) Owned assets

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

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

Property that is being constructed or developed for future use as investment property is classified as investment property and measured accordingly (see below).

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Buildings	More than 30 years but less than 50 years
Equipment	More than 3 years but less than 10 years
Fixtures, fittings and others	More than 3 years but less than 15 years
Right-of-Use	Based on lease term

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

(k) Intangible assets

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

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

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

(ii) Software and other intangible assets

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

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

(iii) Amortisation

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

Software	More than 2 years but less than 21 years
Other intangible assets	More than 2 years but less than 14 years
Customer relationships	More than 3 years but less than 7 years

(l) Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss. Fair values of investment property are determined either by independent registered valuers or by management, in both cases based on current market values in an active market for similar properties in the same location and conditions.

Valuations reflect, where appropriate, the type of tenants in occupation or responsible for meeting lease commitments, or likely to be in occupation after letting vacant property, the general market's perception of tenants' creditworthiness and the remaining economic life of the properties.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss for the period in which it arises. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(m) Provisions

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

The Group recognizes a provision related to a customer loyalty programme run by J&T BANKA, a.s. The provision decreases interest revenue when the first points are credited to the customer upon setting up a new bank account. The provision is then further built up as further points are credited to the customer depending on the use of services offered by the Group and other partners of the loyalty programme.

(n) Insurance contracts

A contract, under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder, is classified as an insurance contract. Insurance premium is earned from the day of the acceptance of the risks and is recognized as revenue. For unearned premium, a provision is created. Insurance claims expenses are represented by claims for the events that have occurred during the accounting period and adjustment of provision for the insurance claims for previous and current accounting period.

Provision for insurance claims and benefits

The provision for outstanding claims and benefits represents an estimate of total costs for settling all claims from insured events that have occurred up to the end of the accounting period. Outstanding insurance claims are recognised by assessing individual events and creating provisions for claims reported but not settled (RBNS) and a provision for claims incurred but not reported (IBNR). Such provisions are created for both life and non-life insurance.

Provision for life insurance

The provision for life insurance is an actuarial estimate of the Group's liability from life insurance contracts. The provision is calculated separately for each insurance contract and considering all guaranteed insurance benefits and bonuses, applying the actuarial estimates used to calculate the insurance tariffs. Any adjustment to the provision is recognised in profit or loss in the period in which it arises.

(o) Employee benefits

For termination employee benefits, a provision is recognised for the amount expected to be paid under long or short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated The benefit is classified as short term, if and only if the whole benefit category will be settled within one year; otherwise, it is disclosed as long term.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Amounts due to employees, such as amounts relating to accrued vacation pay or performance bonuses, are recognized as other liabilities.

(p) Loan commitments and financial guarantee contracts
Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. An initial ECL is recognized as a provision in the case of commitments and guarantees (refer to Note 27. Amounts arising from expected credit losses (ECL)). A change in ECL in subsequent periods (while holding commitments and guarantees and the expected cash flows from the financial asset has changed) will be recorded as expense/revenue through off-balance sheet provisions.
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Provisions for financial guarantees and loan commitments represent the ECL on the related off-balance sheet liabilities. When it is probable that the Group will have to satisfy its contractual commitments, the ECL is transferred from Stage 1 or Stage 2 to Stage 3 and the amount is appropriately adjusted. When the Group makes the committed payments to the eligible parties, a loan asset is recognized and an ECL on this asset is recognized as well, while the provision for financial guarantees and loan commitments (ECL on the off-balance sheet asset) is released. Release as well as creation of ECLs are recognized in profit or loss under Net impairment losses on loans, loan commitments and financial guarantees.

(q) Trade liabilities and other liabilities
Trade and other liabilities are stated at amortised cost.

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

(s) Fee and commission income and expense
Fee and commission income arises on financial services provided by the Group, including cash management services, brokerage services, investment advice and financial planning, investment banking services, project and structured finance transactions, and asset management services. Assets under management comprising all client assets managed or held for investment purposes by the Group in its own name, but for the account of third parties, are not reported in its consolidated statement of financial position (refer to Note 45. Assets under management). Commissions received from such business are shown in fee and commission income.

The Group recognises fee and commission income in an amount that reflects the consideration to which the Group expects to be entitled. This core principle is delivered in a five-step model framework: (1) Identify the contract(s) with a customer, (2) Identify the performance obligations in the contract, (3) Determine the transaction price, (4) Allocate the transaction price to the performance obligations in the contract, (5) Recognise revenue when (or as) the entity satisfies a performance obligation.

(t) Financial markets, net result
Financial markets, net result include gains and losses arising from disposals and changes in the fair value of financial assets and liabilities at fair value through profit or loss and at fair value through other comprehensive income, gains and losses from foreign exchange trading, as well as realized and unrealized foreign exchange gains and losses.

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

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

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

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

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(w) Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

(i) Group as lessee

The Group recognizes a right-of-use (RoU) asset and a lease liability at the commencement date of the lease (i.e. the date when the underlying asset is available for use).

Measurement

a) Right-of-Use

At the commencement date, the right-of-use asset is measured at cost. The cost of the right-of-use asset comprises the following:

- Initial measurement of the lease liability (see below);
- Prepaid lease payments;
- Initial direct costs;
- Estimated costs to dismantle, remove or restore the asset;
- Less lease incentives received.

After initial recognition, the right-of-use asset is measured in the same manner as a comparable asset owned by the Group. Therefore, the Group further applies IAS 16 Property, plant and equipment or IAS 40 Investment property and the RoU is presented in a corresponding financial statement caption.

Where relevant, the requirements of IAS 36 Impairment of Assets are applied to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

b) Lease liability

At the commencement date, a lease liability is measured at the present value of the future lease payments that are outstanding as at the commencement date of the lease. Lease payments are discounted at the interest rate implicit in the lease and if it is not available, then the incremental borrowing rate is used.

Lease payments comprise the following:
- Fixed payments (including "in-substance fixed payments") less any lease incentives receivable;
- Variable payments that depend on an index or a rate;
- Residual value guarantees;
- The exercise price of a purchase option that the Group is reasonable certain to exercise; and
- Penalties for early termination of the lease.

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. Variable payments that are not based on an index and were not included in the measurement of the lease liability are recognized as an expense. This mainly concerns energy and utilities consumed for leased premises and exceeding the fixed capacities on disks within the scope of server leases.

Lease liabilities are included under "Other liabilities" caption in the statement of financial position.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (leases with a lease term of 12 months or less from the commencement date and that do not contain a purchase option; broader economics of a contract, such as a cost of abandoning or dismantling the subject of a lease, are also considered). Recognition exemption is also applied to leases of low-value assets (i.e. below €5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense as incurred.

Modification of lease contract

The Group accounts for a lease modification as a separate lease if both:
a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
b) The consideration for the lease increases by an amount equivalent to the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Group allocates the consideration, determines the lease term of the modified lease and remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

The remeasurement of the lease liability is recognized by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss.

Deferred tax resulting from IFRS 16

Deferred tax asset and deferred tax liability resulting from a RoU and a lease liability are presented on net basis.

(ii) Group as lessor

Leases under which the Group transfers substantially all the risks and rewards of ownership are classified as finance leases. A finance lease receivable is recognized over the leasing period in an amount equal to the net investment in the lease and presented within loans and advances to customers in the consolidated statement of financial position. Net investment in the lease is calculated as the present value of the minimum lease payments and any unguaranteed residual value, discounted at the interest rate implicit in the lease.

Finance income recognition is based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Gains and losses on disposal of assets owned by the Group that were previously subject to finance lease agreements are presented net in Other operating income or expense.

(x) Revenue from goods sold and services rendered

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework: (1) Identify the contract(s) with a customer, (2) Identify the performance obligations in the contract, (3) Determine the transaction price, (4) Allocate the transaction price to the performance obligations in the contract, (5) Recognise revenue when (or as) the entity satisfies a performance obligation. For contracts that permits the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

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

(z) Operating segments
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. Operating results are regularly reviewed by the Group's chief operating decision maker (CODM) in order to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The operating segments regularly reviewed by the CODM include geographical segments Czech Republic, Slovakia, Russia, Croatia and Other.

Each of the specific segments has its own pillar in the form of a bank located in different foreign market in which its banking activities originate– Czech Republic, Slovakia, Russia and Croatia. Banking activities mainly comprise receiving deposits and providing credit or loans under relevant banking licenses. The segment Other includes business activities in other countries where banking activities are not carried out, such as Cyprus or France. The other entities within the segments are held as medium or longer-term investments by the Group. Their financing is obtained from standard loan products (senior or mezzanine) or private equity funds. The geographical point of view of monitoring the segments allows to CODM to assess currency risks and economic and political conditions within the process of resources allocation and decision making.

The Group reports information to the CODM regarding the segment's assets, liabilities, net interest income, net fee and commission income, net results of financial markets and profit or loss derived from its products or services (or groups of similar products and services) based on where the assets are held. Also, the information about in which countries the revenues are earned, is added.

The operating segments are disclosed in Note 7. The values presented are net of inter-segment relations and are submitted to the CODM as such. The tables include reconciliation to the Group totals.

The basis of accounting used for operating segments is in accordance with those described in Note 3.

(aa) Changes in accounting policies
There were no changes in accounting policies neither in 2022 nor in 2021, except for changes resulting from possible modifications of International Financial Reporting Standards (IFRS) as described in Note 2.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with International Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below. The estimates and assumptions are reviewed on an ongoing basis. Corrections to accounting estimates are recognized in the period in which they are corrected if the correction relates only to that period.

Macroeconomic environment
The dynamics of the markets in which the Group operates are currently affected by uncertainties in the economic environment. Management is aware of uncertainty in the markets caused by price variability of inputs which, together with increased interest rates, make the accuracy of accounting estimates and assumptions difficult. Management is also aware of the potential impact of government measures that may complicate the early identification of potential deterioration in investment and loan portfolios. The Group monitors current government developments and measures, external forecasts and has internal forecasting processes in place to assess the potential impact on the Group's financial position.

4.1. Financial instruments

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The following table sets out information about significant unobservable inputs used in measuring financial assets categorized as Level 3 in the fair value hierarchy:

31 December 2022

Type of financial assets	Valuation technique	Significant unobservable input	Fair value as at 31 December 2022	Range of estimates	Fair value measurement sensitivity to unobservable inputs
Bonds	Discounted cash flow	Credit spread	257,679	-1.5% – 2.5%	Increase would result in a lower fair value.
Shares and equity instruments	Discounted cash flow	Discount rate	80,342	26% – 35%	Increase would result in a lower fair value.
		EV/sales ratio		1.4	Increase would result in a higher fair value.
Investment property (buildings)	The sales comparison approach	Price per sq. m	67,331	210 – 10,329 EUR/m²	Increase would result in a higher fair value.
Investment property (land)	The sales comparison approach	Price per sq. m	68,446	10 – 1,454 EUR/m²	Increase would result in a higher fair value.

31 December 2021

Type of financial assets	Valuation technique	Significant unobservable input	Fair value as at 31 December 2021	Range of estimates	Fair value measurement sensitivity to unobservable inputs
Bonds	Discounted cash flow	Credit spread	170,472	0.5% – 2.5%	Increase would result in a lower fair value.
Shares and equity instruments	Discounted cash flow	Discount rate	19,868	9% – 12.6%	Increase would result in a lower fair value.
		Terminal growth EBITDA		2% – 4%	Increase would result in a higher fair value.
Investment property (buildings)	The sales comparison approach	Price per sq. m	69,326	249 – 5,372 EUR/m²	Increase would result in a higher fair value.
Investment property (land)	The sales comparison approach	Price per sq. m	64,795	11 – 1,454 EUR/m²	Increase would result in a higher fair value.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects:

31 December 2022

Type of financial assets	Change in unobservable input	Change in fair value
Bonds and other debt	Increase in credit spread by 1%	(16,053)
	Decrease in credit spread by 1%	17,290
Shares and equity instruments	Increase in discount rate by 1%	(2,418)
	Decrease in discount rate by 1%	2,678
	Increase in EV/sales ratio by 5%	3,059
	Decrease in EV/sales ratio by 5%	(2,940)
Investment property (buildings)	Increase in price per sq. m by 15%	10,100
	Decrease in price per sq. m by 15%	(10,100)
Investment property (land)	Increase in price per sq. m by 15%	10,267
	Decrease in price per sq. m by 15%	(10,267)

31 December 2021

Type of financial assets	Change in unobservable input	Change in fair value
Bonds and other debt	Increase in credit spread by 1%	(7,381)
	Decrease in credit spread by 1%	7,791
Shares and equity instruments	Increase in discount rate by 1%	(50)
	Decrease in discount rate by 1%	71
	Increase in EBITDA by 5%	17
	Decrease in EBITDA by 5%	(17)
Investment property (buildings)	Increase in price per sq. m by 15%	10,399
	Decrease in price per sq. m by 15%	(10,399)
Investment property (land)	Increase in price per sq. m by 15%	9,719
	Decrease in price per sq. m by 15%	(9,719)

For more information, refer to the following notes:
- Note 17. Financial assets for trading and trading liabilities
- Note 19. Investment securities measured at fair value through profit or loss
- Note 20. Investment securities at fair value through other comprehensive income
- Note 29. Investment property

4.2. Business combinations and purchase price allocations

In a business combination (see also Note 8.1. Acquisition and establishment of subsidiaries and Note 28 Investment in equity accounted investees), the acquiree's identifiable assets, liabilities and contingent liabilities are recognised and measured at their fair values at the acquisition date. Allocation of the total purchase price among the net assets acquired for financial statement reporting purposes is performed with the support of professional advisors.

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

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

There were the following acquisitions throughout the year 2022:
On 13 April 2022, FVE Holding s.r.o., a company established on 7 April 2022 by J&T IB and Capital Markets, a.s., acquired a 100% stake in FVE Čejkovice s.r.o., FVE Napajedla s.r.o., FVE Němčice s.r.o., FVE Slušovice s.r.o., and J&T Recycle, s.r.o.

On 23 November 2022, the Group increased its shareholding in AMISTA investiční společnost, a.s. and AMISTA consulting, s.r.o. to 80% and acquired control over these companies.

On 8 December 2022, the Group acquired a 100% stake in J&T RFI V., s.r.o. (former Atenom ČR s.r.o.).

There were the following acquisitions throughout the year 2021:
On 28 May 2021 J&T Bank, a.o. acquired 70% share and on 10 November 2021 further 30% share in Leasing-Medicine Ltd (Lizing-Medicina ooo).

On 8 December 2021 the Group acquired 75% share in Industrial Center CR 11 s.r.o. for CZK 75 thousand. As a result of the shareholder agreement, the interest is classified as joint venture.

On 22 December 2021 the Group acquired 50% share in JTH Letňany s.r.o. for CZK 9,500 thousand.

In the course of the year 2021 the Group gained control over the investment funds JTFG FUND I SICAV, a.s.

4.3. Goodwill and impairment testing

The Group conducts impairment testing of goodwill arisen in a business combination during the current period and impairment testing of goodwill already recognised in prior years annually (see also Note 8.1. Acquisitions and establishment of subsidiaries and Note 30 Intangible assets). The Group also conducts impairment testing of other intangible assets with indefinite useful lives and of cash-generating units (CGUs) where a trigger for impairment testing is identified. As at the acquisition date, goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which goodwill relates, on the basis of a value in use that reflects estimated future discounted cash flows or on the basis of fair value less costs to sell.

In the majority of cases the Group estimated the recoverable amounts of goodwill and the cash generating units based on value in use. Value in use was derived from management forecasts of future cash flows updated since the date of acquisition. The discount rates applied to the cash flow projections are calculated as the weighted average cost of capital ("WACC") of each CGU.

Wine activities

The acquisition of the French winery Chateau Teyssier (Société civile) and its distribution network through the purchase of a 100% share in OUTSIDER LIMITED and an 80% share in SAXONWORLD LIMITED resulted into recognition of goodwill in the amount of EUR 3,606 thousand. The goodwill relates to the cash generating unit represented by OUTSIDER LIMITED, Chateau Teyssier (Société civile), CT Domaines, SAXONWORLD LIMITED and World's End[5]. The recoverable amount of this cash generating unit was calculated using the comparative sales method that compares the property (prices of winery land in particular) to other properties with similar characteristics that have sold recently. As at 31 December 2022 the recoverable amount exceeds the carrying value of this CGU in the amount of EUR 36,675 thousand for the share controlled by the Group (2021: EUR 44,255 thousand). There was no impairment loss identified as a result of the impairment test.

[5] The Czech winery KOLBY a.s. is not part of this cash generating unit.

Ahoj, a.s. (Amico Finance, a.s.)

On 26 October 2018, 365.bank, a. s. purchased a 100% stake in Ahoj, a.s. The business activities of Ahoj, a.s. focus primarily on consumer loan financing. The Group recognized goodwill in the amount of EUR 2,788 thousand in connection with this acquisition. The carrying amount of goodwill was tested for impairment at the statement of financial position date as part of the cash generating unit represented by the entity Ahoj, a.s. There was no impairment loss identified as a result of the impairment test. The recoverable amount was calculated using Discounted cash flow approach. The cash flows for this method were derived from the most recent approved business plan. The discount rate was calculated using Capital Asset Pricing Model and amounts to 10.49% (10.49% in 2021). There was no impairment loss identified as a result of the impairment test.

Cards&Co, a. s. and DanubePay, a. s.

On 10 November 2020, 365.bank, a.s. bought a 100% share in Cards&Co, a. s. and DanubePay, a.s. The business activities focus primarily on processing of payments. The Group recognized goodwill in the amount of EUR 3,884 thousand in connection with this acquisition. The carrying amount of goodwill was tested for impairment at the statement of financial position date as part of the cash generating unit represented by the entity Cards&Co, a. s. and DanubePay, a.s. There was no impairment loss identified as a result of the impairment test. The recoverable amount was calculated using Discounted cash flow approach. The cash flows for this method were derived from the most recent approved business plan. The discount rate was calculated using Capital Asset Pricing Model and amounts to 10.14% (9.49% in 2021). There was no impairment loss identified as a result of the impairment test.

4.4. Determination of control over investment funds

Management applies its judgement to determine whether the control indicators set out in Note 3 (a) indicate that the Group controls an investment fund. The Group acts as fund manager for a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the fund (comprising any carried interests and expected management fees) and the investors' rights to remove the fund manager. As a result, the Group has concluded that it acts as agent for the investors in all cases, except for the funds further described below.

In November 2022, the Group sold its share in J&T LOAN FUND and lost control over this fund.

In December 2022, the Group sold its share in J&T REALITY otevřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a.s. and lost control over this fund.

In February 2021 the Group established the investment fund JTFG FUND I SICAV, a.s. Due to the fact that the Group's aggregate economic interest in this fund calculated during the control evaluation and monitoring process that the Group has in place exceeded the marginal thresholds, the fund is fully consolidated.

In 2021 the Group continued selling-off the investor's shares in J&T DIVIDEND Fund to third party investors, thus the aggregate economic interest in this fund decreased below the marginal threshold, causing the loss of control over the fund.

In 2017 after a change in the statutes of NOVA Hotels otevřený podílový fond REDSIDE investiční společnost, a.s., which newly gave the investors the right to participate in shareholders' meetings and to pass resolutions with a majority of 75% of the voting rights, J&T FINANCE GROUP SE gained control over the fund. In 2020 NOVA Hotels otevřený podílový fond merged with J&T NOVA Hotels SICAV, a.s., which became the legal successor. The Group still exercises control over the fund.

Furthermore, in 2017 J&T FINANCE GROUP SE bought the founders' shares of Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s. with the attached voting rights, thus the Group gained control over the fund (please refer to Note 49. Group entities).

4.5. Critical accounting estimates relating to leases

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the renewal option. That is, it considers all relevant factors that create an economic incentive to exercise the option. The basis for assessment is mainly historical experience, planning and ultimately the costs associated with the replacement of the leased asset. In case of the office rentals the Group is usually reasonably certain to exercise the renewal option only one time as further developments are too uncertain. In case of digital storage capacity the renewal options are supposed to be exercised until the end of useful life of the corresponding servers. Similarly, judgement is used for determination of the lease term for contracts, where the contract is for an indefinite period. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

As at 31 December 2022, the amount of undiscounted potential cash outflows related to contract renewal options not included in lease liabilities is EUR 41,990 thousand (31 December 2021: EUR 38,459 thousand).

For more information, refer to Note 43. Leases.

5. CORRECTION OF OPENING BALANCES

Restatement 1

During the year 2022 the Group identified an error of presentation of other equity instruments (perpetuity certificates) issued by the subsidiary of J&T BANKA, a.s. and held by the third parties. In prior periods, the Group presented these instruments as a part of equity attributable to owners of the Company, however, it was determined that these instruments should be classified as a part of non-controlling interest.

Restatement 2

At the end of 2021 the Group obtained control over JTFG FUND I SICAV, a.s. The Group found out during 2022 that the investment shares in JTFG FUND I SICAV, a.s. (the fund is controlled by the Group and thus fully consolidated) should be classified and presented as financial liabilities and not as equity instruments in the Group's consolidated financial statements. As a result, the investment shares held by the third parties have been reclassified from non-controlling interest to the line „Other liabilities" in the comparative periods.

Following tables summarizes the impact on consolidated statement of financial position and consolidated statement of comprehensive income.

Consolidated statement of financial position as at 1 January 2021:

1 January 2021

In thousands of EUR	Before restatement	Restatement 1	Restatement 2	After restatement
Assets	**11,824,152**	**–**	**–**	**11,824,152**
Liabilities	**10,084,212**	**–**	**–**	**10,084,212**
Equity – total	**1,739,940**	**–**	**–**	**1,739,940**
Other equity instruments	303,050	(84,150)	–	218,900
All other owners' equity	1,365,343	–	–	1,365,343
Owners' equity	**1,668,393**	**(84,150)**	**–**	**1,584,243**
Non-controlling interest – other equity instruments	–	84,150	–	84,150
Non-controlling interest – ordinary shares	71,547	–	–	71,547
Non-controlling interest – total	**71,547**	**84,150**	**–**	**155,697**

Consolidated statement of financial position as at 31 December 2021:

31 December 2021

In thousands of EUR	Before restatement	Restatement 1	Restatement 2	After restatement
Assets	**13,707,499**	**–**	**–**	**13,707,499**
Liabilities	**11,674,878**	**–**	**16,863**	**11,691,741**
Other liabilities	705,844	–	16,863	722,707
Total Equity	**2,032,621**	**–**	**(16,863)**	**2,015,758**
Translation reserve	(27,193)	(6,306)	–	(33,499)
Other equity instruments	328,316	(109,416)	–	218,900
All other owners' equity	1,626,605	–	–	1,626,605
Owners' equity	**1,927,728**	**(115,722)**	**–**	**1,812,006**
Non-controlling interest – other equity instruments	–	115,722	–	115,722
Non-controlling interest – ordinary shares	104,893	–	(16,863)	88,030
Non-controlling interest – total	**104,893**	**115,722**	**(16,863)**	**203,752**

Consolidated statement of profit or loss for the year ended 31 December 2021:

For the year ended 31 December 2021

In thousands of EUR	Before restatement	Restatement 1	Restatement 2	After restatement
Profit for the period	**187,659**	**–**	**–**	**187,659**
Allocated to:				
Owners of the parent	165,306	(7,127)	–	158,179
Non-controlling interest – other equity instruments	–	7,127	–	7,127
Non-controlling interest – ordinary shares	22,353	–	–	22,353
Non-controlling interest – total	**22,353**	**7,127**	**–**	**29,480**

Consolidated statement of other comprehesive income for the year ended 31 December 2021:

For the year ended 31 December 2021

In thousands of EUR	Before restatement	Restatement 1	Restatement 2	After restatement
Total comprehensive income for the period	**279,394**	**–**	**–**	**279,394**
Allocated to:				
Owners of the parent	252,458	(13,433)	–	239,025
Non-controlling interest – other equity instruments	–	13,433	–	13,433
Non-controlling interest – ordinary shares	26,936	–	–	26,936
Non-controlling interest – total	**26,936**	**13,433**	**–**	**40,369**

6. WAR IN UKRAINE AND ENVIRONMENTAL ISSUES

Environment, Social and Governance (ESG)
Significant sources of uncertainty include uncertainties related to climate risks, social responsibility, and corporate governance. These are taken into account in determining accounting estimates such as business combinations, impairment of assets, accounting for provisions and determining the useful lives of assets.

To invest in innovative projects, the Group enters into loan agreements for pro-ESG projects either directly or through mutual funds or venture capital. The Group is fully aware of its responsibilities in this area and, also due to increasing regulatory requirements, has gradually been incorporating solutions into its core and operational activities and risk management to enable it to collect, process and use ESG data.

We categorise the risks associated with ESG into two categories: transition risk and physical risk.

Transition risk
As the world transforms to a low-carbon economy, there is a risk associated with significant and rapid changes in stakeholder expectations reflected in changes to policy, laws, and regulations. New regulations, the emergence of new technologies, changes in market sentiment and social preferences may increase costs and reduce demand for non-green products and services.

Risks associated with the transition to a low-carbon economy are specific to each industry and may even differ between sub-sectors within an industry. The degree of adaptation to the transition to a low-carbon economy is also directly related to the level of risk faced. The Group's exposure to transition risk is assessed to be low. This assessment is reinforced by an appropriate financial strategy, risk management, solid capitalisation and continuous monitoring of legislation and the market.

Physical risk
Physical risks arising from climate change are linked to specific events and long-term climate developments. The nature and timing of extreme weather events (floods, heat waves, storms, tornadoes, etc.) are uncertain but their frequency and severity are increasing so their impact on the economy is expected to be more pronounced in the future. Possible impacts may include lower GDP growth, shortages of raw materials and products, significant price changes, increased operating costs, reduced asset values, increased depreciation and impairment.

Given the Group's geographical focus on Europe, which is less affected by physical risks, we consider this risk to be immaterial for the Group.

We have assessed how climate risks could affect our financial position in the financial statements for the year ending 31 December 2022. As part of our assessment, we have considered a number of areas of the statement of financial position such as ECLs, provisions, financial instruments, non-current assets as well as the long-term viability and sustainability of business activities. After a thorough assessment, we have concluded that these risks do not have a material impact on our financial statements for the year ending 31 December 2022.

Credit risk and expected credit loss
The Group incorporated environmental sustainability, social responsibility and corporate governance (ESG) risks into the ECL measurement process. The Group did not identify any impact on the amount of ECL in 2022 or 2021 and therefore did not include specific adjustments for ESG risks in the ECL calculation. Taking a prudent approach to the current situation, the Group believes that the ECL amount represents the best estimate of expected credit losses as at 31 December 2022 (31 December 2021).

When evaluating the rating of new clients or assessing the credit risk of transactions, the Group's growing commitment to environmental sustainability, social responsibility and corporate governance (ESG) is also taken into account. Recognising the importance of ESG, the Group is preparing to collect ESG data from clients through questionnaires, which will then be used to rate these clients. The Group is currently in the process of implementing ESG risks into the client rating assessment and approval process for significant exposures in the loan portfolio.

Direct financial impacts of the Russian invasion of Ukraine

The Group conducts operations in the Russian market through its subsidiary, J&T Bank, a.o. and is also exposed to the economic and financial markets of Ukraine. In February 2022, following the recognition of self-proclaimed republics of Donetsk and Lugansk by the Russian Federation and its subsequent invasion of Ukraine, the military conflict escalated and spread to other regions of that country.

The current escalation of the military conflict is likely to have a detrimental impact on the political and business environment in Ukraine, including on the ability of many entities to continue business as usual. In response to the Russian Federation's hostile actions towards Ukraine, a number of countries, including the United States of America, the United Kingdom and the European Union have imposed and/or expanded economic sanctions against a number of Russian individuals and legal entities. The sanctions include asset freezes, trade restrictions, and travel bans, among other things. The expanded sanctions already had or are expected to have a further detrimental effect on economic uncertainty in Russia, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine.

Following these events, the Group has taken the following measures:
- the Group continues to wind down its activities in Russia
- the Group will not provide new financing with exposure to Ukraine and Russia
- The Group analysed in detail the exposures from the sectors potentially affected by the impact of the current situation and created ECLs for credit exposures in the Russian Federation while applying a probability of default (PD) of 100% and loss given default (LGD) of 50%.

An overview of the Group's exposure to the Russian Federation is included in Note 7 Operating segments where the structure of the credit portfolio by location of subsidiaries is concerned.

The Group's management analysed the impact of this event and concluded that the going concern assumption remains valid at the date of approval of these consolidated financial statements and that this event does not have a significant impact on the consolidates financial statements year ended 31 December 2022.

7. OPERATING SEGMENTS

7.1. Consolidated income statement by operating segments

for the year ended 31 December 2022

In thousands of EUR	Czech Republic	Slovakia	Russia	Croatia	Other	Total segments	Inter-segment eliminations	Total
Interest income calculated using effective interest rate method	481,799	148,102	19,264	2,373	5,643	657,181	(10,923)	646,258
Other interest income	10,684	656	3,468	–	–	14,808	(44)	14,764
external	490,590	139,802	22,732	2,373	5,525	661,022	–	661,022
inter-segment	1,893	8,956	–	–	118	10,967	(10,967)	–
Interest expense	(205,905)	(15,392)	(10,870)	(497)	(1,079)	(233,743)	10,967	(222,776)
Net interest income	**286,578**	**133,366**	**11,862**	**1,876**	**4,564**	**438,246**	**–**	**438,246**
Fee and commission income	86,138	99,045	577	664	–	186,424	(4,976)	181,448
external	82,708	98,016	577	147	–	181,448	–	181,448
inter-segment	3,430	1,029	–	517	–	4,976	(4,976)	–
Fee and commission expense	(13,776)	(29,406)	(423)	(64)	(1,030)	(44,699)	4,564	(40,135)
Net fee and commission income	**72,362**	**69,639**	**154**	**600**	**(1,030)**	**141,725**	**(412)**	**141,313**
Financial markets, net result	69,939	3,033	17,003	216	(409)	89,782	484	90,266
external	70,430	2,945	17,003	212	(324)	90,266	–	90,266
inter-segment	(491)	88	17,003	4	(85)	(484)	484	–
Other operating income	20,821	52,891	3,098	343	5,627	82,780	(1,788)	80,992
external	20,503	51,421	3,098	343	5,627	80,992	–	80,992
inter-segment	318	1,470	–	–	–	1,788	(1,788)	–
Total income	**449,700**	**258,929**	**32,117**	**3,035**	**8,752**	**752,533**	**(1,716)**	**750,817**
Personnel expenses	(71,931)	(66,351)	(6,869)	(1,880)	(1,244)	(148,275)	–	(148,275)
Depreciation and amortisation	(15,489)	(26,509)	(718)	(497)	(1,284)	(44,497)	–	(44,497)
Other operating expenses	(61,100)	(63,959)	(4,705)	(981)	(5,923)	(136,668)	1,716	(134,952)
Other operating non-cash expenses	(333)	(4,289)	(93)	(2)	–	(4,717)	–	(4,717)
Total expenses	**(148,853)**	**(161,108)**	**(12,385)**	**(3,360)**	**(8,451)**	**(334,157)**	**1,716**	**(332,441)**
Change in impairment of property, plant and equipment and intangible assets	–	2,763	(10)	(14)	–	2,739	–	2,739
Net impairment losses on loans, loan commitments and financial guarantees	(88,463)	6,749	(43,962)	(1,953)	1,142	(126,487)	–	(126,487)
Net impairment losses of financial assets except loans, loan commitments and financial guarantees	(999)	(161)	(34,980)	86	95	(35,959)	–	(35,959)
Profit from operations	**211,385**	**107,172**	**(59,220)**	**(2,206)**	**1,538**	**258,669**	**–**	**258,669**
Share of profit (loss) from equity accounted investees	2,411	–	–	–	(14,665)	(12,254)	–	(12,254)
Profit before tax	**213,796**	**107,172**	**(59,220)**	**(2,206)**	**(13,127)**	**246,415**	**–**	**246,415**
Income tax expense	(59,714)	(22,567)	(1,500)	(21)	–	(83,802)	–	(83,802)
Segment result	**154,082**	**84,605**	**(60,720)**	**(2,227)**	**(13,127)**	**162,613**	**–**	**162,613**

Year ended 31 December 2021

In thousands of EUR	Czech Republic	Slovakia	Russia	Croatia	Other	Total segments	Inter-segment eliminations	Total
Interest income calculated using effective interest rate method	257,319	159,082	15,013	3,663	6,844	441,921	(11,761)	430,160
Other interest income	7,273	38	1,740	–	–	9,051	(67)	8,984
external	262,089	149,847	16,751	3,663	6,794	439,144	–	439,144
inter-segment	2,503	9,273	2	–	50	11,828	(11,828)	–
Interest expense	(89,702)	(11,815)	(5,562)	(626)	(1,407)	(109,112)	11,828	(97,284)
Net interest income	**174,890**	**147,305**	**11,191**	**3,037**	**5,437**	**341,860**	**–**	**341,860**
Fee and commission income	77,486	94,690	708	449	539	173,872	(3,668)	170,204
external	75,020	93,704	708	233	539	170,204	–	170,204
inter-segment	2,466	986	–	216	–	3,668	(3,668)	–
Fee and commission expense	(14,113)	(30,276)	(334)	(100)	(1,102)	(45,925)	3,608	(42,317)
Net fee and commission income	**63,373**	**64,414**	**374**	**349**	**(563)**	**127,947**	**(60)**	**127,887**
Financial markets, net result	(13,681)	11,181	1,692	381	5,042	4,615	197	4,812
external	(13,383)	11,147	(1,692)	377	4,979	4,812	–	4,812
inter-segment	(298)	34	–	4	63	(197)	197	–
Other operating income	6,415	34,760	2,517	269	7,474	51,435	(1,984)	49,451
external	6,147	33,047	2,514	269	7,474	49,451	–	49,451
inter-segment	268	1,713	3	–	–	1,984	(1,984)	–
Total income	**230,997**	**257,660**	**15,774**	**4,036**	**17,390**	**525,857**	**(1,847)**	**524,010**
Personnel expenses	(53,265)	(60,936)	(5,435)	(2,289)	(1,749)	(123,674)	–	(123,674)
Depreciation and amortisation	(11,237)	(30,057)	(581)	(563)	(1,298)	(43,736)	–	(43,736)
Other operating expenses	(41,638)	(64,128)	(4,227)	(649)	(6,779)	(117,421)	1,847	(115,574)
Other operating non-cash expenses	(4)	(302)	(270)	(351)	335	(592)	–	(592)
Total expenses	**(106,144)**	**(155,423)**	**(10,513)**	**(3,852)**	**(9,491)**	**(285,423)**	**1,847**	**(283,576)**
Change in impairment of property, plant and equipment and intangible assets	–	2,244	–	(209)	–	2,035	–	2,035
Net impairment losses on loans, loan commitments and financial guarantees	(10,129)	(20,529)	(695)	482	(3,957)	(34,828)	–	(34,828)
Net impairment losses of financial assets except loans, loan commitments and financial guarantees	344	(7,776)	(84)	41	–	(7,475)	–	(7,475)
Profit from operations	**115,068**	**76,176**	**4,482**	**498**	**3,942**	**200,166**	**–**	**200,166**
Share of profit (loss) from equity accounted investees	28,553	–	–	–	4,526	33,079	(3,049)	30,030
Profit before tax	**143,621**	**76,176**	**4,482**	**498**	**8,468**	**233,245**	**(3,049)**	**230,196**
Income tax expense	(24,380)	(17,273)	(835)	(21)	(28)	(42,537)	–	(42,537)
Segment result	**119,241**	**58,903**	**3,647**	**477**	**8,440**	**190,708**	**(3,049)**	**187,659**

7.2. Consolidated statement of financial position by operating segments

31 December 2022

In thousands of EUR	Czech Republic	Slovakia	Russia	Croatia	Other	Total segments	Inter-segment eliminations	Total
Assets								
Cash and cash equivalents	3,163,555	614,738	37	32,234	2,082	3,812,646	(19,329)	3,793,317
Financial assets for trading	545,336	16	620	–	–	545,972	(266)	545,706
Hedging derivatives	1,100	14,229	–	–	–	15,329	–	15,329
Investment securities measured at fair value through profit or loss	332,107	88,901	2,704	–	–	423,712	–	423,712
Investment securities at fair value through other comprehensive income	204,140	225,204	59,985	15,661	3,011	508,001	–	508,001
Investment securities at amortised cost	189,010	513,726	11,253	–	–	713,989	–	713,989
Disposal group held for sale	1,069	–	453	–	–	1,522	–	1,522
Loans and advances to banks	51,408	32,345	345	–	–	84,098	(11,020)	73,078
Loans to customers	4,695,105	3,161,409	30,827	37,619	1,985	7,926,945	(274,959)	7,651,986
FV changes of portfolio of hedged instruments - Loans and advances to customers	–	(6,140)	–	–	–	(6,140)	–	(6,140)
Trade receivables and other assets	151,852	55,293	37,883	126	17,803	262,957	(11,545)	251,412
Current tax assets	2,545	329	26	1	4	2,905	–	2,905
Investments in equity accounted investees	24,564	493	–	–	25,299	50,356	–	50,356
Investment property	12,004	118,406	5,298	69	–	135,777	–	135,777
Intangible assets	29,059	52,325	346	640	3,606	85,976	–	85,976
Property, plant and equipment	159,365	110,102	11,578	1,824	64,305	347,174	–	347,174
Deferred tax assets	22,828	30,179	465	41	–	53,513	–	53,513
Total segment assets	**9,585,047**	**5,011,555**	**161,820**	**88,215**	**118,095**	**14,964,732**	**(317,119)**	**14,647,613**
Liabilities								
Trading liabilities	160,324	2,102	–	–	–	162,426	–	162,426
Hedging derivatives	–	37	–	–	–	37	–	37
Liabilities associated with disposal groups held for sale	–	–	–	–	–	–	–	–
Deposits and loans from banks	539,212	286,484	7,429	886	25,606	859,617	(45,134)	814,483
Deposits and loans from customers	6,792,891	3,514,746	122,973	69,182	14,140	10,513,932	(251,279)	10,262,653
Debt securities issued	297,535	319,765	–	–	–	617,300	–)	617,300
Subordinated debt	10,600	8,019	–	2,999	–	21,618	(11,019)	10,599
Other liabilities	531,002	77,573	3,289	1,972	11,334	625,170	(9,520)	615,650
Current tax liability	47,003	3,093	14	–	8	50,118	–	50,118
Provisions	9,439	3,468	3	90	938	13,938	(167)	13,771
Deferred tax liabilities	8,448	1,726	2,244	–	–	12,418	–	12,418
Total segment liabilities	**8,396,454**	**4,217,013**	**135,952**	**75,129**	**52,026**	**12,876,574**	**(317,119)**	**12,559,455**

31 December 2021

In thousands of EUR	Czech Republic	Slovakia	Russia	Croatia	Other	Total segments	Inter-segment eliminations	Total
Assets								
Cash and cash equivalents	2,689,209	84,648	28,851	28,521	11,249	2,842,478	(23,841)	2,818,637
Financial assets for trading	200,010	2	716	–	–	200,728	(2,830)	197,898
Hedging derivatives	19,764	–	–	–	–	19,764	–	19,764
Investment securities measured at fair value through profit or loss	235,504	162,143	2,372	–	–	400,019	–	400,019
Investment securities at fair value through other comprehensive income	148,782	376,593	109,738	23,249	5,037	663,399	(1,205)	662,194
Investment securities at amortised cost	181,903	383,554	9,534	–	–	574,991	–	574,991
Disposal group held for sale	2,595	–	1,269	839	–	4,703	–	4,703
Loans and advances to banks	242,991	404,800	2,352	4,943	19	655,105	(19,648)	635,457
Loans to customers	4,206,692	3,325,624	83,398	46,744	88,510	7,750,968	(297,245)	7,453,723
FV changes of portfolio of hedged instruments - Loans and advances to customers	–	1,091	–	–	–	1,091	–	1,091
Trade receivables and other assets	227,718	38,136	5,477	901	19,257	291,489	(1,213)	290,276
Current tax assets	9,255	154	100	2	5	9,516	–	9,516
Investments in equity accounted investees	39,108	137	–	–	37,929	77,174	–	77,174
Investment property	12,149	117,052	4,836	84	–	134,121	–	134,121
Intangible assets	17,450	53,534	341	766	3,608	75,699	–	75,699
Property, plant and equipment	121,521	112,632	10,312	2,005	63,728	310,198	–	310,198
Deferred tax assets	14,942	26,692	375	29	–	42,038	–	42,038
Total segment assets	**8,369,593**	**5,086,972**	**259,671**	**108,083**	**229,342**	**14,053,481**	**(345,982)**	**13,707,499**
Liabilities								
Trading liabilities	82,520	3,695	1,184	–	116	87,515	(1,080)	86,435
Hedging derivatives	73	4,977	–	–	–	5,050	–	5,050
Liabilities associated with disposal groups held for sale	–	–	–	–	–	–	–	–
Deposits and loans from banks	378,955	345,072	6,558	6,983	25,601	763,169	(113,147)	650,022
Deposits and loans from customers	5,912,585	3,692,059	142,482	77,504	9,027	9,833,657	(213,905)	9,619,752
Debt securities issued	350,167	231,111	–	–	–	581,278	(2,890)	578,388
Subordinated debt	2,955	8,014	–	5,662	–	16,631	(13,676)	2,955
Other liabilities	623,879	82,591	6,975	2,569	7,902	723,916	(1,209)	722,707
Current tax liability	2,345	4,343	–	–	8	6,696	–	6,696
Provisions	5,418	1,629	4	85	883	8,019	(75)	7,944
Deferred tax liabilities	7,602	1,244	2,946	–	–	11,792	–	11,792
Total segment liabilities	**7,366,499**	**4,374,735**	**160,149**	**92,803**	**43,537**	**12,037,723**	**(345,982)**	**11,691,741**

7.3. Revenues by geographical location of customers

for the year ended 31 December 2022

In thousands of EUR	Czech Republic	Slovakia	Russia	Croatia	Cyprus	Ireland	Other	Total
Interest income calculated using effective interest rate method	297,134	160,898	18,676	11,292	54,023	975	103,260	646,258
Other interest income	7,005	2,511	3,468	–	107	–	1,673	14,764
Interest expense	(157,414)	(31,512)	(10,514)	(244)	(784)	(321)	(21,987)	(222,776)
Net interest income	**146,725**	**131,897**	**11,630**	**11,048**	**53,346**	**654**	**82,946**	**438,246**
Fee and commission income	52,735	110,390	581	185	3,719	40	13,798	181,448
Fee and commission expense	(10,442)	(27,656)	(406)	(44)	(718)	(1)	(868)	(40,135)
Net fee and commission income	**42,293**	**82,734**	**175**	**141**	**3,001**	**39**	**12,930**	**141,313**
Financial markets, net result	(53,136)	2,135	(53,598)	(4,040)	119,205	112,594	(32,894)	90,266
Gain on bargain purchase	–	–	–	–	–	–	–	–
Other operating income	14,965	47,722	2,689	347	1,254	68	13,947	80,992
Total income	**150,847**	**264,488**	**(39,104)**	**7,496**	**176,806**	**113,355**	**76,929**	**750,817**

Year ended 31 December 2021

In thousands of EUR	Czech Republic	Slovakia	Russia	Croatia	Cyprus	Ireland	Other	Total
Interest income calculated using effective interest rate method	92,841	167,932	15,564	9,142	51,199	930	92,552	430,160
Other interest income	4,078	2,166	1,726	–	123	7	884	8,984
Interest expense	(55,036)	(24,179)	(5,379)	(337)	(35)	(68)	(12,250)	(97,284)
Net interest income	**41,883**	**145,919**	**11,911**	**8,805**	**51,287**	**869**	**81,186**	**341,860**
Fee and commission income	44,107	102,173	725	229	4,170	33	18,767	170,204
Fee and commission expense	(8,361)	(29,917)	(300)	(84)	(895)	–	(2,760)	(42,317)
Net fee and commission income	**35,746**	**72,256**	**425**	**145**	**3,275**	**33**	**16,007**	**127,887**
Financial markets, net result	24,973	32,412	(4,654)	(5,822)	10,273	(185)	(31,639)	4,812
Gain on bargain purchase	–	–	–	–	–	–	–	–
Other operating income	5,074	30,574	2,395	405	776	19	10,208	49,451
Total income	**107,676**	**281,161**	**10,077**	**3,533**	**45,065**	**736**	**75,762**	**524,010**

The geographical area Other comprises revenue items primarily from Luxembourg and Germany in 2022 and 2021.

8. ACQUISITIONS AND DISPOSALS

8.1. Acquisition and establishment of subsidiaries

(a) Acquisition of subsidiaries

In 2022 the Group acquired the following subsidiaries:

In thousands of EUR	Date of acquisition	Consideration transferred	Cash outflow	Group's interest after acquisition (%)
FVE Čejkovice s.r.o.	13 April 2022	6,858	(7,704)	100.00
FVE Napajedla s.r.o.	13 April 2022	18,181	(18,688)	100.00
FVE Němčice s.r.o.	13 April 2022	10,215	(11,264)	100.00
FVE Slušovice s.r.o.	13 April 2022	12,434	(13,840)	100.00
J&T Recycle, s.r.o.	13 April 2022	(102)	(78)	100.00
AMISTA investiční společnost, a.s.	30 November 2022	4,495	(4,510)	80.00
AMISTA consulting, s.r.o.	30 November 2022	60	(23)	80.00
J&T RFI V., s.r.o. (former Atenom ČR s.r.o.)	08 December 2022	–	–	100.00
Total	**–**	**52,141**	**(56,108)**	**–**

In 2021 the Group acquired the following companies:

In thousands of EUR	Date of acquisition	Consideration transferred	Cash outflow	Group's interest after acquisition (%)
Leasing-Medicine Ltd (Lizing-Medicina ooo)	28 May 2021	1,017	(1,066)	100.00
Total	**–**	**1,017**	**(1,066)**	**100.00**

(b) Establishment of subsidiaries

In 2022 the Group established the following companies:

In thousands of EUR	Date of establishment	Capital contributed	Group's interest after establishment (%)
J&T ORBIT SICAV, a.s.	14 January 2022	4	100.00
FVE Holding, s.r.o.	7 April 2022	–	100.00
J&T Global Finance XIV., s.r.o.	19 May 2022	5	100.00
J&T RFI I., s.r.o.	21 May 2022	8	100.00
J&T BANKA, a.s., Zweigniederlassung Deutschland	21 September 2022	–	100.00
J&T RFI III., s.r.o.	30 September 2022	8	100.00
J&T RFI IV., a.s.	16 December 2022	82	100.00
J&T AGRICULTURE SICAV a.s.	22 December 2022	4	89.00

In 2021 the Group established the following companies:

In thousands of EUR	Date of establishment	Capital contributed	Group's interest after establishment (%)
JTFG FUND I SICAV, a.s.	09 February 2021	4	60.54
J&T Global Finance XII., s.r.o.	09 February 2021	5	100.00
J&T Global Finance XI., s.r.o.	15 February 2021	8	100.00
J&T Credit Participation, s.r.o.	15 February 2021	8	100.00
Wine Resort Pouzdřany, s.r.o.	08 March 2021	406	100.00
J&T SME Finance s.r.o.	01 April 2021	1	100.00
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	09 June 2021	268	100.00

In 2021, the Group established investment fund JTFG FUND I SICAV, a.s., in which the Group holds a 60.54% interest, with the remaining interest (39.46%) recognised as a liability at fair value through profit or loss.

(c) Effect of acquisitions

The acquisitions of new subsidiaries (excluding acquisitions insignificant in volume as mentioned in section 4.2) in 2022 had the following effect on the Group's assets and liabilities (refer also to Note 4.2 Business combinations and purchase price allocations):

In thousands of EUR	FVE Čejkovice s.r.o.	FVE Napajedla s.r.o.	FVE Němčice s.r.o.	FVE Slušovice s.r.o.	AMISTA investiční společnost, a.s.	Other	Total
Cash and cash equivalents	882	792	664	921	722	629	4,610
Financial assets for trading	1,377	2,694	490	–	–	–	4,561
Loans to customers	–	–	48	–	618	–	666
Trade receivables and other assets	472	1,621	793	1,108	2,117	69	6,180
Current tax assets	–	55	–	7	–	–	62
Intangible assets	–	7	–	–	25	–	32
Property, plant and equipment	5,141	13,472	8,445	10,892	94	–	38,044
Deferred tax assets	–	28	–	152	35	–	215
Deposits and loans from banks	(948)	–	–	–	(78)	–	(1,026)
Deposits and loans from customers	–	–	–	(482)	–	(110)	(592)
Other liabilities	(11)	(488)	(192)	(164)	(1,243)	(630)	(2,728)
Current tax liability	(49)	–	(33)	–	(84)	–	(166)
Deferred tax liabilities	(6)	–	–	–	–	–	(6)
Non-controlling interests	–	–	–	–	444	–	444
Net identifiable assets and liabilities	**6,858**	**18,181**	**10,215**	**12,434**	**1,762**	**(42)**	**49,408**
Goodwill on acquisition of new subsidiaries	–	–	–	–	2,733	–	2,733
Gain on bargain purchase	–	–	–	–	–	–	–
Consideration transferred	**6,858**	**18,181**	**10,215**	**12,434**	**4,495**	**(42)**	**52,141**
Consideration paid, satisfied in cash	(7,704)	(18,688)	(11,264)	(13,840)	(4,510)	(102)	(56,108)
Cash acquired	882	792	664	921	722	629	4,610
Net cash inflow (outflow)	**(6,822)**	**(17,896)**	**(10,600)**	**(12,919)**	**(3,788)**	**527**	**(51,498)**
Profit since acquisition date	555	1,316	723	1,036	–	(8)	3,622
Profit of the acquired entity for all of 2022	743	1,691	932	1,322	450	(8)	5,130
Turnover since acquisition date	1,544	3,000	2,199	2,982	–	(8)	9,717
Turnover of the acquired entity for all of 2022	2,007	3,863	2,721	3,761	5,065	(8)	17,409

The acquisitions of new subsidiaries in 2021 had the following effect on the Group's assets and liabilities (refer also to Note 4.2 Business combinations and purchase price allocations):

In thousands of EUR	Leasing–Medicine Ltd (Lizing–Medicina ooo)	Total
Cash and cash equivalents	212	212
Loans to customers	7,065	7,065
Trade receivables and other assets	2,506	2,506
Current tax assets	8	8
Intangible assets	39	39
Property, plant and equipment	10	10
Deferred tax assets	17	17
Deposits and loans from banks	(7,541)	(7,541)
Other liabilities	(1,463)	(1,463)
Net identifiable assets and liabilities	**853**	**853**
Goodwill on acquisition of new subsidiaries	164	164
Gain on bargain purchase	–	–
Consideration transferred	**1,017**	**1,017**
Consideration paid, satisfied in cash	(1,066)	(1,066)
Cash acquired	212	212
Net cash inflow (outflow)	**(854)**	**(854)**
Profit since acquisition date	190	190
Profit of the acquired entity for all of 2021	241	241
Turnover since acquisition date	1,639	1,639
Turnover of the acquired entity for all of 2021	2,329	2,329

8.2. Disposals

(a) Disposals of subsidiaries
The following disposals occurred in 2022 and in 2021:

31 December 2022

In thousands of EUR	Date of disposal	Sale price/ Other values acquired	Cash disposed of	Gain (loss) on disposal/ liquidation
J&T LOAN FUND	03 November 2022	98,240	(98,873)	(1,827)
365.life, d. s. s., a. s.	28 December 2022	33,000	(8,319)	19,347
J&T REALITY otevřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s.	27 December 2022	39,900	(334)	(1,192)
Total		**171,140**	**(107,526)**	**16,328**

31 December 2021

In thousands of EUR	Date of disposal	Sale price/ Other values acquired	Cash disposed of	Gain (loss) on disposal/ liquidation
PB PARTNER, a.s. v likvidácii	30 June 2021	2,476	(2,507)	(79)
J&T DIVIDEND	30 June 2021	7,571	(2,131)	262
Poštová poisťovňa, a. s.	03 July 2021	16,705	(5,870)	2,691
Total		**26,572**	**(10,508)**	**2,874**

(b) Effect of disposals

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

Effect of disposals in 2022

In thousands of EUR	J&T LOAN FUND	365.life, d. s. s., a. s.	J&T REALITY otevřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s.	Total
Cash and cash equivalents	98,873	8,319	334	107,526
Investment securities measured at fair value through profit or loss	–	1,627	–	1,627
Loans and advances to customers	–	–	46,057	46,057
Trade receivables and other assets	–	208	–	208
Current tax assets	–	451	–	451
Intangible assets	–	3,518	–	3,518
Property, plant and equipment	–	170	–	170
Deferred tax assets	–	39	–	39
Trade payables and other liabilities	(585)	(513)	(1,493)	(2,591)
Non-controlling interests	(141)	(169)	(5,203)	(5,513)
Net assets and liabilities	**98,147**	**13,650**	**39,695**	**151,492**
Sales price	98,240	33,000	39,900	171,140
Cumulative income and expense included in other comprehensive income reclassified to profit or loss	1,920	3	1,397	3,320
Gain (loss) on disposal	**(1,827)**	**19,347**	**(1,192)**	**16,328**
Consideration received, satisfied in cash	98,240	33,000	39,900	171,140
Cash disposed of	(98,873)	(8,319)	(334)	(107,526)
Net cash inflow (outflow)	**(633)**	**24,681**	**39,566**	**63,614**

Effect of disposals in 2021

In thousands of EUR	PB PARTNER, a.s. v likvidácii	J&T DIVIDEND	Poštová poisťovňa, a. s.	Total
Cash and cash equivalents	2,507	–	5,870	8,377
Investment securities measured at fair value through profit or loss	–	–	7,854	7,854
Investment securities at fair value through other comprehensive income	–	–	2,465	2,465
Investment securities at amortised cost	–	–	19,199	19,199
Disposal group held for sale	–	14,430	–	14,430
Loans and advances to banks	–	–	7,329	7,329
Trade receivables and other assets	–	–	1,341	1,341
Current tax assets	–	–	287	287
Intangible assets	–	–	767	767
Property, plant and equipment	–	–	795	795
Deferred tax assets	–	–	283	283
Liabilities associated with assets held for sale	–	(58)	–	(58)
Trade payables and other liabilities	(4)	–	(2,380)	(2,384)
Provisions	–	–	(26,254)	(26,254)
Non-controlling interests	52	(6,148)	(3,248)	(9,344)
Net assets and liabilities	**2,555**	**8,224**	**14,308**	**25,087**
Sales price	2,476	7,571	16,705	26,752
Cumulative income and expense included in other comprehensive income reclassified to profit or loss	–	(915)	(294)	(1,209)
Gain (loss) on disposal	**(79)**	**262**	**2,691**	**2,874**
Consideration received, satisfied in cash	2,476	7,571	16,705	26,752
Cash disposed of	(2,507)	(2,131)	(5,870)	(10,508)
Net cash inflow (outflow)	**(31)**	**5,440**	**10,835**	**16,244**

9. NET INTEREST INCOME

In thousands of EUR	2022	2021
Interest income calculated using effective interest rate		
Loans and advances to banks and customers	405,716	374,911
Hedging derivatives– interest rate risk	(1,830)	(2,286)
Bonds and other securities	28,791	25,118
Repo transactions	5,944	4,661
Bills of exchange	215	267
Receivables from central banks	204,296	23,655
Other	3,126	3,834
Total interest income using effective interest rate	**646,258**	**430,160**
Interest income according to classes of instruments:		
Financial instruments measured at amortised cost	626,358	412,032
Financial instruments measured at FVOCI	19,900	18,128
Total interest income using effective interest rate	**646,258**	**430,160**
Finance lease receivables	6,440	2,786
Financial assets for trading	8,324	6,198
Total other interest income	**14,764**	**8,984**
Total interest income	**661,022**	**439,144**
Interest expense		
Deposits and loans from banks and customers	(185,090)	(73,781)
Bonds and other securities	(24,723)	(20,230)
Bills of exchange	–	(2)
Repo transactions	(8,185)	(1,317)
Lease liabilities	(1,087)	(965)
Other	(3,691)	(989)
Total interest expense	**(222,776)**	**(97,284)**
Interest expense according to classes of instruments:		
Financial instruments measured at amortised cost	(222,768)	(97,284)
Financial instruments measured at FVTPL	(8)	–
Total interest expense	**(222,776)**	**(97,284)**
Total net interest income	**438,246**	**341,860**

Interest expense from hedging derivatives includes accrued interest from interest rate derivatives used to hedge interest rate risk.

Other interest income of EUR 3,126 thousand includes a negative interest on Deposits and loans from banks of EUR 1,811 thousand (2021: EUR 1,189 thousand).

10. NET FEE AND COMMISSION INCOME

Fee and commission income arises on financial services provided by the Group, including cash management services, brokerage services, investment advice and financial planning, investment banking services, project and structured finance transactions, and asset management services. Assets under management comprising all client assets managed or held for investment purposes by the Group in its own name, but for the account of third parties, are not reported in its consolidated statement of financial position (refer to Note 45 Assets under management). Commissions received from such business are shown in fee and commission income.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Nature and timing of satisfaction of performance obligation	Revenue recognition under IFRS 15
Account administration fees, fees for management of assets, custody fees, guarantee fees and servicing fees related to factoring are charged to clients on regular basis, as the time passes.	Revenue is recognised over time as the services are provided.
Payment fees, fees for bond issues, on financial instruments (brokerage), from clearing and settlement and intermediation fees are transaction based and are charged when the traction takes place.	Revenue related to transactions is recognised at the point in time when the transaction takes place.

Disaggregation of fee and commission income from contracts with customers

In thousands of EUR	2022	Reportable segments Czech Republic	Reportable segments Slovakia	Reportable segments Other[6]
Fee and commission income				
Fees on assets under management	59,161	29,030	30,131	–
Fees on administration and payment transactions	37,930	5,307	32,136	487
Fees on financial instrument operations	16,150	16,129	4	17
Fees on bond issues	13,532	13,532	–	–
Fees on clearing and settlement	12,826	–	12,826	–
Fees on custody, administration and depositing of valuables	9,413	6,149	3,260	4
Intermediation fees	6,462	313	6,147	2
Fees on promises and guarantees	1,853	1,481	329	43
Other fees and commission income	24,121	10,767	13,183	171
Total fee and commission income	**181,448**	**82,708**	**98,016**	**724**
Fee and commission expense				
Fees on clearing and settlement	(19,740)	–	(19,725)	(15)
Fees on financial instrument operations	(8,602)	(8,303)	(205)	(94)
Intermediation fees	(2,235)	(258)	(1,943)	(34)
Fees on payment transactions	(1,872)	(994)	(560)	(318)
Other fees and commission expenses	(7,686)	(3,200)	(4,404)	(82)
Total fee and commission expense	**(40,135)**	**(12,755)**	**(26,837)**	**(543)**
Total net fee and commission income	**141,313**	**69,953**	**71,179**	**181**

[6] "Other" represents aggregated information for segments Russia, Croatia and Other as presented in the Note 7 Operating segments.

In thousands of EUR	2021	Reportable segments Czech Republic	Reportable segments Slovakia	Reportable segments Other[7]
Fee and commission income				
Fees on administration and payment transactions	51,835	22,751	29,054	30
Fees on assets under management	37,730	6,544	30,112	1,074
Fees on financial instrument operations	16,746	16,671	17	58
Fees on clearing and settlement	13,849	13,849	–	–
Fees on bond issues	12,206	–	12,206	–
Fees on custody, administration and depositing of valuables	8,268	5,144	3,121	3
Fees on promises and guarantees	5,395	151	5,241	3
Intermediation fees	2,421	1,314	957	150
Other fees and commission income	21,754	8,596	12,996	162
Total fee and commission income	**170,204**	**75,020**	**93,704**	**1,480**
Fee and commission expense				
Fees on clearing and settlement	(18,519)	–	(18,499)	(20)
Fees on financial instrument operations	(9,595)	(9,393)	(118)	(84)
Intermediation fees	(3,445)	(209)	(3,236)	–
Fees on payment transactions	(1,451)	(746)	(414)	(291)
Other fees and commission expenses	(9,307)	(2,719)	(6,494)	(94)
Total fee and commission expense	**(42,317)**	**(13,067)**	**(28,761)**	**(489)**
Total net fee and commission income	**127,887**	**61,953**	**64,943**	**991**

Other fees and commission income and expenses include a large number of sundry items that are not significant on an individual basis.

11. FINANCIAL MARKETS, NET RESULT

In thousands of EUR	2022	2021
Net gains (losses) from financial instruments held for trading	128,970	(30,153)
– derivatives	138,521	(21,873)
– equity instruments	(4,733)	958
– debt instruments	(4,818)	(9,985)
– other	–	747
Net gains (losses) from non-trading financial assets mandatorily measured at FVTPL	9,555	37,002
Net gains (losses) from financial instruments measured at FVTPL	1,001	–
Net gains (losses) from financial instruments measured at FVOCI	(2,792)	1,983
– dividend income from equity instruments measured at FVOCI	1,246	820
– sale of debt instruments	(4,038)	1,163
Net gain/(loss) from financial assets measured at amortised cost	(4,668)	63
Net gains (losses) resulting from hedge accounting	(451)	(58)
– hedged items	(19,206)	(5,009)
– hedging items	18,755	4,951
Exchange rate gains (losses)	(41,349)	(4,025)
Total financial markets, net result	**90,266**	**4,812**

The Group recorded a loss amounting to EUR 4,668 thousand (2021: EUR 0) arising from the modification of financial assets measured at amortised cost.

[7] "Other" represents aggregated information for segments Russia, Croatia and Other as presented in the Note 7 Operating segments.

12. OTHER OPERATING INCOME

In thousands of EUR	2022	2021
Revenues from services and consulting (IFRS 15)	26,754	15,951
Revenues (premium) of insurance companies	–	2,262
Rental income (IFRS 16)	4,768	4,049
Goods sold (IFRS 15)	7,689	8,199
Income from operating leases	639	802
Gain on the disposal of subsidiaries, joint ventures and associates (Note 7.2)	16,328	2,874
Gain on disposal of property, plant and equipment and intangible assets	22	–
Positive revaluation of investment property (Note 29)	–	3,217
Release of provisions	–	1,154
Other income (IFRS 15)	24,792	10,943
Total other operating income	**80,992**	**49,451**

Other income includes a large number of sundry items that are not significant on an individual basis.

13. PERSONNEL EXPENSES

In thousands of EUR	2022	2021
Wages and salaries	(108,004)	(90,241)
Compulsory social security contributions	(32,589)	(27,750)
Other long-term employee benefits	(12)	(3)
Other social expenses	(7,670)	(5,680)
Total personnel expenses	**(148,275)**	**(123,674)**

The weighted average number of employees during 2022 was 2,930 (2021: 2,829), of which executives were 180 (2021: 173).

14. OTHER OPERATING EXPENSES

In thousands of EUR	2022	2021
Repairs and maintenance expenses	(17,932)	(14,729)
Advertising expenses	(15,759)	(14,669)
Mandatory fees paid by financial institutions	(12,030)	(9,696)
Administrative expenses	(11,504)	(9,979)
Consulting expenses	(9,664)	(11,037)
Communication expenses	(9,072)	(8,951)
Sponsoring and gifts	(5,728)	(2,698)
Materials	(4,946)	(3,358)
Outsourcing	(4,627)	(2,044)
Short-term leases	(4,163)	(3,806)
Variable leasing payments	(2,996)	(2,784)
Costs related to the operation of the hotel	(2,690)	(1,682)
Property and other taxes	(2,673)	(2,346)
Energy	(2,532)	(1,675)
Change in fair value of investment property, net	(2,277)	–
Low-value asset leases	(2,030)	(1,788)
Creation and reversal of provisions	(1,983)	–
Rent expenses	(1,175)	(1,436)
Training, courses and conferences	(919)	(588)
Transport and accommodation, travel expenses	(884)	(614)
Contractual penalties	(62)	(1,328)
Receivables written-off, net	(29)	–
Change in impairment of other assets	(2)	(280)
Insurance claims paid, net	–	(1,755)
Insurance technical provisions	–	(211)
Other operating expenses	(23,992)	(18,712)
Total other operating expenses	**(139,669)**	**(116,166)**

Other operating expenses include a large number of sundry items that are not significant on an individual basis.

15. INCOME TAX

In thousands of EUR	2022	2021
Current tax expense		
Current year	(86,796)	(39,955)
Adjustments for prior periods	(63)	(2,240)
Withheld on interest	(10)	(9)
Total	**(86,869)**	**(42,204)**
Deferred tax income (expense)		
Origination and reversal of temporary differences	3,067	(333)
Change in tax rate	–	–
Total	**3,067**	**(333)**
Total income tax expense	**(83,802)**	**(42,537)**

The corporate income tax rate in the Czech Republic for 2022 and 2021 is 19%. The corporate income tax rate in Slovakia for 2022 and 2021 is 21%. The corporate income tax rate in Russia for 2022 and 2021 is 20%. The corporate income tax rate in Croatia for 2022 and 2021 is 18%.

(i) Reconciliation of the effective tax rate

In thousands of EUR	% 2022	2022	% 2021	2021
Profit before tax		**246,415**		**230,196**
Income tax at 19% (2021: 19%).	(19.0)	(46,819)	(19.0)	(43,737)
Effect of tax rates in foreign jurisdictions	(2.3)	(5,583)	(1.2)	(2,701)
Non-deductible expenses	(28.5)	(70,325)	(24.2)	(55,713)
Non-taxable income	17.2	42,506	26.4	60,863
Tax withheld on interest	(0.0)	(10)	(0.0)	(9)
Recognition of previously unrecognised tax losses	0.1	280	0.7	1,514
Current year tax losses for which no deferred tax asset was recognised	(0.6)	(1,404)	(0.1)	(322)
Change in temporary differences for which no deferred tax asset was not accounted for	(1.2)	(3,000)	–	–
Deferred tax – current period adjustment for DT recognized in prior period	0.2	616	(0.1)	(131)
Tax charges over provided in prior years	(0.0)	(63)	(1.0)	(2,240)
Tax license	0.0	–	(0.0)	(61)
Total income tax expense	**(34.0)**	**(83,802)**	**(18.5)**	**(42,537)**

(ii) Income tax recognized in other comprehensive income

In thousands of EUR	2022 Before tax	2022 Tax (expense)/ benefit	2022 Net of tax	2021 Before tax	2021 Tax (expense)/ benefit	2021 Net of tax
Other comprehensive income – items that are or may be reclassified subsequently to profit or loss						
Foreign exchange translation differences	35,584	667	36,251	89,542	(6,990)	82,552
Debt instruments measured at fair value through other comprehensive income – Net change in fair value[8]	(56,451)	7,059	(49,392)	(12,135)	643	(11,492)
Debt instruments measured at fair value through other comprehensive income – Net amount transferred to profit or loss	1,255	(204)	1,051	4,560	(933)	3,627
Share of other comprehensive income of equity accounted investees	2,651	–	2,651	5,268	–	5,268
Other comprehensive income – items that will not be reclassified subsequently to profit or loss						
Equity instruments measured at fair value through other comprehensive income – Net change in fair value	(4,188)	751	(3,437)	5,275	(897)	4,378
Total	**(21,149)**	**8,273**	**(12,876)**	**92,510**	**(8,177)**	**84,333**

(iii) Movements in deferred tax balances during the year

In thousands of EUR	Balance as at 1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	Acquired in business combinations	Foreign exchange translation differences	Outgoing entities/ Decreases due to sale of companies	Disposals	Balance as at 31 December 2022
Property, plant and equipment	2,093	(369)	77	11	176	–	(3)	1,985
Intangible assets	(134)	(161)	–	(5)	–	–	–	(300)
Investment property	(1,775)	77	–	(189)	–	–	–	(1,887)
Leases (IFRS 16)	398	(321)	–	50	–	–	35	162
Impairment of trade receivables and other assets	382	100	–	12	42	–	–	536
Investment securities at fair value through other comprehensive income	(1,341)	(406)	7,529	47	–	–	–	5,829
Investment securities at amortised cost	(582)	357	–	7	–	–	–	(218)
Employee benefits (IAS 19)	1,129	(229)	–	15	–	(7)	–	908
Unpaid interest, net	–	–	–	–	–	–	–	–
Financial assets at fair value through profit or loss	(143)	(138)	–	(41)	–	–	(616)	(938)
Loans and advances	23,515	3,920	–	(43)	–	–	–	27,392
Loans and advances at FVOCI	–	6	–	–	–	–	–	6
Provisions	985	881	–	37	(9)	(31)	–	1,863
Derivatives	(7,340)	(807)	667	(191)	–	–	–	(7,671)
Tax losses	1,083	(96)	–	38	–	–	–	1,025
Other temporary differences	11,976	253	–	210	–	–	(36)	12,403
Total	**30,246**	**3,067**	**8,273**	**(42)**	**209**	**(38)**	**(620)**	**41,095**

[8] The difference between the consolidated statement of comprehensive income and net of tax amounts of debt instruments measured at FVOCI is caused by ECL for which deferred tax is recognized in profit or loss.

In thousands of EUR	Balance as at 1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	Acquired in business combinations	Foreign exchange translation differences	Outgoing entities/ Decreases due to sale of companies	Disposals	Balance as at 31 December 2021
Property, plant and equipment	1,814	328	(48)	–	(1)	–	–	2,093
Intangible assets	(111)	(13)	–	–	(10)	–	–	(134)
Investment property	(1,652)	1	–	–	(124)	–	–	(1,775)
Leases (IFRS 16)	57	319	–	17	5	–	–	398
Impairment of trade receivables and other assets	446	(30)	–	–	21	(55)	–	382
Investment securities at fair value through other comprehensive income	(1,231)	1,025	(1,139)	–	35	111	(142)	(1,341)
Investment securities at amortised cost	(723)	139	–	–	2	–	–	(582)
Employee benefits (IAS 19)	1,261	(141)	–	–	9	–	–	1,129
Unpaid interest, net	(6)	–	–	–	–	6	–	–
Financial assets at fair value through profit or loss	(228)	(47)	–	–	(10)	–	142	(143)
Loans and advances	23,823	(328)	–	–	20	–	–	23,515
Provisions	1,561	(568)	–	–	48	(56)	–	985
Derivatives	(425)	309	(6,990)	–	(234)	–	–	(7,340)
Tax losses	1,305	(289)	–	–	67	–	–	1,083
Other temporary differences	12,797	(1,038)	–	–	389	(172)	–	11,976
Total	**38,688**	**(333)**	**(8,177)**	**17**	**217**	**(166)**	**–**	**30,246**

16. CASH AND CASH EQUIVALENTS

In thousands of EUR	31 December 2022	31 December 2021
Cash and cash equivalents		
Cash on hand	51,342	47,684
Current accounts at central banks	29,107	30,237
Term deposits to central banks of three months or less	594,079	–
Current accounts with banks	51,591	56,743
Loans and advances with original maturities of three months or less	36,452	16,152
Loans in reverse repurchase agreements (refer to Note 25.2)	3,030,818	2,667,889
Less impairment loss allowance (refer to Note 27(a))	(72)	(68)
Total cash and cash equivalents	**3,793,317**	**2,818,637**

17. FINANCIAL ASSETS FOR TRADING AND TRADING LIABILITIES

17.1. Financial assets for trading

In thousands of EUR	31 December 2022	31 December 2021
Non-derivative financial assets for trading		
Bonds	191,579	136,140
Shares	39,090	16,434
Investment funds units	34,008	335
Total non-derivative financial assets for trading	**264,677**	**152,909**
Trading derivatives		
Currency contracts	251,706	44,224
Put share options	448	201
Interest rate swap	14,249	564
Interest rate options	14,626	–
Total trading derivatives	**281,029**	**44,989**
Total financial assets for trading	**545,706**	**197,898**

Bonds for trading as at 31 December 2022 comprise mainly government bonds, which represent 55% (31 December 2021: 43%), and corporate bonds, which represent 20% of the balance (31 December 2021: 38%).

Income from debt and other fixed-rate instruments is recognised in interest income.

As at 31 December 2022 financial assets for trading in the amount of EUR nil thousand were subject to pledge (31 December 2021: EUR 0 thousand).

(i) Fair value measurement of financial assets for trading

As at 31 December 2022

In thousands of EUR	Shares	Bonds	Investment funds units	Total
Fair value of non-derivative financial assets for trading				
Level 1 – quoted market prices	37,539	128,442	33,835	199,816
Level 2 – derived from quoted prices	1,452	19,148	173	20,773
Level 3 – calculated using valuation techniques	99	43,989	–	44,088
	39,090	**191,579**	**34,008**	**264,677**
Fair value of trading derivatives				
Level 2 – derived from quoted prices				280,706
Level 3 – calculated using valuation techniques				323
				281,029
Total financial assets for trading				**545,706**

As at 31 December 2021

In thousands of EUR	Shares	Bonds	Investment funds units	Total
Fair value of non-derivative financial assets for trading				
Level 1 – quoted market prices	16,134	70,830	–	86,964
Level 2 – derived from quoted prices	141	31,604	335	32,080
Level 3 – calculated using valuation techniques	159	33,706	–	33,865
	16,434	**136,140**	**335**	**152,909**
Fair value of trading derivatives				
Level 2 – derived from quoted prices				44,989
				44,989
Total financial assets for trading				**197,898**

(ii) Detail of fair value measurement in Level 3

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

In thousands of EUR	Shares	Bonds	Total
Balance at 1 January 2022	**159**	**33,706**	**33,865**
Total gains (losses) recognized in profit or loss	(64)	(3,254)	(3,318)
Additions	–	16,168	16,168
Disposals	–	(13,333)	(13,333)
Settlements	–	(61)	(61)
Transfer to Level 1	–	(3,383)	(3,383)
Transfer to Level 2	–	(2,049)	(2,049)
Transfer from Level 1	–	6,138	6,138
Transfer from Level 2	–	7,779	7,779
Interest income less interest received	–	708	708
Effect of movement in foreign exchange	4	1,570	1,574
Balance at 31 December 2022	**99**	**43,989**	**44,088**

In thousands of EUR	Shares	Bonds	Total
Balance at 1 January 2021	**159**	**19,027**	**19,186**
Total gains (losses) recognized in profit or loss	(9)	280	271
Additions	–	25,189	25,189
Disposals	–	(11,245)	(11,245)
Settlements	–	(747)	(747)
Transfer to Level 1	–	(2,268)	(2,268)
Transfer to Level 2	–	(3,215)	(3,215)
Transfer from Level 1	–	2,006	2,006
Transfer from Level 2	–	2,435	2,435
Interest income less interest received	–	769	769
Effect of movement in foreign exchange	9	1,475	1,484
Balance at 31 December 2021	**159**	**33,706**	**33,865**

Based on changes in market conditions for some financial instruments, observable market inputs for these instruments became available as at 31 December 2022. Bonds amounting to EUR 2,049 thousand (31 December 2020: EUR 3,215 thousand) were therefore transferred from Level 3 to Level 2. Market prices for some instruments became available as at 31 December 2022. Bonds amounting to EUR 3,383 thousand (31 December 2021: EUR 2,268 thousand) were transferred from Level 3 to Level 1. Shares of EUR 0 (31 December 2021: EUR 774 thousand), investments funds units of EUR 7,017 thousand (31 December 2021: EUR 0), and bonds of EUR 2,988 thousand (31 December 2021: EUR 0) were transferred from Level 2 to Level 1.

On the other hand, as sufficient information for measuring the fair values based on market prices were not available as at 31 December 2022, bonds amounting to EUR 6,138 thousand (31 December 2021: EUR 2,006 thousand) were transferred from Level 1 to Level 3. Bonds of EUR 0 (31 December 2021: EUR 3,886 thousand) and shares of EUR 162 thousand (31 December 2021: EUR 0) were transferred from Level 1 to Level 2. As for some instruments observable market inputs were not available as at 31 December 2022, bonds amounting to EUR 7,779 thousand (31 December 2021: EUR 2,435 thousand) were transferred from Level 2 to Level 3.

17.2. Trading liabilities

In thousands of EUR	31 December 2022	31 December 2021
Non-derivative trading liabilities		
Other trading liabilities	113	18,446
Total non-derivative trading liabilities	**113**	**18,446**
Trading derivatives		
Forward currency contracts	143,295	55,212
Currency swap	10,190	9,864
Put option written	–	2,460
Interest rate swap	8,828	438
Commodity derivatives	–	15
Total trading derivatives	**162,313**	**67,989**
Total trading liabilities	**162,426**	**86,435**

Fair value measurement of trading liabilities

In thousands of EUR	31 December 2022	31 December 2021
Fair value of non-derivative trading liabilities		
Level 1 – quoted market prices	–	2,502
Level 2 – derived from quoted prices	113	15,944
	113	**18,446**
Fair value of trading derivatives		
Level 1 – quoted market prices	261	–
Level 2 – derived from quoted prices	162,052	67,989
	162,313	**67,989**
Total trading liabilities	**162,426**	**86,435**

There were no transfers of trading liabilities between Level 1, Level 2 or Level 3 of the fair value hierarchy for the years ended 31 December 2022 and 2021.

18. HEDGING DERIVATIVES

In thousands of EUR	31 December 2022	31 December 2021
Hedging derivatives (assets)		
Interest rate swap	9,081	–
Forward currency contracts	6,248	19,764
Total hedging derivatives (assets)	**15,329**	**19,764**
Hedging derivatives (liabilities)		
Interest rate swap	37	4,977
Forward currency contracts	–	73
Total hedging derivatives (liabilities)	**37**	**5,050**

The Group uses hedging derivatives to hedge the fair value of recognized assets. Interest rate swaps are used for hedging of the interest rate risk faced by assets carrying fixed interest payments (both from the FVOCI portfolio and from loans to customers at amortized costs) in possession of the Group. Currency swaps with currency pair CZK/EUR (buy/sell) are used as hedging instruments against changes in foreign exchange rates of equity instruments at FVOCI.

In 2022, the parent company ceased to hedge the risk from revaluation of the net value of its foreign investments denominated in EUR.

(a) Fair value hedge

As at 31 December 2022 the balances of the fair value hedges were as follows:

	Notional amount		Fair value	
In thousands of EUR	Buy	Sell	Positive	Negative
Fair value hedge				
Hedged item debt instruments at FVOCI with fixed interest rate	**X**	**X**	**9,081**	**(37)**
Interest rate swap				
Maturity less than 3 months	3,000	(3,000)	X	X
Maturity 3 months – 1 year	–	–	X	X
Maturity 1 – 5 years	18,000	(18,000)	X	X
Maturity more than 5 years	69,366	(69,366)	X	X

In thousands of EUR	Line in SOFP where the hedging instrument is included	Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Fair value hedge				
Hedged item debt instruments at FVOCI with fixed interest rate	**Hedging derivatives (liabilities)**	**11,814**	**–**	**n/a**

	Carrying Amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	
In thousands of EUR	Assets	Liabilities	Assets	Liabilities
Hedged item				
Debt instruments at FVOCI with fixed interest rate	**87,366**	**3,000**	**(11,814)**	**–**

In thousands of EUR	Line in SOFP where the hedged item is included	Changes in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
Hedged item			
Debt instruments at FVOCI with fixed interest rate	**Investment securities at fair value through other comprehensive income**	**(11,814)**	**–**

In thousands of EUR	Notional amount		Fair value	
	Buy	Sell	Positive	Negative
Fair value hedge				
Hedged item loans to customers with fixed interest rate	**X**	**X**	**5,148**	**–**
Interest rate swap				
Maturity less than 3 months	–	–	X	X
Maturity 3 months – 1 year	16,500	(16,500)	X	X
Maturity 1 – 5 years	47,900	(47,900)	X	X
Maturity more than 5 years	332,000	(332,000)	X	X

In thousands of EUR	Line in SOFP where the hedging instrument is included	Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Fair value hedge				
Hedged item loans to customers with fixed interest rate	**Hedging derivatives (liabilities)**	**6,787**	**(445)**	**Financial markets, net result**

In thousands of EUR	Carrying Amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	
	Assets	Liabilities	Assets	Liabilities
Hedged item				
Loans to customers with fixed interest rate	**396,400**	**–**	**(7,232)**	**–**

In thousands of EUR	Line in SOFP where the hedged item is included	Changes in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
Hedged item			
Loans to customers with fixed interest rate	**Loans and advances to customers**	**(7,232)**	**–**

In thousands of EUR	Notional amount Buy	Notional amount Sell	Fair value Positive	Fair value Negative
Fair value hedge				
Hedged item equity instruments at FVOCI	**X**	**X**	**1,100**	**–**
Currency swaps				
Maturity less than 3 months	–	–	X	X
Maturity 3 months – 1 year	16,467	(14,999)	X	X
Maturity 1 – 5 years	–	–	X	X
Maturity more than 5 years	–	–	X	X

In thousands of EUR	Line in SOFP where the hedging instrument is included	Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Fair value hedge				
Hedged item equity instruments at FVOCI	**Hedging derivatives (assets)**	**(40)**	**–**	**n/a**

In thousands of EUR	Carrying Amount Assets	Carrying Amount Liabilities	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Assets	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Liabilities
Hedged item				
Equity instruments at FVOCI	**4,094**	**–**	**261**	**–**

In thousands of EUR	Line in SOFP where the hedged item is included	Changes in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
Hedged item			
Equity instruments at FVOCI	**Investment securities at fair value through other comprehensive income**	**40**	**–**

As at 31 December 2021 the balances of the fair value hedges were as follows:

In thousands of EUR	Notional amount Buy	Notional amount Sell	Fair value Positive	Fair value Negative
Fair value hedge				
Hedged item debt instruments at FVOCI with fixed interest rate	**X**	**X**	**–**	**(3,549)**
Interest rate swap				
Maturity less than 3 months	–	–	X	X
Maturity 3 months – 1 year	71,110	(71,110)	X	X
Maturity 1 – 5 years	21,000	(21,000)	X	X
Maturity more than 5 years	42,366	(42,366)	X	X

In thousands of EUR	Line in SOFP where the hedging instrument is included	Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Fair value hedge				
Hedged item debt instruments at FVOCI with fixed interest rate	**Hedging derivatives (liabilities)**	**3,479**	**–**	**n/a**

In thousands of EUR	Carrying Amount Assets	Carrying Amount Liabilities	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Assets	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Liabilities
Hedged item				
Debt instruments at FVOCI with fixed interest rate	**145,078**	**–**	**(2,260)**	**–**

In thousands of EUR	Line in SOFP where the hedged item is included	Changes in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
Hedged item			
Debt instruments at FVOCI with fixed interest rate	**Investment securities at fair value through other comprehensive income**	**(3,479)**	**–**

In thousands of EUR	Notional amount Buy	Notional amount Sell	Fair value Positive	Fair value Negative
Fair value hedge				
Hedged item loans to customers with fixed interest rate	**X**	**X**	**–**	**(1,428)**
Interest rate swap				
Maturity less than 3 months	–	–	X	X
Maturity 3 months – 1 year	–	–	X	X
Maturity 1 – 5 years	93,400	(93,400)	X	X
Maturity more than 5 years	–	–	X	X

In thousands of EUR	Line in SOFP where the hedging instrument is included	Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Fair value hedge				
Hedged item loans to customers with fixed interest rate	**Hedging derivatives (liabilities)**	**1,137**	**(48)**	**Financial markets, net result**

	Carrying Amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	
In thousands of EUR	Assets	Liabilities	Assets	Liabilities
Hedged item				
Loans to customers with fixed interest rate	**200,037**	**–**	**1,091**	**–**

In thousands of EUR	Line in SOFP where the hedged item is included	Changes in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
Hedged item			
Loans to customers with fixed interest rate	**Loans and advances to customers**	**(1,185)**	**–**

	Notional amount		Fair value	
In thousands of EUR	Buy	Sell	Positive	Negative
Fair value hedge				
Hedged item equity instruments at FVOCI	**X**	**X**	**–**	**(73)**
Currency swaps				
Maturity less than 3 months	–	–	X	X
Maturity 3 months – 1 year	15,975	(15,001)	X	X
Maturity 1 – 5 years	–	–	X	X
Maturity more than 5 years	–	–	X	X

In thousands of EUR	Line in SOFP where the hedging instrument is included	Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Fair value hedge				
Hedged item equity instruments at FVOCI	**Hedging derivatives (assets)**	**(153)**	**–**	**n/a**

In thousands of EUR	Carrying Amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	
	Assets	Liabilities	Assets	Liabilities
Hedged item				
Equity instruments at FVOCI	**5,732**	**–**	**96**	**–**

In thousands of EUR	Line in SOFP where the hedged item is included	Changes in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
Hedged item			
Equity instruments at FVOCI	**Investment securities at fair value through other comprehensive income**	**153**	**–**

(b) Net investment hedges

As at 31 December 2022 the balances of the net investment hedges were as follows:

In thousands of EUR	Notional amount		Fair value	
	Buy	Sell	Positive	Negative
Net investment hedges				
Hedged item all net foreign investments in EUR	**X**	**X**	**–**	**–**
Currency forward				
Maturity less than 3 months	–	–	X	X
Maturity 3 months – 1 year	–	–	X	X
Maturity 1 – 5 years	–	–	X	X
Maturity more than 5 years	–	–	X	X

In thousands of EUR	Line in SOFP where the hedging instrument is included	Changes in fair value used for calculating hedge ineffectiveness	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss
Net investment hedges				
Hedged item all net foreign investments in EUR	**n/a**	**8,321**	**8,321**	**–**

In thousands of EUR	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from the hedge reserve to profit or loss	Line item in profit or loss affected by the reclassification
Net investment hedges			
Hedged item all net foreign investments in EUR	**n/a**	**–**	**n/a**

In thousands of EUR	Changes in fair value used for calculating hedge ineffectiveness	Translation reserve	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied
Hedged item			
All net foreign investments in EUR	(8,321)	5,627	1,817

As at 31 December 2021 the balances of the net investment hedges were as follows:

	Notional amount		Fair value	
In thousands of EUR	Buy	Sell	Positive	Negative
Net investment hedges				
Hedged item all net foreign investments in EUR	**X**	**X**	**19,764**	**–**
Currency forward				
Maturity less than 3 months	620,806	(600,048)	X	X
Maturity 3 months – 1 year	–	–	X	X
Maturity 1 – 5 years	–	–	X	X
Maturity more than 5 years	–	–	X	X

In thousands of EUR	Line in SOFP where the hedging instrument is included	Changes in fair value used for calculating hedge ineffectiveness	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss
Net investment hedges				
Hedged item all net foreign investments in EUR	**Hedging derivatives (assets)**	**11,602**	**11,602**	**–**

In thousands of EUR	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from the hedge reserve to profit or loss	Line item in profit or loss affected by the reclassification
Net investment hedges			
Hedged item all net foreign investments in EUR	**n/a**	**–**	**n/a**

In thousands of EUR	Changes in fair value used for calculating hedge ineffectiveness	Translation reserve	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied
Hedged item			
All net foreign investments in EUR	(11,602)	13,949	n/a

Fair value measurement of hedging derivative assets and liabilities

In thousands of EUR	31 December 2022	31 December 2021
Fair value of hedging derivative assets		
Level 2 – derived from quoted prices	15,329	19,764
	15,329	**19,764**
Fair value of hedging derivative liabilities		
Level 2 – derived from quoted prices	37	5,050
	37	**5,050**

There were no transfers of hedging derivatives between Level 1, Level 2 or Level 3 of the fair value hierarchy for the years ended 31 December 2022 and 2021.

19. INVESTMENT SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

In thousands of EUR	31 December 2022	31 December 2021
Shares and other equity instruments	98,393	8,369
Bonds	–	–
Investment funds units	325,319	391,650
Investment securities mandatorily measured at fair value through profit or loss	**423,712**	**400,019**
Bonds	–	–
Investment securities designated at fair value through profit or loss	**–**	**–**
Total investment securities measured at fair value through profit or loss	**423,712**	**400,019**

Investment securities mandatorily at fair value through profit or loss comprise primarily shares and investment fund units as at 31 December 2022 and 31 December 2021. As at 31 December 2022 and 31 December 2021, the investment fund units primarily represent interests in funds targeting investments in small and medium-sized companies in Central and Eastern Europe, with a focus on Slovakia and the Czech Republic, and in funds targeting technology and software.

As at 31 December 2022 and 31 December 2021, there were no pledged investment securities at FVTPL.

(i) Fair value measurement of investment securities measured at fair value through profit or loss

Investment securities mandatorily measured at fair value through profit or loss

As at 31 December 2022

In thousands of EUR	Shares and other equity instruments	Bonds	Investment funds units	Total
Level 1 – quoted market prices	27,459	–	45,332	72,791
Level 2 – derived from quoted prices	5,477	–	214,832	220,309
Level 3 – calculated using valuation techniques	65,457	–	65,155	130,612
	98,393	**–**	**325,319**	**423,712**

As at 31 December 2021

In thousands of EUR	Shares and other equity instruments	Bonds	Investment funds units	Total
Level 1 – quoted market prices	–	–	–	–
Level 2 – derived from quoted prices	5,997	–	334,845	340,842
Level 3 – calculated using valuation techniques	2,372	–	56,805	59,177
Total	**8,369**	**–**	**391,650**	**400,019**

(ii) Detail of fair value measurement in Level 3

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

Investment securities mandatorily measured at fair value through profit or loss

In thousands of EUR	Shares	Investments funds units	Total
Balance of provisions as at 1 January 2022	**2,372**	**56,805**	**59,177**
Total gains and losses recognized in profit and loss	6,377	(15,790)	(9,413)
Transfer from Level 1	–	–	–
Transfer from Level 2	43,242	–	43,242
Transfer to Level 2	–	(8,391)	(8,391)
Additions	12,098	50,502	62,600
Disposals	–	(19,645)	(19,645)
Effect of movement in foreign exchange	1,368	1,674	3,042
Balance as at 31 December 2022	**65,457**	**65,155**	**130,612**

In thousands of EUR	Shares	Investment funds units	Total
Balance as at 1 January 2021	**6,350**	**25,857**	**32,207**
Reclassification	(6,350)	–	(6,350)
Total gains and losses recognized in profit and loss	(204)	229	25
Transfer from Level 1	1,971	–	1,971
Transfer from Level 2	–	1,378	1,378
Additions	555	27,524	28,079
Effect of movement in foreign exchange	50	1,817	1,867
Balance as at 31 December 2021	**2,372**	**56,805**	**59,177**

Based on changes in market conditions for some financial instruments, the market prices of these instruments were not available as at 31 December 2022. Shares totalling EUR 43,242 thousand were therefore transferred from Level 2 to Level 3 (31 December 2021: EUR 0). As at 31 December 2022, no shares were transferred from Level 1 to Level 3 (31 December 2021: EUR 1,971 thousand).

For investment instruments mandatorily measured at fair value through profit or loss, no transfers were made from Level 1 or Level 2 to Level 3 as at 31 December 2022 (31 December 2021: EUR 1,378 thousand from Level 2 to Level 3). Investment instruments mandatorily measured at fair value of EUR 8,391 thousand as at 31 December 2022 were transferred from Level 3 of the fair value hierarchy to Level 2 (31 December 2021: EUR 0 thousand).

Investment securities designated at fair value through profit or loss
In 2022 and 2021 there were no investments securities designated at FVTPL in Level 3 of the fair value hierarchy.

There were no transfers of investment securities designated at fair value through profit or loss between the levels of the fair value hierarchy during 2022 and 2021.

20. INVESTMENT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In thousands of EUR	31 December 2022	31 December 2021
Shares and other equity instruments	50,261	41,835
Bonds (for impairment details refer to Note 27 (f))	457,737	620,356
Investments funds units	3	3
Total investment securities at fair value through other comprehensive income	**508,001**	**662,194**

Investment securities at fair value through other comprehensive income comprise primarily bonds, out of which the majority is represented by government bonds (42%) and corporate bonds (36%) as at 31 December 2022 (2021: government bonds 56% and corporate bonds 28%).

The maturity of the bonds is between 2023 and 2040. Bonds with maturity in 2040 are in amount of EUR 981 thousand (2021: maturity in 2040 EUR 1,390 thousand).

Shares as at 31 December 2022 comprise primarily corporate shares (62%), the remainder are shares of financial institutions (2021: corporate shares 86%, the remainder financial institutions).

The FVOCI designation was made because the investments are expected to be held for the long term for strategic purposes.

As at 31 December 2022 pledged investment securities at FVOCI amounted to EUR 97,657 thousand (2021: EUR 185,995 thousand).

(i) Equity investment securities at fair value through other comprehensive income

Equity investment securities at fair value through other comprehensive income comprise the following individually significant securities with corresponding dividend income recognised during the relevant period (listed major investments in terms of industry sector):

In thousands of EUR	31 December 2022 Fair value	31 December 2022 Dividend income	31 December 2021 Fair value	31 December 2021 Dividend income
Energy sector	10,509	548	10,932	569
Leasure industry	4,163	–	5,906	–
Other	35,592	698	25,000	251
Total	**50,264**	**1,246**	**41,838**	**820**

During the year 2022 equity investment securities at fair value of EUR 1,174 thousand were derecognised (2021: EUR 7,545 thousand). The cumulative loss on disposal totalled EUR 1,494 thousand (2021: gain of EUR 1,042 thousand).

During 2022 and 2021, no cumulative loss was transferred from other comprehensive income to retained earnings in equity.

(ii) Fair value measurement of investment securities at fair value through other comprehensive income

31 December 2022

In thousands of EUR	Shares and other equity instruments	Bonds	Investment funds units	Total
Level 1 – quoted market prices	24,259	238,213	–	262,472
Level 2 – derived from quoted prices	11,216	5,834	–	17,050
Level 3 – calculated using valuation techniques	14,786	213,690	3	228,479
Total	**50,261**	**457,737**	**3**	**508,001**

31 December 2021

In thousands of EUR	Shares and other equity instruments	Bonds	Investment funds units	Total
Level 1 – quoted market prices	10,933	464,737	–	475,670
Level 2 – derived from quoted prices	13,565	18,853	–	32,418
Level 3 – calculated using valuation techniques	17,337	136,766	3	154,106
Total	**41,835**	**620,356**	**3**	**662,194**

(iii) Detail of fair value measurement in Level 3

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

In thousands of EUR	Shares and other equity instruments	Bonds	Investment funds units	Total
Balance as at 1 January 2022	**17,337**	**136,766**	**3**	**154,106**
Reclassification	876	–	–	876
Total gains (losses) recognized in other comprehensive income	1	(8,018)	–	(8,017)
Total gains for the period recognised in profit or loss	(132)	(3,465)	–	(3,597)
Additions	5,267	49,366	–	54,633
Disposals	(9,016)	(41,486)	–	(50,502)
Interest income less interest received	–	2,330	–	2,330
Transfer from Level 1	–	55,729	–	55,729
Transfer from Level 2	–	19,077	–	19,077
Effect of movement in foreign exchange	453	3,391	–	3,844
Balance as at 31 December 2022	**14,786**	**213,690**	**3**	**228,479**

In thousands of EUR	Shares and other equity instruments	Bonds	Investment funds units	Total
Balance as at 1 January 2021	**8,696**	**101,403**	**3**	**110,102**
Reclassification	6,499	–	–	6,499
Total gains (losses) recognized in other comprehensive income	(1,046)	(836)	–	(1,882)
Total gains for the period recognised in profit or loss	32	(5,094)	–	(5,062)
Additions	4,989	59,176	–	64,165
Disposals	(2,494)	(43,377)	–	(45,871)
Interest income less interest received	–	1,148	–	1,148
Transfer from Level 2	1	18,110	–	18,111
Effect of movement in foreign exchange	660	6,236	–	6,896
Balance as at 31 December 2021	**17,337**	**136,766**	**3**	**154,106**

Due to changes in market conditions for some financial instruments, the market prices were not available as at 31 December 2022, bonds totalling EUR 55,729 thousand were transferred from Level 1 to Level 3 (31 December 2021: EUR 0) and bonds totalling EUR 19,077 thousand (31 December 2021: EUR 18,110 thousand) were transferred from Level 2 to Level 3. As at 31 December 2022, no shares were transferred either from Level 1 or Level 2 to Level 3 (as at 31 December 2021, shares of EUR 1 thousand were transferred from Level 2 to Level 3).

Bonds amounting to EUR 5,834 thousand (31 December 2021: EUR 0 thousand) were transferred from Level 1 to Level 2.

There were no other transfers between the levels in 2022 and 2021.

The majority (54%) of the bonds presented under Level 3 (2021: 74%) comprise bonds of an issuer owning real estate properties (mainly land).

21. INVESTMENT SECURITIES AT AMORTISED COST

In thousands of EUR	31 December 2022	31 December 2021
Slovak government bonds	398,765	265,843
Czech government bonds	187,896	181,944
Government bonds of other countries	54,116	52,209
Financial institution and corporate bonds	76,707	79,040
Bills of Exchange	4,646	3,656
Less impairment loss allowance (refer to Note 27 (c))	(8,141)	(7,701)
Total investment securities at amortised cost	**713,989**	**574,991**

Government bonds represent 90% of the total of bonds at amortised cost as at 31 December 2022 (2021: 87%). A further 5% of the bond portfolio are corporate bonds (2021: 7%).

The maturity of the bonds is between 2023 and 2036 (2021: maturity between 2022 and 2036). Bonds with maturity in 2036 are of EUR 49,468 thousand (2021: maturity in 2036 EUR 39,772 thousand).

Pledged investment securities at amortised cost total EUR 531,190 thousand as at 31 December 2022 (2021: EUR 444,539 thousand).

For expected credit losses relating to investment securities at amortised cost refer to Note 27 (b).

22. DISPOSAL GROUP HELD FOR SALE

In thousands of EUR	31 December 2022	31 December 2021
Cash and cash equivalents	–	–
Disposal group held for sale	1,070	2,595
Trade receivables and other assets	–	–
Property, plant and equipment	452	2,108
Total assets	**1,522**	**4,703**
Other liabilities	–	–
Total liabilities	**–**	**–**

The Group did not recognize any cumulative income or expense accumulated in other comprehensive income relating to the disposal group held for sale as at 31 December 2022 nor 31 December 2021.

Property, plant and equipment is represented by collateralized assets provided to secure loan receivables and taken over by the Group. Such assets are expected to be sold within one year to satisfy receivables from the defaulted loans.

The disposal group held for sale consist of J&T Ostravice Active Life UPF, which was acquired exclusively with a view to its subsequent disposal.

23. LOANS AND ADVANCES TO BANKS

In thousands of EUR	31 December 2022	31 December 2021
Obligatory minimum reserves deposited in central banks	63,715	601,026
Term deposits	–	63
Other	9,374	34,496
Less impairment loss allowance (refer to Note 27 (c))	(11)	(128)
Net loans and advances to banks at amortised cost	**73,078**	**635,457**

Obligatory minimum reserves represent the obligatory minimum reserves maintained by J&T BANKA, a.s., J&T Bank, a.o., 365.bank, a.s. and J&T Banka d.d. under regulations of the relevant regulatory authorities.

The obligatory minimum reserve for J&T BANKA, a.s. is calculated as 2% of primary deposits with a maturity of less than two years. These obligatory minimum reserves are interest earning.

The obligatory minimum reserve for J&T Bank, a.o. is calculated as 3% of non-residents' corporate deposits denominated in RUB; as 5% of non-residents' corporate deposits denominated in foreign currency; as 3% of residents' individual deposits denominated in RUB; as 5% of residents' individual deposits denominated in foreign currency; as 3% of other liabilities in RUB and as 5% of other liabilities in foreign currency minus average balances of deposits and accrued interest multiplied by 0.9. In the case of J&T Bank, a.o., the obligatory minimum reserve is not bearing any interest.

The amount of set reserve of 365.bank, a.s. depends on the amount of received deposits and is calculated by multiplying particular items using the valid rate defined for the calculation of the compulsory minimum reserve. The reserve is interest earning.

The obligatory minimum reserve for J&T Banka d.d. is calculated on average daily balances of deposits and loans, issued debt securities, subordinated instruments and financial liabilities excluding balances with specified banks. The obligatory reserve is calculated as 1% of the above and is not bearing any interest.

24. LOANS AND ADVANCES TO CUSTOMERS

In thousands of EUR	31 December 2022	31 December 2021
Loans and advances to customers	7,412,698	7,408,164
Overdrafts	371,439	286,177
Debt securities	-	2,085
Loans in reverse repurchase agreements (Note 25.2)	120,999	117,031
Other loans and advances	167,621	73,539
Less allowance for impairment of loans (refer to Note 27 (d))	(421,748)	(433,819)
Net loans and advances to customers at amortised cost	**7,651,009**	**7,453,177**
Loans and advances to customers at FVTPL mandatorily	977	546
Loans and advances to customers at FVTPL	**977**	**546**
Total net loans and advances to customers	**7,651,986**	**7,453,723**

In 2022 the Group had loans to four customers with an aggregated balance of EUR 886,358 thousand (2021: four customers with an aggregated balance of EUR 1,334,046 thousand).

The amount of non-interest bearing loans as at 31 December 2022 totalled EUR 19,039 thousand (2021: EUR 7,567 thousand). Receivables from these loans are fully provided for.

Other loans and advances include loans from finance leases in the amount of EUR 61,850 thousand (2021: EUR 48,750 thousand) analysed in Note 43.2. Leases as lessor.

25. REPURCHASE AND RESALE AGREEMENTS

25.1. Repurchase agreements

The Group raises funds by selling financial instruments under agreements to repay the funds by repurchasing the instruments at future dates at the same price, plus interest at a predetermined rate. As at 31 December 2022 and 2021, total assets sold under repurchase agreement were as follows:

31 December 2022

In thousands of EUR	Fair value of underlying asset	Carrying amount of liability	Repurchase price
Loans and advances from customers (Note 33)	–	–	–
– maturity up to 1 month	–	–	–
– maturity 1-6 months	–	–	–
– maturity 6-12 months	–	–	–
Loans and advances from banks (Note 32)	179,546	149,379	148,229
– maturity up to 1 month	–	–	–
– maturity 1-6 months	–	–	–
– maturity 6-12 months	179,546	149,379	148,229
Total	**179,546**	**149,379**	**148,229**

31 December 2021

In thousands of EUR	Fair value of underlying asset	Carrying amount of liability	Repurchase price
Loans and advances from customers (Note 33)	–	–	–
– maturity up to 1 month	–	–	–
– maturity 1-6 months	–	–	–
– maturity 6-12 months	–	–	–
Loans and advances from banks (Note 32)	246,013	220,960	219,019
– maturity up to 1 month	963	830	831
– maturity 1-6 months	71,192	69,999	69,941
– maturity 6-12 months	173,858	150,131	148,247
Total	**246,013**	**220,960**	**219,019**

25.2. Reverse repurchase agreements

The Group also purchases financial instruments under agreements to resell them at future dates ("reverse repurchase agreements"). Reverse repurchases are entered into as a facility to provide funds to customers. As at 31 December 2022 and 2021, total assets purchased subject to agreements to resell them were as follows:

31 December 2022

In thousands of EUR	Fair value of assets held as collateral	Carrying amount of receivable	Repurchase price
Loans and advances to customers (Note 24)	178,171	120,999	121,967
– maturity up to 1 month	106,656	77,867	78,142
– maturity 1-6 months	71,515	43,132	43,825
– maturity 6-12 months	–	–	–
Cash and cash equivalents (Note 16)	2,980,214	3,030,818	3,035,208
– maturity up to 1 month	2,980,214	3,030,818	3,035,208
– maturity 1-6 months	–	–	–
Total	**3,158,385**	**3,151,817**	**3,157,175**

31 December 2021

In thousands of EUR	Fair value of assets held as collateral	Carrying amount of receivable	Repurchase price
Loans and advances to customers (Note 24)	229,026	117,031	116,331
– maturity up to 1 month	26,691	17,997	16,932
– maturity 1-6 months	22,725	14,037	14,222
– maturity 6-12 months	179,610	84,997	85,177
Cash and cash equivalents (Note 16)	2,622,127	2,667,889	2,670,686
– maturity up to 1 month	2,622,127	2,667,889	2,670,686
– maturity 1-6 months	–	–	–
Total	**2,851,153**	**2,784,920**	**2,787,017**

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

26. TRADE RECEIVABLES AND OTHER ASSETS

In thousands of EUR	31 December 2022	31 December 2021
Trade receivables	31,559	28,991
– gross	37,154	34,433
– allowance	(5,595)	(5,442)
Securities settlement balances	81,775	161,603
Expected proceeds from liquidation	2,235	2,366
– gross	12,771	12,408
– allowance	(10,536)	(10,042)
Receivables from insurance and reinsurance	–	–
– gross	–	–
– allowance	–	–
Other receivables	42,615	47,166
– gross	43,999	49,609
– allowance	(1,384)	(2,443)
Total receivables presented under risk management at amortised cost (refer to Note 44)	**158,184**	**240,126**
Restricted Cash	**28,104**	**–**
– gross	33,124	–
– allowance	(5,020)	–
Prepayments	24,892	22,067
Advance payments	15,514	10,906
– gross	15,514	10,906
– allowance	–	–
Other tax receivables	433	456
Inventories	14,244	12,656
– gross	14,349	12,856
– allowance	(105)	(200)
Other	10,041	4,065
– gross	14,666	4,344
– allowance	(4,625)	(279)
Total non-financial receivables and other assets	**65,124**	**50,150**
Total trade receivables and other assets	**251,412**	**290,276**

Other receivables include other individually insignificant items, such as collateral received for the purposes of derivative trading.

For details on ECL refer to Note 27 (e).

27. AMOUNTS ARISING FROM EXPECTED CREDIT LOSSES (ECL)

The following tables show reconciliations from the opening to the closing balance of the loss allowance and provisions by class of financial instrument. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired ECLs are included in Note 3 (h).

(a) Cash and cash equivalents at amortised cost

In thousands of EUR	2022 12–month ECL	2021 12–month ECL
Balance as at 1 January	**68**	**101**
Net remeasurement of loss allowance	30	12
New financial assets originated or purchased	27	11
Net decrease in cash and cash equivalents	(53)	(56)
Foreign exchange and other movements	–	–
Balance as at 31 December (refer to Note 16)	**72**	**68**

(b) Investment securities at amortised cost

In thousands of EUR	2022 12–month ECL	2022 Lifetime ECL not credit-impaired	2022 Lifetime ECL credit-impaired	2022 Total	2021 12–month ECL	2021 Lifetime ECL not credit-impaired	2021 Total
Balance as at 1 January	**187**	**7,514**	**–**	**7,701**	**94**	**7,741**	**7,835**
Transfer to 12-month ECL	–	–	–	–	115	(115)	–
Transfer to lifetime ECL credit-impaired	(72)	–	72	–	–	–	–
Net remeasurement of loss allowance	120	(72)	413	461	(557)	(112)	(669)
New financial assets originated or purchased	–	–	–	–	541	–	541
Derecognition	–	–	–	–	(8)	–	(8)
Disposals of subsidiaries	–	–	–	–	(6)	–	(6)
Foreign exchange and other movements	6	–	(27)	(21)	8	–	8
Balance as at 31 December (refer to Note 21)	**241**	**7,442**	**458**	**8,141**	**187**	**7,514**	**7,701**

(c) Loans and advances to banks at amortised cost

In thousands of EUR	2022 12–month ECL	2021 12–month ECL
Balance as at 1 January	**128**	**86**
Net remeasurement of loss allowance	(98)	27
New financial assets originated or purchased	–	26
Derecognition	(20)	(11)
Effect of movement in foreign exchange	1	–
Balance as at 31 December (refer to Note 23)	**11**	**128**

(d) Loans and advances to customers at amortised cost

In thousands of EUR	2022 12-month ECL	2022 Lifetime ECL not credit-impaired	2022 Lifetime ECL credit-impaired	2022 Purchased credit-impaired	2022 Total
Balance as at 1 January	**37,116**	**76,055**	**309,614**	**11,034**	**433,819**
Transfer to 12-month ECL	18,342	(16,361)	(1,981)	–	–
Transfer to lifetime ECL not credit-impaired	(8,346)	14,312	(5,966)	–	–
Transfer to lifetime ECL credit-impaired	(9,719)	(13,308)	23,027	–	–
Net remeasurement of loss allowance	(1,039)	11,073	113,715	(3,380)	120,369
Unwinding of interest	–	–	4,275	146	4,421
New financial assets originated or purchased	29,780	–	37,911	–	67,691
Derecognition	(4,926)	(14,335)	(164,018)	(8)	(183,287)
Write-offs and use	–	–	(1,637)	–	(1,637)
Changes due to modification without derecognition (net)	3,247	117	3,370	–	6,734
Acquisition through business combination	–	–	41	–	41
Disposals of subsidiaries	–	–	(26,644)	–	(26,644)
Effect of movement in foreign exchange	395	(1,081)	911	16	241
Balance as at 31 December (refer to Note 24)	**64,850**	**56,472**	**292,618**	**7,808**	**421,748**

In thousands of EUR	2021 12-month ECL	2021 Lifetime ECL not credit-impaired	2021 Lifetime ECL credit-impaired	2021 Purchased credit-impaired	2021 Total
Balance as at 1 January	**85,626**	**58,896**	**262,300**	**14,869**	**421,691**
Opening balance correction	–	–	1,484	(1,484)	–
Transfer to 12-month ECL	1,063	(599)	(464)	–	–
Transfer to lifetime ECL not credit-impaired	(12,328)	12,358	(30)	–	–
Transfer to lifetime ECL credit-impaired	(9,799)	(2,295)	12,094	–	–
Net remeasurement of loss allowance	(34,174)	15,856	93,197	(2,166)	72,713
Unwinding of interest	–	–	2,522	171	2,693
New financial assets originated or purchased	30,478	–	–	–	30,478
Derecognition	(24,739)	(5,362)	(58,145)	(771)	(89,017)
Write-offs and use	–	(929)	(7,390)	–	(8,319)
Changes due to modification without derecognition (net)	400	(2,650)	358	398	(1,494)
Acquisition through business combination	50	–	–	–	50
Effect of movement in foreign exchange	539	780	3,688	17	5,024
Balance as at 31 December (refer to Note 24)	**37,116**	**76,055**	**309,614**	**11,034**	**433,819**

The changes in the loss allowance mainly represent a decrease due to derecognition of EUR 184,924 thousand (2021: EUR 97,336 thousand) primarily due to settlement of financial instruments at the gross carrying amount of EUR 2,974,458 thousand (2021: EUR 2,849,995 thousand). On the other hand, new loans and advances to customers at amortised cost increased, totalling EUR 3,237,487 thousand gross (2021: EUR 3,466,238 thousand), resulting in an increase in the loss allowance of EUR 67,691 thousand (2021: EUR 30,478 thousand).

Increases in credit risk are reflected in both the Net remeasurement amount, Unwinding of interest and Transfers to stages with higher probability of default. These transfers decreased the gross carrying amount in Stage 1 by EUR 317,849 thousand (2021: EUR 496,489 thousand), and increased the gross carrying amounts in Lifetime ECL not credit-impaired by EUR 115,104 thousand (2021: EUR 383,993 thousand) and in Lifetime ECL credit-impaired by EUR 202,745 thousand (2021: EUR 112,496 thousand).

(e) Trade receivables presented under risk management at amortised cost

In thousands of EUR	2022 Lifetime ECL not credit-impaired	2022 Lifetime ECL credit-impaired	2022 Total	2021 Lifetime ECL not credit-impaired	2021 Lifetime ECL credit-impaired	2021 Total
Balance as at 1 January	**1,734**	**16,193**	**17,927**	**1,958**	**16,607**	**18,565**
Transfer to lifetime ECL credit-impaired	(331)	331	–	(19)	19	–
Net remeasurement of loss allowance	(9)	(9)	(18)	36	(172)	(136)
New financial assets originated or purchased	213	–	213	194	–	194
Derecognition	(201)	(399)	(600)	(524)	(18)	(542)
Write-offs and use	(220)	(578)	(798)	(9)	(155)	(164)
Acquisition through business combination	–	221	221	53	–	53
Disposals of subsidiaries	–	–	–	–	(532)	(532)
Effect of movement in foreign exchange	75	495	570	45	444	489
Balance as at 31 December (refer to Note 26)	**1,261**	**16,254**	**17,515**	**1,734**	**16,193**	**17,927**

(f) Debt securities at FVOCI

In thousands of EUR	2022 12–month ECL	2022 Lifetime ECL not credit-impaired	2022 Lifetime ECL credit-impaired	2022 Total
Balance as at 1 January	**1,843**	**11,506**	**–**	**13,349**
Transfer to lifetime ECL not credit-impaired	(3,249)	3,249	–	–
Transfer to lifetime ECL credit-impaired	–	(187)	187	–
Net remeasurement of loss allowance	(573)	6,706	24,525	30,658
New financial assets originated or purchased	3,135	–	–	3,135
Derecognition	(35)	(8,308)	–	(8,343)
Effect of movement in foreign exchange	78	12	(194)	(104)
Balance as at 31 December	**1,199**	**12,978**	**24,518**	**38,695**

In thousands of EUR	2021 12–month ECL	2021 Lifetime ECL not credit-impaired	2021 Lifetime ECL credit-impaired	2021 Total
Balance as at 1 January	**3,381**	**2,571**	**–**	**5,952**
Transfer to lifetime ECL not credit-impaired	(2,943)	2,943	–	–
Net remeasurement of loss allowance	(2,545)	6,671	–	4,126
New financial assets originated or purchased	5,569	–	–	5,569
Derecognition	(1,298)	(668)	–	(1,966)
Write-offs and use	(118)	–	–	(118)
Disposals of subsidiaries	(7)	–	–	(7)
Effect of movement in foreign exchange	(196)	(11)	–	(207)
Balance as at 31 December	**1,843**	**11,506**	**–**	**13,349**

(g) Loan commitments and financial guarantee contracts

In thousands of EUR	2022 12–month ECL	2022 Lifetime ECL not credit-impaired	2022 Lifetime ECL credit-impaired	2022 Total
Balance as at 1 January	**1,238**	**478**	**3,177**	**4,893**
Transfer to 12-month ECL	56	(56)	–	–
Transfer to lifetime ECL not credit-impaired	(1,510)	1,796	(286)	–
Transfer to lifetime ECL credit-impaired	(1,819)	(7)	1,826	
Net remeasurement of loss allowance	(2,481)	(880)	(841)	(4,202)
New commitments and financial guarantees issued	9,397	–	–	9,397
Commitments and financial guarantees derecognized	(683)	(642)	(37)	(1,362)
Foreign exchange and other movements	(13)	12	(3)	(4)
Balance as at 31 December (refer to Note 37)	**4,185**	**701**	**3,836**	**8,722**

In thousands of EUR	2021 12–Month ECL	2021 Lifetime ECL not credit-impaired	2021 Lifetime ECL credit-impaired	2021 Total
Balance as at 1 January	**2,380**	**622**	**2,573**	**5,575**
Transfer to 12-month ECL	126	(126)	–	–
Transfer to lifetime ECL not credit-impaired	(1,773)	1,773	–	–
Transfer to lifetime ECL credit-impaired	(872)	–	872	–
Net remeasurement of loss allowance	(6,516)	(992)	352	(7,156)
New commitments and financial guarantees issued	8,820	–	–	8,820
Commitments and financial guarantees derecognized	(960)	(801)	(651)	(2,412)
Foreign exchange and other movements	33	2	31	66
Balance as at 31 December (refer to Note 37)	**1,238**	**478**	**3,177**	**4,893**

28. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

In thousands of EUR	31 December 2022	31 December 2021
Interests in joint ventures	24,165	38,792
Interest in associate	26,191	38,382
Total interests in equity accounted investees	**50,356**	**77,174**

Joint ventures

The table below analyses the share of profit and other comprehensive income from joint ventures:

In thousands of EUR	31 December 2022	31 December 2021
Carrying amount of interests in joint ventures	24,165	38,792
Group´s share of:		
Profit from continuing operations	2,338	25,454
Other comprehensive income	155	1,801
Total share of comprehensive income from joint ventures	**2,493**	**27,255**

In 2022, the Group did not acquire any new investments in joint ventures.

On 8 December 2021, the Group acquired a 75% share in Industrial Center CR 11 s.r.o. for CZK 75 thousand (EUR 3 thousand). As a result of the shareholder agreement, the interest is classified as joint venture.

8 December 2021, the Group sold a 50% stake in OAMP Hall 1 s.r.o.

On 22 December 2021, the Group acquired a 50% share in JTH Letňany s.r.o. for CZK 9,500 thousand (EUR 376 thousand).

Among the joint ventures is included interest in OSTRAVA AIRPORT MULTIMODAL PARK (OAMP). This project involves a share in OAMP Distribution s.r.o., OAMP Infrastructure s.r.o., and OAMP Holding s.r.o.

The following table summarises the aggregate financial information for this project adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies. The 2021 aggregate financial information no longer includes OAMP Hall 1 Ltd., as it was directly owned by Colorizo Investment, Inc. and was sold in 2021.

In thousands of EUR	2022	2021
Percentage of ownership interest	**50%**	**50%**
Non-current assets	17,210	79,406
Current assets	36,470	11,418
Non-current liabilities	(7,620)	(17,770)
Current liabilities	(542)	(24,061)
Net assets (100%)	**45,518**	**48,993**
Group's share of net assets (50%)	22,759	24,497
Carrying amount of interest in joint venture	**22,759**	**24,497**
Income	4,631	30,713
Profit from continuing operations (100%)	3,217	29,124
Other comprehensive income (100%)	227	3,602
Total comprehensive income (100%)	3,444	32,726
Total comprehensive income (50%)	**1,722**	**16,363**
Group's share of total comprehensive income (50%)	**1,722**	**16,363**

Associates

The table below analyses the share of profit and other comprehensive income from associates:

In thousands of EUR	31 December 2022	31 December 2021
Carrying amount of interests in associates	26,191	38,382
Group´s share of:		
Profit from continuing operations	(14,592)	4,576
Other comprehensive income	2,496	3,467
Total share of comprehensive income from associates	**(12,096)**	**8,043**

No associates were acquired in the course of 2022.

On 11 November 2022, the Group sold its 49% share in Narcissus s.r.o. for CZK 2,631 thousand.

No associates were acquired in the course of 2021.

Among the associates is included a 45% share in URE HOLDING LIMITED. URE HOLDING LIMITED is a company organized and existing under the law of the Republic of Cyprus and is not publicly traded. The interest is accounted for using the equity method.

The following table summarises the financial information of URE HOLDING LIMITED as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in URE HOLDING LIMITED.

In thousands of EUR	2022	2021
Percentage of ownership interest	**45%**	**45%**
Non-current assets	112,757	140,927
Current assets	552	2,495
Non-current liabilities	(56,888)	(59,004)
Current liabilities	(202)	(108)
Net assets (100%)	**56,219**	**84,310**
Group's share of net assets (45%)	25,299	37,940
Carrying amount of interest in associate	**25,299**	**37,940**
Income	(31,302)	15,177
Profit from continuing operations (100%)	(32,590)	10,058
Other comprehensive income (100%)	5,521	6,615
Total comprehensive income (100%)	(27,069)	16,673
Total comprehensive income (45%)	**(12,181)**	**7,503**
Group's share of total comprehensive income (45%)	**(12,181)**	**7,503**

29. INVESTMENT PROPERTY

In thousands of EUR	2022	2021
Balance as at 1 January	**134,121**	**126,435**
Additions	7,658	3,639
Acquisition through business combination	–	–
Change in fair value (refer to Note 12 and 14)	(2,277)	3,217
Transfer to/from property, plant and equipment (refer to Note 31)	(4,259)	813
Disposals	(48)	(615)
Effect of movement in foreign exchange	582	632
Balance as at 31 December	**135,777**	**134,121**

Investment property as at 31 December 2022 includes buildings of EUR 71,314 thousand (2021: buildings of EUR 69,326 thousand) and land of EUR 69,062 thousand (2021: land of EUR 64,795 thousand).

Investment property amounting to EUR 7,971 thousand as at 31 December 2022 was subject to pledge arrangements (2021: EUR 0 thousand).

As at 31 December 2022, investment property was insured up to EUR 97,432 thousand (2021: EUR 69,722 thousand).

30. INTANGIBLE ASSETS

In thousands of EUR	Goodwill	Contracts and brand	Customer relationships	Software and other intangible assets	Total
Gross carrying amount as at 1 January 2021	45,863	89,498	80,030	136,449	351,840
Accumulated depreciation and impairment at 1 January 2021	(34,130)	(89,378)	(79,969)	(78,566)	(282,043)
Net carrying amount as at 1 January 2021	**11,733**	**120**	**61**	**57,883**	**69,797**
Additions	–	7	–	28,583	28,590
Acquisition through business combination	164	15	–	24	203
Amortisation charge for the year	–	(34)	(12)	(20,376)	(20,422)
Impairment	–	–	–	85	85
Disposals	–	–	–	(2,595)	(2,595)
Disposals of subsidiaries	–	–	–	(767)	(767)
Effect of movement in foreign exchange	207	–	4	597	808
Net carrying amount as at 31 December 2021	**12,104**	**108**	**53**	**63,434**	**75,699**
Gross carrying amount as at 31 December 2021	48,294	89,534	79,390	161,109	378,327
Accumulated depreciation and impairment at 31 December 2021	(36,190)	(89,426)	(79,337)	(97,675)	(302,628)
Gross carrying amount as at 1 January 2022	48,294	89,534	79,390	161,109	378,327
Accumulated depreciation and impairment at 1 January 2022	(36,190)	(89,426)	(79,337)	(97,675)	(302,628)
Net carrying amount as at 1 January 2022	**12,104**	**108**	**53**	**63,434**	**75,699**
Additions	1,106	–	–	29,969	31,075
Acquisition through business combination	2,733	–	–	32	2,765
Amortisation charge for the year	–	(39)	(12)	(18,226)	(18,277)
Impairment	–	–	–	296	296
Disposals	–	–	–	(2,728)	(2,728)
Disposals of subsidiaries	–	–	–	(3,518)	(3,518)
Effect of movement in foreign exchange	100	1	1	562	664
Net carrying amount as at 31 December 2022	**16,043**	**70**	**42**	**69,821**	**85,976**
Gross carrying amount as at 31 December 2022	53,542	89,537	36,518	183,967	363,564
Accumulated depreciation and impairment as at 31 December 2022	(37,499)	(89,467)	(36,476)	(114,146)	(277,588)

Assets under development and borrowing costs
As at 31 December 2022 the cost of intangible assets under development (included in Other intangible assets) was EUR 12,521 thousand (2021: EUR 7,437 thousand).

There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (2021: EUR 0).

31. PROPERTY, PLANT AND EQUIPMENT

In thousands of EUR	Land and buildings	Right–of–Use Land and buildings	Fixtures, fittings and equipment	Right–of–Use of fixtures, fittings and equipment	Total
Gross carrying amount at 1 January 2021	234,517	54,420	72,094	10,766	371,797
Accumulated depreciation and impairment at 1 January 2021	(25,220)	(14,932)	(29,276)	(3,156)	(72,584)
Net carrying amount as at 1 January 2021	**209,297**	**39,488**	**42,818**	**7,610**	**299,213**
Additions	3,215	6,773	13,381	2,784	26,153
Acquisition through business combination	–	–	10	–	10
Depreciation charge for the year	(6,642)	(7,230)	(7,033)	(2,409)	(23,314)
Impairment	1,445	–	505	–	1,950
Changes due to modifications under IFRS 16	–	11,202	–	(123)	11,079
Transfers from investment property	(813)	–	–	–	(813)
Transfer (to)/from disposal group held for sale	–	–	–	–	–
Transfer between categories	5,592	–	(5,592)	–	–
Disposals	(830)	(2,723)	(1,150)	(215)	(4,918)
Disposals of subsidiaries	–	(542)	(253)	–	(795)
Effect of movement in foreign exchange	847	171	356	259	1,633
Net carrying amount as at 31 December 2021	**212,111**	**47,139**	**43,042**	**7,906**	**310,198**
Gross carrying amount at 31 December 2021	241,187	65,531	73,932	12,548	393,198
Accumulated depreciation and impairment at 31 December 2021	(29,076)	(18,392)	(30,890)	(4,642)	(83,000)
Gross carrying amount at 1 January 2022	241,187	65,531	73,932	12,548	393,198
Accumulated depreciation and impairment at 1 January 2022	(29,076)	(18,392)	(30,890)	(4,642)	(83,000)
Net carrying amount as at 1 January 2022	**212,111**	**47,139**	**43,042**	**7,906**	**310,198**
Additions	10,138	4,807	3,738	2,089	20,772
Acquisition through business combination	9,106	–	28,938	–	38,044
Depreciation charge for the year	(6,998)	(7,678)	(9,180)	(2,364)	(26,220)
Impairment	2,420	–	23	–	2,443
Changes due to modifications under IFRS 16	–	(1,630)	–	(707)	(2,337)
Transfers from investment property	4,599	–	(340)	–	4,259
Transfer (to)/from disposal group held for sale	–	–	–	–	–
Transfer between categories	941	–	(941)	–	–
Disposals	(604)	(160)	(892)	(287)	(1,943)
Disposals of subsidiaries	(23)	(140)	(7)	–	(170)
Effect of movement in foreign exchange	1,382	50	551	145	2,128
Net carrying amount as at 31 December 2022	**233,072**	**42,388**	**64,932**	**6,782**	**347,174**
Gross carrying amount at 31 December 2022	266,260	68,115	103,010	12,598	449,983
Accumulated depreciation and impairment at 31 December 2022	(33,188)	(25,727)	(38,078)	(5,816)	(102,809)

As at 31 December 2022, the Group's property, plant and equipment in the amount of EUR 159,601 thousand is subject to pledges (2021: EUR 132,364 thousand).

As at 31 December 2022, the Group's property, plant and equipment was insured up to an amount of EUR 340,404 thousand (2021: EUR 295,058 thousand).

Assets under construction and borrowing costs

As at 31 December 2022, the cost of property, plant and equipment under construction (included in Fixtures, fittings and equipment) was EUR 14,700 thousand (2021: EUR 15,694 thousand).

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the years 2022 and 2021.

Idle assets

As at 31 December 2022 and 2021 the Group had no material idle assets.

32. DEPOSITS AND LOANS FROM BANKS

In thousands of EUR	31 December 2022	31 December 2021
Term deposits from banks	4,148	2,014
Received loans from repurchase agreements (refer to Note 25.1)	149,379	220,960
Other received loans	660,956	427,048
Deposits and loans from banks at amortised cost	**814,483**	**650,022**
Total deposits and loans from banks	**814,483**	**650,022**

For more information about repurchase agreements see Note 25. Repurchase and resale agreements.

33. DEPOSITS AND LOANS FROM CUSTOMERS

In thousands of EUR	31 December 2022	31 December 2021
Term and escrow deposits	6,865,908	5,719,600
Deposits payable on demand	3,354,383	3,789,558
Received loans from repurchase agreements (refer to Note 25.1)	–	–
Other received loans	42,362	110,594
Deposits and loans from customers at amortised cost	**10,262,653**	**9,619,752**
Total deposits and loans from customers	**10,262,653**	**9,619,752**

For more information about repurchase agreements see Note 24. Repurchase and resale agreements.

34. DEBT SECURITIES ISSUED

In thousands of EUR	31 December 2022	31 December 2021
At amortised cost	617,300	578,388
Total debt securities issued	**617,300**	**578,388**

The following table shows the detail for issued debt securities at amortised in thousands of EUR:

Name	ISIN	Issue date	Nominal value	Interest rate	Maturity date	31 December 2022	31 December 2021
JTFG VIII 4.00/22	CZ0003516882	14 July 2017	CZK 3,000,000	4.00%	18 July 2022	–	132,299
JTFG IX 4.00/2023	SK4120014556	28 Oct 2018	EUR 1,000	4.00%	26 Oct 2023	150,940	151,037
JTFG X 4.75/24	CZ0003520447	14 Jan 2019	CZK 3,000,000	4.75%	14 Oct 2024	182,326	178,948
-	QOXDBM077189	22 Nov 2021	EUR 1,000	3.50%	22 Nov 2024	15,009	49,810
JTGF XI. 4.90/26	CZ0003533077	27 July 2021	CZK 3,000,000	4.90%	27 July 2026	38,605	37,701
JTFG XII 3.75/2025	SK4000019386	30 July 2021	EUR 100,000	3.75%	30 July 2025	15,133	13,609
-	XS2425290900	22 Dec 2021	EUR 100	3.50%	22 Dec 2024	49,832	14,984
JTGF XIII. 8.25/25	CZ0003541237	18 July 2022	CZK 3,000,000	8.25%	18 July 2025	64,392	–
JTFG XIV 5.00/2027	SK4000021481	31 Aug 2022	EUR 1,000	5.00%	31 Aug 2027	28,435	–
J&T BANKA 8.00/27	CZ0003707705	13 Dec 2022	CZK 10,000,000	8.00%	13 Dec 2027	12,487	–
-	QSDPABKR0001	19 Dec 2022	EUR 1,000	7.04%	19 Dec 2026	60,141	–
Total issued bonds						**617,300**	**578,388**

The interest from all issues is paid regularly once a year, twice a year or four times a year.

The Group has not had any defaults of principal or interest or other breaches with respect to its debt securities during the years ended 31 December 2022 and 2021.

The total carrying amount of the bonds issued does not include the amount of the bonds held by companies within the Group.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Equity				
In thousands of EUR	Lease liabilities[9]	Debt securities issued	Sub-Ordinated debt	Retained earnings	Provisions	Other equity instruments	Non-controlling interests – Other equity instruments	Non-controlling interests – ordinary shares	Total
Balance of provisions as at 1 January 2022	**55,870**	**578,388**	**2,955**	**882,776**	**42,615**	**218,900**	**115,722**	**88,030**	**1,985,256**
Changes from financing cash flows									
Proceeds from issued debt securities	–	161,113	–	–	–	–	–	–	161,113
Payments for buy-back	–	(132,140)	–	–	–	–	–	–	(132,140)
Acquisition of non-controlling interests	–	–	–	–	–	–	–	444	444
Distribution of non-controlling interests								(8,467)	(8,467)
Subordinated debt issued	–	–	7,518	–	–		–	–	7,518
Subordinated debt paid	–	–	–	–	–	–	–	–	–
Payments of lease liabilities (principal)	(5,415)	–	–	–	–	–	–	–	(5,415)
Issue of other equity instruments	–	–	–	–	–	–	24,806	–	24,806
Bonus payments from issued other equity instruments	–	–	–	(10,990)	–	–	(9,871)	–	(20,861)
Dividends paid	–	–	–	(77,290)	–	–	–	(2,113)	(79,403)
Total changes from financing cash flows	**(5,415)**	**28,973**	**7,518**	**(88,280)**	**–**	**–**	**14,935**	**(10,136)**	**(52,405)**
Changes arising from obtaining or losing control of subsidiaries or other businesses	(140)	–	–	–	–	–	–	–	(140)
The effect of changes in foreign exchange rates	56	(1,477)	166	–	–	–	–	–	(1,255)
Other changes									
Liability-related									
Lease liabilities from new leases	3,097	–	–	–	–	–	–	–	3,097
Transfers and other non-cash movements	(3,088)	–	–	–	–	–	–	–	(3,088)
Interest expense	1,087	24,598	2,315	–	–	–	–	–	28,000
Interest paid	(1,027)	(13,182)	(2,355)	–	–	–	–	–	(16,564)
Total liability-related other changes	**69**	**11,416**	**(40)**	**–**	**–**	**–**	**–**	**–**	**11,445**
Total equity-related other changes	**–**	**–**	**–**	**145,194**	**15,792**	**–**	**14,383**	**(19,488)**	**155,881**
Balance as at 31 December 2022	**50,440**	**617,300**	**10,599**	**939,690**	**58,407**	**218,900**	**145,040**	**58,406**	**2,098,782**

[9] Lease liabilities are included under Other liabilities in the financial statements and thus do not constitute a separate financial statements caption.

		Liabilities					Equity		
In thousands of EUR	Lease liabilities[10]	Debt securities issued	Subordinated debt	Retained earnings	Provisions	Other equity instruments	Non-controlling interests – Other equity instruments	Non-controlling interests	Total
Restated balance as at 1 January 2021[11]	**47,751**	**445,770**	**8,546**	**739,467**	**(41,839)**	**218,900**	**84,150**	**71,547**	**1,574,292**
Changes from financing cash flows									
Proceeds from issued debt securities	–	114,432	–	–	–	–	–	–	114,432
Payments for buy-back	–	(78)	–	–	–	–	–	–	(78)
Subordinated debt paid	–	–	(5,568)	–	–	–	–	–	(5,568)
Payments of lease liabilities (principal)	(9,442)	–	–	–	–	–	–	–	(9,442)
Issue of other equity instruments	–	–	–	–	–	–	25,266	–	25,266
Bonus payments from issued other equity instruments	–	–	–	(11,127)	–	–	(7,127)	–	(18,254)
Dividends paid	–	–	–	–	–	–	–	(68)	(68)
Total changes from financing cash flows	**(9,442)**	**114,354**	**(5,568)**	**(11,127)**	**25,266**	**–**	**18,139**	**(68)**	**106,288**
The effect of changes in foreign exchange rates	376	17,498	165	–	–	–	–	–	18,039
Other changes									
Liability-related									
Lease liabilities from new leases	9,601	–	–	–	–	–	–	–	9,601
Transfers and other non-cash movements	7,944	–	–	–	–	–	–	–	7,944
Interest expense	965	20,138	263	–	–	–	–	–	21,366
Interest paid	(1,325)	(19,372)	(451)	–	–	–	–	–	(21,148)
Total other liability-related changes	**17,185**	**766**	**(188)**	**–**	**–**	**–**	**–**	**–**	**17,763**
Total other equity-related changes	**–**	**–**	**–**	**154,436**	**84,454**	**–**	**13,433**	**16,551**	**268,874**
Restated balance as at 31 December 2021[10]	**55,870**	**578,388**	**2,955**	**882,776**	**42,615**	**218,900**	**115,722**	**88,030**	**1,985,256**

35. SUBORDINATED DEBT

In thousands of EUR	31 December 2022	31 December 2021
Subordinated debt at amortised cost	10,599	2,955

Subordinated debt as at 31 December 2022 includes subordinated fixed-term deposits totalling EUR 10,599 thousand (2021: EUR 2,955 thousand) with maturity between 2023 and 2027 (2021: 2022–2026).

[10] Lease liabilities are included under Other liabilities in the financial statements and thus do not constitute a separate financial statements caption.
[11] The comparable period figures were adjusted as a result of the correction of prior period errors (see Note 5).

36. OTHER LIABILITIES

In thousands of EUR	31 December 2022	31 December 2021
Payables to clients from securities trading	326,460	475,982
Employee benefits	68,596	64,004
Securities settlement balances	13,716	13,512
Trade payables	23,887	19,021
Unbilled supplies	11,762	10,894
Other liabilities	53,692	47,260
Total (refer to Note 41)	**498,113**	**630,673**
Financial liabilities at FVTPL	47,189	16,863
Lease liabilities (refer to Note 43.1)	50,440	55,870
Total other liabilities under risk management (refer to Note 43)	**595,742**	**703,406**
Other tax liabilities	9,591	7,198
Advance payments received	7,311	7,425
Deferred income	3,006	4,678
Total other non-financial liabilities	**19,908**	**19,301**
Total	**615,650**	**722,707**

Other liabilities include a large number of sundry items that are not significant on an individual basis. Financial liabilities at FVTPL mainly include current year remeasurement of EUR 1,001 thousand (2021: 0 EUR) and cumulative remeasurement of EUR 1,001 thousand (2021: 0 EUR).

37. PROVISIONS

In thousands of EUR	31 December 2022	31 December 2021
Financial guarantee contracts issued under IFRS 9 (refer to Note 27 (e))	2,574	1,946
Loan commitments issued under IFRS 9 (refer to Note 27 (g))	6,148	2,947
Other provisions	5,049	3,051
Total provisions	**13,771**	**7,944**

The Group has issued no loan commitment nor financial guarantee contracts that are measured at fair value through profit or loss.

In thousands of EUR	Provisions for commitments under IAS 37	Insurance contracts	Other provisions under IAS 37	Total
Balance as at 1 January 2021	**56**	**26,049**	**5,031**	**31,136**
Provisions recorded during the period	–	211	641	852
Provisions used during the period	–	–	(605)	(605)
Provisions reversed during the period	(54)	–	(2,177)	(2,231)
Decrease from outgoing entities	–	(26,254)	–	(26,254)
Foreign exchange gain	3	(6)	156	153
Balance as at 31 December 2021	**5**	**–**	**3,046**	**3,051**
Balance as at 1 January 2022	**5**	**–**	**3,046**	**3,051**
Provisions recorded during the period	–	–	2,783	2,783
Provisions used during the period	(2)	–	(527)	(529)
Provisions reversed during the period	–	–	(347)	(347)
Foreign exchange gain	1	–	90	91
Balance as at 31 December 2022	**4**	**–**	**5,045**	**5,049**

As at 31 December 2022 provisions of EUR 958 thousand (2021: EUR 911 thousand) are expected to be used later than 12 months after the reporting date. These include mainly provision for restructuring in amount of EUR 938 thousand (31 December 2021: EUR 883 thousand). Current provisions of EUR 4,091 thousand include a provision for the clients' benefit programme (Magnus) of EUR 1,128 thousand (2021: EUR 1,099 thousand).

38. DEFERRED TAX ASSETS AND LIABILITIES

38.1. Unrecognised deferred tax assets

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

In thousands of EUR	31 December 2022	31 December 2021
Tax losses carried forward (Gross amount)	11,478	14,338
Tax effect	2,181	2,724

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

In thousands of EUR	2023	2024	2025	2026	After 2027
Tax losses	2,398	1,373	901	814	5,992

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

Tax losses expire over a period of five years for losses arisen after 1 January 2004 in the Czech Republic. In Slovakia, tax losses arisen after 1 January 2020 can be used in the next five years and always up to 50% of the tax base. Some deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because, due to the varying nature of the sources of these assets, it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

38.2. Recognised deferred tax assets and liabilities

The following deferred tax assets and liabilities have been recognised:

In thousands of EUR	31 December 2022 Assets	31 December 2022 Liabilities	31 December 2021 Assets	31 December 2021 Liabilities
Property, plant and equipment	4,073	2,088	3,664	1,571
Intangible assets	41	341	122	256
Investment property	426	2,313	398	2,173
Leases (IFRS 16)	183	21	1,038	640
Impairment of trade receivables and other assets	536	–	382	–
Investment securities at fair value through other comprehensive income	5,944	115	1,632	2,973
Investment securities at amortised cost	–	218	44	626
Employee benefits (IAS 19)	908	–	1,129	–
Unpaid interest, net	–	–	–	–
Investment securities measured at fair value through profit or loss	–	938	–	143
Loans and advances	27,407	15	24,938	1,423
Loans and advances at fair value through other comprehensive income	6	–	–	–
Provisions	1,874	11	985	–
Derivatives	–	7,671	372	7,712
Tax losses	1,025	–	1,083	–
Other temporary differences	12,403	–	13,353	1,377
	54,826	13,731	49,140	18,894
Netting[12]	(1,313)	(1,313)	(7,102)	(7,102)
Total	**53,513**	**12,418**	**42,038**	**11,792**

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

39. EQUITY

(i) Share capital

The authorized, issued and fully paid share capital of J&T FINANCE GROUP SE as at 31 December 2022 and 31 December 2021 consists of 10 ordinary shares with a par value of CZK 200,000, 13,778,752 ordinary shares with a par value of CZK 1,000, and 1,999,556,188 ordinary shares with a par value of CZK 1. The shareholders are entitled to receive dividends and to one vote per share at meetings of the Company's shareholders. The share capital amounts to CZK 15,780,308 thousand (equivalent to EUR 574,138 thousand in historic costs) both in 2021 and 2022.

(ii) Non-distributable reserves

Non-distributable reserves include the legal reserve fund of the Parent Company and post-acquisition increases in subsidiaries' legal reserves. The legal reserve fund can only be used to cover losses of the Company and it may not be distributed as a dividend. The calculation of the legal reserve is based on local statutory regulations.

Since 1 January 2014, the creation of a legal reserve fund in the Czech Republic is not required.

In Slovakia creation of a legal reserve fund is required at a minimum of 5% of net profit (annually) and up to a minimum of 10% of the registered share capital (cumulative balance).

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

In Russia creation of a legal reserve fund is required at a minimum of 5% of net profit (annually) up to a minimum of 5% of the registered share capital.

In Croatia creation of a legal reserve fund is required at a minimum of 5% of net profit (annually) and up to a minimum of 5% of the registered share capital.

(iii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. Furthermore, the translation reserve includes the impact of the net investment hedge of foreign operations as described in Note 18.

(iv) Other reserves and funds

Other reserves comprise mainly changes in the fair value of securities measured at fair value through other comprehensive income.

(v) Other equity instruments

In 2016, J&T FINANCE GROUP SE issued and sold subordinated unsecured certificates with a nominal value of EUR 100 thousand and no maturity date in the amount of EUR 200,000 thousand. The whole emission was purchased by CEFC Hainan International Holdings CO., Ltd. These certificates bear a 9% (first two years) and 5% (subsequently) annual yield that is fully discretionary and subject to approval, distributed semi-annually from retained earnings. Following the approval by the Czech National Bank (CNB) on 21 April 2016, these instruments also comply with the requirements to be recognized as additional capital AT1.

On 12 October 2020, J&T FINANCE GROUP SE issued and subsequently sold further subordinated unsecured certificates with a nominal value of EUR 100 thousand and no maturity date in the amount of CZK 500,000 thousand (EUR 18,900 thousand). These certificates bear a 7.5% annual yield that is fully discretionary and subject to approval, distributed semi-annually from retained earnings. The issuance of these instruments was approved by the Czech National Bank (CNB) on 18 September 2020 and they are listed on the Prague Stock Exchange. The instruments comply with the requirements to be recognized as additional capital AT1 (see Note 44.5 Capital management).

In 2016, a special purpose capital fund (Perpetuity fund) for distribution of yield from certificates described above was established by J&T FINANCE GROUP SE. The fund is part of retained earnings. Distribution of income from the fund complies with the prospectus of the equity instrument. The total amount of yield paid in 2022 was EUR 10,990 thousand (2021: EUR 11,127 thousand) and is presented as distribution of retained earnings in the consolidated statement of changes in equity.

(vi) Dividends

At the general meeting held on 17 June 2022, the shareholders agreed on payment of dividends on ordinary shares as follows: a dividend per share with a nominal value of CZK 1 amounting to CZK 0.1255, per share with a nominal value of CZK 1,000 amounting to CZK 125.4728, and per share with a nominal value of CZK 200,000 amounting to CZK 25,094.5669. Total dividends amounted to CZK 1,980,000 thousand. In 2022, J&T FINANCE GROUP SE paid out EUR 77,290 thousand to its shareholders. In 2021, J&T FINANCE GROUP SE did not pay any dividends to its shareholders.

40. NON-CONTROLLING INTEREST

In thousands of EUR	31 December 2022	31 December 2021 (restated)[13]
Equity Holding, a.s.	27,015	25,208
Colorizo Investments, a.s.	11,816	37,873
365.bank, a.s.	9,639	9,738
Chateau Teyssier (Société civile)	8,267	8,587
J&T REALITY otevřený podílový fond	–	4,850
Other	1,669	1,774
Total non-controlling interests	**58,406**	**88,030**
J&T BANKA, a.s.	145,040	115,722
Non-controlling interests – total other equity instruments	**145,040**	**115,722**
Total	**203,446**	**203,752**

The following table summarizes information relating to Equity Holding, a.s., 365.bank, a.s., Colorizo Investments, a.s., and other Group's subsidiaries that hold material non-controlling interests, before any intra-group eliminations:

31 December 2022

In thousands of EUR	Equity Holding, a.s.	365.bank, a.s.	Colorizo Investments, a.s.	Other individually immaterial subsidiaries	Total
Assets	72,407	4,597,874	34,015		
Liabilities	98	3,971,979	17,264		
Goodwill attributable to the Group	–	–	–		
Net assets excluding Goodwill attributable to the Group	**72,309**	**625,895**	**16,751**		
Non-controlling interest's percentage	37.36%	1.54%	47.37%[14]		
Non-controlling interest	**27,015**	**9,639**	**11,816**		
Carrying amount of non-controlling interest	**27,015**	**9,639**	**11,816**	**9,936**	**58,406**
Income	3,487	166,924	563		
Profit/(loss)	2,668	65,336	1,582		
Other comprehensive income	2,167	(40,378)	(189)		
Total comprehensive income for the period	4,835	24,958	1,393		
Non-controlling interest's percentage	37.36%	1.54%	47.37%[15]		
Profit (loss) allocated to non-controlling interest	**997**	**1,006**	**1,266**	**(24)**	**3,245**
Other comprehensive income allocated to non-controlling interest	**810**	**(1,105)**	**(151)**	**1,156**	**710**
Cash flows from/(used in) operating activities	–	498,204	362		
Cash flows used in investing activities	–	11,805			
Cash flows used in financing activities	–	4,831	(33,841)		
Net increase (decrease) in cash and cash equivalents	**–**	**514,840**	**(33,841)**		

[13] The comparable period figures were adjusted as a result of the correction of prior period errors (see Note 5).
[14] The 47.37% share corresponds to the share in the voting rights of the company; the non-controlling interest in the company's assets is not linear and is described in more detail in the articles of association of Colorizo Investments, a.s.
[15] The 47.37% share represents the share of voting rights. The non-controlling interest in profit/loss and other comprehensive income is 80%.

31 December 2021

In thousands of EUR	Equity Holding, a.s.	365.bank, a.s.	Colorizo Investments, a.s.	Other individually im-material subsidiaries	Total
Assets	67,592	4,790,482	67,407		
Liabilities	118	4,158,152	22,628		
Goodwill attributable to the Group	–	–	–		
Net assets excluding goodwill attributable to the Group	**67,474**	**632,330**	**44,779**		
Non-controlling interest's percentage	37.36%	1.54%	47.37%[16]		
Non-controlling interest	**25,208**	**9,738**	**37,873**		
Carrying amount of non-controlling interest	**25,208**	**9,738**	**37,873**	**15,211**	**88,030**
Income	3,217	188,698	434		
Profit/(loss)	2,399	33,798	25,295		
Other comprehensive income	3,573	28,688	1,931		
Total comprehensive income for the period	5,972	62,486	27,226		
Non-controlling interest's percentage	37.36%	1.54%	47.37%[17]		
Profit (loss) allocated to non-controlling interest	**896**	**520**	**20,236**	**701**	**22,353**
Other comprehensive income allocated to non-controlling interest	**1,335**	**43**	**1,545**	**1,660**	**4,583**
Cash flows from/(used in) operating activities	–	(118,713)	(5,865)		
Cash flows used in investing activities	–	55,346	11,930		
Cash flows used in financing activities	–	57,984	–		
Net increase (decrease) in cash and cash equivalents	**–**	**(5,383)**	**6,064**		

Changes in non-controlling interests without a change in control

The table below summarizes changes in non-controlling interests in those companies where no change in control occurred and does not include effect from disposed, newly purchased or established entities with non-controlling interests.

31 December 2022

In thousands of EUR	Total
Non-controlling interest as at 1 January 2022	x
Change in Company's ownership interest	99
Dividends	–
Share of comprehensive income	(310)
Non-controlling interest as at 31 December 2022	**x**

31 December 2021

In thousands of EUR	Total
Non-controlling interest as at 1 January 2021	x
Change in Company's ownership interest	183
Dividends	–
Share of comprehensive income	(246)
Non-controlling interest as at 31 December 2021	**x**

[16] The 47.37% share corresponds to the share in the voting rights of the company; the non-controlling interest in the company's assets is not linear and is described in more detail in the statute of Colorizo Investments, a.s.
[17] The 47.37% share represents the share of voting rights. The non-controlling interest in profit/loss and other comprehensive income is 80%.

During 2022, the Group acquired an additional 70.1% share in AMISTA investiční společnost, a.s. As at 31 December 2022, the Group owns an 80% share in AMISTA investiční společnost, a.s.

In 2022, the Group acquired a 80% share in AMISTA consulting, s.r.o.

In 2022, the Group increased the registered capital of J&T Banka d.d. by HRK 20,000 thousand and simultaneously acquired the remaining stake in J&T Banka d.d. As at 31 December 2022, the Group owns a 100% share in J&T Banka d.d.

In 2021, the Group acquired an additional 3.25% stake in open-end mutual fund J&T VENTURES I, holding a total of 97.39% stake in this fund as at 31 December 2021. In 2022, the total number of units decreased while the Group acquired the remaining stake in open-end mutual fund J&T VENTURES. As at 31 December 2022, the Group owns a 100% share in J&T VENTURES I.

During 2021 J&T DIVIDEND Fund, PB PARTNER, a. s. v likvidácii and Poštová poisťovňa, a. s. were disposed.

During 2021, the Group acquired additional 5% share of Ahoj, a.s. (Amico Finance, a.s.). As at 31 December 2022 and 31 December 2021, the Group owns a 98.46% stake in Ahoj, a.s. (Amico Finance, a.s.).

40.1. Non-controlling interests – other equity instruments

Through its subsidiary J&T BANKA, a.s., the Group issued the following subordinated unsecured income certificates without maturity date (the „Certificates"):

Certificate name	ISIN	Issue date	Currency	Interest rate	Nominal value
J&T BANKA 10% PERP	CZ0003704249	30 June 2014	CZK	10.00% p.a.	CZK 100,000
J&T BK II 9% PERP	CZ0003704413	21 Sept 2015	CZK	9.00% p.a.	CZK 100,000
J&T BK III 9% PERP	CZ0003704421	14 Dec 2015	EUR	9.00% p.a.	EUR 5,000
J&T BK 6.5% PERP	CZ0003706517	23 Aug 2021	CZK	6.50% p.a.	CZK 100,000
J&T BK 7.00% PERP	CZ0003707275	29 June 2022	EUR	7.00% p.a.	EUR 1,000

The Certificates are hybrid financial instruments combining the economic characteristics of equity and debt securities and are issued as book-entry registered securities. The Certificate owners are not shareholders of J&T BANKA, a.s. by virtue of their ownership and are not entitled to dividends. The Certificate owners do not have a share in the equity of J&T BANKA, a.s. and by virtue of their ownership do not have a direct or indirect share in the voting rights.

The issuance of these instruments, which combine characteristics of equity and debt instruments, was approved by the Czech National Bank ("CNB").

The total volume of these instruments held by third parties was EUR 145,040 thousand as at 31 December 2022 (31 December 2021: EUR 115,722 thousand).

The total amount of yield paid to third parties in 2022 was EUR 9,871 thousand (2021: EUR 7,127 thousand).

41. FAIR VALUE INFORMATION

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

31 December 2022

In thousands of EUR	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial assets					
Cash and cash equivalents	3,793,317	–	3,791,539	–	3,791,539
Investment securities at amortised cost	713,989	562,255	26,619	47,120	635,994
Loans and advances to banks	73,078	–	73,103	–	73,103
Loans to customers	7,651,009	–	–	7,802,422	7,802,422
Trade receivables and other financial assets under risk management	158,184	–	–	158,184	158,184
Financial liabilities					
Deposits and loans from banks	814,483	–	807,282	–	807,282
Deposits and loans from customers	10,262,653	–	10,128,633	–	10,128,633
Debt securities issued	617,300	–	303,284	296,345	599,629
Subordinated debt	10,599	–	13,416	–	13,416
Other financial liabilities (excluding finance lease liabilities)	498,113	–	498,113	–	498,113

31 December 2021

In thousands of EUR	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial assets					
Cash and cash equivalents	2,818,637	–	2,818,637	–	2,818,637
Investment securities at amortised cost	574,991	501,787	27,962	49,507	579,256
Loans and advances to banks	635,457	–	635,609	–	635,609
Loans to customers	7,453,177	–	–	7,778,030	7,778,030
Trade receivables and other financial assets under risk management	240,126	–	–	240,126	240,126
Financial liabilities					
Deposits and loans from banks	650,022	–	652,750	–	652,750
Deposits and loans from customers	9,619,752	–	9,652,447	–	9,652,447
Debt securities issued	578,388	–	216,674	344,509	561,183
Subordinated debt	2,955	–	3,068	–	3,068
Other financial liabilities (excluding finance lease liabilities)	630,673	–	630,673	–	630,673

42. FINANCIAL COMMITMENTS AND CONTINGENCIES

In thousands of EUR	31 December 2022	31 December 2021
Loan commitments under IFRS 9	364,621	617,647
Other commitments under IFRS 9	7,833	13,057
Financial guarantee contracts under IFRS 9	170,440	118,889
Pledged assets	408,043	790,445
Total financial commitments and contingencies	**950,937**	**1,540,038**

Loan commitments relate to loan facilities granted by the banks of the Group. Financial guarantee contracts mostly represent various guarantees issued in relation to loans, bills of exchange issued by other parties, lease contracts and other liabilities of third parties. These guarantees are disclosed in the table above at the amount of the possible obligation in the future. Pledged assets are identified in the relevant notes (see note 20, 21 and 31, in particular). The maximum amount for guarantees given by the Group as at 31 December 2022 is EUR 170,692 thousand (2021: EUR 120,575 thousand). Pledged assets are used as collateral for loan financing.

43. LEASES

43.1. Leases as lessee

The Group leases mainly office premises for its business activities, cars and related office equipment. The administration space leases typically run for an initial period of five to fifteen years, with an option to renew after that date. Unless recognition exemption for leases is used (see Note 3 (w)), a right-of-use is recognized for such underlying assets.

For reconciliation of right-of-use assets from opening to closing balance refer to Note 31.

For lease related expenses/income, refer to Note 9 Net interest income, Note 12 Other operating income and Note 14 Other operating expenses.

For other information relating to the specified leases see below.

Maturity analysis of lease liabilities is as follows:

In thousands of EUR	31 December 2022	31 December 2021
Less than one year	7,502	10,130
1–5 years	27,052	31,572
Over 5 years	17,382	16,850
Total	**51,936**	**58,552**

In thousands of EUR	2022	2021
Total cash outflow for leases	(6,644)	(10,273)

43.2. Leases as lessor

(a) Operating leases

The Group leases out its property under operating leases. The receivable non-cancellable operating lease rentals concern predominantly the new building, where also the headquarters of the Group is located, purchased in 2020:

In thousands of EUR	31 December 2022	31 December 2021
Up to 1 year	7,655	4,331
1–2 years	509	476
2–3 years	330	438
3–4 years	274	311
4–5 years	274	316
Over 5 years	2,073	2,344
Total	**11,115**	**8,216**

During the year ended 31 December 2022, EUR 3,410 thousand was recognized as rental income (2021: EUR 3,313 thousand).

(b) Finance leases

The Group offers to its clients finance lease for various assets (e.g. cars, machinery and equipment). The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

In thousands of EUR	31 December 2022	31 December 2021
Undiscounted finance lease payments		
Up to 1 year	40,184	23,956
1–2 years	17,804	15,148
2–3 years	6,136	8,425
3–4 years	3,232	3,860
4–5 years	1,628	2,238
Over 5 years	222	837
Total undiscounted finance lease payments	**69,206**	**54,464**
Less unearned interest (not yet recognized)	(7,356)	(5,714)
Discounted unguaranteed residual value	–	–
Present value of future leasing payments	**61,850**	**48,750**
Impairment losses	(7,982)	(2,508)

44. RISK MANAGEMENT POLICIES AND DISCLOSURES

The Group has exposure to the following risks:
- credit risk
- liquidity risk
- market risk
- operational risks

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

44.1. Credit risk

The Group's primary exposure to credit risk arises through its loans and advances provided. The maximum amount of credit exposure is represented by the respective carrying amounts in the statement of financial position. In addition, the Group is exposed to off-balance sheet credit risk through commitments to extend credit and financial guarantees (refer to Note 42 Financial commitments and contingencies). Most loans and advances are to corporates (companies from the non-financial sector, retail and various manufacturing companies). Further loans and advances are to banks and other financial institutions.

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

When evaluating the rating of new clients or assessing the credit risk of transactions, the Group's growing commitment to environmental sustainability, social responsibility and corporate governance (ESG) is also taken into account. Recognising the importance of ESG, the Group is preparing to collect ESG data from clients through questionnaires, which will then be used to rate these clients. The Group is currently in the process of implementing ESG risks into the client rating assessment and approval process for significant exposures in the loan portfolio.

The assessment of credit risk in respect of a counterparty or an issued debt is based on the Group's internal rating system, covering both external credit assessments and the Group's internal scoring system.

Credit risk in the banking entities of the Group is managed based on credit analysis and internal rating methodology.

The Group monitors concentrations of credit risk by sector and by geographic location.

(i) Concentration of credit risk by industry

31 December 2022

In thousands of EUR	Corporate	State, government	Financial institutions	Individuals	Other	Carrying amount
Financial assets						
Cash and cash equivalents	–	–	3,741,974	–	51,343	3,793,317
Financial assets for trading	62,797	105,894	376,764	179	72	545,706
Hedging derivatives	–	–	15,329	–	–	15,329
Investment securities measured at fair value through profit or loss	97,935	–	325,777	–	–	423,712
Investment securities measured at fair value through other comprehensive income	196,388	192,417	119,196	–	–	508,001
Investment securities at amortised cost	38,532	640,136	35,321	–	–	713,989
Loans and advances to banks	–	–	73,078	–	–	73,078
Loans to customers	3,219,435	60,191	2,098,344	2,273,671	345	7,651,986
FV changes of portfolio of hedged instruments – Loans and advances to customers	–	–	–	(6,140)	–	(6,140)
Trade receivables and other financial assets under risk management	60,615	1,610	95,027	902	30	158,184
	3,675,702	**1,000,248**	**6,880,810**	**2,268,612**	**51,790**	**13,877,162**
Amount committed/guaranteed[18]						
Loan commitments under IFRS 9	161,358	–	93,247	117,837	12	(6,148)
Financial guarantee contracts under IFRS 9	135,693	–	34,999	–	–	(2,574)
	297,051	**–**	**128,246**	**117,837**	**12**	**(8,722)**
Total	**3,972,753**	**1,000,248**	**7,009,056**	**2,386,449**	**51,802**	**13,868,440**

[18] Amounts committed/guaranteed – credit risk monitoring of loan commitments and financial guarantees is based on maximum credit risk exposure.

31 December 2021

In thousands of EUR	Corporate	State, government	Financial institutions	Individuals	Other	Carrying amount
Financial assets						
Cash and cash equivalents	–	–	2,770,963	–	47,674	2,818,637
Financial assets for trading	65,258	58,225	74,003	359	53	197,898
Hedging derivatives	19,764	–	–	–	–	19,764
Investment securities measured at fair value through profit or loss	3,296	–	396,723	–	–	400,019
Investment securities measured at fair value through other comprehensive income	205,517	344,510	112,167	–	–	662,194
Investment securities at amortised cost	41,116	499,849	34,026	–	–	574,991
Loans and advances to banks	19	–	635,438	–	–	635,457
Loans to customers	3,755,914	59,985	1,715,836	1,921,750	238	7,453,723
FV changes of portfolio of hedged instruments - Loans and advances to customers	–	–	–	1,091	–	1,091
Trade receivables and other financial assets under risk management	48,667	1,506	188,623	1,292	38	240,126
	4,139,551	**964,075**	**5,927,779**	**1,924,492**	**48,003**	**13,003,900**
Amount committed/guaranteed[19]						
Loan commitments under IFRS 9	283,788	–	122,572	224,332	12	(2,947)
Financial guarantee contracts under IFRS 9	111,773	–	8,802	–	–	(1,946)
	395,561	**–**	**131,374**	**224,332**	**12**	**(4,893)**
Total	**4,535,112**	**964,075**	**6,059,153**	**2,148,824**	**48,015**	**12,999,007**

(ii) Concentration of credit risk of loans and advances to customers by industry

In thousands of EUR	31 December 2022	31 December 2021
Households and employees	2,185,928	1,863,915
Real estate activities	1,154,028	1,308,916
Money management	786,599	1,087,003
Cultural, entertainment and recreation activities	477,901	428,927
Building and construction	476,131	400,049
Wholesale and retail	461,158	539,173
Processing industry	426,560	196,008
Transporting and storage	352,596	58,610
Electricity, gas and heat generation and distribution	343,465	389,254
Accommodation and restaurant services	278,840	321,866
Other activities	187,647	80,260
Information and communication	146,079	183,899
Administrative and support activities	97,757	291,376
Water supply, sewage, waste and remediation activities	83,768	24,936
Public administration and defence, compulsory social security	64,002	–
Professional, scientific and technical activities	41,017	145,969
Health and social care	33,323	46,097
Mining and extraction	31,260	46,524
Agriculture, forestry, fishing	19,158	37,572
Education	4,769	3,369
Total	**7,651,986**	**7,453,723**

[19] Amounts committed/guaranteed – credit risk monitoring of loan commitments and financial guarantees is based on maximum credit risk exposure.

(iii) Concentration of counterparty credit risk by location

31 December 2022

In thousands of EUR	Czech Republic	Slovakia	Cyprus	Luxembourg	Germany	Other	Carrying amount
Financial assets							
Cash and cash equivalents	3,060,386	664,488	–	669	2,246	65,528	3,793,317
Financial assets for trading	234,200	31,873	3,699	515	122,386	153,033	545,706
Hedging derivatives	–	–	–	–	11,586	3,743	15,329
Investment securities measured at fair value through profit or loss	145,720	26,443	–	32,026	–	219,523	423,712
Investment securities at fair value through other comprehensive income	22,248	332,061	–	9,781	–	143,911	508,001
Investment securities at amortised cost	187,808	466,539	–	1,362	–	58,280	713,989
Loans and advances to banks	24,444	42,608	–	–	2,048	3,978	73,078
Loans to customers	1,383,990	3,051,947	1,228,048	870,136	210,971	906,894	7,651,986
FV changes of portfolio of hedged instruments – Loans and advances to customers	–	(6,140)	–	–	–	–	(6,140)
Trade receivables and other financial assets under risk management	104,798	30,507	2,031	–	388	20,460	158,184
	5,163,594	**4,640,326**	**1,233,778**	**914,489**	**349,625**	**1,575,350**	**13,877,162**
Amount committed/guaranteed[20]							
Loan commitments under IFRS 9	106,050	150,958	5,422	3,419	9,999	96,606	(6,148)
Financial guarantee contracts under IFRS 9	29,801	39,599	11,000	16,691	32,799	40,802	(2,574)
	135,851	**190,557**	**16,422**	**20,110**	**42,798**	**137,408**	**(8,722)**
Total	**5,299,445**	**4,830,883**	**1,250,200**	**934,599**	**392,423**	**1,712,758**	**13,868,440**

[20] Amounts committed/guaranteed – credit risk monitoring of loan commitments and financial guarantees is based on maximum credit risk exposure.

31 December 2021

In thousands of EUR	Czech Republic	Slovakia	Cyprus	Luxembourg	Germany	Other	Carrying amount
Financial assets							
Cash and cash equivalents	2,694,014	51,522	–	992	12,467	59,642	2,818,637
Financial assets for trading	121,456	25,188	3,756	2,922	16,866	27,710	197,898
Hedging derivatives	–	–	19,764	–	–	–	19,764
Investment securities measured at fair value through profit or loss	115,365	87,880	–	414	–	196,360	400,019
Investment securities at fair value through other comprehensive income	67,180	332,671	–	11,621	–	250,722	662,194
Investment securities at amortised cost	181,904	317,490	–	1,424	–	74,173	574,991
Loans and advances to banks	70,436	529,823	–	–	24,116	11,082	635,457
Loans to customers	1,501,327	2,673,257	1,170,175	737,868	411,334	959,762	7,453,723
FV changes of portfolio of hedged instruments – Loans and advances to customers	–	1,091	–	–	–	–	1,091
Trade receivables and other financial assets under risk management	197,849	20,230	2,791	12	310	18,934	240,126
	4,949,531	**4,039,152**	**1,196,486**	**755,253**	**465,093**	**1,598,385**	**13,003,900**
Amount committed/guaranteed[21]							
Loan commitments under IFRS 9	182,514	249,608	15,657	4,494	8	178,423	(2,947)
Financial guarantee contracts under IFRS 9	25,659	42,750	6,000	–	–	46,166	(1,946)
	208,173	**292,358**	**21,657**	**4,494**	**8**	**224,589**	**(4,893)**
Total	**5,157,704**	**4,331,510**	**1,218,143**	**759,747**	**465,101**	**1,822,974**	**12,999,007**

The above table displays the credit risk by the country of incorporation of the debtor or issuer of the securities.

As at 31 December 2022, investment securities at fair value through other comprehensive income in the location “Other” include investments of EUR 17,243 thousand in Latvian government bonds (2021: EUR 17,663 thousand), EUR 14,329 thousand in Croatian government bonds (2021: EUR 23,248 thousand), EUR 12,902 thousand in Polish government bonds (2021: EUR 14,060 thousand), EUR 5,834 thousand in Lithuanian government bonds (2021: EUR 0), EUR 1,330 thousand in Belgian government bonds (2021: EUR 0), and EUR 0 in French government bonds (2021: EUR 51,375 thousand).

As at 31 December 2022, investment securities at amortised cost in the location “Other” include investments of EUR 10,854 thousand in Belgian government bonds (2021: EUR 10,980 thousand), EUR 10,819 thousand in Irish government bonds (2021: EUR 10,938 thousand), EUR 10,371 thousand in Romanian government bonds (2021: EUR 10,460 thousand), and EUR 10,046 thousand in Lithuanian government bonds (2021: EUR 10,110 thousand).

In 2022, loans and advances to customers in the location “Other” primarily relate to companies and customers incorporated in Switzerland, Croatia, and Great Britain (2021: companies and customers incorporated in Switzerland, Croatia, and Great Britain).

[21] Amounts committed/guaranteed – credit risk monitoring of loan commitments and financial guarantees is based on maximum credit risk exposure.

(iv) Credit risk – credit quality analysis

The following tables provide information on the Group's exposure to credit risk based on internal ratings. The analysis is provided for the most significant exposures at amortised cost and at fair value through other comprehensive income.

Internal rating	Credit risk exposure
1	Very low risk
2	Low risk
3	Low risk
4	Low risk
5	Medium risk
6	Medium risk
7	Medium risk
8	Medium risk
9	Medium risk
10	High Risk
11	High Risk
12	High Risk
Default	Default

Loans and advances to customers

31 December 2022

In thousands of EUR	12–month ECL	Lifetime ECL not credit–impaired	Lifetime ECL credit–impaired	Purchased credit–impaired	Total
Very low risk	148,797	–	–	–	148,797
Low risk	1,272,291	12,584	–	66	1,284,941
Medium risk	4,330,088	378,939	33,382	–	4,742,409
High risk	400,578	310,830	6,168	15,261	732,837
Default	–	–	366,726	13,860	380,586
Without classification	770,134	5,390	7,663	–	783,187
	6,921,888	**707,743**	**413,939**	**29,187**	**8,072,757**
Loss allowance	(64,850)	(56,472)	(292,618)	(7,808)	(421,748)
Carrying amount	**6,857,038**	**651,271**	**121,321**	**21,379**	**7,651,009**

31 December 2021

In thousands of EUR	12–month ECL	Lifetime ECL not credit–impaired	Lifetime ECL credit–impaired	Purchased credit–impaired	Total
Very low risk	124,930	–	–	–	124,930
Low risk	1,100,971	64,759	–	–	1,165,730
Medium risk	3,907,296	452,824	3,789	–	4,363,909
High risk	422,809	467,690	4,401	4,648	899,548
Default	38	–	485,408	25,308	510,754
Without classification	816,744	5,377	–	4	822,125
	6,372,788	**990,650**	**493,598**	**29,960**	**7,886,996**
Loss allowance	(37,116)	(76,055)	(309,614)	(11,034)	(433,819)
Carrying amount	**6,335,672**	**914,595**	**183,984**	**18,926**	**7,453,177**

Loans and advances to banks

31 December 2022

In thousands of EUR	12–month ECL	Lifetime ECL not credit–impaired	Lifetime ECL credit–impaired	Purchased credit–impaired	Total
Very low risk	42,964	–	–	–	42,964
Low risk	30,125	–	–	–	30,125
Without classification		–	–	–	
	73,089	**–**	**–**	**–**	**73,089**
Loss allowance	(11)	–	–	–	(11)
Carrying amount	**73,078**	**–**	**–**	**–**	**73,078**

31 December 2021

In thousands of EUR	12–month ECL	Lifetime ECL not credit–impaired	Lifetime ECL credit–impaired	Purchased credit–impaired	Total
Very low risk	105,063	–	–	–	105,063
Low risk	125,613	–	–	–	125,613
Without classification	404,909	–	–	–	404,909
	635,585	**–**	**–**	**–**	**635,585**
Loss allowance	(128)	–	–	–	(128)
Carrying amount	**635,457**	**–**	**–**	**–**	**635,457**

Bonds at fair value through other comprehensive income

31 December 2022

In thousands of EUR	12–month ECL	Lifetime ECL not credit–impaired	Lifetime ECL credit–impaired	Purchased credit–impaired	Total
Very low risk	15,612	–	–	–	15,612
Low risk	200,894	–	–	–	200,894
Medium risk	53,462	103,091	–	–	156,553
High risk	–	42,912	–	–	42,912
Default	–	–	80,461		80,461
Gross carrying amount	**269,968**	**146,003**	**80,461**	**–**	**496,432**
Loss allowance	(1,199)	(12,978)	(24,518)		(38,695)
Carrying amount – fair value	**268,769**	**133,025**	**55,943**	**–**	**457,737**

31 December 2021

In thousands of EUR	12–month ECL	Lifetime ECL not credit–impaired	Lifetime ECL credit–impaired	Purchased credit–impaired	Total
Very low risk	147,598	–	–	–	147,598
Low risk	310,246	–	–	–	310,246
Medium risk	63,551	66,083	–	–	129,634
High risk	–	46,227	–	–	46,227
Gross carrying amount	**521,395**	**112,310**	**–**	**–**	**633,705**
Loss allowance	(1,843)	(11,506)	–	–	(13,349)
Carrying amount – fair value	**519,552**	**100,804**	**–**	**–**	**620,356**

Investment securities at amortised cost

31 December 2022

In thousands of EUR	12–month ECL	Lifetime ECL not credit–impaired	Lifetime ECL credit–impaired	Purchased credit–impaired	Total
Very low risk	199,609	–	–	–	199,609
Low risk	475,527	–	–	–	475,527
Medium risk	–	1,603	1,201	–	2,804
High risk	–	44,190	–	–	44,190
	675,136	**45,793**	**1,201**	**–**	**722,130**
Loss allowance	(241)	(7,442)	(458)		(8,141)
Carrying amount	**674,895**	**38,351**	**743**	**–**	**713,989**

31 December 2021

In thousands of EUR	12–month ECL	Lifetime ECL not credit–impaired	Lifetime ECL credit–impaired	Purchased credit–impaired	Total
Very low risk	191,526	–	–	–	191,526
Low risk	344,539	–	–	–	344,539
Medium risk	–	–	–	–	–
High risk	–	46,627	–	–	46,627
	536,065	**46,627**	**–**	**–**	**582,692**
Loss allowance	(187)	(7,514)	–	–	(7,701)
Carrying amount	**535,878**	**39,113**	**–**	**–**	**574,991**

Loan commitments under IFRS 9

31 December 2022

In thousands of EUR	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Very low risk	3,931	–	–	3,931
Low risk	144,643	–	–	144,643
Medium risk	201,836	6,100	–	207,936
High risk	396	4,464	496	5,356
Default	–	–	8,090	8,090
Without classification	–	2,498	–	2,498
	350,806	**13,062**	**8,586**	**372,454**
Loss allowance	(2,719)	(596)	(2,833)	(6,148)
Carrying amount	**348,087**	**12,466**	**5,753**	**366,306**

31 December 2021

In thousands of EUR	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Very low risk	3,223	–	–	3,223
Low risk	174,673	–	–	174,673
Medium risk	410,065	10,461	52	420,578
High risk	10,133	8,794	–	18,927
Default	24	–	13,279	13,303
Without classification	–	–	–	–
	598,118	**19,255**	**13,331**	**630,704**
Loss allowance	(952)	(396)	(1,599)	(2,947)
Carrying amount	**597,166**	**18,859**	**11,732**	**627,757**

Financial guarantee contracts under IFRS 9

31 December 2022

In thousands of EUR	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Very low risk	–	–	–	–
Low risk	32,965	–	50	33,015
Medium risk	120,443	5,847	–	126,290
High risk	675	–	93	768
Default	–	–	2,491	2,491
Without classification	8,128	–	–	8,128
	162,211	**5,847**	**2,634**	**170,692**
Loss allowance	(1,466)	(105)	(1,003)	(2,574)
Carrying amount	**160,745**	**5,742**	**1,631**	**168,118**

31 December 2021

In thousands of EUR	12–month ECL	Lifetime ECL not credit–impaired	Lifetime ECL credit–impaired	Total
Very low risk	50	–	–	50
Low risk	38,206	–	–	38,206
Medium risk	69,546	4,629	–	74,175
High risk	–	–	113	113
Default	–	–	8,031	8,031
	107,802	**4,629**	**8,144**	**120,575**
Loss allowance	(286)	(82)	(1,578)	(1,946)
Carrying amount	**107,516**	**4,547**	**6,566**	**118,629**

(v) Credit risk – Loss given default and FLI sensitivity

The sensitivity of expected credit losses is affected by the determination of the probability of default and the expected loss given default. Therefore, the Group develops an optimistic and pessimistic scenario that reflects the amount of expected losses when the loss given default changes by 10% ("LGD"). The probability of default is an impact change in GDP as a key indicator of future developments. Therefore, the Group further analyses the impact of a +/- 1% change in the GDP forecast on expected credit losses.

In thousands of EUR	31 December 2022	31 December 2021
Increase in LGD by 10%	56,965	30,680
Decrease in LGD by 10%	(11,156)	(32,764)
Increase in GNP by 1%	(1,433)	(7,428)
Decrease in GNP by 1%	1,051	10,625

(vi) Credit risk – collateral

The Group holds collateral against loans and advances to customers mainly in the form of pledges, securities, real estates and acceptances of bills of exchange. These collaterals can be exercised in the event of default of the primary source of debt repayment.

Derivative transactions are subject to collateral management contracts. In general, under these agreements, in certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement with the counterparty are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions with the counterparty. The Group and its counterparties are usually required to provide collateral to mitigate counterparty credit risk. The Group's repurchase and reverse repurchase agreements and securities borrowing and lending are also covered by agreements with similar netting terms. The majority of collateral in form of securities in the table below was received within reverse repurchase agreements (see also Note 25.2).

Loans and advances to customers are secured by collateral with the fair values below (carrying amount only for collateralized exposures):

31 December 2022

In thousands of EUR	Carrying amount 12-month ECL and Lifetime ECL not credit-impaired	Accepted collateral value 12-month ECL and Lifetime ECL not credit-impaired	Carrying amount Lifetime ECL credit-impaired	Accepted collateral value Lifetime ECL credit-impaired
Securities	4,098,325	4,224,484	7,273	32,693
Real estate	2,058,427	3,620,939	66,729	107,450
Bills of Exchange	14,898	36,371	–	–
Cash deposits	112,573	112,628	1,097	1,097
Other	113,778	152,070	21,832	83,481
Total	**6,398,001**	**8,146,492**	**96,931**	**224,721**

31 December 2021

In thousands of EUR	Carrying amount 12-month ECL and Lifetime ECL not credit-impaired	Accepted collateral value 12-month ECL and Lifetime ECL not credit-impaired	Carrying amount Lifetime ECL credit-impaired	Accepted collateral value Lifetime ECL credit-impaired
Securities	3,837,994	3,979,249	–	–
Real estate	1,717,402	2,819,753	98,833	108,882
Bills of exchange	4,140	17,363	–	–
Cash deposits	163,297	163,539	1,064	1,064
Other	210,647	570,040	35,749	35,761
Total	**5,933,480**	**7,549,944**	**135,646**	**145,707**

As at 31 December 2022 no collateral received by the Group was further used within repurchase operations (2021: nil).

The carrying amount of financial assets for which no loss allowance was recognized because of the collateral is EUR 1,126,290 thousand as at 31 December 2022 (2021: EUR 882,235 thousand).

In 2022, the Group acquired collaterals amounting to EUR 393 thousand by way of takeover (2021: EUR 1,215 thousand).

(vii) Credit risk – forbearance

In compliance with Regulation (EU) No 575/2013 of the European Parliament and Council Regulation (CRR) of 26 June 2013 and complementary legislation in the respective countries, the Group classifies all its receivables from customers as „performing“ or „non-performing“: exposures which are more than 90 days past due; exposures where the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past due amount or of the number of days past due or exposures that have been found credit-impaired (Stage 3), including purchased or originated credit-impaired assets as "non-performing". Exposures are classified as "performing", unless classified as "non-performing".

Forbearance

The Group treats forbearance in accordance with the Technical Standard on non-performing exposures and forbearance measures published by the European Banking Authority (EBA) and in accordance with the Public Statement of the European Securities and Markets Authority (ESMA) on the treatment of forbearance practices in the financial statements of financial institutions prepared in accordance with IFRS.

Forbearance is an exposure where the Group decides, due to the debtor's financial problems, to grant a concession which in other circumstances would not be granted. The concession may consist in the modification of the terms and conditions of the contract or in debt refinancing. The modification of the terms and conditions may include, but is not limited to, a decrease in interest rate, reduction of the interest or principal, change in the repayment schedule (e.g. postponement of interest payment due date, temporary payment holiday, prolongation of the final due date of the loan, fee or accessories for the debtor, modification or non-monitoring of covenants, interest or instalment capitalisation, partial debt write-off). Any modification of terms and conditions or refinancing which is not a result of the debtor's financial problems cannot be interpreted as forbearance. Concessions may result in better interest risk management and mitigation of potential future loan losses.

Exposure forbearance

In thousands of EUR	31 December 2022	31 December 2021
Performing exposures	7,452,650	7,249,374
– performing exposure forborne	311,169	348,769
Non-performing exposure	199,336	204,349
– non-performing exposure forborne	60,773	133,466
Total	**7,651,986**	**7,453,723**

The share of loan exposure forbearance on total loans and advances to customers is 4.86% (2021: 6.47%).

Concentration of loans and advances to customers by economic sector

In thousands of EUR	31 December 2022	31 December 2021
Not forborne		
Non-financial organisations	2,996,810	3,404,219
Financial institutions	1,992,219	1,630,326
Households	2,230,479	1,876,712
Other	60,536	60,230
Total	**7,280,044**	**6,971,488**
Forborne		
Non-financial organisations	222,624	351,686
Financial institutions	106,125	85,510
Households	43,193	45,037
Other	–	2
Total	**371,942**	**482,235**

44.2. Liquidity risk

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

Various methods of managing liquidity risks are used by individual companies in the Group, including individual monitoring of large deposits. The individual banks in the Group manage their liquidity risk through their financial market divisions, which receive information from other departments regarding the liquidity profile of their financial assets and liabilities and details about other projected cash flows arising from expected future projects.

The Group's management focuses on methods used by financial institutions, that is, diversification of sources of funds. This diversification makes the Group flexible and limits its dependency on one financing source. Liquidity risk is evaluated in particular by monitoring changes in the structure of financing and comparing these changes with the Group's liquidity risk management strategy. The risk managers then maintain a portfolio of short-term liquid assets, made up of loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The Group also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid funds. Furthermore, the Group has at its disposal a sufficient amount of bonds that are, if necessary, acceptable for acquiring additional resources through refinancing operations organized by some of the central banks in the countries where the Group operates.

In managing liquidity risk the Group promotes a conservative and prudent approach to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

The measures used by the Group for managing liquidity risk are e.g. the ratio of highly liquid assets or liquidity coverage ratio.

The table below provides an analysis of assets and liabilities into relevant contractual maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. Expected maturities differ from contracted ones as historical evidence shows that most short-term loans and deposits are prolonged. The analysis is presented under the most prudent consideration of maturity dates, where options or repayment schedules allow for early repayment possibilities. Therefore, in the case of liabilities, the earliest possible repayment date is shown while for assets the latest possible repayment date is disclosed.

(i) Contractual maturities of financial assets and liabilities

31 December 2022

In thousands of EUR	Up to 1 year	More than 1 year	Maturity undefined	Total
Financial assets				
Cash and cash equivalents	3,793,317	–	–	3,793,317
Financial assets for trading	139,385	333,223	73,098	545,706
Hedging derivatives	4,936	10,393	–	15,329
Investment securities measured at fair value through profit or loss	–	–	423,712	423,712
Investment securities at fair value through other comprehensive income	62,984	394,753	50,264	508,001
Investment securities at amortised cost	42,669	671,320	–	713,989
Loans and advances to banks	73,078	–	–	73,078
Loans to customers	2,591,491	5,060,495	–	7,651,986
FV changes of portfolio of hedged instruments – Loans and advances to customers	(843)	(5,297)	–	(6,140)
Trade receivables and other financial assets under risk management	155,949	2,235	–	158,184
Total	**6,862,966**	**6,467,122**	**547,074**	**13,877,162**

In thousands of EUR	Up to 1 year	More than 1 year	Maturity undefined	Total
Financial liabilities and provision for insurance contracts				
Trading liabilities	89,753	72,673	–	162,426
Hedging derivatives	37	–	–	37
Deposits and loans from banks	464,619	349,864	–	814,483
Deposits and loans from customers	8,902,502	1,360,151	–	10,262,653
Debt securities issued	71,642	545,658	–	617,300
Subordinated debt	1,617	8,982	–	10,599
Other financial liabilities under risk management	551,669	44,073	–	595,742
Total	**10,081,839**	**2,381,401**	**–**	**12,463,240**

The lines of credit that are available to the Group total EUR 10,150 thousand as at 31 December 2022.

31 December 2021

In thousands of EUR	Up to 1 year	More than 1 year	Maturity undefined	Total
Financial assets				
Cash and cash equivalents	2,818,637	–	–	2,818,637
Financial assets for trading	34,121	147,008	16,769	197,898
Hedging derivatives	19,764	–	–	19,764
Investment securities measured at fair value through profit or loss	–	–	400,019	400,019
Investment securities at fair value through other comprehensive income	125,903	494,453	41,838	662,194
Investment securities at amortised cost	26,223	548,768	–	574,991
Loans and advances to banks	635,457	–	–	635,457
Loans to customers	2,642,295	4,811,428	–	7,453,723
FV changes of portfolio of hedged instruments – Loans and advances to customers	–	1,091	–	1,091
Trade receivables and other financial assets under risk management	237,011	3,115	–	240,126
Total	**6,539,411**	**6,005,863**	**458,626**	**13,003,900**

In thousands of EUR	Up to 1 year	More than 1 year	Maturity undefined	Total
Financial liabilities and provision for insurance contracts				
Trading liabilities	48,581	37,854	–	86,435
Hedging derivatives	2,400	2,650	–	5,050
Deposits and loans from banks	183,477	466,545	–	650,022
Deposits and loans from customers	8,164,752	1,455,000	–	9,619,752
Debt securities issued	134,886	443,502	–	578,388
Subordinated debt	–	2,955	–	2,955
Other financial liabilities under risk management	655,175	48,231	–	703,406
Provision for insurance contracts	–	–	–	–
Total	**9,189,271**	**2,456,737**	**–**	**11,646,008**

The lines of credit that are available to the Group total EUR 72,561 thousand as at 31 December 2021.

(ii) Contractual maturities of financial liabilities, including estimated interest payments (undiscounted cash flow)

31 December 2022

In thousands of EUR	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities						
Trading liabilities	113	(113)	(113)	–	–	–
Deposits and loans from banks	814,483	(837,435)	(207,604)	(264,937)	(340,828)	(24,066)
Deposits and loans from customers	10,262,653	(10,493,317)	(7,578,119)	(1,426,949)	(1,405,946)	(82,303)
Debt securities issued	617,300	(664,748)	(6,504)	(76,832)	(581,412)	–
Subordinated debt	10,599	(13,234)	(1,884)	(380)	(10,970)	–
Other financial liabilities under risk management	595,742	(598,937)	(434,240)	(83,401)	(48,436)	(32,860)
	12,300,890	**(12,607,784)**	**(8,228,464)**	**(1,852,499)**	**(2,387,592)**	**(139,229)**
Derivative financial liabilities						
Currency contracts						
– outflow	153,485	(347,880)	(66,752)	(146,089)	(135,039)	–
– inflow	–	191,795	24,469	98,655	68,671	–
Other derivatives						
– outflow	8,865	(8,957)	–	40	(8,997)	–
– inflow	–	–	–	–	–	–
	162,350	**(165,042)**	**(42,283)**	**(47,394)**	**(75,365)**	**–**
Amount committed/guaranteed[22]						
Loan commitments	6,148	(372,454)	(271,094)	(13,068)	(84,123)	(4,169)
Financial guarantee contracts	2,578	(170,692)	(170,692)	–	–	–
	8,726	**(543,146)**	**(441,786)**	**(13,068)**	**(84,123)**	**(4,169)**

[22] Amounts committed/guaranteed – credit risk monitoring of loan commitments and financial guarantees is based on maximum credit risk exposure.

31 December 2021

In thousands of EUR	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities						
Trading liabilities	18,446	(18,446)	(18,446)	–	–	–
Deposits and loans from banks	650,022	(658,327)	(167,216)	(19,317)	(466,688)	(5,106)
Deposits and loans from customers	9,619,752	(9,706,066)	(6,929,108)	(1,263,787)	(1,444,343)	(68,828)
Debt securities issued	578,388	(625,823)	(5,796)	(275,817)	(344,210)	–
Subordinated debt	2,955	(3,487)	(143)	(39)	(3,305)	–
Other financial liabilities under risk management	703,406	(706,088)	(609,369)	(45,876)	(33,993)	(16,850)
	11,572,969	**(11,718,237)**	**(7,730,078)**	**(1,604,836)**	**(2,292,539)**	**(90,784)**
Derivative financial liabilities						
Currency contracts						
– outflow	65,149	(419,580)	(77,190)	(194,861)	(147,529)	–
– inflow	–	362,008	51,996	192,394	117,618	–
Other derivatives		–				
– outflow	7,890	(7,889)	(798)	(4,077)	(2,273)	(741)
– inflow	–	–	–	–	–	–
	73,039	**(65,461)**	**(25,992)**	**(6,544)**	**(32,184)**	**(741)**
Amount committed/guaranteed[23]						
Loan commitments	2,947	(630,704)	(351,424)	(62,149)	(64,407)	(152,724)
Financial guarantee contracts	1,951	(120,575)	(120,575)	–	–	–
	4,898	**(751,279)**	**(471,999)**	**(62,149)**	**(64,407)**	**(152,724)**

Expected liquidity
In general, expected cash flows represent expected future cash flows arising from financial instruments based on contractual terms. The expected maturity usually differs from contractual one as historical experience shows that short-term loans and deposits are prolonged. In addition, as outstanding balances on current accounts or short-term deposits are usually not withdrawn on a daily basis and accounts are not cancelled at maturity date, the banks within the Group regularly monitor period and percentage of deposits that remain available and are prolonged. Those ratios are used for managing the liquidity risk.

Expected liquidity of other financial liabilities than those stated below does not defer significantly from their contractual maturity.

31 December 2022

In thousands of EUR	Carrying amount	Expected cash flows	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Deposits and loans from customers	10,262,653	(11,131,636)	(7,233,843)	(1,445,644)	(2,120,695)	(331,454)
Subordinated debt	10,599	(13,235)	(1,884)	(380)	(10,971)	–

31 December 2021

In thousands of EUR	Carrying amount	Expected cash flows	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Deposits and loans from customers	9,619,752	(9,987,745)	(6,481,430)	(1,146,093)	(1,754,427)	(605,795)
Subordinated debt	2,955	(3,487)	(143)	(39)	(3,305)	–

[23] Amounts committed/guaranteed – credit risk monitoring of loan commitments and financial guarantees is based on maximum credit risk exposure

44.3. Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 10-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.
- A 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The VaR measure is dependent on the Group's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

In thousands of EUR	31 December 2022	31 December 2021
VaR market risk overall	7,167	10,395
VaR interest risk	3,477	2,176
VaR FX risk	2,730	9,069
VaR stock risk	3,757	817

(i) Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times or in differing amounts. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk.

The Group uses various methods for management of interest rate risk. The Group continuously uses asset-liability management in its interest risk management. When purchasing bonds, the current interest position of the Group is taken into account which then serves as a basis for the purchase of fixed or variable bonds. The Group uses interest swaps to hedge interest rates in fixed bonds in its FVOCI portfolio.

The priorities of the Group for interest rate risk management of liabilities comprise:

- Stability of deposits, especially over longer time periods,
- Fast and flexible reactions to significant changes in inter-bank interest rates through adjustments to interest rates on deposit products,
- Continuously evaluating interest rate levels offered to clients compared to competitors and actual and expected development of interest rates on the local market,
- Managing the structure of liabilities in compliance with the expected development of money market rates in order to optimize interest revenues and minimize interest rate risk.

The table below provides information on the extent of the Group's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments with a change in interest rate before maturity, the next refixation date. Those assets and liabilities that do not have a contractual maturity date or are non-interest-bearing are grouped together in the "maturity undefined" category.

The VaR statistics for the trading portfolio is as follows:

In thousands of EUR	31 December 2022	31 December 2021
VaR interest rate risk	3,477	2,176

A summary of the Group´s interest rate gap position as per the carrying amounts is as follows:

31 December 2022

In thousands of EUR	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Maturity undefined	Total
Financial assets						
Cash and cash equivalents	3,741,988	–	–	–	51,329	3,793,317
Financial assets for trading	67,236	68,654	329,302	6,473	74,041	545,706
Hedging derivatives	–	1,100	5,148	–	9,081	15,329
Investment securities measured at fair value through profit or loss	–	–	–	–	423,712	423,712
Investment securities at fair value through other comprehensive income	5,481	91,815	230,198	130,244	50,263	508,001
Investment securities at amortised cost	1,786	82,830	364,435	264,938	–	713,989
Loans and advances to banks	32,345	–	–	–	40,733	73,078
Loans to customers	3,453,548	1,946,623	1,724,539	163,900	363,376	7,651,986
FV changes of portfolio of hedged instruments – Loans and advances to customers	(46)	(797)	(5,297)	–	–	(6,140)
Trade receivables and other financial assets under risk management	4,317	11,692	–	–	142,175	158,184
Total	**7,306,655**	**2,201,917**	**2,648,325**	**565,555**	**1,154,710**	**13,877,162**
Financial liabilities						
Trading liabilities	43,482	43,588	75,356	–	–	162,426
Hedging derivatives	37	–	–	–	–	37
Deposits and loans from banks	354,839	2,571	269,443	–	187,630	814,483
Deposits and loans from customers	6,808,992	1,441,089	1,412,780	60,612	539,180	10,262,653
Debt securities issued	4,973	216,639	383,267	–	12,421	617,300
Subordinated debt	2,102	–	8,497	–	–	10,599
Other financial liabilities under risk management	2,032	24,667	1,922	1,381	565,740	595,742
Total	**7,216,457**	**1,728,554**	**2,151,265**	**61,993**	**1,304,971**	**12,463,240**

31 December 2021

In thousands of EUR	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Maturity undefined	Total
Financial assets						
Cash and cash equivalents	2,770,931	–	–	–	47,706	2,818,637
Financial assets for trading	9,269	32,493	136,180	2,268	17,688	197,898
Hedging derivatives	–	–	–	–	19,764	19,764
Investment securities measured at fair value through profit or loss	–	–	–	–	400,019	400,019
Investment securities at fair value through other comprehensive income	7,257	169,115	243,045	200,938	41,839	662,194
Investment securities at amortised cost	1,785	68,945	291,383	212,878	–	574,991
Loans and advances to banks	405,857	19	–	–	229,581	635,457
Loans to customers	2,772,161	2,513,021	1,688,819	203,256	276,466	7,453,723
FV changes of portfolio of hedged instruments – Loans and advances to customers	–	–	1,091	–	–	1,091
Trade receivables and other financial assets under risk management	2,763	3,181	550	–	233,632	240,126
Total	**5,970,023**	**2,786,774**	**2,361,068**	**619,340**	**1,266,695**	**13,003,900**
Financial liabilities						
Trading liabilities	43,673	10,816	31,287	–	659	86,435
Hedging derivatives	857	1,616	1,835	742	–	5,050
Deposits and loans from banks	465,443	12,335	172,132	57	55	650,022
Deposits and loans from customers	5,685,931	1,292,789	1,721,839	56,932	862,261	9,619,752
Debt securities issued	3,106	132,299	442,983	–	–	578,388
Subordinated debt	2,102	–	853	–	–	2,955
Other financial liabilities under risk management	6,559	2,338	3,274	856	690,379	703,406
Total	**6,207,671**	**1,452,193**	**2,374,203**	**58,587**	**1,553,354**	**11,646,008**

An analysis of the Group's sensitivity to an increase or decrease in market interest rates on the non-trading portfolio, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

	Impact on profit or loss		Impact on other comprehensive income	
In thousands of EUR	31 December 2022	31 December 2021	31 December 2022	31 December 2021
decrease in interest rates by 100 bp	19,635	15,634	11,109	15,470
increase in interest rates by 100 bp	(19,635)	(15,634)	(11,109)	(15,470)

	Total impact on equity	
In thousands of EUR	31 December 2022	31 December 2021
decrease in interest rates by 100 bp	30,744	31,104
increase in interest rates by 100 bp	(30,744)	(31,104)

The rates at which banks borrow funds from each other on the interbank money market are referred to as IBOR rates („Interbank Offered Rates"). In the past, there have been serious cases of manipulation of some benchmark rates (LIBOR, EURIBOR), the credibility of such rates fell, there have been suspicions that IBOR rates were set in a non-transparent manner, and therefore these rates are currently undergoing a major reform. Given the great economic importance of these rates, it is necessary to ensure the accuracy and reliability of these constructs and of the process of their determination (methodology, management structure). For this reason, working groups are being set up to identify new benchmark rates and to ensure the transition to alternative, risk-free benchmark rates.

The Group assesses the following as significant areas of impact of IBOR rate reforms:
- Legal impacts – adjustment of reference rates in legal contracts (loan agreements, agreements on deposit products, ISDA and CEMA agreements, supply agreements, etc.), product sheets, etc.
- Valuation of financial instruments – determination and definition of yield curves, risk management, financial plans, pricing, performance calculations, etc.
- IT systems and processes – technical readiness of systems for the transition to risk-free reference rates, data inputs in source systems, etc.
- Accounting – impact on the modification of financial instruments, their classification, etc.

Non-derivative financial assets and liabilities
The Group currently has only a few contracts indexed to USD LIBOR. Since the USD LIBOR is to be discontinued by the end of June 2023 as planned, amendments to financial instruments with contractual terms indexed to USD LIBOR are currently being prepared.

In respect of financial market activities, the changes will only affect the interest on some collateral accounts. The Group is currently in process of concluding new amendments to master agreements (ISDA; GMRA; GMSLA and Master agreement for financial transactions based on the form published by the Czech Banking Association).

As at 31 December 2022, the Group had no material exposures affected by the IBOR reform as amended on 1 July 2023.
Other balance sheet and off-balance sheet positions do not contain any financial instruments that are the subject of IBOR reform.

Derivatives
The Group holds interest rate swaps that have floating legs indexed to either PRIBOR or EURIBOR. Both benchmark rates are compatible with the European Parliament Regulation 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds so PRIBOR and EURIBOR rates can be used. For PRIBOR there is no transition to an alternative benchmark rate planned. In respect of EURIBOR, it is unclear when the announcement that will set a date for the termination of the publication of EURIBOR will take place.

Hedge accounting
The Group uses interest rate derivatives and currency derivatives as hedging instruments. Interest rate swaps with floating interest rate are indexed to EURIBOR.

(ii) Foreign exchange risk

The breakdown of the carrying amounts by currency translated to thousands of EUR is as follows:

31 December 2022

In thousands of EUR	EUR	CZK	USD	RUB	Other	Total
Financial assets						
Cash and cash equivalents	722,731	3,042,496	4,771	47	23,272	3,793,317
Financial assets for trading	72,717	467,664	352	620	4,353	545,706
Hedging derivatives	14,229	1,100	–	–	–	15,329
Investment securities measured at fair value through profit or loss	266,015	151,800	3,193	2,704	–	423,712
Investment securities at fair value through other comprehensive income	383,408	55,143	7,097	45,847	16,506	508,001
Investment securities at amortised cost	514,927	187,808	–	11,254	–	713,989
Loans and advances to banks	47,971	24,193	–	345	569	73,078
Loans to customers	6,426,791	471,833	503,556	23,361	226,445	7,651,986
FV changes of portfolio of hedged instruments – Loans and advances to customers	(6,140)	–	–	–	–	(6,140)
Trade receivables and other financial assets under risk management	79,835	65,838	6,315	1,258	4,938	158,184
	8,522,484	**4,467,875**	**525,284**	**85,436**	**276,083**	**13,877,162**
Off balance sheet assets	4,942,246	4,803,747	404,175	17,796	194,841	10,362,805
Financial liabilities and provision for insurance contracts						
Trading liabilities	2,215	160,211	–	–	–	162,426
Hedging derivatives	37	–	–	–	–	37
Deposits and loans from banks	755,192	53,258	–	6,003	30	814,483
Deposits and loans from customers	5,649,084	4,371,432	92,765	110,790	38,582	10,262,653
Debt securities issued	319,490	297,810	–	–	–	617,300
Subordinated debt	2,102	8,497	–	–	–	10,599
Other financial liabilities under risk management	268,814	275,218	42,533	2,262	6,915	595,742
	6,996,934	**5,166,426**	**135,298**	**119,055**	**45,527**	**12,463,240**
Off balance sheet liabilities	5,646,174	2,802,564	845,898	33,967	479,958	9,808,561
Net position (including Off balance sheet)	821,622	1,302,632	(51,737)	(49,790)	(54,561)	1,968,166

31 December 2021

In thousands of EUR	EUR	CZK	USD	RUB	Other	Total
Financial assets						
Cash and cash equivalents	96,511	2,674,758	10,543	16,064	20,761	2,818,637
Financial assets for trading	37,314	155,020	2	715	4,847	197,898
Hedging derivatives	–	19,764	–	–	–	19,764
Investment securities measured at fair value through profit or loss	305,605	88,857	3,184	2,373	–	400,019
Investment securities at fair value through other comprehensive income	495,558	44,195	10,245	93,902	18,294	662,194
Investment securities at amortised cost	383,555	181,903	–	9,533	–	574,991
Loans and advances to banks	558,435	70,208	19	1,358	5,437	635,457
Loans to customers	5,944,802	716,745	558,633	59,829	173,714	7,453,723
FV changes of portfolio of hedged instruments – Loans and advances to customers	1,091	–	–	–	–	1,091
Trade receivables and other financial assets under risk management	136,102	94,577	6,670	1,069	1,708	240,126
	7,958,973	**4,046,027**	**589,296**	**184,843**	**224,761**	**13,003,900**
Off balance sheet assets	2,519,728	3,518,965	310,683	34,949	164,049	6,548,374
Financial liabilities and provision for insurance contracts						
Trading liabilities	20,198	66,130	25	82	–	86,435
Hedging derivatives	4,977	73	–	–	–	5,050
Deposits and loans from banks	637,651	6,164	–	6,170	37	650,022
Deposits and loans from customers	5,920,350	3,399,602	126,502	118,102	55,196	9,619,752
Debt securities issued	229,440	348,948	–	–	–	578,388
Subordinated debt	2,102	853	–	–	–	2,955
Other financial liabilities under risk management	354,060	285,777	36,114	2,076	25,379	703,406
	7,168,778	**4,107,547**	**162,641**	**126,430**	**80,612**	**11,646,008**
Off balance sheet liabilities	2,953,035	1,705,841	808,722	52,025	379,445	5,899,068
Net position (including Off balance sheet)	356,888	1,751,604	(71,384)	41,337	(71,247)	2,007,198

Off balance sheet items mostly relate to derivative operations and granted and received guarantees.

The VaR statistics is as follows:

In thousands of EUR	31 December 2022	31 December 2021
VaR foreign exchange risk	2,730	9,069

An analysis of the Group's sensitivity to an increase or decrease in foreign exchange rates is presented in the table below.

Translation risk arising from translating the financial statements of a foreign operation into the presentation currency of the Group, does not meet the definition of currency risk. Consequently, translation risk should not be included in the sensitivity analysis. However, foreign currency denominated inter-company receivables and payables that do not form part of a net investment in a foreign operation are included in the sensitivity analysis for foreign currency risks, because even though the balances eliminate in the consolidated balance sheet, the effect on profit or loss of their revaluation is not fully eliminated.

A one percent strengthening in foreign currencies would have had the following effects on profit or loss and other comprehensive income:

	Impact on profit or loss		Impact on other comprehensive income	
In thousands of EUR	31 December 2022	31 December 2021	31 December 2022	31 December 2021
EUR	1,158	5,870	(1,371)	(196)
CZK	(368)	(738)	–	(3)
USD	1,184	697	(70)	–
RUB	70	492	–	–

(iii) Equity price risk

Equity price risk arises from the quoted financial instruments held by the Group, further to changes in perception by the markets of the expected financial performance of the investments concerned. Equity price risk is essentially managed through diversification of the investment portfolio of investment securities at fair value through other comprehensive income and fair value through profit or loss equity securities.

The VaR statistics is as follows:

In thousands of EUR	31 December 2022	31 December 2021
VaR stock risk (trading book)	3,757	817

A 100 bp increase in the price of non-derivative financial assets at fair value through profit or loss would have had a positive effect on profit or loss as set out below. A 100 bp increase in the price of investment securities at fair value through other comprehensive income would have had a positive effect on other comprehensive income as set out below. A 100 bp decrease in price would have had an equal but opposite effect on profit or loss and other comprehensive income.

	Impact on profit or loss		Impact on other comprehensive income	
In thousands of EUR	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Level 1 – quoted market prices	1,442	161	243	109
Level 2 – derived from quoted prices	2,219	2,875	112	136
Level 3 – calculated using valuation techniques	1,307	1,131	148	173
Total	**4,968**	**4,167**	**503**	**418**

	Total impact on equity	
In thousands of EUR	31 December 2022	31 December 2021
Level 1 – quoted market prices	1,685	270
Level 2 – derived from quoted prices	2,331	3,011
Level 3 – calculated using valuation techniques	1,455	1,304
Total	**5,471**	**4,585**

44.4. Operational risk

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

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

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

- Requirements for the reconciliation and monitoring of transactions.
- Identification of operational risk within the framework of each subsidiary's control system and development of conditions for decreasing and limiting operational risk (while the required level of activities is secured), as well as its impacts and consequences; recommendations for appropriate solutions in this area.
- Reporting of operational risk events by entering the corresponding information into the Regulated Consolidated Group's database of operational risk events (see Note 42.5 Capital management section regarding the definition of the regulated consolidated group).
- This overview of the Group's operational risk events allows the Group to specify the direction of steps and processes to take in order to limit these risks, as well as to make decisions with regard to:
  - accepting the individual risks that are faced;
  - initiating processes leading to limitation of possible impacts; or
  - decreasing the scope of the relevant activity or discontinuing it entirely.

44.5. Capital management

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

Consolidated capital adequacy is calculated in accordance with Regulation (EU) No 575/2013 of the European Parliament and Council Regulation (CRR) of 23 June 2013 as from 1 January 2014.

The Consolidated Group's capital is analysed into two tiers:

- Tier 1 capital, which is divided into:
  1. Common Equity Tier 1 capital (CET1), which includes paid-up ordinary share capital, share premium, retained earnings (profit of current year is excluded), accumulated other comprehensive income, other transitional arrangements CET1 and non-controlling interests after deduction of goodwill, the relevant amount of insufficient coverage for non-performing exposures and intangible assets other than prudentially valued software and additional value adjustments;
  2. Additional Tier 1 capital (AT1), which can include qualifying perpetual instruments issued in accordance with CRR (see Note 39 Equity)
- Tier 2 capital, which includes qualifying subordinated liabilities.

  The Regulated Consolidated Group (RCG) is defined for the purposes of the prudential rules on a consolidated basis by the Czech Act on Banks No. 21/1992, Decree No. 163/2014 Coll. and CRR. According to these regulations, the financial holding group of the ultimate shareholders of J&T FINANCE GROUP SE is defined as RCG. Different consolidation rules are applicable for RCG's purposes – only companies which are subsidiaries have the status of a credit institution, investment company, financial institution or enterprise providing auxiliary banking services (as defined by CRR are fully consolidated). The indicators presented below are for the whole RCG as described above.

Regulatory Capital

In thousands of EUR	31 December 2022	31 December 2021
Common equity Tier 1 (CET1)	1,370,287	1,323,858
Additional Tier 1 capital (AT1)	333,225	314,372
Total Tier 1 capital	**1,703,512**	**1,638,230**
Aggregate amount of Tier 2 capital	25,618	14,620
Total regulatory capital	**1,729,130**	**1,652,850**
Risk Weighted Assets (RWA)		
Credit risk of investment portfolio	8,742,434	8,803,124
Total risk exposure amount for position, foreign exchange and commodity risks	599,527	330,694
Traded debt instruments	144,524	126,699
Shares	78,286	35,811
Position risk in collective investment undertakings (CIUs)	135,994	821
Foreign exchange	240,723	167,363
Commodity risk	–	–
Operational risk (BIA)	996,761	940,730
Risk exposure amount for credit valuation adjustment	40,055	18,117
Total amount of capital requirements	**10,378,777**	**10,092,665**

The capital adequacy ratio is calculated for CET 1 capital, Tier 1 capital and total own funds as a portion of the relevant capital to risk weighted assets (RWA). The regulatory capital is calculated as the sum of the Common Equity Tier 1 capital (CET1), Additional Tier 1 capital (AT1) and Tier 2 capital reduced by deductible items and prudential filters. CET1 capital comprises paid-up share capital, the statutory reserve fund, other equity funds and retained earnings. Deductible items that reduce CET1 capital are intangible assets other than prudentially valued software adjusted for the related deferred tax liability and the amount of insufficient coverage for non-performing exposures. Tier 1 secondary capital (AT1) includes other equity instruments issued by J&T FINANCE GROUP SE and J&T BANKA, a.s. in accordance with regulatory restrictions. Tier 2 capital comprises subordinated debt approved by the Czech National Bank in an amount of EUR 25,618 thousand (31 December 2021: EUR 14,620 thousand). AT1 capital and Tier 2 capital have not been reduced by any deductible items.

Capital adequacy ratios

Requirements for capital adequacy ratios are as follows:

In %	Minimum requirements	Safety capital reserve	Countercyclical capital reserve	Pillar II requirement	Total requirements
CET1 ratio	4.50	2.50	0.77	1.63	9.40
Tier 1 ratio	6.00	2.50	0.77	2.18	11.45
Total regulatory capital ratio	**8.00**	**2.50**	**0.77**	**2.90**	**14.17**

The safety capital reserve was set at 2.5% for CET1. The specific countercyclical capital reserve rate is calculated in accordance with §63 ČNB decree No. 163/2014 Sb. and is calculated as a weighted average of the countercyclical rate in effect in the jurisdictions in which the Group has relevant risk exposures. The expectation under Pillar II (P2G) is 0.50%.

The capital adequacy ratios of the RCG as at 31 December 2022 and 2021 were as follows:

In %	31 December 2022	31 December 2021
Common equity Tier 1 (CET1)	13.20	13.12
Tier 1 capital	16.41	16.23
Total regulatory capital ratio	**16.66**	**16.38**

45. ASSETS UNDER MANAGEMENT AND ADMINISTRATION

In thousands of EUR	31 December 2022	31 December 2021
Assets under management		
Assets in own-managed funds	4,026,726	3,779,250
Values assumed for management (right of free disposal)	1,608,836	366,833
Assets under administration		
Values assumed for administration	3,365,894	3,221,402
Total assets under management and administration	**9,001,456**	**7,367,485**

Assets under management and administration comprise all client assets managed (or held) solely for investment purposes. In summary, these include all balances due to customers, fiduciary term deposits and all valued portfolio assets. Custodial assets (assets held solely for transaction and safe-keeping purposes) are not included in assets under management and administration. Assets under management and administration are measured at fair value for quoted financial instruments. If these are not quoted, debt and equity financial instruments are valued at amortized cost or using common valuation techniques (e.g. pricing models with market inputs as available), respectively.

(a) Assets in own-managed funds
This comprises assets of all the Group's investment funds.

(b) Values assumed for management (right of free disposal)
Securities, value rights, precious metals and other fiduciary investments from third parties under investment management, where the Group has right of disposal. The amount comprises of both assets deposited with Group companies and of assets deposited with third parties, for which the Group companies hold right of disposal.

(c) Values assumed for administration
Assets under administration are total assets for which the Bank/Group provides only administrative services and advice for a fee. The assets are effectively owned and administered by clients who have entered into a management provider agreement with the Bank/Group. The Bank/Group has no discretion in deciding the allocation of client assets.

46. RELATED PARTIES

Identity of related parties
The Group has, or had, related party relationships as identified in the following table, either at 31 December 2022 and 2021 or during the years with:
(1) Ultimate shareholders and companies they control
(2) Entities with joint control or significant influence over the Company and its subsidiaries or associates
(3) Associates
(4) Joint ventures in which the Group is a venturer
(5) Key management personnel (i. e. Board of Directors) of the Group

"Ultimate shareholders and companies they control" include the following: Jakabovič Ivan, Tkáč Jozef, Jet One Legacy Limited, LEONARDO III MARINE LIMITED, LEONARDO III YACHT LIMITED, MARLEK LIMITED, SCP Neklere, SCP Tappaj, SERTENA INVESTMENT LIMITED. None of these produce publicly available consolidated financial statements which include the Group.

The summary of transactions with related parties during 2022 and 2021 is as follows:

In thousands of EUR	31 December 2022 Receivables	31 December 2022 Payables	31 December 2021 Receivables	31 December 2021 Payables
Ultimate shareholders and companies they control	6,582	3,689	7,414	16,220
Associates and joint ventures	10,024	8,518	36,960	24,243
Key management personnel of the entity or its parent and companies they control or jointly control	138,000	29,371	57,494	19,767
Total	**154,606**	**41,578**	**101,868**	**60,230**

There was no provision for doubtful debts due from the "Ultimate shareholders and companies they control" as at 31 December 2022 (31 December 2021: EUR 0 thousand).

The summary of transactions with related parties during 2022 and 2021 is as follows:

In thousands of EUR	2022 Income	2022 Expenses	2021 Income	2021 Expenses
Ultimate shareholders and companies they control	324	5	327	23
Associates and joint ventures	9,717	35	30,869	11,948
Key management personnel of the entity or its parent and companies they control or jointly control	17,871	3,267	8,472	1,671
Total	**27,912**	**3,307**	**39,668**	**13,642**

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

In thousands of EUR	31 December 2022 Guarantees received	31 December 2022 Guarantees granted	31 December 2021 Guarantees received	31 December 2021 Guarantees granted
Ultimate shareholders and companies they control	–	–	–	–
Key management personnel of the entity or its parent and companies they control or jointly control	–	260	–	37
Total	**–**	**260**	**–**	**37**

Transactions with directors and key management

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

In thousands of EUR	31 December 2022	31 December 2021
Remuneration	4,837	4,602
Loans	957	234

Of the loans to directors and key management, new loans of EUR 747 thousand were granted during 2022 (2021: EUR 80 thousand) and EUR 42 thousand was repaid (2021: EUR 197 thousand). The Group's key management personnel received no other remuneration in the form of short-term benefits, post-employment benefits, other long-term employee benefits, early termination benefits, or share-based payments.

47. UNCONSOLIDATED STRUCTURED ENTITIES

Structured entities are companies designed to achieve a specific business purpose and usually designed so that voting or similar rights are not a dominant factor in deciding who controls the entity.

A structured entity often has some or all of the following features or attributes:
- Restricted activities;
- A narrow and well defined objective;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support.

If the Group enters into transactions with these entities, it does so in the normal course of business to facilitate customer transactions and for specific investment opportunities. If the Group finances the purchase of assets from certain structured entities, these assets are secured for the benefit of the Group. The entities covered by this disclosure note are not consolidated because the Group does not control them through voting rights, contract, funding agreements, or other means.

Potential income derived from involvement with structured entities represents interest income recognized by the Group on the funding provided to structured entities.

The Group's potential interests in unconsolidated structured entities refer to contractual involvement that exposes the group to variability of returns from the performance of the structured entities.

The maximum exposure to loss for the Group is determined by considering the nature of the interest in the unconsolidated structured entity and represents the maximum loss that the Group could be required to report as a result of its involvement with unconsolidated structured entities regardless of the probability of the loss being incurred.

As at 31 December 2022, the Group had no activities with structured entities.

As at 31 December 2021, the maximum risk level for the loans was their carrying amount in the consolidated financial statements, totalling EUR 78,547 thousand. There were no additional contractual arrangements with these entities regarding providing any further funding or guarantees. Liabilities of the unconsolidated structured entities due to other entities were subordinated to liabilities due to the Group. As at 31 December 2021, the value of assets of one unconsolidated structured entity amounted to EUR 189,260 thousand.

48. SUBSEQUENT EVENTS

On 1 January 2023 Croatia entered the Eurozone and switched to the Euro at a conversion rate of 1 Euro to 7.53450 Croatian Kuna.

On 17 January 2023 the company ALTERNATIVE UPRAVLJANJE d.o.o. liquidated and deleted from the court register in Croatia.

The German branch of the subsidiary J&T BANKA, a.s. has been operating under the brand J&T Direktbank as a fully digital bank since 27 February 2023. Through this branch, the group offers deposit products primarily for the German market. Germany becomes the fourth market in which the Group operates.

The group continues its strategy of winding down its business operations in Russia and is negotiating the sale of its subsidiaries in that country.

The group is the sole shareholder of J&T BANKA, a.s., which is also the sole shareholder of J&T Leasingová spolecnost, a.s. During the first quarter, J&T Leasingová společnost, a.s. experienced a significant increase in credit risk and subsequent credit impairment at a significant customer representing approximately 52% of the total assets of J&T Leasingová společnost, a.s. as of 31 March 2023. The Group provided J&T Leasingová společnost, a.s. in March 2023 risk participation to partially cover credit losses. The Group subsequently created provisions in the amount of approximately CZK 764 million in connection with this credit case.

There are no other subsequent events known to have an impact on the consolidated financial statements for the year ended 31 December 2022.

49. GROUP ENTITIES

The list of the Group entities as at 31 December 2022 and 2021 is set out below:

		December 2022			December 2021		
Company name	Country of incorporation	Consolidated %	Ownership interest	Consolidation method	Consolidated %	Ownership interest	Consolidation method
J&T FINANCE GROUP SE	Czech Republic	parent company			parent company		
J&T BANKA, a.s.	Czech Republic	100.00	direct	Full	100.00	direct	Full
ATLANTIK finanční trhy, a.s.	Czech Republic	100.00	direct	Full	100.00	direct	Full
J&T INVESTIČNÍ SPOLEČNOST, a.s.	Czech Republic	100.00	direct	Full	100.00	direct	Full
J&T IB and Capital Markets, a.s.	Czech Republic	100.00	direct	Full	100.00	direct	Full
XT-Card a.s.	Czech Republic	32.00	direct	Equity	32.00	direct	Equity
Colorizo Investment, a.s.	Czech Republic	–	–	–	52.60	direct	Full
OAMP Distribution s.r.o.	Czech Republic	–	–	–	50.00	direct	Equity
OAMP Infrastructure s.r.o.	Czech Republic	–	–	–	50.00	direct	Equity
OAMP Holding s.r.o.	Czech Republic	–	–	–	50.00	direct	Equity
OAMP Hall 2 s.r.o.	Czech Republic	–	–	–	50.00	direct	Equity
OAMP Hall 4 s.r.o.	Czech Republic	–	–	–	50.00	direct	Equity
OAMP Hall 5 s.r.o.	Czech Republic	–	–	–	50.00	direct	Equity
OAMP Hall 6 s.r.o.	Czech Republic	–	–	–	50.00	direct	Equity
CI Joint Venture s.r.o.	Czech Republic	–	–	–	50.00	direct	Equity
Industrual Center CR 11 s.r.o.	Czech Republic	–	–	–	75.00	direct	Equity
SPERIDA, a.s. v likvidácii	Slovakia	–	–	–	100.00	direct	Full
J&T SME Finance s.r.o.	Slovakia	100.00	direct	Full	100.00	direct	Full
FVE Holding, s.r.o.	Czech Republic	100.00	direct	Full	–	–	–
FVE Čejkovice s.r.o.	Czech Republic	100.00	direct	Full	–	–	–
FVE Napajedla s.r.o.	Czech Republic	100.00	direct	Full	–	–	–
FVE Němčice s.r.o.	Czech Republic	100.00	direct	Full	–	–	–
FVE Slušovice s.r.o.	Czech Republic	100.00	direct	Full	–	–	–
J&T Recycle, s.r.o.	Czech Republic	100.00	direct	Full	–	–	–
J&T RFI I., s.r.o.	Czech Republic	100.00	direct	Full	–	–	–
J&T Bank, a.o. (J&T Bank ZAO)[1]	Russia	100.00	direct	Full	100.00	direct	Full
Leasing-Medicine Ltd	Russia	100.00	direct	Full	100.00	direct	Full
TERCES MANAGEMENT LIMITED[2]	Cyprus	100.00	direct	Full	100.00	direct	Full
Interznanie OAO[3]	Russia	100.00	direct	Full	100.00	direct	Full
J&T REALITY otevřený podílový fond	Czech Republic	–	–	–	88.88	direct	Full
J&T Banka d.d. (VABA d.d. banka Varaždin)	Croatia	100.00	direct	Full	96.03	direct	Full
J&T Leasingová společnost, a.s.	Czech Republic	100.00	direct	Full	100.00	direct	Full
Rentalit s.r.o.	Czech Republic	100.00	direct	Full	100.00	direct	Full
ALTERNATIVE UPRAVLJANJE d.o.o.	Croatia	100.00	direct	Full	100.00	direct	Full
J&T VENTURES I uzavřený podílový fond[4]	Czech Republic	100.00	direct	Full	97.39	direct	Full
Rustonka Development II s.r.o.	Czech Republic	100.00	direct	Asset acquisition	100.00	direct	Asset acquisition

→

Company name	Country of incorporation	December 2022 Consolidated %	Ownership interest	Consolidation method	December 2021 Consolidated %	Ownership interest	Consolidation method
JTFG FUND I SICAV, a.s.	Czech Republic	60.54	direct	Full	60.54	direct	Full
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	Slovakia	100.00	direct	Full	100.00	direct	Full
J&T ORBIT SICAV, a.s.	Czech Republic	100.00	direct	Full	–	–	–
AMISTA investiční společnost, a.s.	Czech Republic	80.00	direct	Full	–	–	–
AMISTA consulting, s.r.o.	Czech Republic	80.00	direct	Full	–	–	–
J&T INTEGRIS GROUP LIMITED	Cyprus	100.00	direct	Full	100.00	direct	Full
Bayshore Merchant Services Inc.	British Virgin Islands	100.00	direct	Full	100.00	direct	Full
J&T Trust Inc.	Barbados	100.00	direct	Full	100.00	direct	Full
J&T MINORITIES PORTFOLIO LIMITED	Cyprus	100.00	direct	Full	100.00	direct	Full
Equity Holding, a.s.	Czech Republic	62.64	direct	Full	62.64	direct	Full
Butcher313, s.r.o.	Czech Republic	30.00	direct	Equity	30.00	direct	Equity
J&T Finance, LLC	Russia	99.90	direct	Full	99.90	direct	Full
Hotel Kadashevskaya, LLC	Russia	99.90	direct	Full	99.90	direct	Full
Narcissus s.r.o.	Czech Republic	–	–	–	49.00	direct	Equity
Colorizo Investment, a.s.	Czech Republic	52.60	direct	Full	–	–	–
OAMP Distribution s.r.o.	Czech Republic	50.00	direct	Equity	–	–	–
OAMP Infrastructure s.r.o.	Czech Republic	50.00	direct	Equity	–	–	–
OAMP Holding s.r.o.	Czech Republic	50.00	direct	Equity	–	–	–
OAMP Hall 5 s.r.o.	Czech Republic	50.00	direct	Equity	–	–	–
OAMP Hall 6 s.r.o.	Czech Republic	50.00	direct	Equity	–	–	–
CI Joint Venture s.r.o.	Czech Republic	50.00	direct	Equity	–	–	–
Industrual Center CR 11 s.r.o.	Czech Republic	75.00	direct	Equity	–	–	–
J&T Global Finance VIII., s.r.o, v likvidaci	Czech Republic	100.00	direct	Full	100.00	direct	Full
J&T Global Finance IX., s.r.o	Slovakia	100.00	direct	Full	100.00	direct	Full
J&T Global Finance X., s.r.o	Czech Republic	100.00	direct	Full	100.00	direct	Full
J&T Global Finance XI., s.r.o.	Czech Republic	100.00	direct	Full	100.00	direct	Full
J&T Global Finance XII., s.r.o.	Slovakia	100.00	direct	Full	100.00	direct	Full
J&T Global Finance XIII., s.r.o (J&T Credit Participation, s.r.o.)[5]	Czech Republic	100.00	direct	Full	–	–	–
J&T SERVICES ČR, a.s.	Czech Republic	100.00	direct	Full	100.00	direct	Full
J&T SERVICES SR, s.r.o.	Slovakia	100.00	direct	Full	100.00	direct	Full
365.bank, a.s. (Poštová banka, a.s.)	Slovakia	98.46	direct	Full	98.46	direct	Full
365.life, d. s. s., a. s. (Dôchodková správcovská spoločnosť Poštovej banky, d.s.s., a. s.)	Slovakia	–	–	–	98.46	direct	Full
365.invest, správ. spol., a. s. (PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a. s.)	Slovakia	98.46	direct	Full	98.46	direct	Full
PB Servis, a.s. (POBA Servis, a. s.)	Slovakia	98.46	direct	Full	98.46	direct	Full
PB Finančné služby, a.s.	Slovakia	98.46	direct	Full	98.46	direct	Full
SKPAY, a. s. (SPPS, a. s.)	Slovakia	39.38	direct	Equity	39.38	direct	Equity
365.fintech, a.s.	Slovakia	98.46	direct	Full	98.46	direct	Full
ART FOND – Stredoeurópsky fond súčasného umenia, a.s.	Slovakia	100.00	direct	Full	–	–	–
Ahoj, a.s. (Amico Finance, a.s.)	Slovakia	98.46	direct	Full	98.46	direct	Full
Cards&Co, a. s.	Slovakia	98.46	direct	Full	98.46	direct	Full

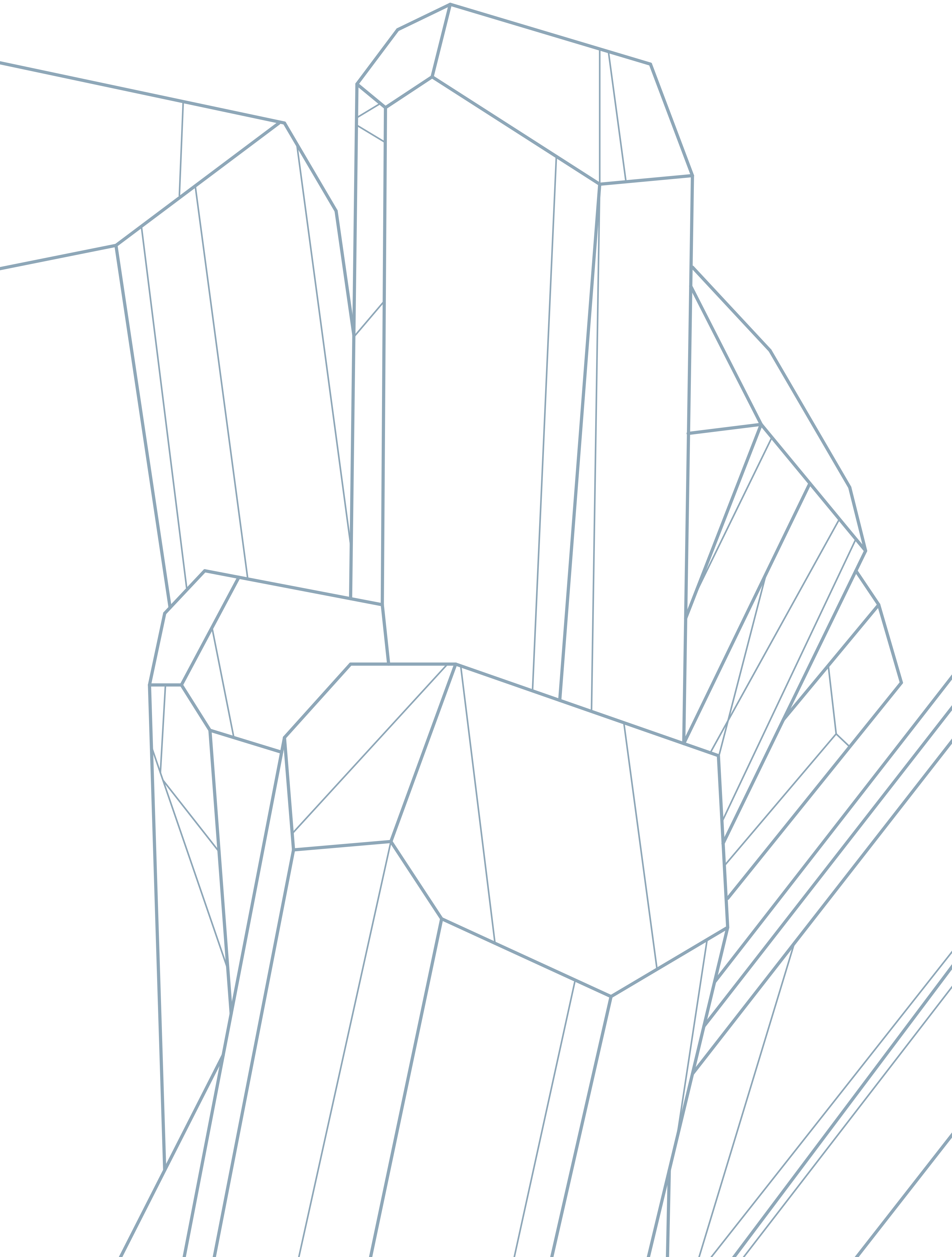
→

Company name	Country of incorporation	December 2022 Consolidated %	Ownership interest	Consolidation method	December 2021 Consolidated %	Ownership interest	Consolidation method
DanubePay, a. s.	Slovakia	98.46	direct	Full	98.46	direct	Full
J&T NOVA Hotels SICAV, a.s.[6]	Czech Republic	99.20	direct	Full	99.20	direct	Full
DIAMOND HOTELS SLOVAKIA, s.r.o.	Slovakia	99.20	direct	Full	99.20	direct	Full
BHP Tatry, s.r.o.	Slovakia	99.20	direct	Full	99.20	direct	Full
Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.[7]	Czech Republic	99.17	direct	Full	99.17	direct	Full
FORESPO SOLISKO a.s.	Slovakia	99.17	direct	Full	99.17	direct	Full
FORESPO HELIOS 1 a.s.	Slovakia	99.17	direct	Full	99.17	direct	Full
FORESPO HELIOS 2 a.s.	Slovakia	99.17	direct	Full	99.17	direct	Full
FORESPO HOREC a SASANKA a.s.	Slovakia	99.17	direct	Full	99.17	direct	Full
FORESPO PÁLENICA a.s.	Slovakia	99.17	direct	Full	99.17	direct	Full
INVEST-GROUND a.s.	Slovakia	99.17	direct	Full	99.17	direct	Full
FORESPO-RENTAL 1 a.s.	Slovakia	99.17	direct	Full	99.17	direct	Full
FORESPO-RENTAL 2 a.s.	Slovakia	99.17	direct	Full	99.17	direct	Full
FORESPO BDS a.s.	Czech Republic	99.17	direct	Full	99.17	direct	Full
DEVEL PASSAGE s.r.o.	Slovakia	99.17	direct	Full	99.17	direct	Full
FORESPO DUNAJ 6 a.s.	Slovakia	99.17	direct	Full	99.17	direct	Full
RDF International, spol. s r.o.	Slovakia	99.17	direct	Full	99.17	direct	Full
J&T LOAN FUND	Malta	–	–	–	99.23	direct	Full
J&T Wine Holding SE	Czech Republic	100.00	direct	Full	100.00	direct	Full
Wine Resort Pouzdřany, s.r.o.	Czech Republic	100.00	direct	Full	100.00	direct	Full
OUTSIDER LIMITED	Cyprus	100.00	direct	Full	100.00	direct	Full
CHATEAU TEYSSIER (SOCIETE CIVILE)	France	80.00	direct	Full	80.00	direct	Full
JCP MALTUS DOMAINES & CHATEAUX (CT Domaines)	France	80.00	direct	Full	80.00	direct	Full
SAXONWOLD LIMITED	Ireland	80.00	direct	Full	80.00	direct	Full
World's End	U.S.A.	80.00	direct	Full	80.00	direct	Full
KOLBY a.s.	Czech Republic	100.00	direct	Full	100.00	direct	Full
Reisten, s.r.o.	Czech Republic	100.00	direct	Full	100.00	direct	Full
J&T Mezzanine, a.s.	Czech Republic	100.00	direct	Full	100.00	direct	Full
URE HOLDING LIMITED	Cyprus	45.00	direct	Equity	45.00	direct	Equity
JTH Vision, s. r. o.	Czech Republic	50.00	direct	Equity	50.00	direct	Equity
JTH Letňany s.r.o.	Czech Republic	50.00	direct	Equity	–	–	–
J&T Credit Participation, s.r.o.	Czech Republic	–	–	–	100.00	direct	Full
J&T Global Finance XIV., s.r.o.	Slovakia	100.00	direct	Full	–	–	–
J&T RFI III., s.r.o.[8]	Czech Republic	100.00	direct	Full	–	–	–
J&T RFI IV., a.s.	Czech Republic	100.00	direct	Full	–	–	–
J&T RFI V., s.r.o.	Czech Republic	100.00	direct	Full	–	–	–
J&T AGRICULTURE SICAV a.s.	Czech Republic	100.00	direct	Full	–	–	–

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

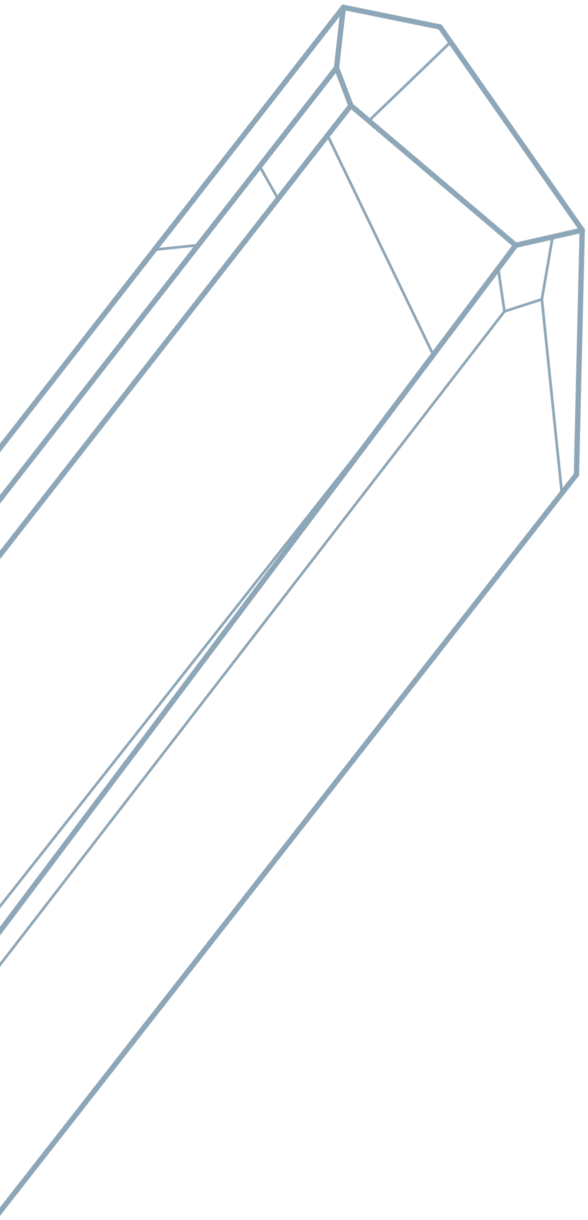
[1] The Group owns a 99.945% share in J&T Bank, a.o. through the subsidiary J&T BANKA, a.s. and another 0.055% share through J&T FINANCE GROUP SE.
[2] The Group owns a 99% share in TERCES MANAGEMENT LIMITED through the subsidiary J&T BANKA, a.s. and another 1% share through the subsidiary J&T Finance, LLC.
[3] The Group owns a 50% share in Interznanie OAO through the subsidiary TERCES MANAGEMENT LIMITED and another 50% share through the subsidiary J&T Bank, a.o.
[4] The Group owns a 94.05% share in J&T VENTURES I otevřený podílový fond through the subsidiary J&T BANKA, a.s. and another 5.95% share through the subsidiary J&T IB and Capital Markets, a.s.

[5] J&T Credit Participation, s.r.o. was renamed J&T Global Finance XIII., s.r.o. and sold from J&T FINANCE GROUP SE to J&T INTEGRIS GROUP LIMITED.
[6] The Group owns a 48.35% share in J&T NOVA Hotels SICAV, a.s. through J&T BANKA, a.s. and another 50.85% share through subsidiary 365.bank, a.s. (Poštová banka, a.s.).
[7] The Group owns a 46.51% share in Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s. through J&T BANKA, a.s. and effectively another 52.66% share through subsidiary 365.bank, a.s. (Poštová banka, a.s.).
[8] In 2023, J&T RFI III., s.r.o. was renamed J&T Global Finance XV., s.r.o.



2.088 billion EUR

THE GROUP´S
EQUITY



INDIVIDUAL INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of CZK	Note	2022	2021
Interest income calculated using effective interest rate method	7	628,802	860,301
Other interest income	7	2,497	17,371
Interest expense	7	(936,382)	(917,095)
Net interest expense		**(305,083)**	**(39,423)**
Fee and commission income	8	75,016	53,105
Fee and commission expense	8	(15,808)	(9,896)
Net fee and commission income		**59,208**	**43,209**
Financial markets, net result	9	96,238	(9,340)
Other operating income	10	13,870	14,353
Total income		**(135,767)**	**8,799**
Personnel expenses	11	(26,135)	(23,612)
Depreciation and amortisation	24, 25	(13,383)	(12,765)
Other operating expenses	12	(92,483)	(78,190)
Total expenses		**(132,001)**	**(114,567)**
Net impairment gains / (losses) on loans, loan commitments and financial guarantees	22	(746,294)	581,087
Net impairment gains / (losses) of financial assets except loans, loan commitments and financial guarantees	22	(11,257)	131
Profit from operations		**(1,025,319)**	**475,450**
Profit from equity accounted investments in subsidiaries	13	4,716,291	3,927,994
Profit before tax		**3,690,972**	**4,403,444**
Income tax expense	14	(10,381)	(97,255)
Profit for the period		**3,680,591**	**4,306,189**

The notes presented on page 208 to page 275 form an integral part of the individual financial statements.

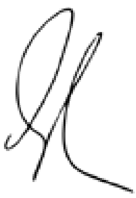
INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of CZK	2022	2021
Profit for the period	**3,680,591**	**4,306,189**
Other comprehensive income – items that are or may be reclassified subsequently to profit or loss	(1,095,300)	(132,734)
Foreign exchange translation differences	608	2,500
Share of other comprehensive income of equity accounted investments in subsidiaries – Foreign exchange translation differences	(455,015)	(187,006)
Share of other comprehensive income of equity accounted investments in subsidiaries – Net change in other components	(640,893)	51,772
Other comprehensive income – items that will not be reclassified subsequently to profit or loss	(1)	–
Equity instruments measured at fair value through other comprehensive income – Net change in fair value	(1)	–
Other comprehensive income for the period, net of tax	**(1,095,301)**	**(132,734)**
Total comprehensive income for the period	**2,585,290**	**4,173,455**

The notes presented on page 208 to page 275 form an integral part of the individual financial statements.

The individual financial statements were approved by the Board of Directors on 28 April 2023.

Signed on behalf of the Board of Directors:



Štěpán Ašer, MBA
Member of the Board of Directors
J&T FINANCE GROUP SE

Ing. Igor Kováč
Member of the Board of Directors
J&T FINANCE GROUP SE

INDIVIDUAL STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

In thousands of CZK	Note	31 December 2022	31 December 2021 (restated)	1 January 2021 (restated)
Assets				
Cash and cash equivalents	15	510,931	5,687,062	765,810
Financial assets for trading	16	4,272	86,173	740,986
Hedging derivatives	17	–	491,285	287,544
Investment securities measured at fair value through profit or loss	18	78,464	56,783	73,808
Investment securities measured at fair value through other comprehensive income	19	4,415	4,416	4,418
Loans to customers	20	7,666,167	13,050,451	15,307,039
Trade receivables and other assets	21	95,842	68,523	87,032
Current tax assets	14	37,883	61,932	29,431
Investments in equity accounted subsidiaries	23	53,798,046	44,958,714	41,059,509
Intangible assets	24	527	659	760
Property, plant and equipment	25	151,252	165,262	213,781
Total assets		**62,347,799**	**64,631,260**	**58,570,118**
Liabilities				
Trading derivatives	16	93,799	–	–
Loans from banks	26	2,585,292	4,158,081	3,352,690
Loans from customers	27	13,819,576	14,917,652	13,363,823
Debt securities issued		–	–	3,615
Other liabilities	29	114,822	195,229	469,888
Provisions	30	83,887	8,076	86,581
Deferred tax liabilities	14	158,305	183,644	4,048
Total liabilities		**16,855,681**	**19,462,682**	**17,280,645**
Equity				
Share capital	31	15,780,308	15,780,308	15,780,308
Share premium	31	2,551,766	2,551,766	2,551,766
Other equity instruments	31	5,907,000	5,907,000	5,907,000
Other reserves	31	(2,778,217)	(1,682,917)	(1,550,183)
Retained earnings	31	24,031,261	22,612,421	18,600,582
Total equity		**45,492,118**	**45,168,578**	**41,289,473**
Total equity and liabilities		**62,347,799**	**64,631,260**	**58,570,118**

The comparable period figures were adjusted as a result of the correction of prior period errors (see Note 5).

The notes presented on page 208 to page 275 form an integral part of the individual financial statements.

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of CZK	Note	Share capital	Share premium
Balance as at 1 January 2022		**15,780,308**	**2,551,766**
Profit for the period		–	–
Other comprehensive income for the period, net of tax – items that are or may be reclassified subsequently to profit or loss		–	–
Foreign exchange translation differences		–	–
Share of other comprehensive income of equity accounted investments in subsidiaries – Foreign exchange translation differences		–	–
Share of other comprehensive income of equity accounted investments in subsidiaries – Net change in other components		–	–
Other comprehensive income – items that will not be reclassified subsequently to profit or loss		–	–
Equity instruments measured at fair value through other comprehensive income – Net change in fair value		–	–
Other comprehensive income for the period, net of tax		**–**	**–**
Total comprehensive income for the period		**–**	**–**
Dividends paid	31	–	–
Yield from issued other equity instruments paid	31	–	–
Rounding		–	–
Balance as at 31 December 2022		**15,780,308**	**2,551,766**

See Note 31 Equity

Non–distributable reserves	Translation reserve	Other reserves and funds	Other equity instruments	Retained earnings	Total equity
200,082	**(2,453,381)**	**570,382**	**5,907,000**	**22,612,421**	**45,168,578**
–	–	–	–	3,680,591	3,680,591
–	(454,407)	(640,893)	–	–	(1,095,300)
–	608	–	–	–	608
–	(455,015)	–	–	–	(455,015)
–	–	(640,893)	–	–	(640,893)
–	–	(1)	–	–	(1)
–	–	(1)	–	–	(1)
–	**(454,407)**	**(640,894)**	**–**	**–**	**(1,095,301)**
–	**(454,407)**	**(640,894)**	**–**	**3,680,591**	**2,585,290**
–	–	–	–	(1,980,000)	(1,980,000)
–	–	–	–	(281,751)	(281,751)
–	1	–	–	–	1
200,082	**(2,907,787)**	**(70,512)**	**5,907,000**	**24,031,261**	**45,492,118**

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

In thousands of CZK	Note	Share capital	Share premium
Balance as at 1 January 2021		**15,780,308**	**2,551,766**
Profit for the period		–	–
Other comprehensive income for the period, net of tax – items that are or may be reclassified subsequently to profit or loss		–	–
Foreign exchange translation differences		–	–
Share of other comprehensive income of equity accounted investments in subsidiaries – Foreign exchange translation differences		–	–
Share of other comprehensive income of equity accounted investments in subsidiaries – Net change in other components		–	–
Other comprehensive income for the period, net of tax		**–**	**–**
Total comprehensive income for the period		**–**	**–**
Yield from issued other equity instruments paid	31	–	–
Balance as at 31 December 2021		**15,780,308**	**2,551,766**

See Note 31 Equity.

	Non–distributable reserves	Translation reserve	Other reserves and funds	Other equity instruments	Retained earnings	Total equity
	200,082	**(2,268,875)**	**518,610**	**5,907,000**	**18,600,582**	**41,289,473**
	–	–	–	–	4,306,189	4,306,189
	–	(184,506)	51,772	–	–	(132,734)
	–	2,500	–	–	–	2,500
	–	(187,006)	–	–	–	(187,006)
	–	–	51,772	–	–	51,772
	–	**(184,506)**	**51,772**	**–**	**–**	**(132,734)**
	–	**(184,506)**	**51,772**	**–**	**4,306,189**	**4,173,455**
	–	–	–	–	(294,350)	(294,350)
	200,082	**(2,453,381)**	**570,382**	**5,907,000**	**22,612,421**	**45,168,578**

INDIVIDUAL STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of CZK	Note	2022	2021
Operating activities			
Profit before tax		3,690,972	4,403,444
Adjustments for:			
Depreciation and amortisation	24, 25	13,383	12,765
Unrealised profit on investment securities at fair value through profit and loss	16	(96,238)	(24,021)
Net interest expense	7	305,083	39,423
Profit from equity accounted investments in subsidiaries	13	(4,716,291)	(3,927,994)
(Decrease) / Increase in allowance for impairment of loans, loan commitments and financial guarantees	22	757,551	(581,087)
Unrealised foreign exchange (gains) / losses, net	9	44,468	442,979
Operating loss before changes in working capital		**(1,072)**	**365,509**
(Increase) / decrease in operating assets			
Change in financial assets for trading	16	81,901	654,813
Change in hedging derivative assets	17	–	513,159
Change in investment securities at fair value through profit or loss	18	–	3,895
Change in loans and advances to customers	20	5,174,592	1,584,149
Change in trade receivables and other assets	21	27,319	18,509
Change in other liabilities	29, 16	80,407	1,520
Cash flows generated from (used in) operating activities		**5,363,147**	**3,141,554**
Interest received	20	840,336	973,324
Interest paid	26, 27	(858,487)	(804,826)
Income taxes paid	14	(2,064)	(125,089)
Cash flows generated from (used in) operating activities		**5,342,932**	**3,184,963**

In thousands of CZK	Note	2022	2021
Investing activities			
Proceeds from financial instruments at fair value through other comprehensive income	9	–	37,154
Acquisition of property, plant and equipment, investment property and intangible assets	25	(157)	(3,321)
Capital contributions to equity accounted investments in subsidiaries	23	(7,054,228)	(881,174)
Dividends received and income from perpetuity certificates	23	1,259,773	–
Cash flows generated (used in) from investing activities		**(5,794,612)**	**(854,341)**
Financing activities			
Proceeds from issued debt securities		–	(3,615)
Change in loans from banks and customers	26, 27	(2,453,209)	2,897,877
Payments of lease liabilities (principal)	34	(9,491)	(9,282)
Yield from issued other equity instruments paid	31	(281,751)	(294,350)
Dividends paid	31	(1,980,000)	–
Cash flows generated from / (used in) financing activities		**(4,724,451)**	**2,590,630**
Net decrease/increase in cash and cash equivalents		**(5,176,131)**	**4,921,252**
Cash and cash equivalents as at the beginning of the year	**15**	**5,687,062**	**765,810**
Effect of exchange rate fluctuations on cash held		**–**	**–**
Cash and cash equivalents as at the end of the year	**15**	**510,931**	**5,687,062**

The notes presented on page 208 to page 275 form an integral part of the individual financial statements.

NOTES TO INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

J&T FINANCE GROUP SE ("the Company") is a European joint-stock company (Societas Europaea) having its legal seat and domicile at Sokolovská 700/113a, 186 00 Praha 8.

The shareholders of the Company as at 31 December 2022 and 31 December 2021 were as follows:

	Interest in share capital		Voting rights (registered)	
	In millions of CZK	%	In millions of CZK	%
Ing. Jozef Tkáč	7,109	45.05	7,109	45.05
Ing. Ivan Jakabovič	7,109	45.05	7,109	45.05
Rainbow Wisdom Investment Limited	1,562	9.90	1,562	9.90
Total	**15,780**	**100.00**	**15,780**	**100.00**

The Company, as a financial investor, actively takes positions in a diversified range of investment opportunities including investments in banks, investments in securities and structured investments, such as special project financing and acquisitions financing.

In 2013, the Company established its administrative branch in Slovakia, J&T FINANCE GROUP SE, organizačná zložka. Its principal activities include mediation of providing loans and borrowings from funds solely acquired without a public invitation and without a public offer of property values, lease of real estate without providing other than basic services associated with the lease, mediation services in the field of trade, services and manufacture, business, organizational and economic advisory, and advertising and marketing services.

The members of the Board of Directors were as at 31 December 2022 as follows:
Ing. Jozef Tkáč– Chairman
Ing. Ivan Jakabovič – Vice-Chairman
Ing. Patrik Tkáč – Vice-Chairman
Ing. Dušan Palcr – Vice-Chairman
Štěpán Ašer, MBA – member
Ing. Igor Kováč – member

The members of the Board of Directors were as at 31 December 2021 as follows:
Ing. Jozef Tkáč– Chairman
Ing. Ivan Jakabovič – Vice-Chairman
Ing. Patrik Tkáč – Vice-Chairman
Ing. Dušan Palcr – Vice-Chairman
Štěpán Ašer, MBA – member
Ing. Igor Kováč – member

2. BASIS OF PREPARATION

(a) Statement of compliance
The individual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") effective for the year ended 31 December 2022, as adopted by the European Union ("EU"). These are the Company's individual financial statements prepared in accordance with IFRSs.

(b) Basis of preparation
The individual financial statements have been prepared under the historical cost convention, except for investment property, derivative financial instruments, financial assets and liabilities at fair value through profit or loss, investment securities measured at fair value through other comprehensive income and equity accounted investments in subsidiaries.

The individual financial statements are presented in the Czech koruna, rounded to the nearest thousand. The functional currency is also the Czech koruna ("CZK"). The accounting policies have been consistently applied to all periods presented in these individual financial statements. The accounting policies take into account newly adopted IFRS (see below).

Financial statements prepared in compliance with International Financial Reporting Standards require various judgements, assumptions, and estimates to be exercised that affect the reported amounts of assets, liabilities, income and expenses. Actual results will likely differ from these estimates. Critical accounting estimates and judgements made by management with a significant risk of material adjustment in the next year are discussed in Note 4 Critical accounting estimates and assumptions.

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

The following standards, amendments to standards and interpretations are effective for the first time for the year ended 31 December 2022 and have been applied in preparing the individual financial statements.

- Amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021) provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.
- Amendments to IFRS 3: Reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022) update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022) prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, proceeds from selling such items, and the cost of producing those items, are recognized in profit or loss.
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022) specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract' that can either be incremental costs of fulfilling the contract (e.g. direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Annual Improvements to IFRS Standards 2018-2020 (effective for annual periods beginning on or after 1 January 2022)
  - IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to determine cumulative FX translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
  - IFRS 9 – The amendment clarifies that only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, are to be included when applying the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.
  - IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor due to possible confusion that might arise because of how lease incentives are illustrated in that example.
  - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

These amendments, effective for the first time for the year ended 31 December 2022, did not have any material impact on the Company's individual financial statements unless stated otherwise above.

Issued but not yet effective International Financial Reporting Standards

A number of new standards, amendments to standards and interpretations are not yet effective or not yet adopted by the EU for the year ended 31 December 2022, and have not been applied in preparing these individual financial statements:

- IFRS 17: Insurance contracts and Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023, with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied; endorsed in the EU) requires insurance liabilities to be measured at a current fulfilment value instead of historical costs and provides a more uniform measurement and presentation approach for all insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts as of 1 January 2023.

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023; endorsed in the EU) specify the exceptions to the initial recognition of an asset or liability by requiring that taxable and deductible differences of the same amount do not arise in the same transaction.
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023; not yet endorsed in the EU) help to determine whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current.
- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024, not yet endorsed by the EU) aims to clarify how conditions that an entity must satisfy within 12 months after the end of the reporting period affect the classification of liabilities.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023; endorsed in the EU) with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Newly IAS 1 will require entities to disclose their material accounting policies rather than their significant accounting policies.
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023, endorsed in the EU) that replace definition of a change in accounting estimates is with a definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023; already endorsed in the EU) issued on 9 December 2021 providing insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17 and IFRS 9.
- Amendment to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024; not yet endorsed in the EU). The amendments to the standard clarify how a seller (lessee) subsequently measures a sale and leaseback that meets the requirements of IFRS 15 to be accounted for as a sale.

The Company expects that these new standards amendments and interpretations, issued but not yet effective, will not have a material impact on the Company's individual financial statements unless stated otherwise above.

Other new International Financial Reporting Standards and Interpretations not yet due

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Investments in equity accounted subsidiaries

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The individual financial statements include the Company's share of the total recognised gains and losses of its subsidiaries on an equity accounted basis. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable are recognised as a reduction in the carrying amount of the investment. When the Company's share of losses exceeds the carrying amount of the subsidiary, the carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Company has incurred obligations in respect of the related entity.

Unrealised gains on transactions between the Company and its investees are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

The carrying amount of equity-accounted investments in subsidiaries is tested for impairment in accordance with the policy described in Note 4.2.

(b) Foreign currency

(i) Foreign currency transactions

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

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

(ii) Translation of foreign operations

The individual financial statements are presented in the Czech koruna (CZK) as the Company's functional currency. The Company has established its foreign branch in Slovakia with functional currency Euro and has several subsidiaries which measure the items included in their financial statements using the currency of the primary economic environment in which the entities operate (the functional currency).

The assets and liabilities of foreign operations are translated into Czech koruna at foreign exchange rates ruling at the individual statement of financial position date. The revenues and expenses of foreign operations are translated into Czech koruna at the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in other comprehensive income.

(c) Financial instruments

(i) Classification

Financial assets

On initial recognition a financial asset is classified as measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is based on the business model in which the financial asset is managed and the contractual cash flow characteristics of the instrument.

The classification of debt instruments is determined based on:
a) The business model under which the asset is held, and
b) The contractual cash flow characteristics of the instrument.

The Company makes an assessment of the objectives of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The Company considers information such as the stated policies and objectives for the portfolio and the operation of those policies, the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed, how managers of the business are compensated, or the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The assessment of the contractual cash flow characteristics determines whether the financial instruments' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a lending arrangement, the SPPI test is not passed. When performing the SPPI test, the Company takes into consideration the following factors: non-standard interest rate, financial leverage, early repayment options, longer repayment options, non-recourse arrangement, contract-linked instruments, hybrid instruments, instruments purchased with a significant discount/premium.

The Company has more than one business model for managing its financial instruments, which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company defines business models as follows:
- "Hold and collect"
- "Hold, collect and sell"
- "Mandatorily at fair value"
- "Trading"
- "Fair value option"

The strategy "Hold and collect" has as an objective to hold financial assets in order to collect contractual cash flows of both principal and interest payments.

The strategy "Hold, collect and sell" has as an objective to both collect contractual cash flows and sell financial assets.

The strategy "Mandatorily at FV" is used for financial assets that are held for the purpose of holding and collecting or holding and collecting and selling, but that have not passed the SPPI test and cannot be measured at AC or FVOCI.

The strategy "Trading" has active trading as its objective. Assets for which this strategy is used are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

The strategy "Fair value option" is used for assets that are at initial recognition irrevocably designated as measured at FVTPL in order to eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing gains and losses using different bases.

The assessment above being made, the financial assets are classified into one of the following measurement categories:

a) Financial assets at amortised cost (AC)

The relevant business model is to hold assets to collect contractual cash flows and the SPPI test is passed. Examples of such financial assets are loans, investment securities previously held to maturity or trade receivables. Expected credit losses ("ECL"; see below) are calculated and recognized in profit or loss for this category of financial assets. Foreign exchange ("FX") differences as well as interest revenues accrued using the effective interest rate ("EIR") method are also recognized in profit or loss.

b) Financial assets at fair value through other comprehensive income (FVOCI)

In order to be classified as FVOCI, the asset either i) meets the SPPI test and is held within the business model "Hold, collect and sell", which has the objective of both collecting contractual cash flows and selling the financial asset or ii) the asset is an equity instrument that does not meet the SPPI test but is not held for trading and the Company elected to measure such instrument at fair value through other comprehensive income.

Thus, there are two types of instruments that can be classified as FVOCI and the accounting treatment for these financial assets is different:

i) Debt instruments meeting the SPPI test within the business model "Hold, collect and sell"
Under this accounting treatment ECL are recognized in profit or loss and the changes in the fair value of the instrument are recognized in OCI. FX differences in relation to the amortised cost, including impairment, are recognized in profit or loss. Interest revenues calculated using EIR are recognized in profit or loss.
When the financial asset is derecognized, a gain or loss is recognized in profit loss as a result of reclassification of the gain or loss from OCI to profit or loss.

ii) Equity instruments not held for trading where the FVOCI option was elected:
Under this treatment ECL are not calculated, as these assets are already measured at fair value and changes in fair value are recognized in other comprehensive income (OCI) and will not be reclassified to profit or loss upon disposal. FX differences are recognized in OCI as part of the revaluation reserve.
When the equity instrument is sold, the corresponding gain or loss remains in equity.
Dividends from these financial assets are recognized in profit or loss.

c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the conditions for being classified and measured under one of the two previous categories are classified and measured at fair value through profit or loss.

Financial assets that are acquired to be actively traded (trading business model) are also classified and measured at FVTPL.

Furthermore, an entity may at initial recognition irrevocably designate a financial asset to be measured at FVTPL in order to eliminate or significantly reduce a measurement or recognition inconsistency (also referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing gains and losses using different bases.

For this category of assets ECL are not calculated and recognized. Changes is fair value are recognized in profit or loss. FX differences are recognized in profit or loss as well.

Financial liabilities

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Liabilities are classified and measured at amortized cost, with the exception of:

- Financial liabilities held for trading including derivatives – these are measured at FVTPL;
- Financial liabilities that use the option to be measured at FVTPL at acquisition – designated at FVTPL.

In case of liabilities at FVTPL, the change in fair value resulting from a change in the Company's own credit risk is presented in OCI, while the remaining change in fair value is presented in profit or loss.

The following table provides a reconciliation between the line items in the statement of financial position and categories of financial instruments.

31 December 2022

In thousands of CZK	Ref. to Note	Mandatorily at FVTPL	FVOCI – derivatives	FVOCI – equity instruments	Amortised cost	Total carrying amount
Cash and cash equivalents	15, 16	–	–	–	510,931	510,931
Financial assets for trading	16	4,272	–	–	–	4,272
Investment securities measured at fair value through profit or loss	18	78,464	–	–	–	78,464
Investment securities measured at fair value through other comprehensive income	19	–	–	4,415	–	4,415
Loans to customers	20	–	–	–	7,666,167	7,666,167
Trade receivables and other financial assets under risk management	21	–	–	–	93,685	93,685
Hedging derivatives	17	–	–	–	–	–
Total financial assets		**82,736**	**–**	**4,415**	**8,270,783**	**8,357,934**
Derivatives	16	–	–	–	93,799	93,799
Loans from banks	26	–	–	–	2,585,292	2,585,292
Loans from customers	27	–	–	–	13,819,576	13,819,576
Other financial liabilities under risk management	29	–	–	–	111,170	111,170
Total financial liabilities		**–**	**–**	**–**	**16,609,837**	**16,609,837**

31 December 2021 (restated)

In thousands of CZK	Ref. to Note	Mandatorily at FVTPL	FVOCI – derivatives	FVOCI – equity instruments	Amortised cost	Total carrying amount
Cash and cash equivalents	15, 16	–	–	–	5,687,062	5,687,062
Financial assets for trading	16	86,173	–	–	–	86,173
Investment securities measured at fair value through profit or loss	18	56,783	–	–	–	56,783
Investment securities measured at fair value through other comprehensive income	19	–	–	4,416	–	4,416
Loans to customers	20	–	–	–	13,050,451	13,050,451
Trade receivables and other financial assets under risk management	21	–	–	–	66,430	66,430
Hedging derivatives	17	–	491,285	–	–	491,285
Total financial assets		**142,956**	**491,285**	**4,416**	**18,803,943**	**19,442,600**
Loans from banks	26	–	–	–	4,158,081	4,158,081
Loans from customers	27	–	–	–	14,917,652	14,917,652
Other financial liabilities under risk management	29	–	–	–	189,072	189,072
Total financial liabilities		**–**	**–**	**–**	**19,264,805**	**19,264,805**

(ii) Recognition

Financial instruments for trading, investment securities measured at fair value through profit and loss and investment securities measured at fair value through other comprehensive income are recognised on the date the Company commits to purchase the assets. Regular way purchases and sales of other financial assets including investment securities at amortised cost are accounted for on the settlement date.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Subsequent to initial recognition, financial assets are measured at their fair value, except for loans and advances to customers and investment securities at amortised cost. After initial recognition, financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. In measuring amortised cost, any difference between cost and redemption value is recognised in the individual income statement over the period of the asset or liability on an effective interest rate basis.

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

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the individual statement of financial position date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market-related measures at the individual statement of financial position date. The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments (Note 32 Fair value information):

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

Loans from banks and customers: The estimated fair value of fixed-maturity loans is based on discounted cash flows using the appropriate yield curve.

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

Investment securities at amortised cost: Fair value is based on quoted market prices traded in active markets at the individual statement of financial position date. If not available, the fair value is calculated based on discounted expected future principal and interest cash flows using the appropriate yield curve and risk spread. Expected future cash flows are estimated considering credit risk and any indication of impairment. The estimated fair values of financial assets at amortised cost reflect changes in credit status since they were acquired and changes in interest rates in the case of fixed rate instruments.

(v) Gains and losses on subsequent measurement
Gains and losses arising from changes in fair value are recognised in the individual income statement for instruments held for trading or measured at fair value through profit or loss and directly in other comprehensive income for instruments measured at fair value through other comprehensive income, except for impairment gains and losses, and foreign exchange gains and losses in the case of debt instruments measured at fair value through other comprehensive income. The cumulative gains or losses of debt instruments measured at fair value through other comprehensive income, previously recognised in other comprehensive income, are reclassified to profit or loss as a reclassification adjustment, when assets measured at fair value through other comprehensive income are derecognised. In the case of equity instruments, the cumulative gains or losses from investment securities measured at fair value through other comprehensive income (FVOCI) remain in the equity under IFRS 9 and are not reclassified to profit or loss anymore. Interest income and expenses, from debt instruments measured at fair value through other comprehensive income, are recorded in the individual income statement by applying the effective interest rate method. Dividends from equity instruments measured at fair value through other comprehensive in-

come are recognised in profit or loss. Refer to accounting policy (c) (vii) for accounting for gains and losses on subsequent measurement of hedges.

(vi) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire, or the Company transfers the rights to receive contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred a or in which the Company neither transfer nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is derecognised when the Company's obligations specified in the contract expire or are discharged or cancelled.

Investment securities measured at fair value through other comprehensive income, financial assets for trading and investment securities measured at fair value through profit or loss that are sold are derecognised and the corresponding receivables from the buyer for the payment are recognised as at the date the Company commits to sell the assets.

Investment securities at amortised cost and loans and advances to customers are derecognised on the day they are disposed of by the Company. If control over investment securities at amortised cost and loans and advances is passed to third parties, the carrying amount of disposed asset at amortised cost is first adjusted through creation or reversal of impairment in the income statement to the lower of selling price and gross value.

(vii) Hedge accounting

The Company uses IFRS 9 for the purposes of hedge accounting.

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

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

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

In case of a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value is recognised in profit or loss together with the changes in the fair value of the hedged item that are attributable to the hedged risk (in the same line as the hedged item).

(viii) Embedded derivatives

Hybrid financial instruments are a combination of non-derivative host contracts and derivative financial instruments (embedded derivatives). According to IFRS 9, embedded derivative components are separated from the host contracts when:
- The host contract is not an asset in the scope of IFRS 9;
- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss (i.e. a derivative that is embedded in a financial liability at fair value through profit or loss is not separated).

Separated embedded derivatives are carried at fair value with changes recorded in profit or loss.

(d) Cash and cash equivalents
Cash and cash equivalents represent cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Company includes into Cash and cash equivalents cash on hand, cash deposited with central banks (except for obligatory minimum reserves) and other short term highly liquid investments with original maturities of three months or less, such as Loans from reverse repurchase agreements with maturities of less than three months, Current account with banks and Loans and advances with original maturities of three months or less.

(e) Loans and advances to customers
Loans and advances originated by the Company are classified and measured according to the criteria described in section (c). Loans and advances are reported net of impairment allowance (refer to accounting policy (h)).

Modifications of the contractual terms may result in derecognition of the original asset when the changes to the terms of the loans are considered substantial. The Company considers modifications substantial, if the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original loan. In such case, the original financial asset is derecognized and a new financial asset is recognized at its fair value. The difference between the carrying amount of the derecognized asset and the fair value of the new asset is recognized in the individual income statement.

For all loans, where the modification of terms did not result in the derecognition of the loan, the gross carrying amount of the modified loan is recalculated based on the present value of the modified cash flows discounted at the original effective interest rate and any gain or loss from the modification is recorded in the individual income statement.

Details regarding the structure and quality of the credit portfolio are given in Note 35.

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

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

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

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

An impairment loss is reversed when there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount.

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

The 'expected credit loss' (ECL) model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. It also applies to loan commitments measured at amortised cost and financial guarantees measured at amortised cost (refer to accounting policy (p)).

For the purposes of ECL calculation, financial assets are categorized into three stages (Stage 1, 2, 3). Financial assets that are impaired at the date of the initial recognition represent a separate category - Purchased or originated credit-impaired assets („POCI"). At the date of the first recognition, the financial asset is included in Stage 1 or POCI. Subsequent reclassification is carried out according to the occurrence of a significant increase in credit risk (Stage 2) or impairment (default) of the asset (Stage 3).

Stage 1 (12-month ECL)
Financial assets for which there has not been a significant increase in credit risk (SICR) since initial recognition remain classified in Stage 1. For financial assets in Stage 1, 12-months expected credit losses are recognized. The expected 12-month credit losses result from the default events that are possible within 12 months after the reporting date. Interest revenue from these assets is calculated from the GCA. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has a low credit risk at the reporting date (further described below).

Stage 2 (lifetime ECL not credit-impaired)
This stage is applicable when the credit risk has increased significantly since initial recognition of the financial asset, but the asset is not credit-impaired. Lifetime ECLs are calculated for this stage, i.e. ECLs that result from all possible default events over the expected life of a financial instrument. Interest revenue from these assets is calculated from the GCA.

Stage 3 (lifetime ECL credit-impaired)
In Stage 3, the credit quality of a financial asset has significantly deteriorated (financial instruments that are considered to be in default). Lifetime expected credit losses are recorded for Stage 3, however, the interest revenue is calculated from the net amortised cost.
For trade receivables and contract assets without a significant financing component lifetime ECL measurement is used instead of the approaches described above.

Financial assets with low credit risk
The credit risk of a financial instrument is considered to be low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. However, collateral does not influence whether a financial instrument has a low credit risk.

Expected credit losses over the remaining life of a financial instrument are not recorded solely due to the fact that it was considered to be a low-risk financial instrument in the previous financial year but due to this assessment at the end of the reporting period. As of that date, the Company determines whether there has been a significant increase in credit risk since initial recognition and whether it is therefore necessary to report the expected credit losses over the lifetime of the instrument.

At the end of the reporting period the Company assesses individual items classified in Stage 1 with low credit risk and if they do not meet this characteristic, they are reclassified to the relevant stage.

Determining a significant increase in credit risk (SICR) from initial recognition
At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company considers the change in the risk of default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information (available without undue cost or effort) that is indicative of significant increases in credit risk since initial recognition.

If there has been a significant increase in credit risk since initial recognition, the exposure is included in Stage 2 and the lifetime ECL is estimated. If there has been no significant increase in credit risk since initial recognition, the exposure remains in Stage 1 (12-months ECL). If the exposure is in default, it is classified to Stage 3.

The assessment of significant increase in credit risk is based on an analysis of qualitative and quantitative factors (see below).

Qualitative factors considered in the assessment:
- The nature of the project being financed has changed with a negative impact on the debtor's ability to generate cash flow,
- The debtor does not meet non-financial contractual obligations for more than six months.

Quantitative factors considered in the assessment:

Credit risk deterioration is considered on the basis of a change in rating since initial recognition. The current rating is compared with the rating assigned at the time of initial recognition. The Company uses an internal rating system with 12 rating grades, the 13th grade being referred to as default:

		Current rating											
		1	2	3	4	5	6	7	8	9	10	11	12
Rating at initial recognition	1	1	1	1	2	2	2	2	2	2	2	2	2
	2	1	1	1	1	2	2	2	2	2	2	2	2
	3	1	1	1	1	2	2	2	2	2	2	2	2
	4	1	1	1	1	1	2	2	2	2	2	2	2
	5	1	1	1	1	1	1	2	2	2	2	2	2
	6	1	1	1	1	1	1	1	2	2	2	2	2
	7	1	1	1	1	1	1	1	1	2	2	2	2
	8	1	1	1	1	1	1	1	1	2	2	2	2
	9	1	1	1	1	1	1	1	1	1	2	2	2
	10	1	1	1	1	1	1	1	1	1	1	2	2
	11	1	1	1	1	1	1	1	1	1	1	1	2
	12	1	1	1	1	1	1	1	1	1	1	1	1

Signs of default

To determine whether a financial asset is in default, the Company assesses the common signs of default listed below:
- The situation when the Company filed a petition for declaring the bankruptcy of the debtor,
- The situation when the debtor has applied for bankruptcy announcement,
- The situation when the bankruptcy was announced,
- The debtor has entered or intends to enter into liquidation,
- The court has ruled that the debtor (legal person) was not founded (does not exist) or the debtor (natural person) has died,
- The final judgment of the court or administrative authority was ordered to enforce the decision to sell the debtor's assets or execute the debtor's assets,
- The situation when the debtor`s liability is overdue for more than 90 days,
  - An overdue debtor's obligation should be considered significant if both the limit expressed as an absolute amount and the limit expressed as a percentage are exceeded. For a debtor to be classified as defaulted on an overdue basis, the overdue liability must be material for a continuous period of at least 90 days.
  - The absolute component is expressed as the maximum amount for the sum of all overdue amounts owed by a particular debtor to the Company or to any of its subsidiaries. This amount is set at 500 EUR (or the equivalent of that amount) for other than retail exposures.
  - The relative component is expressed as a percentage reflecting the overdue loan amount in relation to the total amount of all balance sheet exposures of the Company towards the relevant debtor or any of its subsidiaries, excluding any exposures involving shares. The percentage is set at 1%.
- The situation when the receivable is forced to be re-structuralized,
- It is proven that more than 20% of the funds provided to the debtor by the Company are used by the debtor for another purpose than stated in the contract.

Purchased or originated credit-impaired financial assets (POCI)

All purchased loans are initially measured at fair value on the date of acquisition. As a result no allowances for credit losses would be recorded on the date of acquisition. Purchased loans may fit into either of the categories – performing loans or POCI. For assessment whether assets are credit impaired similar criteria to those described above are used (signs of default). Purchased performing loans follow the same accounting as originated performing loans and are reflected in Stage 1 on the date of acquisition. On the other hand, POCI loans are reflected in Stage 3. Any changes in the expected cash flows since the date of acquisition are recorded as a change in Net impairment losses on loans at the end of the reporting period.

In addition to defaulted loans being purchased, POCI may arise as a result of the restructuring of a borrower in financial difficulties that lead to substantial changes to the loan conditions, resulting into derecognition of the original assets and (new) recognition of the modified asset. For those financial assets, the Company applies the credit-adjusted effective interest rate from initial recognition. The credit-adjusted effective interest rate represents the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset.

Modifications of financial assets are described in the section Forbearance in more detail.

ECL for commitments and guarantees

For financial commitments and financial guarantees the initial ECL is recognized as provision. Changes in ECL in subsequent periods are recorded as gain or loss in profit or loss.

Determination of expected credit losses

ECLs are in fact the outcome from multiplication of the following parameters: probability of default (PD), expected loss given default (LGD) and exposure at default (EAD).

Determination of probability of default (PD)

Probability of default is assigned as follows:
- If the exposure is included in Stage 1, one-year (or lifetime if expected maturity shorter than 12 months) PD is determined,
- If the exposure is included in Stage 2, the corresponding life-time PD is assigned to the exposure,
- If the exposure is included in Stage 3, PD is 100%.

The calculation of PD applied by the Company is divided into 2 steps:
- Calculation of one-year PDs as the long-term average of observed failure rates,
- Calculation of multi-annual (cumulative) PDs.

The probability of default over the selected number of years is calculated based on an annualized migration matrix. The result is a multi-year (based on the choice of horizon) probability of defaults for a given rating.

Each internal rating grade has been linked to an external rating, so that the corresponding external PD fits into the PD interval for the relevant internal rating grade. If no such external PD exists, the rating closest to the middle of the internal rating interval was used. The following table documents the external ratings to which they correspond:

Internal rating	External rating	Category
1	A	Very low risk
2	BBB	Low risk
3	BBB-	Low risk
4	BB+	Low risk
5	BB	Medium risk
6	BB-	Medium risk
7	B+	Medium risk
8	B	Medium risk
9	B-	Medium risk
10	CCC+	High Risk
11	CCC	High Risk
12	CCC-	High Risk
13	D	Default

Employees of the local risk management departments are responsible for calculating and updating the relevant PDs in line with the Company methodology. The Company primarily determines scoring for non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Furthermore, the Company determines scoring for the commitments provided, financial guarantees and undrawn limits. Scoring cards are used to assign the internal PDs to the relevant exposures.

Scoring models were developed based on data of the Company and J&T Banka.

Determination of loss given default (LGD)

LGD is an estimate of the loss arising when default occurs at a given time (expressed as a percentage). It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including cash flow from the realization of any collateral. For the calculation of LGDs the Company uses discounting of expected future cash flows.

For exposures above a given threshold, LGD is calculated on an individual basis in the form of scenario analyses, for exposures below a given threshold, LGDs can be calculated on a portfolio basis unless the Company already has individualized LGD calculations, e.g. from credit analysis or previous credit ratings.

The individual LGD is determined as the weighted average of relevant cash flows according to the scenario analysis. The Company commonly uses scenarios such as: breach of covenants resulting in full repayment request (first and main scenario), significant decrease in financial performance (i.e. significantly below the thresholds for immediately full repayment of the contract, usually cash flow on 50% level of the first scenario), realization of collateral or severe drop in performance parameters (usually cash flow on 10% level of the first scenario).

In determining the LGD value, the entity takes into account collateral of the receivable, when the entity has a legal right, so that in the event of default of the borrower, the collateral can be realized within a reasonable time. For collateralized receivables, the calculation of the present value of the expected future cash flows also takes into account the expenses associated with the realization of the collateral. For the purposes of LGD calculation, the Company takes into account only collateral up to the amount that is not used as security for other assets or assets of third parties if they are entitled to satisfaction before the Company (i.e. the value of such collateral is reduced by the amount owed to more senior debtors). Furthermore, collateral is used only up to the carrying amount of the collateralized assets recognized in the balance sheet.

Determination of Exposure at default (EAD)

EAD refers to the level of exposure at default of the client which is then multiplied by PD and LGD in order to calculate the expected credit loss (ECL). Thus EAD is a discounted estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

For off-balance sheet exposures, the EAD represents the approved undrawn commitment adjusted by a credit conversion factor ("CCF"). The CCFs are determined based on historical experience or on regulatory parameters that were used as starting point and applied on the instruments held by the Company and modified to reflect the specifics of the Company.

Forward looking information

To estimate forward-looking probabilities of default based on macroeconomic factors, the Company uses a model based on transition matrices estimated by external rating agency Moody's on historical data covering the 1983-2021 period, i.e., through-the-cycle (TTC) estimates of default rates (covering the entire economic cycle) as well as point-in-time (PiT) estimates for a given year.

Under IFRS 9, the TTC estimate of the probability of default was transformed into a PiT forward-looking estimate, i.e. an estimate that takes into account the impact of current and expected macroeconomic developments on the default rate.

The model for estimating the PiT probability of default consists of two parts: an estimate of Z component, which represents the business cycle, and an estimate of the relationship between macroeconomic variables and Z component. The basis for estimating Z component is Merton's one-factor model, which divides counterparty risk into idiosyncratic risk and systemic risk.

Using the estimate of Z component and the relationship between Z component and macroeconomic variables, point-in-time forward-looking (PiT FL) transition matrices are then estimated by adjusting the TTC matrix for Z component. For these estimates, a Z component model and a GDP scenario model is used, taking into account the historical development of real GDP in a given country as well as projections of real GDP development in that country or forecasts of global macroeconomic developments (IMF). PiT FL transition matrices are estimated for a period of five years. Beyond this horizon, Z component is assumed to be zero, and thus the TTC matrix is used.

PD options:
Standard PD: Newly, 4 PD scenarios are created, generated at 5%, 12.5%, 25% and 50% of the GDP forecast quantile for each country. The four sets of PDs are evenly weighted at a weight of 25%.

Crisis PD: Separate PDs are generated for exposures located in the sectors affected by the crisis (selected NACE sectors).
Russia/Ukraine: Separate PDs were generated for exposures in Russia and Ukraine to reflect the increased risk.

GDP development for these countries only is shown below, as the shares in other countries are insignificant.

Real GDP growth used (in %):

Country	Year	National bank	National bank's forecast	Model's forecast 5% quantile	Model's forecast 12.5% quantile	Model's forecast 25% quantile	Model's forecast 50% quantile
CZE	2022	CNB	0.81	-0.9	-0.23	0.43	1.32
CZE	2023	CNB	3.64	-1.86	-0.73	0.43	2.09
CZE	2024	CNB		-3.55	-1.98	-0.29	2.09
CZE	2025	CNB		-3.52	-1.86	-0.29	2.12
CZE	2026	CNB		-3.63	-1.95	-0.29	2.15
SVK	2022	NBS	1.4	-1	-0.13	0.71	1.94
SVK	2023	NBS	1.9	-2.67	-1.48	-0.35	1.26
SVK	2024	NBS	3.5	-1.54	-0.48	0.52	2
SVK	2025	NBS		-3.58	-1.61	0.33	3
SVK	2026	NBS		-3.61	-1.67	0.26	3

Sources of data:

Country	National bank	Sources of data
SVK	National Bank of Slovakia (NBS)	Economic and Monetary Developments
CZE	Czech National Bank (CNB)	Monetary Policy Report

The PD curves are updated on an ongoing basis, i.e. in situations where the GDP forecast (national banks) changes by more than 1 pp.

Management adjustments (overlays)
The Company makes management adjustments through interventions in the PD model to correct the impact of the ongoing effects of the current geopolitical crisis on the PD model. The first adjustment is the choice of four equally weighted pessimistic macroeconomic scenarios entering the model. The use of scenarios arising from the 5%, 12.5%, 25% and 50% quantiles of GDP forecasts, as well as the identical ¼ weights of all these scenarios, indicate the Group's conservative outlook on future economic developments.

Another significant management adjustment is the division of sectors into crisis and non-crisis ones, for which different PDs are used. Sectors are divided by an expert decision approved by the relevant committee. Special PDs are being identified for Ukraine and Russia due to increased geopolitical risk. In addition, for exposures in Russia and Ukraine, the Group applied a prudential adjustment in the form of an allowance equal to 50% of the exposure considered.

The following table sets out the impact of management overlays:

31 December 2022

In thousands of EUR	Loans and off-balance sheet items	Debt securities at FVOCI
Loss allowances before incorporation of management overlays	62,573	–
Impact of management adjustments	116,006	–
Loss allowances after incorporation of management overlays	178,579	–

The Company incorporated environmental sustainability, social responsibility and corporate governance (ESG) risks into the ECL measurement process. The Company did not identify any impact on the amount of ECL in 2022 or 2021 and therefore did not include specific adjustments for ESG risks in the ECL calculation. Taking a prudent approach to the current situation, the Group believes that the ECL amount represents the best estimate of expected credit losses as at 31 December 2022 (31 December 2021).

Presentation of allowance for ECL in the individual statement of financial position

Loss allowances for ECL are presented in the individual statement of financial position as follows:
- For financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets,
- For loan commitments and financial guarantee contracts generally as a provision,
- Where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision, and
- For debt instruments measured at FVOCI, the ECL is not deducted from the carrying amount of the financial asset because the carrying amount is already measured at fair value. However, the loss allowance is recognized as reduction of the revaluation reserve in OCI, instead.

Write off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. This assessment is carried out at the individual asset level.

In case of write off, the Company directly reduces the gross carrying amount of a financial asset. Write-offs do not have any impact on profit or loss, because the amounts written off are already reflected in the loss allowance. A write-off constitutes a derecognition event. Nonetheless, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(i) Property, plant and equipment

(i) Owned assets

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

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

Property that is being constructed or developed for future use as investment property is classified as investment property and measured accordingly (see below).

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Buildings	30 years
Equipment	8 years
Fixtures, fittings and others	More than 4 years but less than 15 years
Right-of-Use	Based on lease term

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

(j) Intangible assets

(i) Software and other intangible assets

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

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

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

Software	3 years
Other intangible assets	5 years

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

(l) Employee benefits
For termination employee benefits, a provision is recognised for the amount expected to be paid under long or short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The benefit is classified as short term, if and only if the whole benefit category will be settled within one year; otherwise, it is disclosed as long term.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Amounts due to employees, such as amounts relating to accrued vacation pay or performance bonuses, are recognized as other liabilities.

(m) Loan commitments and financial guarantee contracts
Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. An initial ECL is recognized as provision in the case of commitments and guarantees (refer to Note 22). Amounts arising from expected credit losses (ECL)). A change in ECL in subsequent periods (while holding commitments and guarantees and the expected cash flows from the financial asset has changed) will be recorded as expense/revenue through off-balance sheet provisions.

Financial guarantees are contracts that require the Company to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Provisions for financial guarantees and loan commitments represent the ECL on the related off-balance sheet liabilities. When it is probable that the Company will have to satisfy its contractual commitments, the ECL is transferred from Stage 1 or Stage 2 to Stage 3 and the amount is appropriately adjusted. When the Company makes the committed payments to the eligible parties, a loan asset is recognized and an ECL on this asset is recognized as well, while the provision for financial guarantees and loan commitments (ECL on the off-balance sheet asset) is released. Release as well as creation of ECLs are recognised in profit or loss under Net impairment losses on loans, loan commitments and financial guarantees.

(n) Trade liabilities and other liabilities
Trade and other liabilities are stated at amortised cost.

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

(p) Fee and commission income and expense
Fee and commission income arises on financial services provided by the Company, including cash management services, brokerage services, investment advice and financial planning, investment banking services, project and structured finance transactions, and asset management services.

The Company recognises fee and commission income in an amount that reflects the consideration to which the Company expects to be entitled. This core principle is delivered in a five-step model framework: (1) Identify the contract(s) with a customer, (2) Identify the performance obligations in the contract, (3) Determine the transaction price, (4) Allocate the transaction price to the performance obligations in the contract, (5) Recognise revenue when (or as) the entity satisfies a performance obligation.

(q) Financial markets, net result
Financial markets, net result include gains and losses arising from disposals and changes in the fair value of financial assets and liabilities measured at fair value through profit or loss and at fair value through other comprehensive income, gains and losses from foreign exchange trading, as well as realized and unrealized foreign exchange gains and losses.

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

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

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

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

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

(t) Leases
A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

(i) Company as lessee
The Company recognises a right-of-use (RoU) asset and a lease liability at the commencement date of the lease (i.e. the date when the underlying asset is available for use).

Measurement

a) Right-of-Use

At the commencement date, the right-of-use asset is measured at cost. The cost of the right-of-use asset comprises the following:
- Initial measurement of the lease liability (see below);
- Prepaid lease payments;
- Initial direct costs;
- Estimated costs to dismantle, remove or restore the asset;
- Less lease incentives received.

After initial recognition, the right-of-use asset is measured in the same manner as a comparable asset owned by the Company. Therefore, the Company further applies IAS 16 Property, plant and equipment or IAS 40 Investment property and the RoU is presented in a corresponding financial statement caption.

Where relevant, the requirements of IAS 36 Impairment of Assets are applied to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

b) Lease liability

At the commencement date, a lease liability is measured at the present value of the future lease payments that are outstanding as at the commencement date of the lease. Lease payments are discounted at the interest rate implicit in the lease and if it is not available, then the incremental borrowing rate is used.

Lease payments comprise the following:
- Fixed payments (including "in-substance fixed payments") less any lease incentives receivable;
- Variable payments that depend on an index or a rate;
- Residual value guarantees;
- The exercise price of a purchase option that the Company is reasonable certain to exercise; and
- Penalties for early termination of the lease.

Variable payments that are not based on an index (mainly consumed energy and services) and were not included in the measurement of the lease liability are recognized as an expense.

Lease liabilities are included under "Other liabilities" caption in the individual statement of financial position.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (leases with a lease term of 12 months or less from the commencement date and that do not contain a purchase option; broader economics of a contract, such as a cost of abandoning or dismantling the subject of a lease, are also considered). Recognition exemption is also applied to leases of low-value assets (below EUR 5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense as incurred.

Modification of lease contract

The Company accounts for a lease modification as a separate lease if both:
a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
b) The consideration for the lease increases by an amount equivalent to the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Company allocates the consideration, determines the lease term of the modified lease and remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

The remeasurement of the lease liability is recognized by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss.

Deferred tax resulting from IFRS 16

Deferred tax asset and deferred tax liability resulting from a RoU and a lease liability are presented on net basis.

(u) Revenue from goods sold and services rendered

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework: (1) Identify the contract(s) with a customer, (2) Identify the performance obligations in the contract, (3) Determine the transaction price, (4) Allocate the transaction price to the performance obligations in the contract, (5) Recognise revenue when (or as) the entity satisfies a performance obligation. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods.

(v) Dividends paid

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

(w) Operating segments

As both individual and consolidated financial statements of the Company are presented in a single financial report, segment information is presented only on the basis of the consolidated financial statements, as permitted by the Standard.

(x) Changes in accounting policies

There were no changes in accounting policies neither in 2022 nor in 2021, except for changes resulting from possible modifications of International Financial Reporting Standards (IFRS) as described in section 2.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of individual financial statements in accordance with International Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the functional currency and the Company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below. The estimates and assumptions are reviewed on an ongoing basis. Corrections to accounting estimates are recognized in the period in which they are corrected if the correction relates only to that period.

Macroeconomic environment

The dynamics of the markets in which the Group operates are currently affected by uncertainties in the economic environment. Management is aware of uncertainty in the markets caused by price variability of inputs which, together with increased interest rates, make the accuracy of accounting estimates and assumptions difficult. Management is also aware of the potential impact of government measures that may complicate the early identification of potential deterioration in investment and loan portfolios. The Group monitors current government developments and measures, external forecasts and has internal forecasting processes in place to assess the potential impact on the Group's financial position.

4.1. Financial instruments

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices of similar instruments) or indirectly (i.e. derived from such prices);

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

For more information, refer to the following notes:
– Note 16. Financial assets for trading
– Note 18. Investment securities measured at fair value through profit or loss
– Note 19. Investment securities measured at fair value through other comprehensive income

4.2. Impairment testing
Investments in equity accounted subsidiaries are subjected to impairment testing if there is any specific indication that there may be an impairment loss. Intangible assets with an indefinite useful life and assets not available for use are tested for impairment at least annually or more frequently if there is any specific indication that they may be impaired. The recoverable amount of an asset or a shareholding is the higher of its fair value less costs to sell and its value in use. The recoverable amount of an asset or a shareholding is the higher of its fair value less costs to sell and its value in use. To determine the value in use of an asset or a shareholding, the Company calculates the present value of the estimated future cash flows on the basis of business plans prepared by management, before tax, applying a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or a shareholding is lower than its carrying amount, a loss is recognised in the individual income statement.

4.3. Functional currency
The management of the Company performed an analysis and came to the conclusion that both currencies, CZK and EUR, are relevant for the activities of the Company. However, after considering all the factors such as an increasing importance of Czech National Bank as a regulatory authority (e.g., for distribution of dividends and capital adequacy monitoring), structure of assets, liabilities, revenues and expenses in terms of currency and role of other competitive forces in the Czech Republic (e.g., tax and labour market regulation), where the headquarters of J&T FINANCE GROUP SE is located, the management made a judgement and determined CZK as the functional currency of the Company.

4.4. Lease term
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the renewal option. That is, it considers all relevant factors that create an economic incentive to exercise the option. The basis for assessment is mainly historical experience, planning and ultimately the costs associated with the replacement of the leased asset. In case of the office rentals the Company is usually reasonably certain to exercise the renewal option only one time as further developments are too uncertain. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

As at 31 December 2022, the amount of undiscounted potential cash outflows related to contract renewal options not included in lease liabilities is CZK 89,392 thousand (31 December 2021: CZK 91,089 thousand).

For more information, refer to Note 34. Leases.

5. CORRECTION OF OPENING BALANCES

In 2022, the Company identified an error of presentation of other equity instruments issued by subsidiary J&T BANKA, a.s. These instruments represent equity of a subsidiary company. Until now, the Company had classified such instruments as part of Investment securities measured at fair value through profit or loss and other comprehensive income. An increase was newly recognized in the line Equity accounted investments in subsidiaries. The original amount of the investment in J&T BANKA, a.s. prior to the restatement (i.e., as at 1 January 2021) was CZK 18,844,896 thousand.

The following tables summarise the impact of incorrect recognition on the individual financial statements:

Individual statement of financial position

1 January 2021

	Impact of incorrect recognition		
In thousands of CZK	Before restatement	Restatement	After restatement
Investment securities measured at fair value through profit or loss	740,986	–	740,986
Investment securities measured at fair value through other comprehensive income	302,691	(298,273)	4,418
Equity accounted investments in subsidiaries	40,761,236	298,273	41,059,509
Total assets	**58,570,118**	**–**	**58,570,118**
Total liabilities	**17,280,645**	**–**	**17,280,645**
Total equity	**41,289,473**	**–**	**41,289,473**
Total equity and liabilities	**58,570,118**	**–**	**58,570,118**

31 December 2021

	Impact of incorrect recognition		
In thousands of CZK	Before restatement	Restatement	After restatement
Investment securities measured at fair value through profit or loss	738,347	(652,174)	86,173
Investment securities measured at fair value through other comprehensive income	302,688	(298,272)	4,416
Equity accounted investments in subsidiaries	44,008,268	950,446	44,958,714
Total assets	**64,631,260**	**–**	**64,631,260**
Total liabilities	**19,462,682**	**–**	**19,462,682**
Total equity	**45,168,578**	**–**	**45,168,578**
Total equity and liabilities	**64,631,260**	**–**	**64,631,260**

The following tables summarise the impact of incorrect recognition in Equity accounted investments in subsidiaries (Note 23):

Equity accounted investments in subsidiaries

1 January 2021

	Impact of incorrect recognition		
In thousands of CZK	Before restatement	Restatement	After restatement
J&T BANKA, a.s.	18,844,896	298,273	19,143,169
Total equity accounted investments in subsidiaries	**40,761,236**	**298,273**	**41,059,509**

31 December 2021

	Impact of incorrect recognition		
In thousands of CZK	Before restatement	Restatement	After restatement
J&T BANKA, a.s.	20,990,674	950,446	21,941,120
Total equity accounted investments in subsidiaries	**44,008,268**	**950,446**	**44,958,714**

Individual statement of cash flows

2021	Impact of incorrect recognition		
In thousands of CZK	Before restatement	Restatement	After restatement
Operating activities			
Change in financial assets for trading	2,639	652,174	654,813
Cash flow generated from operating activities	**2,489,380**	**652,174**	**3,141,554**
Total cash flow generated from operating activities	**2,532,789**	**652,174**	**3,184,963**
Investing activities			
Capital contributions to equity accounted investments in subsidiaries	(236,000)	(652,174)	(888,174)
Cash flows used in investing activities	**(202,167)**	**(652,174)**	**(854,341)**

Comparables in the individual income statement and individual statement of comprehensive income were not affect due to materiality of adjustment.

6. WAR IN UKRAINE AND ENVIRONMENTAL ISSUES

Environment, Social and Governance (ESG)
Significant sources of uncertainty include uncertainties related to climate risks, social responsibility, and corporate governance. These are taken into account in determining accounting estimates such as business combinations, impairment of assets, accounting for provisions and determining the useful lives of assets.

To invest in innovative projects, the Company enters into loan agreements for pro-ESG projects either directly or subsidiaries. The Company is fully aware of its responsibilities in this area and, also due to increasing regulatory requirements, has gradually been incorporating solutions into its core and operational activities and risk management to enable it to collect, process and use ESG data.

We categorise the risks associated with ESG into two categories: transition risk and physical risk.

Transition risk
As the world transforms to a low-carbon economy, there is a risk associated with significant and rapid changes in stakeholder expectations reflected in changes to policy, laws, and regulations. New regulations, the emergence of new technologies, changes in market mood and social preferences may increase costs and reduce demand for non-green products and services.

Risks associated with the transition to a low-carbon economy are specific to each industry and may even differ between sub-sectors within an industry. The degree of adaptation to the transition to a low-carbon economy is also directly related to the level of risk faced. The Company's exposure to transition risk is assessed to be low. This assessment is reinforced by an appropriate financial strategy, risk management, solid capitalisation and continuous monitoring of legislation and the market.

Physical risk
Physical risks arising from climate change are linked to specific events and long-term climate developments. The nature and timing of extreme weather events (floods, heat waves, storms, tornadoes, etc.) are uncertain but their frequency and severity are increasing so their impact on the economy is expected to be more pronounced in the future. Possible impacts may include lower GDP growth, shortages of raw materials and products, significant price changes, increased operating costs, reduced asset values, increased depreciation and impairment.

Given the Company's geographical focus on Europe, which is less affected by physical risks, we consider this risk to be immaterial for the Company.

We have assessed how climate risks could affect our financial position in the individual financial statements for the year ending 31 December 2022. As part of our assessment, we have considered a number of areas of the individual statement of financial position such as ECLs, provisions, financial instruments, non-current assets as well as the long-term viability and sustainability of business activities. After a thorough assessment, we have concluded that these risks do not have a material impact on our individual financial statements for the year ending 31 December 2022.

Direct financial impacts of the Russian invasion of Ukraine
The Company conducts operations in the Russian market through its subsidiary, J&T Bank, a.o. and is also exposed to the developments of the economic environment and financial markets of Ukraine. In February 2022, following the recognition of self-proclaimed republics of Donetsk and Lugansk by the Russian Federation and its subsequent invasion of Ukraine, the military conflict escalated and spread to other regions of that country.

The course of the war conflict has had a significantly detrimental impact on the political and economic environment in Ukraine and has significantly limited the ability of many entities to continue business as usual. In response to the Russian Federation's hostile actions towards Ukraine, a number of countries, including the United States of America, the United Kingdom and the European Union have imposed and/or expanded economic sanctions against selected Russian individuals and legal entities. The sanctions include asset freezes, restrictions on trade and capital movements, and travel bans, among other things. Many foreign companies have restricted or completely terminated its business activities in the Russian market. A further expansion of sanctions cannot be excluded. The adopted sanctions already had or are expected to have a further detrimental effect on economic uncertainty in Russia, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, Russian entities experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine.

Following these events, the Company has taken the following measures:
- the Company will not provide new financing with exposure to Ukraine and Russia
- the Company analysed in detail the exposures from the sectors potentially affected by the impact of the current situation and created higher ECLs for them
- The Company took steps to phase out its activities in the Russian market. The Company is holding negotiations on the sale of its subsidiaries operating in the Russian Federation.

An overview of the Company's exposure to the Russian Federation is included in Note 35.

The Company's management analysed the impact of this event and concluded that the going concern assumption remains valid at the date of approval of these individual financial statements and that this event does not have a significant impact on the individual financial statements year ended 31 December 2022.

7. NET INTEREST EXPENSE

In thousands of CZK	2022	2021
Interest income calculated using effective interest rate		
Loans and advances to customers	628,802	860,264
Other	–	37
Total interest income using effective interest rate	**628,802**	**860,301**
Interest income according to classes of instruments:		
Financial instruments measured at amortised cost	628,802	860,301
Total interest income using effective interest rate	**628,802**	**860,301**
Financial assets for trading	2,497	17,371
Total other interest income	**2,497**	**17,371**
Total interest income	**631,299**	**877,672**
Interest expense		
Loans from banks and customers	(934,813)	(915,442)
Bills of exchange	–	(60)
Lease liabilities	(1,569)	(1,593)
Total interest expense	**(936,382)**	**(917,095)**
Interest expense according to classes of instruments:		
Financial instruments measured at amortised cost	(936,382)	(917,095)
Total interest expense	**(936,382)**	**(917,095)**
Total net interest expense	**(305,083)**	**(39,423)**

8. NET FEE AND COMMISSION INCOME

Fee and commission income arises on financial services provided by the Company, including mainly providing of guarantees, and project and structured finance transactions. Commissions received from such business are shown in fee and commission income.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Nature and timing of satisfaction of performance obligation	Revenue recognition under IFRS 15
Guarantee fees are charged to clients on regular basis, as the time passes.	Revenue is recognised over time as the services are provided.
Payment fees are transaction based and are charged when the transaction takes place.	Revenue related to transactions is recognised at the point in time when the transaction takes place.

Disaggregation of fee and commission income from contracts with customers

		Reportable segments		
In thousands of CZK	2022	Czech Republic	Slovakia	Other
Fee and commission income				
Fees on promises and guarantees	74,996	46,903	18,810	9,283
Other	20	–	–	20
Total fee and commission income	**75,016**	**46,903**	**18,810**	**9,303**
Fee and commission expense				
Fees on financial instrument operations	(2,484)	(2,481)	(3)	–
Fees on payment transactions	(36)	(13)	(23)	–
Other fee and commission expense	(13,288)	(9,918)	(3,369)	(1)
Total fee and commission expense	**(15,808)**	**(12,412)**	**(3,395)**	**(1)**
Total net fee and commission income	**59,208**	**34,491**	**15,415**	**9,302**

"Other" includes the Netherlands and Ireland. Other fee and commission expense includes a large number of sundry items that are not significant on an individual basis.

		Reportable segments		
In thousands of CZK	2021	Czech Republic	Slovakia	Other
Fee and commission income				
Fees on promises and guarantees	53,029	32,752	20,063	214
Other	76	–	76	–
Total fee and commission income	**53,105**	**32,752**	**20,139**	**214**
Fee and commission expense				
Fees on financial instrument operations	(2,638)	(2,635)	(3)	–
Fees on payment transactions	(44)	(4)	(40)	–
Other fee and commission expense	(7,214)	(5,502)	(1,712)	–
Total fee and commission expense	**(9,896)**	**(8,141)**	**(1,755)**	**–**
Total net fee and commission income	**43,209**	**24,611**	**18,384**	**214**

9. FINANCIAL MARKETS, NET RESULT

In thousands of CZK	2022	2021
Net gains (losses) from financial instruments held for trading	56,259	224,352
– derivatives	57,227	211,974
– equity instruments	(2,018)	–
– debt instruments	1,050	(6,771)
– other	–	19,149
Net gains (losses) from financial assets mandatorily measured at FVTPL	21,681	(17,025)
Net gains (losses) from financial instruments measured at FVOCI	–	37,151
– dividend income from equity instruments measured at FVOCI	–	37,151
Exchange rate gains (losses)	18,298	(253,818)
Total financial markets, net result	**96,238**	**(9,340)**

The Company did not recognize any loss arising from derecognition of financial assets measured at amortised cost due to modification in 2022 or 2021.

The year-on-year movement in net gains (losses) from trading derivatives arises from the revaluation of foreign exchange derivatives which the Company uses to manage the JTFG Group's currency positions.

10. OTHER OPERATING INCOME

In thousands of CZK	2022	2021
Revenues from services and consulting (IFRS 15)	491	280
Rental income (IFRS 16)	13,080	14,038
Other income (IFRS 15)	299	35
Total other operating income	**13,870**	**14,353**

Other income includes a large number of sundry items that are not significant on an individual basis.

11. PERSONNEL EXPENSES

In thousands of CZK	2022	2021
Wages and salaries	(18,074)	(17,768)
Compulsory social security contributions	(7,635)	(5,532)
Other social expenses	(426)	(312)
Total personnel expenses	**(26,135)**	**(23,612)**

The weighted average number of employees during 2022 was 17 (2021: 12), out of which executives represent 4 employees (2021: 4).

12. OTHER OPERATING EXPENSES

In thousands of CZK	2022	2021
Consulting expenses	(32,018)	(29,945)
Outsourcing	(33,276)	(15,919)
Rental expenses classified as service	(5,943)	(7,788)
Sponsorship and gifts	(1,773)	(1,924)
Transport and accommodation, travel expenses	(2,090)	(1,456)
Materials	(1,016)	(812)
Repairs and maintenance expenses	(505)	(315)
Low-value asset leases	(36)	(39)
Communication expenses	(1,232)	(239)
Training, courses and conferences	(55)	(35)
Property and other taxes	(78)	(59)
Energy	(9)	(24)
Loss on disposal of property, plant and equipment, investment property and intangible assets	(18)	(1,242)
Advertising	(3)	(2)
Other operating expenses	(14,431)	(18,391)
Total other operating expenses	**(92,483)**	**(78,190)**

Other operating expenses include a large number of sundry items that are not significant on an individual basis.

13. PROFIT FROM EQUITY ACCOUNTED INVESTMENTS IN SUBSIDIARIES

In thousands of CZK	2022	2021
Equity method revaluation	4,716,291	3,927,994
Total profit from equity accounted investments in subsidiaries	**4,716,291**	**3,927,994**

14. INCOME TAX

The Company calculated current income tax in the amount of CZK 14,584 thousand. The Company recognises it as a tax receivable of CZK 37,883 thousand (2021: CZK 61,932 thousand) in the individual statement of financial position since income tax prepayments exceed the calculated current income tax liability. Income tax recorded in the individual income statement may be analysed as follows:

In thousands of CZK	2022	2021
Current tax expense		
Current year	(14,584)	(1,767)
Adjustments for prior periods	(4,741)	(95,088)
	(19,325)	**(96,855)**
Deferred tax income (expense)		
Origination and reversal of temporary differences	8,944	(400)
	8,944	(400)
Total income tax expense	**(10,381)**	**(97,255)**

The corporate income tax rate in the Czech Republic for 2022 and 2021 is 19%. The corporate income tax rate in Slovakia for 2022 and 2021 is 21%.

(i) Reconciliation of the effective tax rate

In thousands of CZK	2022 %	2022 %	2021 %	2021 %
Profit before tax		**3,690,972**		**4,403,444**
Income tax at 19% (2021: 19%).	(19.0%)	(701,285)	(19.0%)	(836,654)
Effect of tax rates in foreign jurisdictions	(0.0%)	–	(0.0%)	–
Non-deductible expenses	(5.80%)	(214,175)	(3.82%)	(168,242)
Non-taxable income	24.65%	909,820	27.19%	1,197,239
Other	0.13%	4,741	(2.16%)	(95,088)
Total income tax expense	**0.3%**	**(10,381)**	**2.2%**	**(97,255)**

(ii) Income tax recognized in other comprehensive income

In thousands of CZK	2022 Before tax	2022 Tax impact	2022 Net of tax	2021 Before tax	2021 Tax impact	2021 Net of tax
Other comprehensive income – items that are or may be reclassified subsequently to profit or loss						
Foreign exchange translation differences	608	–	608	2,500	–	2,500
Share of other comprehensive income of equity accounted investments in subsidiaries – foreign exchange translation differences	(471,410)	16,395	(455,015)	(7,795)	(179,211)	(187,006)
Share of other comprehensive income of equity accounted investments in subsidiaries – net change in other components	(640,893)	–	(640,893)	51,772	–	51,772
Equity instruments measured at fair value through other comprehensive income – Net change in fair value	(1)	–	(1)	–	–	–
Total	**(1,111,696)**	**16,395**	**(1,095,301)**	**46,477**	**(179,211)**	**(132,734)**

(iii) Movements in deferred tax balances during the year

In thousands of CZK	Balance as at 1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange translation differences	Balance as at 31 December 2022
Property, plant and equipment	(38)	(532)	–	–	(570)
Leases (IFRS 16)	(158)	528	–	–	370
Employee benefits (IAS 19)	–	1,271	–	–	1,271
Provisions	8,262	7,677	–	–	15,939
Derivatives	(191,710)	–	16,395	–	(175,315)
Total	**(183,644)**	**8,944**	**16,395**	**–**	**(158,305)**

In thousands of CZK	Balance as at 1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange translation differences	Balance as at 31 December 2021
Property, plant and equipment	(38)	–	–	–	(38)
Leases (IFRS 16)	227	(400)	–	15	(158)
Provisions	8,262	–	–	–	8,262
Derivatives	(12,499)	–	(179,211)	–	(191,710)
Total	**(4,048)**	**(400)**	**(179,211)**	**15**	**(183,644)**

15. CASH AND CASH EQUIVALENTS

In thousands of CZK	31 December 2022	31 December 2021
Cash and cash equivalents		
Cash on hand	50	112
Current accounts with banks	510,881	5,686,950
Total cash and cash equivalents	**510,931**	**5,687,062**

16. FINANCIAL ASSETS FOR TRADING AND LIABILITIES FOR TRADING

16.1. Financial assets for trading

In thousands of CZK	31 December 2022	31 December 2021 (restated)*
Non-derivative financial assets for trading		
Investment fund units	138	–
Total non-derivative financial assets for trading	**138**	**–**
Currency contracts	4,134	86,173
Total trading derivatives	**4,134**	**86,173**
Total financial assets for trading	**4,272**	**86,173**

* See Note 5 – Correction of opening balances

As at 31 December 2022 and 31 December 2021, no financial assets for trading were subject to pledge.

(i) Fair value measurement of financial assets for trading

As at 31 December 2022

In thousands of CZK	Units	Total
Fair value of non-derivative financial assets for trading		
Level 2 – derived from quoted prices	138	138
	138	**138**
Fair value of trading derivatives		
Level 2 – derived from quoted prices		4,134
		4,134
Total financial assets for trading		**4,272**

As at 31 December 2021

In thousands of CZK	Units	Total
Fair value of non-derivative financial assets for trading		
Level 2 – derived from quoted prices	–	–
	–	**–**
Fair value of trading derivatives		
Level 2 – derived from quoted prices		86,173
		86,173
Total financial assets for trading		**86,173**

There were no transfers of financial assets for trading between Level 1, Level 2 or Level 3 of the fair value hierarchy for the years ended 31 December 2022 and 2021.

16.2. Financial liabilities for trading

In thousands of CZK	31 December 2022	31 December 2021
Trading derivatives		
Currency contracts	93,799	–
Total financial assets for trading	**93,799**	**–**

(ii) Fair value measurement of financial liabilities for trading

As at 31 December 2022

In thousands of CZK	Total
Fair value of trading derivatives	
Level 2 – derived from quoted prices	93,799
	93,799

There were no transfers of financial liabilities for trading between Level 1, Level 2 or Level 3 of the fair value hierarchy for the years ended 31 December 2022 and 2021.

17. HEDGING DERIVATIVES

In thousands of CZK	31 December 2022	31 December 2021
Hedging derivatives		
Forward currency contracts (active)	–	491,285
Total hedging derivatives	**–**	**491,285**

The Company hedged its foreign investments in subsidiaries 365.bank, a.s., and J&T INTEGRIS GROUP LIMITED against changes in foreign currency (CZK/EUR). The Company uses currency forwards as hedging instruments for such purposes. The hedging is treated as net investment hedge under IFRS 9, because investments in subsidiaries are measured by equity method. On 11 March 2022, the currency forward hedge was terminated. The cumulative revaluation of the derivative will be recognised in the Company's equity until the original hedged equity investments in subsidiaries are disposed of.

As at 31 December 2022, the balances of the net investment hedges were as follows:

	Notional amount		Fair value	
In thousands of CZK	Buy	Sell	Positive	Negative
Net investment hedge				
Hedged investments in equity accounted subsidiaries	**X**	**X**	**X**	**X**
Currency forward				
Maturity less than 3 months	–	–	X	X
Maturity 3 months – 1 year	–	–	X	X
Maturity 1 – 5 years	–	–	X	X
Maturity more than 5 years	–	–	X	X

In thousands of CZK	Line in SOFP where the hedging instrument is included	Changes in fair value used for calculating hedge ineffectiveness	Changes in the value of the hedging instrument recognised in FVOCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from the hedge reserve to profit or loss	Line item in profit or loss affected by the reclassification
Net investment hedge							
Hedged investments in equity accounted subsidiaries	**Hedging derivatives (assets)**	**93,062**	**93,062**	**–**	**n/a**	**–**	**Profit from equity accounted investments in subsidiaries**

In thousands of CZK	Changes in fair value used for calculating hedge ineffectiveness	Translation reserve	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
Hedged item			
Investments in equity accounted subsidiaries	(93,062)	(922,714)	747,398

As at 31 December 2021, the balances of the net investment hedges were as follows:

In thousands of CZK	Notional amount Buy	Notional amount Sell	Fair value Positive	Fair value Negative
Net investment hedge				
Hedged investments in equity accounted subsidiaries	**X**	**X**	**491,285**	**–**
Currency forward				
Maturity less than 3 months	15,432,000	(14,916,000)	X	X
Maturity 3 months – 1 year	–	–	X	X
Maturity 1 – 5 years	–	–	X	X
Maturity more than 5 years	–	–	X	X

In thousands of CZK	Line in SOFP where the hedging instrument is included	Changes in fair value used for calculating hedge ineffectiveness	Changes in the value of the hedging instrument recognised in FVOCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from the hedge reserve to profit or loss	Line item in profit or loss affected by the reclassification
Net investment hedge							
Hedged investments in equity accounted subsidiaries	**Hedging derivatives (assets)**	**960,941**	**960,941**	**–**	**n/a**	**–**	**Profit from equity accounted investments in subsidiaries**

In thousands of CZK	Changes in fair value used for calculating hedge ineffectiveness	Translation reserve	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
Hedged item			
Investments in eauity accouted subsidiaries	(960,941)	(960,941)	n/a

Fair value measurement of hedging derivative assets and liabilities

In thousands of CZK	31 December 2022	31 December 2021
Fair value of active hedging derivative		
Level 2 – derived from quoted prices	–	491,285
	–	**491,285**

There were no transfers of hedging derivatives between Level 1, Level 2 or Level 3 of the fair value hierarchy for the years ended 31 December 2022 and 2021.

18. INVESTMENT SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

In thousands of CZK	31 December 2022	31 December 2021
Shares mandatorily measured at fair value through profit or loss	78,464	56,783
Total investment securities measured at fair value through profit or loss	**78,464**	**56,783**

As at 31 December 2022, there were no pledged investment securities at FVTPL (31 December 2021: CZK 0 thousand).

Fair value measurement of investment securities measured at fair value through profit or loss

Investment securities mandatorily measured at fair value through profit or loss

As at 31 December 2022

In thousands of CZK	Shares	Total
Level 2 – derived from quoted prices	78,464	78,464
	78,464	**78,464**

As at 31 December 2021

In thousands of CZK	Shares	Total
Level 2 – derived from quoted prices	56,783	56,783
	56,783	**56,783**

(iii) Detail of fair value measurement in Level 3

There were no investment securities measured at fair value through profit or loss in Level 3 of the fair value hierarchy as at 31 December 2022 and 1 January 2021.

There were no transfers of investment securities at fair value through profit or loss between Level 1, Level 2 or Level 3 of the fair value hierarchy for the years ended 31 December 2022 and 2021.

19. INVESTMENT SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In thousands of CZK	31 December 2022	31 December 2021 (restated[1])
Shares	4,415	4,416
Total investment securities measured at fair value through other comprehensive income	**4,415**	**4,416**

The FVOCI designation was made because the investments are expected to be held for the long term for strategic purposes.

As at 31 December 2022, pledged investment securities measured at fair value through other comprehensive income totalled CZK 43 thousand (31 December 2021: CZK 45 thousand).

Equity investment securities measured at fair value through other comprehensive income

Equity investment securities measured at fair value through other comprehensive income comprise the following individually significant securities with corresponding dividend income recognised during the relevant:

	31 December 2022		31 December 2021 (restated[2])	
In thousands of CZK	Fair value	Dividend income	Fair value	Dividend income
Investment securities measured at fair value through other comprehensive income	4,415	–	4,416	–
Total	**4,415**	**–**	**4,416**	**–**

During 2022 and 2021, no equity investment securities at fair value were derecognised. There was no cumulative loss on disposal in the corresponding years.

During 2022 and 2021, no cumulative loss was transferred within equity from other comprehensive income to retained earnings.

(i) Fair value measurement of investment securities measured at fair value through other comprehensive income

31 December 2022

In thousands of CZK	Shares	Total
Level 3 – calculated using valuation techniques	4,415	4,415
	4,415	**4,415**

31 December 2021 (restated[3])

In thousands of CZK	Shares	Total
Level 3 – calculated using valuation techniques	4,416	4,416
	4,416	**4,416**

[1] See Note 5 Correction of opening balances.
[2] See Note 5 Correction of opening balances.
[3] See Note 5 Correction of opening balances.

(ii) Detail of fair value measurement in Level 3

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

In thousands of CZK	Shares	Total
Balance as at 1 January 2022	**4,416**	**4,416**
Effect of movement in foreign exchange	(1)	(1)
Balance as at 31 December 2022	**4,415**	**4,415**

In thousands of CZK	Shares	Total
Balance as at 1 January 2021	**4,418**	**4,418**
Effect of movement in foreign exchange	(2)	(2)
Balance as at 31 December 2021	**4,416**	**4,416**

There were no transfers of investment securities at FVOCI between Level 1, Level 2 or Level 3 of the fair value hierarchy for the years ended 31 December 2022 and 2021.

20. LOANS TO CUSTOMERS

In thousands of CZK	31 December 2022	31 December 2021
Loans and advances to customers	7,760,843	13,195,493
Expected Credit Losses (refer to Note 22a))	(94,676)	(145,042)
Net loans and advances to customers at amortised cost	**7,666,167**	**13,050,451**
Total net loans and advances to customers	**7,666,167**	**13,050,451**

21. TRADE RECEIVABLES AND OTHER ASSETS

In thousands of CZK	31 December 2022	31 December 2021
Trade receivables	32,002	36,154
– gross	154,517	163,349
– allowance	(122,515)	(127,195)
Securities settlement balances	11,152	3,864
Receivables from insurance and reinsurance	546	–
– gross	546	–
– allowance	–	–
Other receivables	40,336	25,898
– gross	716,367	722,814
– allowance	(676,031)	(696,916)
Accrued income	9,649	514
Total receivables presented under risk management at amortised cost	**93,685**	**66,430**
Prepayments	1,959	1,898
Advance payments	164	179
– gross	164	179
– allowance		–
Other tax receivables	–	–
Inventories	34	16
Total non-financial receivables and other assets	**2,157**	**2,093**
Total trade receivables and other assets	**95,842**	**68,523**

Other receivables include other individually insignificant items, such as cash collateral provided for the purposes of derivative trading.

For details on ECL refer to Note 22(b).

22. AMOUNTS ARISING FROM EXPECTED CREDIT LOSSES (ECL)

The following tables show reconciliations from the opening to the closing balance of the loss allowance and provisions by class of financial instrument. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 3 (h).

(a) Loans and advances to customers at amortised cost

2022

In thousands of CZK	12–month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Balance as at 1 January	**138,142**	**6,900**	**–**	**–**	**145,042**
Net remeasurement of loss allowance	(95,582)	6,510	–	–	(89,072)
Unwinding of interest	–	–	4,237	–	4,237
New financial assets	52,170	–	718,516	–	770,686
Derecognition	(12,035)	–	–	–	(12,035)
Write-offs and use	–	–	(751,435)	–	(751,435)
Effect of movement in foreign exchange	(2,691)	–	29,944	–	27,253
Balance as at 31 December (refer to Note 20)	**80,004**	**13,410**	**1,262**	**–**	**94,676**

2021

In thousands of CZK	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Balance as at 1 January	**652,212**	**17,143**	**–**	**–**	**669,355**
Net remeasurement of loss allowance	(240,808)	(10,243)	–	–	(251,051)
New financial assets	42,023	–	–	–	42,023
Derecognition	(298,169)	–	–	–	(298,169)
Write-offs and use	–	–	–	–	–
Effect of movement in foreign exchange	(17,116)	–	–	–	(17,116)
Balance as at 31 December (refer to Note 20)	**138,142**	**6,900**	**–**	**–**	**145,042**

The Expected Credit Losses for Loans to customers decreased by CZK 50,366 thousand (2021: decreased by CZK 524,313 thousand).

(b) Trade receivables presented under risk management at amortised cost

2022

In thousands of CZK	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	**–**	**824,111**	**824,111**
Derecognition	–	(11,257)	(11,257)
Write-offs and use	–	(3,788)	(3,788)
Effect of movement in foreign exchange	–	(10,520)	(10,520)
Balance as at 31 December (refer to Note 21)	**–**	**798,546**	**798,546**

2021

In thousands of CZK	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	**–**	**870,120**	**870,120**
Derecognition	–	(131)	(131)
Effect of movement in foreign exchange	–	(45,878)	(45,878)
Balance as at 31 December (refer to Note 21)	**–**	**824,111**	**824,111**

(c) Loan commitments and financial guarantee contracts

2022

In thousands of CZK	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	**8,076**	**–**	**–**	**8,076**
Net remeasurement of loss allowance	–	–	–	–
New financial commitments and financial guarantees issued	76,737	–	–	76,737
Commitments and financial guarantees derecognized	–	–	–	–
Foreign exchange and other movements	(926)	–	–	(926)
Balance as at 31 December (refer to Note 21)	**83,887**	**–**	**–**	**83,887**

2021

In thousands of CZK	12–month ECL	Lifetime ECL not credit -impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	**86,581**	**–**	**–**	**86,581**
Net remeasurement of loss allowance	(82,950)	–	–	(82,950)
New financial commitments and financial guarantees issued	10,940	–	–	10,940
Commitments and financial guarantees derecognized	(1,879)	–	–	(1,879)
Foreign exchange and other movements	(4,616)	–	–	(4,616)
Balance as at 31 December (refer to Note 21)	**8,076**	**–**	**–**	**8,076**

23. EQUITY ACCOUNTED INVESTMENTS IN SUBSIDIARIES

The value of equity accounted investments in subsidiaries is derived from the value of share on the equity on their direct and indirect subsidiaries. The sub-groups which are presented by the following entities are disclosed in detail in Note 38 Group entities.

In thousands of CZK	31 December 2022	Share capital	% share-holding	Principal activities	Country
J&T INTEGRIS GROUP LIMITED	1,103,931	6,929	100.0%	Holding company	CY
J&T BANKA, a.s.	32,228,856	10,638,127	100.0%	Banking	CZ
365.bank, a.s.	17,792,854	9,613,680	98.5%	Banking	SK
J&T Wine Holding SE	1,520,474	900,620	100.0%	Target business financing	CZ
J&T Mezzanine, a.s.	801,302	2,000	100.0%	Mezzanine funding	CZ
J&T SERVICES ČR, a.s.	342,607	141,134	100.0%	Intra-group service	CZ
J&T AGRICULTURE SICAV, a.s.*	564	100	100.0%	Investment fund shares financing	CZ
Compact Property Fund*	4,260	3,500	100.0%	Property investment fund	CZ
J&T RFI IV., s.r.o.	2,000	2,000	100.0%	Financial	CZ
J&T RFI V., s.r.o.	12	12	100.0%	Financial	CZ
J&T NOVA Hotels SICAV, a.s.*	932	100	100.0%	Property investment fund	CZ
J&T INVESTMENT SICAV *	100	100	100.0%	Property investment fund	CZ
J&T Global Finance XIV., s.r.o.	0	124	100.0%	Financial	SK
J&T Global Finance XV., s.r.o.	65	200	100.0%	Financial	CZ
JTFG FUND I SICAV, a.s. *	89	100	89.0%	Property investment fund	CZ
Total	**53,798,046**				

* The Company holds only the founder shares of the funds (not investment shares).

In thousands of CZK	31 December 2021 (restated[4])	Share capital	% share-holding	Principal activities	Country
J&T Credit Participation, s.r.o.	0	200	100.0%	Funding	CZ
J&T INTEGRIS GROUP LIMITED	1,086,785	6,929	100.0%	Holding company	CY
J&T BANKA, a.s.[5]	21,941,120	10,638,127	100.0%	Banking	CZ
365.bank, a.s.	17,985,424	9,613,680	98.5%	Banking	SK
J&T Wine Holding SE	1,455,628	900,620	100.0%	Target business financing	CZ
J&T Mezzanine, a.s.	2,170,123	2,000	100.0%	Mezzanine funding	CZ
J&T SERVICES ČR, a.s.	314,242	141,134	100.0%	Intra-group service	CZ
J&T INVESTMENTS SICAV*	100	100	100.0%	Investment fund shares financing	CZ
Compact Property Fund*	4,260	3,500	100.0%	Property investment fund	CZ
J&T NOVA Hotels SICAV, a.s.*	932	100	100.0%	Property investment fund	CZ
JTFG FUND I SICAV, a.s. *	100	100	100.0%	Property investment fund	CZ
Total	**44,958,714**				

* The Company holds only the founder shares of the funds (not investment shares).

In 2022, the Company provided monetary contributions outside the share capital to its subsidiaries, of which the most significant contributions were the ones in J&T Wine Holding SE in the amount of CZK 136,152 thousand and in J&T BANKA, a.s. of CZK 2,913,000 thousand. In 2022, a contribution outside the share capital in the amount of CZK 1,011,300 thousand was partially returned to the Company from J&T Mezzanine, a.s.

In 2021, the most significant contribution outside the share capital was CZK 235,700 thousand received by the subsidiary J&T Wine Holding SE.

In the past, the Company invested in J&T Bank (Schweiz) AG in Liquidation which entered into liquidation in 2012. As its result, control has been lost. Therefore, the share is no longer reported as the subsidiary of the Company, although the Company is still legal owner.

The measurement of the investment in the subsidiary J&T BANKA, a.s. includes the following subordinated unsecured income certificates without maturity date (the „Certificates"):

Certificate name	ISIN	Issue date	Currency	Interest rate	Nominal value
J&T BK III 9% PERP	CZ0003704421	14 December 2015	EUR	9.00% p.a.	EUR 5,000
J&T BK 6.5% PERP	CZ0003706517	23 August 2021	CZK	6.50% p.a.	CZK 100,000
J&T BK 7.00% PERP	CZ0003707275	29 June 2022	EUR	7.00% p.a.	EUR 1,000

The Certificates are hybrid financial instruments combining the economic characteristics of equity and debt securities and are issued as book-entry bearer securities. The Certificate owners are not shareholders of J&T BANKA, a.s. by virtue of their ownership and are not entitled to to dividends. The Certificate owners do not have a share in the equity of J&T BANKA, a.s. and by virtue of their ownership do not have a direct or indirect share in the voting rights.

The issuance of these instruments, which combine characteristics of equity and debt instruments, was approved by the Czech National Bank ("CNB").

The total volume of these instruments held by the Company included in the value J&T BANKA, a.s. amounted to CZK 5,311,759 thousand (as at 31 December 2021: CZK 950,446 thousand).

[4] Correction of opening balances refer to Note 5.
[5] Correction of opening balances refer to Note 5.

24. INTANGIBLE ASSETS

In thousands of CZK	Software and other intangible assets	Total
Gross carrying amount as at 1 January 2021	2,291	2,291
Accumulated depreciation and impairment as at 1 January 2021	(1,531)	(1,531)
Net carrying amount as at 1 January 2021	**760**	**760**
Additions	30	30
Amortisation charge for the year	(132)	(132)
Impairment	–	–
Disposals	–	–
Effect of movement in foreign exchange	1	1
Net carrying amount as at 31 December 2021	**659**	**659**
Gross carrying amount as at 31 December 2021	2,262	2,262
Accumulated depreciation and impairment as at 31 December 2021	(1,603)	(1,603)
Gross carrying amount as at 1 January 2022	2,262	2,262
Accumulated depreciation and impairment as at 1 January 2022	(1,603)	(1,603)
Net carrying amount as at 1 January 2022	**659**	**659**
Additions	–	–
Amortisation charge for the year	(132)	(132)
Impairment	–	–
Disposals	–	–
Effect of movement in foreign exchange	–	–
Net carrying amount as at 31 December 2022	**527**	**527**
Gross carrying amount as at 31 December 2022	2,229	2,229
Accumulated depreciation and impairment as at 31 December 2022	(1,702)	(1,702)

Assets under development and borrowing costs

As as at 31 December 2022, there were no intangible assets under development (otherwise included in Other intangible assets) (31 December 2021: CZK 0 thousand).

There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (2021: CZK 0 thousand).

25. PROPERTY, PLANT AND EQUIPMENT

In thousands of CZK	Land and buildings	Right–of–Use Land and buildings	Fixtures, fittings and equipment	Total
Gross carrying amount as at 1 January 2021	174,410	110,989	77,328	362,727
Accumulated depreciation and impairment as at 1 January 2021	(43,073)	(35,288)	(70,585)	(148,946)
Net carrying amount as at 1 January 2021	**131,337**	**75,701**	**6,743**	**213,781**
Additions	–	24,475	3,293	27,768
Depreciation charge for the year	(4,373)	(8,237)	(23)	(12,633)
Impairment	–	–	–	–
Changes due to modifications under IFRS 16	–	–	–	–
Disposals	(3,183)	(51,581)	(40)	(54,804)
Effect of movement in foreign exchange	(6,583)	(1,766)	(501)	(8,850)
Net carrying amount as at 31 December 2021	**117,198**	**38,592**	**9,472**	**165,262**
Gross carrying amount as at 31 December 2021	160,900	56,307	74,618	291,825
Accumulated depreciation and impairment as at 31 December 2021	(43,702)	(17,715)	(65,146)	(126,563)
Gross carrying amount as at 1 January 2022	160,900	56,307	74,618	291,825
Accumulated depreciation and impairment as at 1 January 2022	(43,702)	(17,715)	(65,146)	(126,563)
Net carrying amount as at 1 January 2022	**117,198**	**38,592**	**9,472**	**165,262**
Additions	–	2,441	157	2,598
Depreciation charge for the year	(3,968)	(8,336)	(947)	(13,251)
Impairment	–	–	–	–
Changes due to modifications under IFRS 16	–	–	–	–
Disposals	–	–	–	–
Effect of movement in foreign exchange	(3,444)	403	(316)	(3,357)
Net carrying amount as at 31 December 2022	**109,786**	**33,100**	**8,366**	**151,252**
Gross carrying amount as at 31 December 2022	156,079	57,182	72,496	285,757
Accumulated depreciation and impairment as at 31 December 2022	(46,293)	(24,082)	(64,130)	(134,505)

As at 31 December 2022, no Company's property, plant and equipment was subject to pledges (31 December 2021: CZK 0 thousand).

As at 31 December 2022, the Company's property, plant and equipment was insured up to an amount of CZK 274,804 thousand (31 December 2021: CZK 283,293 thousand).

Assets under construction and borrowing costs
As at 31 December 2022, the property, plant and equipment under construction (otherwise included in Fixtures, fittings and equipment) totalled CZK 63 thousand (31 December 2021: CZK 3,177 thousand).

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the years 2022 and 2021.

Idle assets
As at 31 December 2022 and 2021, the Company had no material idle assets.

26. LOANS FROM BANKS

In thousands of CZK	31 December 2022	31 December 2021
Other received loans	2,585,292	4,158,081
Loans from banks at amortised cost	**2,585,292**	**4,158,081**
Total loans from banks	**2,585,292**	**4,158,081**

27. LOANS FROM CUSTOMERS

In thousands of CZK	31 December 2022	31 December 2021
Other received loans	13,819,576	14,917,652
Loans from customers at amortised cost	**13,819,576**	**14,917,652**
Total loans from customers	**13,819,576**	**14,917,652**

28. RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities from					
In thousands of CZK	Lease liabilities[6]	Debt securities issued	Subordinated debt	Loans from banks and customers	Retained earnings and other reserves	Total
Balance as at 1 January 2022	**39,550**	**–**	**–**	**19,075,733**	**26,836,504**	**45,951,787**
Changes from financing cash flows	–	–	–	–	–	–
Proceeds from issued debt securities	–	–	–	–	–	–
Change in loans from customers and banks	–	–	–	(2,453,209)	–	(2,453,209)
Payments of lease liabilities (principal)	(9,491)	–	–	–	–	(9,491)
Issue of other equity instruments	–	–	–	–	–	–
Yield from issued other equity instruments paid	–	–	–	–	(281,751)	(281,751)
Dividends paid	–	–	–	–	(1,980,000)	(1,980,000)
Total changes from financing cash flows	**(9,491)**	**–**	**–**	**(2,453,209)**	**(2,261,751)**	**(4,724,451)**
The effect of changes in foreign exchange rates	990	–	–	(222,530)	1	(221,539)
Other changes in equity	–	–	–	–	2,585,290	2,585,290
Liability-related changes						
Transfers and other non-cash movements	4,315	–	–	(73,021)	–	(68,706)
Interest expense	1,569	–	–	934,813	–	936,382
Interest paid	(1,569)	–	–	(856,918)	–	(858,487)
Total other liability-related changes	**4,315**	**–**	**–**	**4,874**	**–**	**9,189**
Total other equity-related changes	**–**	**–**	**–**	**–**	**–**	**–**
Balance as at 31 December 2022	**35,364**	**–**	**–**	**16,404,868**	**27,160,044**	**43,600,276**

[6] Lease liabilities are included under Other liabilities in the financial statements and thus do not constitute a separate financial statements caption.

In thousands of CZK	Liabilities from Lease liabilities[7]	Liabilities from Debt securities issued	Liabilities from Subordinated debt	Loans from banks and customers	Retained earnings and other reserves (restated)*	Total
Balance as at 1 January 2021	**76,897**	**3,615**	**–**	**16,716,513**	**22,957,399**	**39,754,424**
Changes from financing cash flows	–	–	–	–	–	–
Proceeds from issued debt securities	–	(3,615)	–	–	–	(3,615)
Change in loans from customers and banks	–	–	–	2,897,877	–	2,897,877
Payments of lease liabilities (principal)	(9,282)	–	–	–	–	(9,282)
Issue of other equity instruments	–	–	–	–	–	–
Yield from issued other equity instruments paid	–	–	–	–	(294,350)	(294,350)
Dividends paid	–	–	–	–	–	–
Total changes from financing cash flows	**(9,282)**	**(3,615)**	**–**	**2,897,877**	**(294,350)**	**2,590,630**
The effect of changes in foreign exchange rates	(12,007)	–	–	(557,408)	–	(569,415)
Other changes in equity	–	–	–	–	4,173,455	4,173,455
Liability-related changes						
Transfers and other non-cash movements	(17,653)	–	–	(91,923)	–	(109,576)
Interest expense	1,593	–	–	915,502	–	917,095
Interest paid	2	–	–	(804,828)	–	(804,826)
Total other liability-related changes	**(16,058)**	**–**	**–**	**18,751**	**–**	**2,693**
Total other equity-related changes	**–**	**–**	**–**	**–**	**–**	**–**
Balance as at 31 December 2021	**39,550**	**–**	**–**	**19,075,733**	**26,836,504**	**45,951,787**

* The item "Other changes in equity" was included in the totals and corresponds to non-cash changes in other capital contributions and profit.

29. OTHER LIABILITIES

In thousands of CZK	31 December 2022	31 December 2021
Employee benefits	8,201	11,764
Lease liabilities (refer to Note 34.2)	35,364	39,550
Securities settlement balances	–	–
Trade payables	2,352	16,863
Univoiced supplies	8,773	6,503
Other liabilities	56,480	114,392
Total other liabilities under risk management (refer to Note 35)	**111,170**	**189,072**
Other tax liabilities	2,688	5,753
Deferred income	–	–
Other	964	404
Total other non-financial liabilities	**3,652**	**6,157**
Total other liabilities	**114,822**	**195,229**

Other liabilities in the prior period represent received monetary payment for the settlement of a derivative in the total amount of CZK 74,200 thousand.

[7] Lease liabilities are included under Other liabilities in the financial statements and thus do not constitute a separate financial statements caption.

30. PROVISIONS

In thousands of CZK	31 December 2022	31 December 2021
Financial guarantee contracts issued under IFRS 9 (refer to Note 22 (c))	78,207	5,514
Loan commitments issued under IFRS 9 (refer to Note 22 (c))	5,680	2,562
Total provisions	**83,887**	**8,076**

The Company has issued no loan commitment nor financial guarantee contracts that are measured at fair value through profit or loss in 2022 or 2021.

30.1. Recognised deferred tax assets and liabilities

The following deferred tax assets and liabilities have been recognised:

	31 December 2022		31 December 2021	
In thousands of CZK	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	–	570	–	38
Leases (IFRS 16)	370	–	–	158
Derivatives	–	175,315	–	191,710
Provisions	17,210	–	8,262	–
	17,580	175,885	8,262	191,906
Netting[8]	(17,580)	(17,580)	(8,262)	(8,262)
Total	**–**	**158,305**	**–**	**183,644**

31. EQUITY

(i) Share capital

The authorized, issued and fully paid share capital of J&T FINANCE GROUP SE as at 31 December 2022 and 31 December 2021 consists of 10 ordinary shares with a par value of CZK 200,000, 13,778,752 ordinary shares with a par value of CZK 1,000 and 1,999,556,188 ordinary shares with a par value of CZK 1. The shareholders are entitled to receive dividends and to one vote per share at meetings of the Company's shareholders. The share capital amounts to CZK 15,780,308 thousand both in 2021 and 2022.

(ii) Non-distributable reserves

Non-distributable reserves include the legal reserve fund of the Company. The legal reserve fund can only be used to cover losses of the Company and it may not be distributed as a dividend. The calculation of the legal reserve is based on statutory regulations.
Since 1 January 2014, the creation of a legal reserve fund in the Czech Republic is not required.

(iii) Translation reserve

The translation reserve comprises the foreign exchange differences arising from the translation of the financial statements of the branch.

(iv) Other equity instruments

In 2016, the Company issued and sold subordinated unsecured certificates with a nominal value of TEUR 100 and no maturity date of CZK 5,407,000 thousand. The whole emission was purchased by CEFC Hainan International Holdings CO., Ltd. These certificates bear a 9% (first two years) and 5% (subsequently) annual yield that is fully discretionary and subject to approval, distributed semi-annually from retained earnings. These certificates 9% (first two years) and 5% (subsequently) annual yield that is fully discretionary and subject to approval, distributed semi-annually from retained earnings. Following the approval by the Czech National Bank (CNB) on 21 April 2016, these instruments also comply with the requirements to be recognized as additional capital AT1.

[8] Netting – gross deferred tax assets and liabilities were netted when applicable.

On 12 October 2020, the Company issued and subsequently sold further subordinated unsecured certificates with a nominal value of CZK 100 thousand and no maturity date of CZK 500,000 thousand. These certificates bear a 7.5% annual yield that is fully discretionary and subject to approval, distributed semi-annually from retained earnings. The issuance of these instruments was approved by the Czech National Bank (CNB) on 18 September 2020 and they are listed on the Prague Stock Exchange. The instruments comply with the requirements to be recognized as additional capital AT1.

(v) Yield from issued other equity instruments paid

In 2016, a special purpose capital fund (Perpetuity fund) for the distribution of yield from certificates described above was established by the Company. The fund is created from retained earnings. Distribution of income from the fund complies with the prospectus of the equity instrument. The total amount of yield paid in 2022 was CZK 281,751 thousand (2021: CZK 294,350 thousand) and is presented as distribution of retained earnings in the individual statement of changes in equity.

(vi) Dividends paid

Dividends of CZK 1,980,000 thousand were paid in 2022, no dividends were paid in 2021.

32. FAIR VALUE INFORMATION

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

31 December 2022

In thousands of CZK	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial assets					
Cash and cash equivalents	510,931	–	510,931	–	510,931
Loans and advances to customers	7,666,167	–	–	7,653,852	7,653,852
Trade receivables and other financial assets under risk management	93,685	–	–	93,685	93,685
Financial liabilities					
Loans from banks	2,585,292	–	2,562,324	–	2,562,324
Loans from customers	13,819,576	–	13,413,453	–	13,413,453
Debt securities issued	–	–	–	–	–
Other financial liabilities under risk management	111,170	–	111,170	–	111,170

31 December 2021

In thousands of CZK	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial assets					
Cash and cash equivalents	5,687,062	–	5,687,062	–	5,687,062
Loans and advances to customers	13,050,451	–	–	13,049,828	13,049,828
Trade receivables and other financial assets under risk management	66,430	–	–	66,430	66,430
Financial liabilities					
Loans from banks	4,158,081	–	4,161,617	–	4,161,617
Loans from customers	14,917,652	–	13,413,453	–	13,413,453
Debt securities issued	–	–	–	–	–
Other financial liabilities under risk management	189,072	–	189,072	–	189,072

33. FINANCIAL COMMITMENTS AND CONTINGENCIES

In thousands of CZK	31 December 2022	31 December 2021
Loan commitments under IFRS 9	9,970,257	7,731,107
Financial guarantee contracts under IFRS 9	13,161,584	14,010,478
Pledged assets	47	51
Total financial commitments and contingencies	**23,131,888**	**21,741,636**

Loan commitments relate to loan facilities granted by the Company. Financial guarantee contracts mostly represent various guarantees issued in relation to loans, bills of exchange issued by other parties, lease contracts and other liabilities of third parties. These guarantees are disclosed in the table above at the amount of the possible obligation in the future. The maximum amount for guarantees given by the Company as at 31 December 2022 is CZK 13,166,533 thousand (31 December 2021: CZK 14,052,370 thousand).

34. LEASES

34.1. Leases as lessee

The Company leases mainly office premises for its business activities, cars and related office equipment. The administration space leases typically run for an initial period of five to fifteen years, with an option to renew after that date. Unless recognition exemption for leases is used (see Note 3 (t)), a right-of-use is recognized for such underlying assets.

For reconciliation of right-of-use assets from opening to closing balance refer to Note 25.

For lease related expenses/income refer to: Note 7 Net interest expense, Note 10 Other operating income, or Note 12 Other operating expenses.

For other information relating to the specified leases see below.

Maturity analysis of lease liabilities is as follows:

In thousands of CZK	31 December 2022	31 December 2021
Less than one year	10,155	9,457
1–5 years	17,509	28,437
Over 5 years	7,700	8,102
Total	**35,364**	**45,996**

In thousands of CZK	2022	2021
Total cash outflow for leases	(9,491)	(9,282)

34.2. Leases as lessor

(a) Operating leases
The Company leases out its property under operating leases.

In thousands of CZK	31 December 2022	31 December 2021
Up to 1 year	12,755	13,655
1–2 years	–	–
2–3 years	–	–
3–4 years	–	–
4–5 years	–	–
Over 5 years	–	–
Total	**12,755**	**13,655**

During the year ended 31 December 2022, amount of CZK 13,080 thousand was recognized as rental income (2021: CZK 14,038 thousand).

(b) Finance leases
The Company does not have any finance leases.

35. RISK MANAGEMENT POLICIES AND DISCLOSURES

The Company has exposure to the following risks:
- credit risk
- liquidity risk
- market risk
- operational risks

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

35.1. Credit risk

The Company's primary exposure to credit risk arises through its loans and advances provided. The maximum amount of credit exposure is represented by the respective carrying amounts in the individual statement of financial position. In addition, the Company is exposed to off-balance sheet credit risk through commitments to extend credit and financial guarantees (refer to Note 33 Financial commitments and contingencies).

The carrying amount of loans and advances and the off-balance sheet amounts represent the maximum accounting loss that would be recognised on these items at the individual statement of financial position date if counterparties failed to perform completely as contracted and any collateral or security proved to be of no value. The Company's policy is to require suitable collateral to be provided by customers prior to the disbursement of loans by the Company.

When evaluating the rating of new clients or assessing the credit risk of transactions, the Company's growing commitment to environmental sustainability, social responsibility and corporate governance (ESG) is also taken into account. Recognising the importance of ESG, the Company is preparing to collect ESG data from clients through questionnaires, which will then be used to rate these clients. The Company is currently in the process of implementing ESG risks into the client rating assessment and approval process for significant exposures in the loan portfolio.

The assessment of credit risk in respect of a counterparty or an issued debt is based on the Company's internal rating system, covering both external credit assessments and the Company's internal scoring system.

The Company monitors concentrations of credit risk by sector and by geographic location.

(i) Concentration of credit risk by location

31 December 2022

In thousands of CZK	Czech Republic	Slovakia	Cyprus	Russian Federation	Other	Carrying amount
Financial assets						
Cash and cash equivalents	488,628	22,145	–	158	–	510,931
Financial assets for trading	4,272	–	–	–	–	4,272
Hedging derivatives	–	–	–	–	–	–
Investment securities measured at fair value through profit or loss	–	78,464	–	–	–	78,464
Investment securities measured at fair value through other comprehensive income	–	–	–	4,371	44	4,415
Investment securities at amortised cost	–	–	–	–	–	–
Loans and advances to banks	–	–	–	–	–	–
Loans and advances to customers	7,327,102	2,884	334,919	1,262	–	7,666,167
FV changes of portfolio of hedged instruments – Loans and advances to customers	–	–	–	–	–	–
Trade receivables and other financial assets under risk management	33,552	23,762	10,550	–	25,821	93,685
	7,853,554	**127,255**	**345,469**	**5,791**	**25,865**	**8,357,934**
Amount committed/guaranteed	–	–	–	–	–	–
Loan commitments under IFRS 9	9,914,218	20,884	35,155	–	–	(78,207)*
Financial guarantee contracts under IFRS 9	7,605,979	4,972,732	–	–	587,822	(5,680)*
	17,520,197	**4,993,616**	**35,155**	**–**	**587,822**	**(83,887)***

* The figure represents the provision for potential counterparties, not the total.

31 December 2021 (restated)

In thousands of CZK	Czech Republic	Slovakia	Cyprus	Russian Federation	Other	Carrying amount
Financial assets						
Cash and cash equivalents	5,653,987	32,925	–	150	–	5,687,062
Financial assets for trading	86,173	–	–	–	–	86,173
Hedging derivatives	–	–	491,285	–	–	491,285
Investment securities measured at fair value through profit or loss	–	56,783	–	–	–	56,783
Investment securities measured at fair value through other comprehensive income	–	–	–	4,416	–	4,416
Investment securities at amortised cost	–	–	–	–	–	–
Loans and advances to banks	–	–	–	–	–	–
Loans and advances to customers	10,001,944	–	3,046,341	2,166	–	13,050,451
FV change of portfolio of hedged instruments – Loans and advances to customers	–	–	–	–	–	–
Trade receivables and other financial assets under risk management	14,779	29,005	–	50	22,596	66,430
	15,756,883	**118,713**	**3,537,626**	**6,782**	**22,596**	**19,442,600**
Amount committed/guaranteed	–	–	–	–	–	–
Loan commitments under IFRS 9	7,719,167	–	11,940	–	–	(5,514)*
Financial guarantee contracts under IFRS 9	8,867,095	4,418,676	–	–	766,598	(2,562)*
	16,586,262	**4,418,676**	**11,940**	**–**	**766,598**	**(8,076)***

* The figure represents the provision for potential counterparties, not the total.

The above table displays the credit risk by the country of incorporation of the debtor or issuer of the securities.

Financial guarantee contracts under IFRS 9 recognised under "Other" represent guarantees to the Netherlands and Ireland in 2022 and 2021.

(ii) Credit risk – credit quality analysis

The following tables provide information on the Company's credit risk exposure based on its internal rating grades. The analysis is provided for the most significant exposures at amortised cost and at fair value through other comprehensive income.

Internal rating	Credit risk exposure
1	Very low risk
2	Low risk
3	Low risk
4	Low risk
5	Medium risk
6	Medium risk
7	Medium risk
8	Medium risk
9	Medium risk
10	High risk
11	High risk
12	High risk
Default	Default

Loans and advances to customers

31 December 2022

In thousands of CZK	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Very low risk	–	–	–	–	–
Low risk	70,880	–	–	–	70,880
Medium risk	7,604,441	82,997	–	–	7,687,438
High risk	–	–	2,525	–	2,525
Default	–	–	–	–	–
Without classification	–	–	–	–	–
	7,675,321	**82,997**	**2,525**	**–**	**7,760,843**
Loss allowance	(80,004)	(13,410)	(1,262)	–	(94,676)
Carrying amount	**7,595,317**	**69,587**	**1,263**	**–**	**7,666,167**

31 December 2021

In thousands of CZK	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Very low risk	–	–	–	–	–
Low risk	2,027	–	–	–	2,027
Medium risk	13,113,529	79,937	–	–	13,193,466
High risk	–	–	–	–	–
Default	–	–	–	–	–
Without classification	–	–	–	–	–
	13,115,556	**79,937**	**–**	**–**	**13,195,493**
Loss allowance	(138,142)	(6,900)	–	–	(145,042)
Carrying amount	**12,977,414**	**73,037**	**–**	**–**	**13,050,451**

Loan commitments under IFRS 9[9]

31 December 2022

In thousands of CZK	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Very low risk	–	–	–	–
Low risk	–	–	–	–
Medium risk	9,970,257	–	–	9,970,257
High risk	–	–	–	–
Default	–	–	–	–
Without classification	–	–	–	–
	9,970,257	**–**	**–**	**9,970,257**
Loss allowance	(78,207)	–	–	(78,207)
Carrying amount	**9,892,050**	**–**	**–**	**9,892,050**

[9] Amounts committed/guaranteed – credit risk monitoring of loan commitments and financial guarantees is based on maximum credit risk exposure.

31 December 2021

In thousands of CZK	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Very low risk	–	–	–	–
Low risk	3,000	–	–	3,000
Medium risk	7,728,107	–	–	7,728,107
High risk	–	–	–	–
Default	–	–	–	–
Without classification	–	–	–	–
	7,731,107	**–**	**–**	**7,731,107**
Loss allowance	(5,514)	–	–	(5,514)
Carrying amount	**7,725,593**	**–**	**–**	**7,725,593**

Financial guarantee contracts under IFRS 9

31 December 2022

In thousands of CZK	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Very low risk	–	–	–	–
Low risk	–	–	–	–
Medium risk	13,166,533	–	–	13,166,533
High risk	–	–	–	–
Default	–	–	–	–
	13,166,533	**–**	**–**	**13,166,533**
Loss allowance	(5,680)	–	–	(5,680)
Carrying amount	**13,160,853**	**–**	**–**	**13,160,853**

31 December 2021

In thousands of CZK	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Very low risk	–	–	–	–
Low risk	–	–	–	–
Medium risk	14,052,369	–	–	14,052,369
High risk	–	–	–	–
Default	–	–	–	–
	14,052,369	**–**	**–**	**14,052,369**
Loss allowance	(2,562)	–	–	(2,562)
Carrying amount	**14,049,807**	**–**	**–**	**14,049,807**

(iii) Credit risk – Loss given default and Probability of default

An analysis of the Company's sensitivity to an increase or decrease in Loss given default (LGD) and Probability of default (PD) on overall Expected credit losses (ECL) is as follows:

In thousands of CZK	31 December 2022	31 December 2021
Increase in LGD by 10%	7,099	16,877
Decrease in LGD by 10%	(9,468)	(13,870)
Increase in PD by 10%	9,341	16,952
Decrease in PD by 10%	(9,468)	(13,870)

(iv) Credit risk – collaterals

Collaterals are used as assets that can be realized in the event of failure of the primary source of repayment of debts.
Derivative transactions are subject to collateral management contracts. In general, under these agreements, in certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement with the counterparty are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions with the counterparty. The Company and its counterparties are usually required to post collateral to mitigate counterparty credit risk.

In 2022, the Company recognises movables serving as collateral for a provided loan to customer in the amoutn of CZK 0 thousand (2021: CZK 0 thousand).

To manage risks the Company enters into derivatives transactions. The derivatives are collateralized based on the relevant ISDA agreements and CSA amendments. The fair value of the hedging derivative as at 31 December 2022 is CZK 0 thousand (2021: CZK 491,285 thousand). The value of cash collateral received as at 31 December 2022 is CZK 0 thousand (2021: CZK 74,200 thousand). The fair value of the derivatives and the collateral received is not offset in the Company's balance sheet.

(v) Credit risk – forbearance

The Company classifies all its receivables from clients into categories performing or non-performing laid down by Regulation (EU) No 575/2013 of the European Parliament and Council Regulation (CRR) of 26 June 2013 and complementary legislation in the respective countries: exposures which are more than 90 days past due; exposures where the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past due amount or of the number of days past due or exposures that have been found credit-impaired (Stage 3), including purchased or originated credit-impaired assets as non-performing. Exposures are classified as performing, unless classified as non-performing.

Forbearance

The Company treats forbearance in accordance with the Technical Standard on non-performing exposures and forbearance measures published by the European Banking Authority (EBA) and in accordance with the Public Statement of the European Securities and Markets Authority (ESMA) on the treatment of forbearance practices in the financial statements of financial institutions prepared in accordance with IFRS.

Forbearance is an exposure where the Company decides, due to the debtor's financial problems, to grant a concession which in other circumstances would not be granted. The concession may consist in the modification of the terms and conditions of the contract or in debt refinancing. The modification of the terms and conditions may include, but is not limited to, a decrease in interest rate, reduction of the interest or principal, change in the repayment schedule (e.g. postponement of interest payment due date, temporary payment holiday, prolongation of the final due date of the loan, fee or accessories for the debtor, modification or non-monitoring of covenants, interest or instalment capitalisation, partial debt write-off). Any modification of terms and conditions or refinancing which is not a result of the debtor's financial problems cannot be interpreted as forbearance. Concessions may result in better interest risk management and mitigation of potential future loan losses.

Exposure forbearance

In thousands of CZK	31 December 2022	31 December 2021
Performing exposures	7,666,167	13,050,451
– performing exposure forborne	–	–
Non-performing exposure	–	–
– non-performing exposure forborne	–	–
Total	**7,666,167**	**13,050,451**

The share of loan exposure forbearance on total loans and advances to customers is 0% (2021: 0%).

The Company did not realize any losses from financial assets for which the contractual cash flows have been modified during the reporting period (in 2021 none).

35.2. Liquidity risk

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

The Company monitors its liquidity profile of financial assets and liabilities and details about other projected cash flows arising from expected future projects.

The Company's management uses diversification of sources of funds. This diversification makes the Company flexible and limits its dependency on one financing source. Liquidity risk is evaluated in particular by monitoring changes in the structure of financing and comparing these changes with the Company's liquidity risk management strategy. The risk managers then maintain a portfolio of short-term liquid assets, made up of loans and advances to banks and other short-term facilities, to ensure that sufficient liquidity is maintained within the Company as a whole.

The Company also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid funds.

In managing liquidity risk the Company promotes a conservative and prudent approach to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides an analysis of assets and liabilities into relevant contractual maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. Expected maturities differ from contracted ones as historical evidence shows that most short-term loans and deposits are prolonged. The analysis is presented under the most prudent consideration of maturity dates, where options or repayment schedules allow for early repayment possibilities. Therefore, in the case of liabilities, the earliest possible repayment date is shown while for assets the latest possible repayment date is disclosed.

(i) Contractual maturities of financial assets and liabilities

31 December 2022

In thousands of CZK	Up to 1 year	More than 1 year	Maturity undefined	Total
Financial assets				
Cash and cash equivalents	510,881	–	50	510,931
Financial assets for trading	–	–	4,272	4,272
Hedging derivatives	–	–	–	–
Investment securities measured at fair value through profit or loss	–	–	78,464	78,464
Investment securities measured at fair value through other comprehensive income	–	–	4,415	4,415
Loans and advances to customers	2,037,122	5,629,045	–	7,666,167
Trade receivables and other financial assets under risk management	93,685	–	–	93,685
Total	**2,641,688**	**5,629,045**	**87,201**	**8,357,934**

In thousands of CZK	Up to 1 year	More than 1 year	Maturity undefined	Total
Financial liabilities				
Derivatives	(93,799)	–	–	(93,799)
Loans from banks	(4,987)	(2,580,305)	–	(2,585,292)
Loans from customers	(2,033,303)	(11,786,273)	–	(13,819,576)
Debt securities issued	–	–	–	–
Other financial liabilities under risk management	(33,133)	(21,557)	(56,480)	(111,170)
Total	**(2,165,222)**	**(14,388,135)**	**(56,480)**	**(16,609,837)**

The lines of credit that are available to the Company total CZK 3,212,275 as at 31 December 2022.

31 December 2021 (restated)

In thousands of CZK	Up to 1 year	More than 1 year	Maturity undefined	Total
Financial assets				
Cash and cash equivalents	5,686,950	–	112	5,687,062
Financial assets for trading	86,172	1	–	86,173
Hedging derivatives	491,285	–	–	491,285
Investment securities measured at fair value through profit or loss	–	–	56,783	56,783
Investment securities measured at fair value through other comprehensive income	–	–	4,416	4,416
Loans and advances to customers	6,883,147	6,167,304	–	13,050,451
Trade receivables and other financial assets under risk management	66,430	–	–	66,430
Total	**13,213,984**	**6,167,305**	**61,311**	**19,442,600**

In thousands of CZK	Up to 1 year	More than 1 year	Maturity undefined	Total
Financial liabilities				
Loans from banks	1,494,597	2,663,484	–	4,158,081
Loans from customers	5,011,772	9,905,880	–	14,917,652
Debt securities issued	–	–	–	–
Other financial liabilities under risk management	150,033	39,039	–	189,072
Total	**6,656,402**	**12,608,403**	**–**	**19,264,805**

The lines of credit that are available to the Company total CZK 2,327,092 as at 31 December 2021.

(ii) Contractual maturities of financial liabilities, including estimated interest payments (undiscounted cash flows)

31 December 2022

In thousands of CZK	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities						
Loans from banks	2,585,292	(2,764,560)	(36,431)	(108,395)	(2,619,734)	–
Loans from customers	13,819,576	(15,814,050)	(237,299)	(2,430,038)	(13,146,713)	–
Other financial liabilities under risk management	111,170	(111,170)	(111,170)	–	–	–
	16,516,038	**(18,689,780)**	**(384,900)**	**(2,538,433)**	**(15,766,447)**	**–**
Derivative financial liabilities						
Currency contracts						
– outflow	93,799	(93,799)	–	(93,799)	–	–
– inflow	–	–	–	–	–	–
	93,799	**(93,799)**	**–**	**(93,799)**	**–**	**–**
Amount committed/guaranteed[7]						
Loan commitments	78,207	(9,970,257)	(9,970,257)	–	–	–
Financial guarantee contracts	5,680	(13,160,450)	(13,160,450)	–	–	–
	83,887	**(23,130,707)**	**(23,130,707)**	**–**	**–**	**–**

31 December 2021

In thousands of CZK	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities						
Loans from banks	4,158,081	(4,220,556)	(2,210,200)	(1,508,265)	(502,091)	–
Loans from customers	14,917,652	(16,559,055)	(222,657)	(5,451,815)	(10,884,583)	–
Debt securities issued	–	–	–	–	–	–
Other financial liabilities under risk management	189,072	(196,031)	–	(159,492)	(36,539)	–
	19,264,805	**(20,975,642)**	**(2,432,857)**	**(7,119,572)**	**(11,423,213)**	**–**
Amount committed/guaranteed						
Loan commitments	5,514	(7,731,107)	(7,731,107)	–	–	–
Financial guarantee contracts	2,562	(14,010,478)	(14,010,478)	–	–	–
	8,076	**(21,741,585)**	**(21,741,585)**	**–**	**–**	**–**

Expected liquidity

In general, contractual cash flows do not differ significantly from expected contractual future cash flows of financial instruments.

35.3. Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times or in differing amounts. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk.

The Company uses various methods for management of interest rate risk. The Company continuously uses asset-liability management in its interest risk management. When purchasing bonds, the current interest position of the Company is taken into account which then serves as a basis for the purchase of fixed or variable bonds.

The priorities of the Company for interest rate risk management of liabilities comprise:
- Stability of liabilities, especially over longer time periods,
- Fast and flexible reactions to significant changes in inter-bank interest rates through adjustments to interest rates on liability products,
- Continuously evaluating interest rate levels offered to clients compared to competitors and actual and expected development of interest rates on the local market,
- Managing the structure of liabilities in compliance with the expected development of money market rates in order to optimize interest revenues and minimize interest rate risk.

The table below provides information on the extent of the Company's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that reprice to a market rate of interest before maturity, the next repricing date. Those assets and liabilities that do not have a contractual maturity date or are non-interest-bearing are grouped together in the "maturity undefined" category.

A summary of the Company's interest rate gap position as per the carrying amounts is as follows:

31 December 2022

In thousands of CZK	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Maturity undefined	Total
Financial assets						
Cash and cash equivalents	510,881	–	–	–	50	510,931
Financial assets for trading	–	–	–	–	4,272	4,272
Hedging derivatives	–	–	–	–	–	–
Investment securities measured at fair value through profit or loss	–	–	–	–	78,464	78,464
Investment securities measured at fair value through other comprehensive income	–	–	–	–	4,415	4,415
Loans and advances to customers	1,648,311	388,811	5,629,045	–	–	7,666,167
Trade receivables and other financial assets under risk management	93,685	–	–	–	–	93,685
	2,252,877	**388,811**	**5,629,045**	**–**	**87,201**	**8,357,934**
Financial liabilities						
Derivatives	–	93,799	–	–	–	93,799
Loans from banks	4,987	–	2,580,305	–	–	2,585,292
Loans from customers	219,790	1,813,513	11,786,273	–	–	13,819,576
Other financial liabilities under risk management	25,517	7,616	21,557	–	56,480	111,170
	250,294	**1,914,928**	**14,388,135**	**–**	**56,480**	**16,609,837**
Net position (excluding off-balance sheet)	**2,002,583**	**(1,526,117)**	**(8,759,090)**	**–**	**30,721**	**(8,251,903)**
Off-balance net position	**(213,085)**	**–**	**–**	**–**	**–**	**(213,085)**
Net position (including off-balance sheet)	**1,789,498**	**(1,526,117)**	**(8,759,090)**	**–**	**30,721**	**(8,465,088)**

31 December 2021 (restated)

	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Maturity undefined	Total
Financial assets						
Cash and cash equivalents	5,686,950	–	–	–	112	5,687,062
Financial assets for trading	86,172	–	1	–	–	86,173
Hedging derivatives	491,285	–	–	–	–	491,285
Investment securities measured at fair value through profit or loss	–	–	–	–	56,783	56,783
Investment securities measured at fair value through other comprehensive income	–	–	–	–	4,416	4,416
Loans and advances to customers	2,623,774	4,688,027	5,738,650	–	–	13,050,451
Trade receivables and other financial assets under risk management	66,430	–	–	–	–	66,430
	8,954,611	**4,688,027**	**5,738,651**	**–**	**61,311**	**19,442,600**
Financial liabilities						
Loans from banks	2,194,380	1,491,361	472,340	–	–	4,158,081
Loans from customers	–	5,011,772	9,905,880	–	–	14,917,652
Issued bonds	–	–	–	–	–	–
Other financial liabilities under risk management	150,033	–	–	–	39,039	189,072
	2,344,413	**6,503,133**	**10,378,220**	**–**	**39,039**	**19,264,805**
Net position (excluding off-balance sheet)	**6,610,198**	**(1,815,106)**	**(4,639,569)**	**–**	**22,272**	**177,795**
Off-balance net position	**617,332**	**–**	**–**	**–**	**–**	**617,332**
Net position (including off-balance sheet)	**7,227,530**	**(1,815,106)**	**(4,639,569)**	**–**	**22,272**	**795,127**

The Company does not record any financial assets or financial liabilities sensitive to changes in market rates as all of them bear interest at a fixed rate.

IBOR reform

The rates at which banks borrow funds from each other on the interbank money market are referred to as IBOR rates („Interbank Offered Rates"). In the past, there have been serious cases of manipulation of some benchmark rates (LIBOR, EURIBOR), the credibility of such rates fell, there have been suspicions that IBOR rates were set in a non-transparent manner, and therefore these rates are currently undergoing a major reform. Given the great economic importance of these rates, it is necessary to ensure the accuracy and reliability of these constructs and of the process of their determination (methodology, management structure). For this reason, working groups are being set up to identify new reference rates and to ensure the transition to alternative, risk-free reference rates.

The Company assesses the following as significant areas of impact of IBOR rate reforms:

- Legal impacts – adjustment of reference rates in legal contracts (loan agreements, agreements on deposit products, ISDA and CEMA agreements, supply agreements, etc.), product sheets, etc.
- Valuation of financial instruments – determination and definition of yield curves, risk management, financial plans, pricing, performance calculations, etc.
- IT systems and processes – technical readiness of systems for the transition to risk-free reference rates, data inputs in source systems, etc.
- Accounting – impact on the modification of financial instruments, their classification, etc.

The Company has been intensively analysing and quantifying the impacts of the transition to the system of risk-free benchmark rates, and therefore the Company is not expected to be significantly affected by the IBOR reform.

Risk Management

The Company considers all IBOR rates which are planned to be discontinued or reformed as at 1 July 2023.

Non-derivative financial assets and liabilities

The Company has no contracts with interest linked to LIBOR rates, and therefore the Company is not expected to be significantly affected by the IBOR reform.

(ii) Foreign exchange risk

The breakdown of the carrying amounts by currency translated to thousands of CZK is as follows:

31 December 2022

In thousands of CZK	EUR	CZK	USD	RUB	Other	Total
Financial assets						
Cash and cash balances at central banks	342,402	168,370	17	142	–	510,931
Financial assets for trading	–	4,272	–	–	–	4,272
Hedging derivatives	–	–	–	–	–	–
Investment securities measured at fair value through profit or loss	78,464	–	–	–	–	78,464
Investment securities measured at fair value through other comprehensive income	44	–	–	4,371	–	4,415
Loans and advances to customers	7,123,397	541,507	–	1,263	–	7,666,167
Trade receivables and other financial assets under risk management	44,994	28,635	–	–	20,056	93,685
	7,589,301	**742,784**	**17**	**5,776**	**20,056**	**8,357,934**
Off-balance sheet assets	**18,563,452**	**15,954,053**	**–**	**–**	**489,919**	**35,008,424**
Currency forwards	6,511,050	1,003,680	–	–	–	7,514,730
Assets under management	–	–	–	–	–	–
Loan commitments and guarantees	8,181,468	14,950,373	–	–	–	23,131,841
Other off-balance sheet assets	3,871,934	–	–	–	489,919	4,361,853
Financial liabilities						
Derivatives	–	93,799				93,799
Loans from banks	2,585,292	–	–	–	–	2,585,292
Loans from customers	4,938,042	8,881,534	–	–	–	13,819,576
Issued bonds	–	–	–	–	–	
Other financial liabilities under risk management	93,665	17,435	–	–	70	111,170
	7,616,999	**8,992,768**	**–**	**–**	**70**	**16,609,837**
Off-balance sheet liabilities	**4,110,467**	**6,829,623**	**–**	**–**	**–**	**10,940,090**
Currency forwards	988,715	6,739,100	–	–	–	7,727,815
Loan commitments and guarantees	3,121,752	90,523	–	–	–	3,212,275
Net position (excluding off-balance sheet)	**(27,698)**	**(8,249,984)**	**17**	**5,776**	**19,986**	**(8,251,903)**
Net position (including off-balance sheet)	**14,426,287**	**874,446**	**17**	**5,776**	**509,905**	**15,816,431**

31 December 2021 (restated)

In thousands of CZK	EUR	CZK	USD	RUB	Other	Total
Financial assets						
Cash and cash balances at central banks	2,138,399	3,548,513	16	134	–	5,687,062
Financial assets for trading	–	86,173	–	–	–	86,173
Hedging derivatives	–	491,285	–	–	–	491,285
Investment securities measured at fair value through profit or loss	56,783	–	–	–	–	56,783
Investment securities measured at fair value through other comprehensive income	45	–	–	4,371	–	4,416
Loans and advances to customers	12,080,473	967,813	–	2,165	–	13,050,451
Trade receivables and other financial assets under risk management	31,156	12,959	–	–	22,315	66,430
	14,306,856	**5,106,743**	**16**	**6,670**	**22,315**	**19,442,600**
Off balance sheet assets	**16,210,287**	**28,256,613**	**–**	**–**	**481,320**	**44,948,220**
Currency forwards	–	19,361,772	–	–	–	19,361,772
Assets under management	–	–	–	–	–	–
Loan commitments and guarantees	12,174,639	8,894,841	–	–	–	21,069,480
Other off-balance sheet assets	4,035,648	–	–	–	481,320	4,516,968
Financial liabilities						
Loans from banks	4,158,081	–	–	–	–	4,158,081
Loans from customers	4,388,204	10,529,448	–	–	–	14,917,652
Issued bonds	–	–	–	–	–	–
Other financial liabilities under risk management	81,570	107,427	–	–	75	189,072
	8,627,855	**10,636,875**	**–**	**–**	**75**	**19,264,805**
Off-balance sheet liabilities	**18,897,191**	**2,174,341**	**–**	**–**	**–**	**21,071,532**
Currency forwards	18,744,440	–	–	–	–	18,744,440
Loan commitments and guarantees	152,751	2,174,341	–	–	–	2,327,092
Other off-balance sheet assets	–	–	–	–	–	–
Net position (excluding off-balance sheet)	**5,679,001**	**(5,530,132)**	**16**	**6,670**	**22,240**	**177,795**
Net position (including off-balance sheet)	**2,992,097**	**20,552,140**	**16**	**6,670**	**503,560**	**24,054,483**

An analysis of the Company's sensitivity to an increase or decrease in foreign exchange rates is presented in the table below.

A one percent strengthening in foreign currencies would have had the following effects on profit or loss and other comprehensive income:

	Impact on profit or loss		Impact on other comprehensive income (restated)*	
In thousands of CZK	31 December 2022	31 December 2021	31 December 2022	31 December 2021
EUR	(277)	59,773	–	–

* See Note 5 Correction of opening balances

(iii) Equity price risk

Equity price risk arises from the quoted financial instruments held by the Company, further to changes in perception by the markets of the expected financial performance of the investments concerned. Equity price risk is essentially managed through diversification of the investment portfolio of investment securities measured at fair value through other comprehensive income and fair value through profit or loss equity securities.

A 100 bp increase in the price of non-derivative financial assets at fair value through profit or loss would have had a positive effect on profit or loss as set out below. A 100 bp increase in the price of investment securities measured at fair value through other comprehensive income would have had a positive effect on other comprehensive income as set out below. A 100 bp decrease in price would have had an equal but opposite effect on profit or loss and other comprehensive income.

	Impact on profit or loss		Impact on other comprehensive income (restated)*	
In thousands of CZK	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Level 1 – quoted market prices	–	–	–	–
Level 2 – derived from quoted prices	785	568	–	–
Level 3 – calculated using valuation techniques	–	–	44	44
Total	**785**	**568**	**44**	**44**

	Total impact on equity	
In thousands of CZK	31 December 2022	31 December 2021
Level 1 – quoted market prices	–	–
Level 2 – derived from quoted prices	785	568
Level 3 – calculated using valuation techniques	44	44
Total	**829**	**612**

* See Note 5 Correction of opening balances

35.4. Operational risk

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

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

This responsibility is supported by the development of overall standards within the Company for the management of operational risk which is done by the Risk Management Department and which cover the following areas:

- Requirements for the reconciliation and monitoring of transactions.
- Identification of operational risk within the control system and development of conditions for decreasing and limiting operational risk (while the required level of activities is secured), as well as its impacts and consequences; recommendations for appropriate solutions in this area.
- Reporting of operational risk events by entering the corresponding information into the Company's database of operational risk events.
- This overview of the Company's operational risk events allows the Company to specify the direction of steps and processes to take in order to limit these risks, as well as to make decisions with regard to:
  - accepting the individual risks that are faced;
  - initiating processes leading to limitation of possible impacts; or
  - decreasing the scope of the relevant activity or discontinuing it entirely.

36. RELATED PARTIES

Identity of related parties

The Company has, or had, related party relationships as identified in the following table, either at 31 December 2022 and 2021 or during the years with:

(1) Ultimate shareholders and companies they control
(2) Entities with joint control or significant influence over the Company and its subsidiaries or associates
(3) Subsidiaries
(4) Associates
(5) Joint ventures in which the Company is a venturer
(6) Key management personnel (i. e. Board of Directors) of the Company

“Ultimate shareholders and companies they control” includes the following: Jakabovič Ivan, Tkáč Jozef, DANILLA EQUITY LIMITED, J&T Securities, s.r.o., KOLIBA REAL a.s., KPRHT 3, s.r.o., KPRHT 14 s.r.o. and KPRHT 19, s.r.o. None of these produce publicly available consolidated financial statements which include the Company.

The summary of transactions with related parties during 2022 and 2021 is as follows:

	31 December 2022		31 December 2021	
In thousands of CZK	Receivables	Liabilities	Receivables	Liabilities
Ultimate shareholders and companies they control	–	37,869	–	39,039
Subsidiaries	6,282,037	15,159,998	15,734,159	16,469,435
Key management personnel of the entity or its parent and companies they control or jointly control	69,587	171	–	–
Total	**6,351,629**	**15,198,038**	**15,734,159**	**16,508 474**

The summary of transactions with related parties during 2022 and 2021 is as follows:

	2022		2021	
In thousands of CZK	Income	Expenses	Income	Expenses
Ultimate shareholders and companies they control	–	–	–	–
Subsidiaries	4,205,081	1,014,908	883,332	920,886
Key management personnel of the entity or its parent and companies they control or jointly control	4,561	6,535	–	–
Total	**4,209,642**	**1,021,443**	**883,332**	**920,886**

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

	31 December 2022		31 December 2021	
In thousands of CZK	Guarantees received	Guarantees granted	Guarantees received	Guarantees granted
Other key management personnel of the entity or its parent and group companies	–	12,065,822	–	13,253,454
Total	**–**	**12,065,822**	**–**	**13,253,454**

The amount of Guarantees received represents mainly the guarantee that subsidiaries of J&T Integris group limited (bond issuers) will meet their obligation to their creditors.

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

	31 December 2022		31 December 2021	
In thousands of CZK	Loan commitments received	Loan commitments granted	Loan commitments received	Loan commitments granted
Other key management personnel of the entity or its parent and group companies	3,212,275	9,970,257	2,327,092	7,719,168
Total	**3,212,275**	**9,970,257**	**2,327,092**	**7,719,168**

Transactions with directors and key management

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

In thousands of CZK	31 December 2022	31 December 2021
Remuneration	6,635	5,404
Loans	–	–

Of the loans to directors and key management, new loans of CZK 0 thousand were granted during 2022 (2021: CZK 0 thousand). The Company’s key management personnel received no other remuneration in the form of short-term benefits, post-employment benefits, other long-term employee benefits, early termination benefits, or share-based payments.

37. SUBSEQUENT EVENTS

The Company is the sole shareholder of J&T BANKA, a.s., which is also the sole shareholder of J&T Leasingová společnost, a.s. During the first quarter J&T Leasingová společnost, a.s. recognised a significant increase in credit risk and subsequent credit impairment on a important customer representing approximately 52% of total assets of J&T Leasingová společnost.

With regard to this event J&T BANKA, a.s. has created an allowance for investment held in J&T Leasingová společnost, a.s. as of 31 March 2023. In March 2023 the Company has also provided risk participation to J&T Leasingová společnost, a.s. to partially cover credit losses. The Company’s total costs associated with this credit facility amounted to approximately 764 MCZK.

There are no other subsequent events to be reported in these individual financial statements for the period ended as 31 December 2022.

38. GROUP ENTITIES

The list of the Group entities as at 31 December 2022 and 2021 is set out below:

Company name	December 2022			December 2021	
	Country of incorporation	Consolidated %	Ownership interest	Consolidated %	Ownership interest
J&T FINANCE GROUP SE	Czech Republic	parent company		parent company	
J&T BANKA, a.s.	Czech Republic	100.00	direct	100.00	direct
ATLANTIK finanční trhy, a.s.	Czech Republic	100.00	direct	100.00	direct
J&T INVESTIČNÍ SPOLEČNOST, a.s.	Czech Republic	100.00	direct	100.00	direct
J&T IB and Capital Markets, a.s.	Czech Republic	100.00	direct	100.00	direct
XT-Card a.s.	Czech Republic	32.00	direct	32.00	direct
Colorizo Investment, a.s.	Czech Republic	–	–	52.60	direct
OAMP Distribution s.r.o.	Czech Republic	–	–	50.00	direct
OAMP Infrastructure s.r.o.	Czech Republic	–	–	50.00	direct
OAMP Holding s.r.o.	Czech Republic	–	–	50.00	direct
OAMP Hall 2 s.r.o.	Czech Republic	–	–	50.00	direct
OAMP Hall 4 s.r.o.	Czech Republic	–	–	50.00	direct
OAMP Hall 5 s.r.o.	Czech Republic	–	–	50.00	direct
OAMP Hall 6 s.r.o.	Czech Republic	–	–	50.00	direct
CI Joint Venture s.r.o.	Czech Republic	–	–	50.00	direct
Industrual Center CR 11 s.r.o.	Czech Republic	–	–	75.00	direct
SPERIDA, a.s. v likvidácii	Slovakia	–	–	100.00	direct
J&T SME Finance s.r.o.	Slovakia	100.00	direct	100.00	direct
FVE Holding, s.r.o.	Czech Republic	100.00	direct	–	–
FVE Čejkovice s.r.o.	Czech Republic	100.00	direct	–	–
FVE Napajedla s.r.o.	Czech Republic	100.00	direct	–	–
FVE Němčice s.r.o.	Czech Republic	100.00	direct	–	–
FVE Slušovice s.r.o.	Czech Republic	100.00	direct	–	–
J&T Recycle, s.r.o.	Czech Republic	100.00	direct	–	–
J&T RFI I., s.r.o.	Czech Republic	100.00	direct	–	–
J&T Bank, a.o. (J&T Bank ZAO)[1]	Russia	100.00	direct	100.00	direct
Leasing-Medicine Ltd	Russia	100.00	direct	100.00	direct
TERCES MANAGEMENT LIMITED[2]	Cyprus	100.00	direct	100.00	direct
Interznanie OAO[3]	Russia	100.00	direct	100.00	direct
J&T REALITY otevřený podílový fond	Czech Republic	–	–	88.88	direct
J&T Banka d.d. (VABA d.d. banka Varaždin)	Croatia	100.00	direct	96.03	direct
J&T Leasingová společnost, a.s.	Czech Republic	100.00	direct	100.00	direct
Rentalit s.r.o.	Czech Republic	100.00	direct	100.00	direct
ALTERNATIVE UPRAVLJANJE d.o.o.	Croatia	100.00	direct	100.00	direct
J&T VENTURES I uzavřený podílový fond[4]	Czech Republic	100.00	direct	97.39	direct
Rustonka Development II s.r.o.	Czech Republic	100.00	direct	100.00	direct
JTFG FUND I SICAV, a.s.	Czech Republic	60.54	direct	60.54	direct
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	Slovakia	100.00	direct	100.00	direct
J&T ORBIT SICAV, a.s.	Czech Republic	100.00	direct	–	–
AMISTA investiční společnost, a.s.	Czech Republic	80.00	direct	–	–
AMISTA consulting, s.r.o.	Czech Republic	80.00	direct	–	–

→

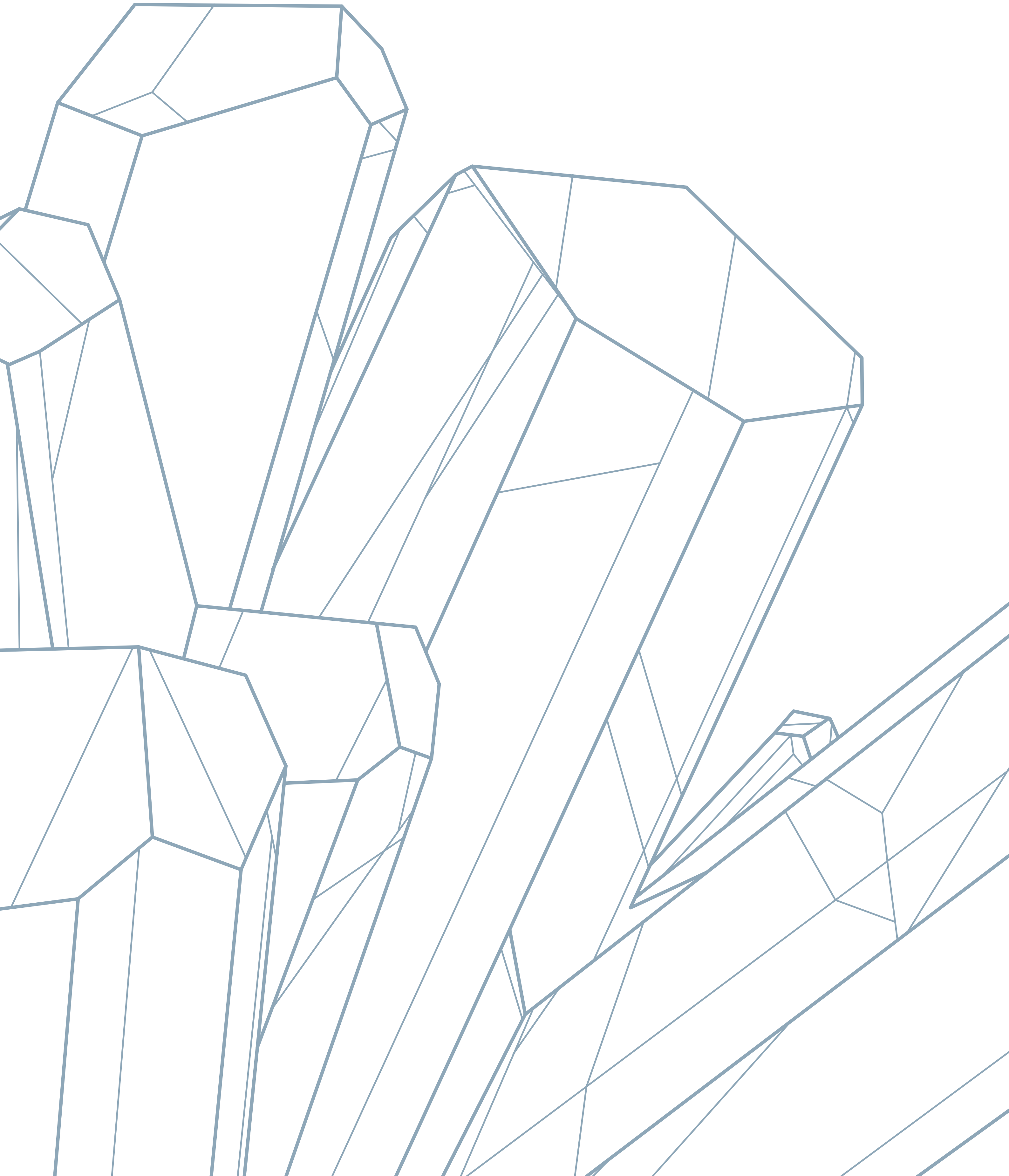
Company name	December 2022 Country of incorporation	Consolidated %	Ownership interest	December 2021 Consolidated %	Ownership interest
J&T INTEGRIS GROUP LIMITED	Cyprus	100.00	direct	100.00	direct
Bayshore Merchant Services Inc.	British Virgin Islands	100.00	direct	100.00	direct
J&T Trust Inc.	Barbados	100.00	direct	100.00	direct
J&T MINORITIES PORTFOLIO LIMITED	Cyprus	100.00	direct	100.00	direct
Equity Holding, a.s.	Czech Republic	62.64	direct	62.64	direct
Butcher313, s.r.o.	Czech Republic	30.00	direct	30.00	direct
J&T Finance, LLC	Russia	99.90	direct	99.90	direct
Hotel Kadashevskaya, LLC	Russia	99.90	direct	99.90	direct
Narcissus s.r.o.	Czech Republic	–	–	49.00	direct
Colorizo Investment, a.s.	Czech Republic	52.60	direct	–	–
OAMP Distribution s.r.o.	Czech Republic	50.00	direct	–	–
OAMP Infrastructure s.r.o.	Czech Republic	50.00	direct	–	–
OAMP Holding s.r.o.	Czech Republic	50.00	direct	–	–
OAMP Hall 5 s.r.o.	Czech Republic	50.00	direct	–	–
OAMP Hall 6 s.r.o.	Czech Republic	50.00	direct	–	–
CI Joint Venture s.r.o.	Czech Republic	50.00	direct	–	–
Industrual Center CR 11 s.r.o.	Czech Republic	75.00	direct	–	–
J&T Global Finance VIII., s.r.o. v likvidaci	Czech Republic	100.00	direct	100.00	direct
J&T Global Finance IX., s.r.o.	Slovakia	100.00	direct	100.00	direct
J&T Global Finance X., s.r.o.	Czech Republic	100.00	direct	100.00	direct
J&T Global Finance XI., s.r.o.	Czech Republic	100.00	direct	100.00	direct
J&T Global Finance XII., s.r.o.	Slovakia	100.00	direct	100.00	direct
J&T Global Finance XIII., s.r.o. (J&T Credit Participation, s.r.o.)[5]	Czech Republic	100.00	direct	–	–
J&T SERVICES ČR, a.s.	Czech Republic	100.00	direct	100.00	direct
J&T SERVICES SR, s.r.o.	Slovakia	100.00	direct	100.00	direct
365.bank, a.s. (Poštová banka, a.s.)	Slovakia	98.46	direct	98.46	direct
365.life, d. s. s., a. s. (Dôchodková správcovská spoločnosť Poštovej banky, d.s.s., a. s.)	Slovakia	–	–	98.46	direct
365.invest, správ. spol., a. s. (PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a. s.)	Slovakia	98.46	direct	98.46	direct
PB Servis, a.s. (POBA Servis, a. s.)	Slovakia	98.46	direct	98.46	direct
PB Finančné služby, a.s.	Slovakia	98.46	direct	98.46	direct
SKPAY, a. s. (SPPS, a. s.)	Slovakia	39.38	direct	39.38	direct
365.fintech, a.s.	Slovakia	98.46	direct	98.46	direct
ART FOND – Stredoeurópsky fond súčasného umenia, a.s.	Slovakia	100.00	direct	–	–
Ahoj, a.s. (Amico Finance, a.s.)	Slovakia	98.46	direct	98.46	direct
Cards&Co, a. s.	Slovakia	98.46	direct	98.46	direct
DanubePay, a. s.	Slovakia	98.46	direct	98.46	direct
J&T NOVA Hotels SICAV, a.s.[6]	Czech Republic	99.20	direct	99.20	direct
DIAMOND HOTELS SLOVAKIA, s.r.o.	Slovakia	99.20	direct	99.20	direct
BHP Tatry, s.r.o.	Slovakia	99.20	direct	99.20	direct
Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.[7]	Czech Republic	99.17	direct	99.17	direct
FORESPO SOLISKO a.s.	Slovakia	99.17	direct	99.17	direct

→

	December 2022			December 2021	
Company name	Country of incorporation	Consolidated %	Ownership interest	Consolidated %	Ownership interest
FORESPO HELIOS 1 a.s.	Slovakia	99.17	direct	99.17	direct
FORESPO HELIOS 2 a.s.	Slovakia	99.17	direct	99.17	direct
FORESPO HOREC a SASANKA a.s.	Slovakia	99.17	direct	99.17	direct
FORESPO PÁLENICA a.s.	Slovakia	99.17	direct	99.17	direct
INVEST-GROUND a.s.	Slovakia	99.17	direct	99.17	direct
FORESPO-RENTAL 1 a.s.	Slovakia	99.17	direct	99.17	direct
FORESPO-RENTAL 2 a.s.	Slovakia	99.17	direct	99.17	direct
FORESPO BDS a.s.	Czech Republic	99.17	direct	99.17	direct
DEVEL PASSAGE s.r.o.	Slovakia	99.17	direct	99.17	direct
FORESPO DUNAJ 6 a.s.	Slovakia	99.17	direct	99.17	direct
RDF International, spol. s r.o.	Slovakia	99.17	direct	99.17	direct
J&T LOAN FUND	Malta	–	–	99.23	direct
J&T Wine Holding SE	Czech Republic	100.00	direct	100.00	direct
Wine Resort Pouzdřany, s.r.o.	Czech Republic	100.00	direct	100.00	direct
OUTSIDER LIMITED	Cyprus	100.00	direct	100.00	direct
CHATEAU TEYSSIER (SOCIETE CIVILE)	France	80.00	direct	80.00	direct
JCP MALTUS DOMAINES & CHATEAUX (CT Domaines)	France	80.00	direct	80.00	direct
SAXONWOLD LIMITED	Ireland	80.00	direct	80.00	direct
World’s End	U.S.A.	80.00	direct	80.00	direct
KOLBY a.s.	Czech Republic	100.00	direct	100.00	direct
Reisten, s.r.o.	Czech Republic	100.00	direct	100.00	direct
J&T Mezzanine, a.s.	Czech Republic	100.00	direct	100.00	direct
URE HOLDING LIMITED	Cyprus	45.00	direct	45.00	direct
JTH Vision, s. r. o.	Czech Republic	50.00	direct	50.00	direct
JTH Letňany s.r.o.	Czech Republic	50.00	direct	–	–
J&T Credit Participation, s.r.o.	Czech Republic	–	–	100.00	direct
J&T Global Finance XIV., s.r.o.	Slovakia	100.00	direct	–	–
J&T RFI III., s.r.o.[8]	Czech Republic	100.00	direct	–	–
J&T RFI IV., a.s.	Czech Republic	100.00	direct	–	–
J&T RFI V., s.r.o.	Czech Republic	100.00	direct	–	–
J&T AGRICULTURE SICAV a.s.	Czech Republic	100.00	direct	–	–

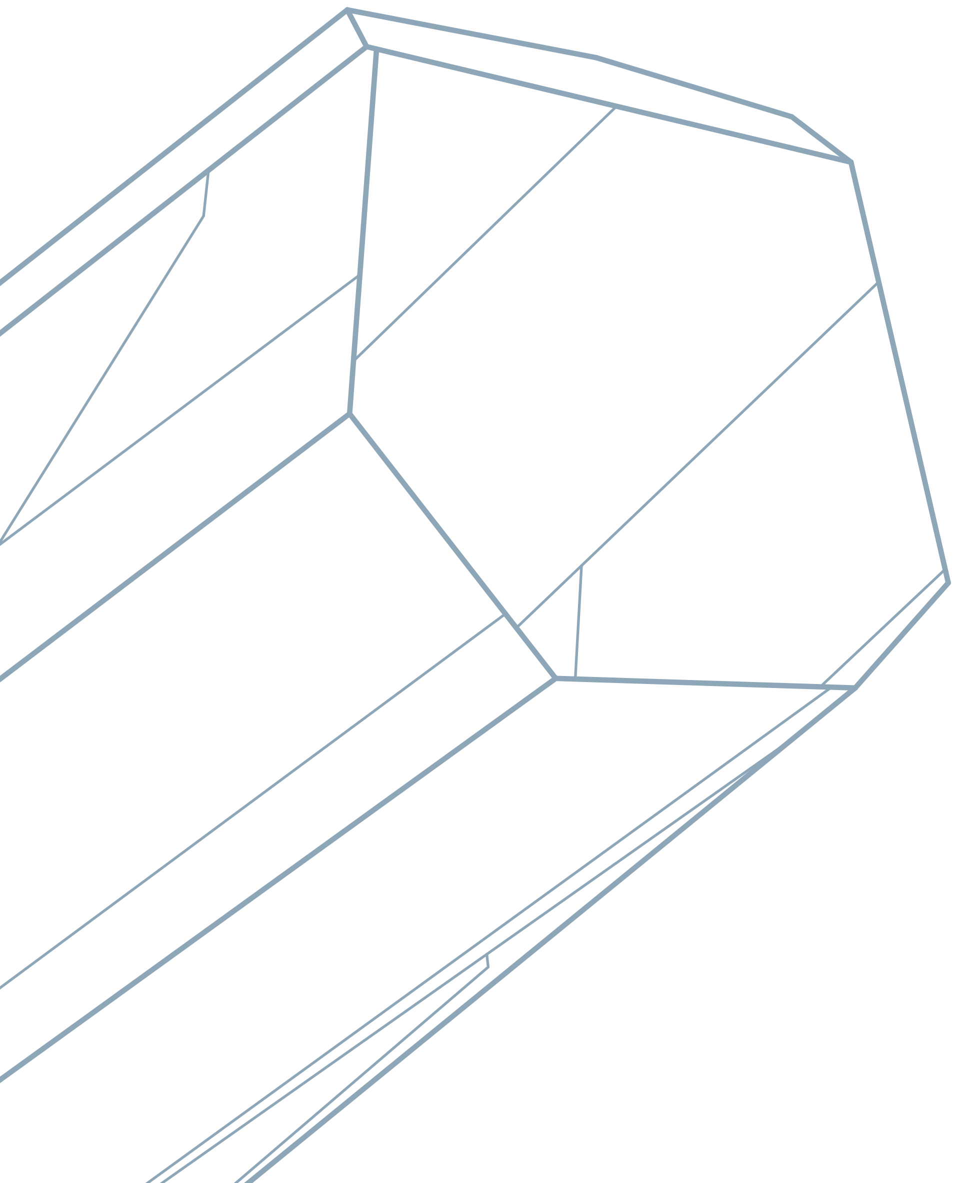
The structure above is listed by ownership of companies at the different levels within the Group.

1 The Group owns a 99.945% share in J&T Bank, a.o. through the subsidiary J&T BANKA, a.s. and another 0.055% share through J&T FINANCE GROUP SE.
2 The Group owns a 99% share in TERCES MANAGEMENT LIMITED through the subsidiary J&T BANKA, a.s. and another 1% share through the subsidiary J&T Finance, LLC.
3 The Group owns a 50% share in Interznanie OAO through the subsidiary TERCES MANAGEMENT LIMITED and another 50% share through the subsidiary J&T Bank, a.o.
4 The Group owns a 94.05% share in J&T VENTURES I otevřený podílový fond through the subsidiary J&T BANKA, a.s. and another 5.95% share through the subsidiary J&T IB and Capital Markets, a.s.
5 J&T Credit Participation, s.r.o. was renamed J&T Global Finance XIII., s.r.o. and sold from J&T FINANCE GROUP SE to J&T INTEGRIS GROUP LIMITED.
6 The Group owns a 48.35% share in J&T NOVA Hotels SICAV, a.s. through J&T BANKA, a.s. and another 50.85% share through the subsidiary 365.bank, a.s. (Poštová banka, a.s.).
7 The Group owns a 46.51% share in Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s. through J&T BANKA, a.s. and effectively another 52.66% share through the subsidiary 365.bank, a.s. (Poštová banka, a.s.).
8 In 2023, J&T RFI III., s.r.o. was renamed J&T Global Finance XV., s.r.o.



14.65
billion EUR

THE GROUP´S
ASSETS



REPORT ON RELATIONS

Report on relations between the controlling entity and the controlled entity, and between the controlled entity and other entities controlled by the same controlling entity for the 2022 reporting period of J&T FINANCE GROUP SE prepared in compliance with Section 82 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives.

This report has been prepared by the Board of Directors of J&T FINANCE GROUP SE, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Identification No.: 275 92 502, registered in the Commercial Register maintained by the Municipal Court in Prague, section H, File No. 1317 ("the Company"), based on data available. The period covered by the report: from 1 January 2022 to 31 December 2022 (the "2022 reporting period").

I.
Structure of relations between the controlling entity and the controlled entity, and between the controlled entity and entities controlled by the same controlling entity, the role of the Company in the structure, and manner and means of control.

1.1
The board of directors of the Company is aware that in the period from 1 January 2022 to 31 December 2022, the Company was directly controlled by the following entities:

Ivan Jakabovič,
residing at 32 rue COMTE FELIX GASTALDI, 98000 Monaco, Monaco, who, along with Jozef Tkáč (see below), controls J&T FINANCE GROUP SE (hereinafter "Ivan Jakabovič" or the "Controlling entity")

Jozef Tkáč,
residing at Júlová 10941/32, 831 01 Bratislava – Nové Mesto, Slovak Republic, who, along with Ivan Jakabovič (see above), controls J&T FINANCE GROUP SE
(hereinafter "Jozef Tkáč" or the "Controlling entity")

1.2
The Board of Directors of the Company is aware that during the reporting period 2022, the Company was part of the following structure: J&T FINANCE GROUP SE controls the following entities:

J&T AGRICULTURE SICAV a.s.
Identification No.: 178 56 400, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

J&T BANKA, a.s.
Identification No.: 471 15 378, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

In addition, this company controls:

- ALTERNATIVE UPRAVJANJE d.o.o.
  Identification No.: 30770704700, with its registered office at ALEJA KRALJA ZVONIMIRA 1, Varaždin, Republic of Croatia

- AMISTA investiční společnost, a.s.
  Identification No.: 274 37 558, with its registered office at Pobřežní 620/3, 186 00 Prague 8, Czech Republic
  J&T BANKA, a.s. has an 80% share in this company

- AMISTA consulting, s.r.o.
  Identification No.: 175 90 345, with its registered office at Pobřežní 620/3, 186 00 Prague 8, Czech Republic
  J&T BANKA, a.s. has an 80% share in this company

- ATLANTIK finanční trhy, a.s.
  Identification No.: 262 18 062, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

- Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.
  Identification No.: 034 51 488, with its registered office at Na příkopě 393/11, Staré Město, 110 00 Prague 1, Czech Republic J&T FINANCE GROUP SE holds 100% of founders' shares of the investment fund. The Company indirectly holds 46.51% of allotment certificates through J&T BANKA, a.s., and another 53.49% of allotment certificates through 365.bank, a.s.

  In addition, this company controls:

  - Devel Passage s. r. o.
    Identification No.: 43 853 765, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - FORESPO BDS a.s.
    Identification No.: 272 09 938, with its registered office at Janáčkovo nábřeží 478/39, Smíchov, 150 00 Prague 5, Czech Republic

  - FORESPO DUNAJ 6 a. s.
    Identification No.: 47 235 608, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - FORESPO HELIOS 1 a. s.
    Identification No.: 47 234 032, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - FORESPO HELIOS 2 a. s.
    Identification No.: 47 234 024, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - FORESPO HOREC A SASANKA a. s.
    Identification No.: 47 232 994, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - FORESPO PÁLENICA a. s.
    Identification No.: 47 232 978, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - FORESPO - RENTAL 1 a.s.
    Identification No.: 36 782 653, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - FORESPO - RENTAL 2 a. s.
    Identification No.: 36 781 487, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - FORESPO SOLISKO a. s.
    Identification No.: 47 232 935, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - INVEST-GROUND a. s.
    Identification No.: 36 858 137, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - OSTRAVICE HOTEL, a.s.
    Identification No.: 275 74 911, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic
    Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s., has 50% share in this company

  - RDF International, spol. s r.o.
    Identification No.: 31 375 898, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic

- J&T Bank, a.o.
  Identification No.: 1027739121651, with its registered office at Kadashevskaya Embankment 26, 115035, Moscow, Russian Federation
  J&T BANKA, a.s. has a 99.945% share in this company

  In addition, this company owns a share in:

  - Interznanie OAO
    Identification No.: 1037700110414, with its registered office at Kadashevskaya Embankment 26, 115035, Moscow, Russian Federation
    J&T BANKA, a.s. has a 50% share in this company

  - Leasing-Medicine Ltd
    Identification No.: 1027733018610, with its registered office at Office 6, Entrance 1, Bldg. 2, 10, Korovinskoe Shosse, Moscow, Russian Federation
    J&T BANKA, a.s. has a 100% share in this company

- J&T BANKA, a.s., Zweigniederlassung Deutschland
  Identification No.: HRB 128706, with its registered office at Franklinstraße 56, 60486, Frankfurt am Main, Germany

- J&T banka d.d.
  Identification No.: 0675539, with its registered office at Aleja kralja Zvonimira 1, 42000 Varaždin, Republic of Croatia

- J&T IB and Capital Markets, a.s.
  Identification No.: 247 66 259, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

  In addition, this company controls:

  - Fondee a.s.
    Identification No.: 066 91 862, with its registered office at Rumunská 22/28, Vinohrady, 120 00 Prague 2, Czech Republic
    J&T IB and Capital Markets, a.s. has a 11% share in this company

  - FVE Holding, s.r.o.
    Identification No.: 144 27 711, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

    In addition, this company controls:

    - FVE Čejkovice s.r.o.
      Identification No.: 289 13 698, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

    - FVE Napajedla s.r.o.
      Identification No.: 289 64 896, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

    - FVE Němčice s.r.o.
      Identification No.: 289 66 970, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

    - FVE Slušovice s.r.o.
      Identification No.: 289 64 837, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

    - J&T Recycle, s.r.o.
      Identification No.: 029 44 588, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

  - J&T SME Finance s.r.o.
    Identification No.: 107 30 834, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

  - XT-Card a.s.
    Identification No.: 274 08 256, with its registered office at Seifertova 327/85, 130 00 Prague 3, Czech Republic
    J&T IB and Capital Markets, a.s. has a 32% share in this company

- J&T INVESTIČNÍ SPOLEČNOST, a.s.
  Identification No.: 476 72 684, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

- J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.
  Identification No.: 538 59,222, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava – mestská časť Staré Mesto, Slovak Republic

- J&T ORBIT SICAV, a.s.
  Identification No.: 141 51 898, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

- J&T Leasingová společnost, a.s.
  Identification No.: 284 27 980, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

  In addition, this company controls:

  - Rentalit s.r.o.
    Identification No.: 088 06 594, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

- J&T NOVA Hotels SICAV, a.s.
  Identification No.: 096 41 173, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic,
  J&T FINANCE GROUP SE holds 100% of founders' shares of the investment fund. Through J&T BANKA, a.s., the Company indirectly holds 48.35% of units, and another 51.65% of units through 365.bank, a.s.

  In addition, this company controls:

  - BHP Tatry s. r. o.
    Identification No.: 45 948 879, with its registered office at Dvořákovo nábrežie 6, 811 02 Bratislava, Slovak Republic

  - DIAMOND HOTELS SLOVAKIA, s.r.o.
    Identification No.: 35 838 833, with its registered office at Hodžovo nám. 2, 816 25 Bratislava, Slovak Republic

- J&T RFI I., s.r.o.
  Identification No.: 171 64 028, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

- Rustonka Development II s.r.o.
  Identification No.: 055 85 571, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

- TERCES MANAGEMENT LIMITED
  Identification No.: HE 201003, with its registered office at Klimentos, 41-43, KLIMENTOS TOWER, 2nd floor, Flat/Office 23, P.C. 1061, Nicosia, Republic of Cyprus
  J&T BANKA, a.s. has a 99% share in this company

  In addition, this company controls:

  - Interznanie OAO
    Identification No.: 1037700110414, with its registered office at Kadashevskaya Embankment 26, 113035 Moscow, Russian Federation,
    TERCES MANAGEMENT LIMITED a.s. has a 50% share in this company

- J&T Bank, a.o.
  Identification No.: 1027739121651, with its registered office at Kadashevskaya Embankment 26, 115035, Moscow, Russian Federation
  J&T FINANCE GROUP SE has a 0.055% share in this company

  In addition, this company controls:

  - Interznanie OAO
    Identification No.: 1037700110414, with its registered office at Kadashevskaya Embankment 26, 115035, Moscow, Russian Federation
    J&T BANKA, a.s. has a 50% share in this company

  - Leasing-Medicine Ltd
    Identification No.: 1027733018610, with its registered office at Office 6, Entrance 1, Bldg. 2, 10, Korovinskoe Shosse, Moscow, Russian Federation
    J&T BANKA, a.s. has a 100% share in this company

- J&T Bank (Schweiz) AG in Liquidation (formerly J&T Bank Switzerland Ltd. in liquidation)
  Identification No.: CH02030069721, with its registered office at Talacker 50, 12th floor, P.C. 8001, Zurich, Swiss Confederation

- JTFG FUND I SICAV, a.s.
  Identification No.: 099 03 089, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic
  J&T FINANCE GROUP SE, a.s. has a 60.54% share in this company

- J&T Global Finance XV., s.r.o. (formerly J&T RFI III., s.r.o.)
  Identification No.: 175 91 287, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

- J&T Global Finance XIV., s.r.o.
  Identification No.: 54 627 753, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic

- J&T INTEGRIS GROUP LIMITED
  Identification No.: HE 207436, with its registered office at 11 Kyriakou Matsi, NIKIS CENTER, 3rd Floor, Office 301, P.C. 1082, Nicosia, Republic of Cyprus

  In addition, this company controls:

  - Bayshore Merchant Services Inc.
    Identification No.: 01005740, with its registered office at TMF Place, Road Town, Tortola, British Virgin Islands

    In addition, this company controls:

    - J&T Trust Inc.
      Identification No.: 00011908, with its registered office at Lauriston House, Lower Collymore Rock, St. Michael, Barbados

  - J&T Global Finance VIII., s.r.o. v likvidaci
    Identification No.: 060 62 831, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

  - J&T Global Finance IX., s.r.o.
    Identification No.: 51 836 301, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic

  - J&T Global Finance X., s.r.o.
    Identification No.: 074 02 520, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

- J&T Global Finance XI., s.r.o.
  Identification No.: 099 20 021, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

- J&T Global Finance XII., s.r.o.
  Identification No.: 53 546 229, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic

- J&T Global Finance XIII., s.r.o. (formerly J&T Credit Participation s.r.o.)
  Identification No.: 099 19 821, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

- J&T MINORITIES PORTFOLIO LIMITED
  Identification No.: HE 260754, with its registered office at 11 Kyriakou Matsi, NIKIS CENTER, 3rd Floor, Office 301, P.C. 1082, Nicosia, Republic of Cyprus

  In addition, this company controls:

  - Butcher313, s.r.o.
    Identification No.: 072 82 010, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic
    J&T MINORITIES PORTFOLIO LIMITED has a 30% share in this company

  - Colorizo Investment, a.s.
    Identification No.: 079 01 241, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic
    J&T MINORITIES PORTFOLIO LIMITED has a 52.63% share in this company

    In addition, this company controls:

    - CI Joint Venture s.r.o.
      Identification No.: 078 99 327, with its registered office at 28. října 3346/91, Moravská Ostrava, 702 00 Ostrava, Czech Republic
      Colorizo Investment, a.s. has a 50% share in this company

    - Industrial Center CR 11 s.r.o.
      Identification No.: 096 37 681, with its registered office at V celnici 1034/6, Nové Město, 110 00 Prague 1, Czech Republic
      Colorizo Investment, a.s. has a 75% share in this company

    - OAMP Distribution s.r.o.
      Identification No.: 093 81 333, with its registered office at 28. října 3346/91, Moravská Ostrava, 702 00 Ostrava, Czech Republic
      Colorizo Investment, a.s. has a 50% share in this company

    - OAMP Infrastructure s.r.o.
      Identification No.: 093 81 325, with its registered office at 28. října 3346/91, Moravská Ostrava, 702 00 Ostrava, Czech Republic
      Colorizo Investment, a.s. has a 50% share in this company

    - OAMP Holding s.r.o.
      Identification No.: 093 81 341, with its registered office at 28. října 3346/91, Moravská Ostrava, 702 00 Ostrava, Czech Republic
      Colorizo Investment, a.s. has a 50% share in this company

      In addition, this company controls:

      - OAMP Hall 5 s.r.o.
        Identification No.: 078 99 726, with its registered office at 28. října 3346/91, Moravská Ostrava, 702 00 Ostrava, Czech Republic

- OAMP Hall 6 s.r.o.
  Identification No.: 078 99 751, with its registered office at 28. října 3346/91, Moravská Ostrava, 702 00 Ostrava, Czech Republic

- Equity Holding, a.s.
  Identification No.: 100 05 005, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic
  J&T MINORITIES PORTFOLIO LIMITED has a 62.64% share in this company

- J&T FINANCE, LLC
  Identification No.: 1067746577326, with its registered office at Kadashevskaya Embankment, 26, Moscow, Russian Federation
  J&T MINORITIES PORTFOLIO LIMITED has a 99.9% share in this company

  In addition, this company controls:

  - J&T Real Estate Vostok, LLC
    Identification No.: 1077762703809, with its registered office at Kadashevskaya Nabereznaya 26, 115035 Moscow, Russian Federation

  - Hotel Kadashevskaya, LLC
    Identification No.: 1087746708642, with its registered office at Kadashevskaya Nabereznaya 26, 115035, Moscow, Russian Federation

  - TERCES MANAGEMENT LIMITED
    Identification No.: HE 201003, with its registered office at Klimentos, 41-43, KLIMENTOS TOWER, 2nd floor, Flat/Office 23, P.C. 1061, Nicosia, Republic of Cyprus
    J&T FINANCE, LLC a.s. has a 1% share in this company

    - Interznanie OAO
      Identification No.: 1037700110414, with its registered office at Kadashevskaya Embankment 26, 113035 Moscow, Russian Federation
      TERCES MANAGEMENT LIMITED a.s. has a 50% share in this company

- J&T Mezzanine, a.s.
  Identification No.: 066 05 991, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

  In addition, this company controls:

  - JTH Vision s. r. o.
    Identification No.: 059 41 750, with its registered office at Krupská 33/20, 415 01 Teplice, Czech Republic
    J&T Mezzanine, a.s. has a 50% share in this company

  - JTH Letňany s.r.o.
    Identification No.: 049 19 211, with its registered office at Krupská 33/20, 415 01 Teplice, Czech Republic
    J&T Mezzanine, a.s. has a 50% share in this company

  - URE HOLDING LIMITED
    Identification No.: HE 379721, with its registered office at 16 Iouniou 1943, 9 AREA B, Flat/Office 202, 3022, Limassol, Republic of Cyprus
    J&T Mezzanine, a.s. has a 45% share in this company

- J&T RFI IV., a.s.
  Identification No.: 178 43 791, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

- J&T RFI V., s.r.o.
  Identification No.: 172 59 380, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

- J&T SERVICES ČR, a.s.
  Identification No.: 281 68 305, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

  In addition, this company controls:

  - J&T SERVICES SR, s.r.o.
    Identification No.: 46 293 329, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic

- J&T Wine Holding SE
  Identification No.: 063 77 149, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

  In addition, this company controls:

  - KOLBY, a.s.
    Identification No.: 255 12 919, with its registered office at Česká č.ev. 51, 691 26 Pouzdřany, Czech Republic

  - OUTSIDER LIMITED
    Identification No.: HE 372202, with its registered office at Klimentos, 41-43, KLIMENTOS TOWER, 2nd floor, Flat/Office 21, P.C. 1061, Nicosia, Republic of Cyprus

  - SOCIETE CIVILE D'EXPLOITATION AGRICOLE DU CHATEAU TEYSSIER
    Identification No.: 316 809 391, with its registered office at Château Teyssier, Vignonet, 33330, Saint Emilion, France
    OUTSIDER LIMITED has an 80% share in this company

    In addition, this company controls:

    - JCP MALTUS DOMAINES & CHATEAUX (CT Domaines SARL)
      Identification No.: 507 402 386, with its registered office at Château Teyssier, Vignonet, 33330, Saint Emilion, France

  - Reisten, s.r.o.
    Identification No.: 255 33 924, with its registered office at Zahradní 288, 692 01 Pavlov, Czech Republic

  - SAXONWOLD LIMITED
    Identification No.: 508611, with its registered office at 2 Aurburn Villas Carrickbrennan Road Monkstown Co. Dublin, A94HX03, Ireland
    J&T Wine Holding SE has a 80% share in this company

    In addition, this company controls:

    - WORLD´S END LLC
      Identification No.: 200807010154, with its registered office at 5 Financial Plaza, 116, Cnr Trancas & Big Ranch Road, Nap, California, 94558, United States of America

  - Wine Resort Pouzdřany, s.r.o.
    Identification No.: 099 88 891, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic

- 365.Bank, a.s. (Poštová banka, a.s.)
  Identification No.: 31 340 890, with its registered office at Dvořákovo nábrežie 4, 811 02 Bratislava, Slovak Republic
  J&T FINANCE GROUP SE has a 98.46% share in this company

  In addition, this company controls:

  - Ahoj, a.s. (Amico Finance, a.s.)
    Identification No.: 48 113 671, with its registered office at Dvořákovo nábrežie 4, 811 02 Bratislava, Slovak Republic

  - ART FOND – Stredoeurópsky fond súčasného umenia, a.s.
    Identification No.: 47,979 160, with its registered office at Dvořákovo nábrežie 4, 811 02 Bratislava – mestská časť Staré Mesto, Slovak Republic

  - Cards&Co, a. s.
    Identification No.: 51,960 761, with its registered office at Dvořákovo nábrežie 4, 811 02 Bratislava – mestská časť Staré Mesto, Slovak Republic

    In addition, this company controls:

    - DanubePay, a.s.
      Identification No.: 46 775 111, with its registered office at Miletičova 21, 821 08 Bratislava, Slovak Republic

  - Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.
    Identification No.: 034 51 488, with its registered office at Na příkopě 393/11, Staré Město, 110 00 Prague 1, Czech Republic
    J&T FINANCE GROUP SE holds 100% of founders' shares of the investment fund. Through J&T BANKA, a.s., the Company indirectly holds 46.51% of units, and another 53.49% of units through 365.bank, a.s.

    In addition, this company controls:

    - Devel Passage s. r. o.
      Identification No.: 43 853 765, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

    - FORESPO BDS a.s.
      Identification No.: 272 09 938, with its registered office at Janáčkovo nábřeží 478/39, Smíchov, 150 00 Prague 5, Czech Republic

    - FORESPO DUNAJ 6 a. s.
      Identification No.: 47 235 608, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

    - FORESPO HELIOS 1 a. s.
      Identification No.: 47 234 032, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

    - FORESPO HELIOS 2 a. s.
      Identification No.: 47 234 024, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

    - FORESPO HOREC A SASANKA a. s.
      Identification No.: 47 232 994, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

    - FORESPO PÁLENICA a. s.
      Identification No.: 47 232 978, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - FORESPO - RENTAL 1 a.s.
    Identification No.: 36 782 653, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - FORESPO - RENTAL 2 a. s.
    Identification No.: 36 781 487, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - FORESPO SOLISKO a. s.
    Identification No.: 47 232 935, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - INVEST-GROUND a. s.
    Identification No.: 36 858 137, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

  - OSTRAVICE HOTEL, a.s.
    Identification No.: 275 74 911, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic
    Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s., has 50% share in this company

  - RDF International, spol. s.r.o.
    Identification No.: 31 375 898, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic

- J&T NOVA Hotels SICAV, a.s.
  Identification No.: 096 41 173, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic,
  J&T FINANCE GROUP SE holds 100% of founders' shares of the investment fund. Through J&T BANKA, a.s., the Company indirectly holds 48.35% of units, and another 51.65% of units through 365.bank, a.s.

  In addition, this company controls:

  - BHP Tatry s. r. o.
    Identification No.: 45 948 879, with its registered office at Dvořákovo nábrežie 6, 811 02 Bratislava, Slovak Republic

  - DIAMOND HOTELS SLOVAKIA, s.r.o.
    Identification No.: 35 838 833, with its registered office at Hodžovo nám. 2, 816 25 Bratislava, Slovak Republic

- PB Finančné služby, a. s.
  Identification No.: 35 817 453, with its registered office at Hattalova 12, 831 03 Bratislava, Slovak Republic

- PB Servis, a. s.
  Identification No.: 47 234 571, with its registered office at Karloveská 34, 841 04 Bratislava, Slovak Republic

- 365.invest, správ. spol., a. s. (PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a. s.)
  Identification No.: 31 621 317, with its registered office at Dvořákovo nábrežie 4, 811 02 Bratislava, Slovak Republic

- SKPAY, a. s. (SPPS, a. s.)
  Identification No.: 46 552 723, with its registered office at Nám. SNP 35, 811 01 Bratislava, Slovak Republic
  365.bank, a.s. has a 40% share in this company

- 365.fintech, a.s.
  Identification No.: 51 301 547, with its registered office at Dvořákovo nábrežie 4, 811 02 Bratislava – mestská časť Staré Mesto, Slovak Republic

1.3

The Board of Directors of the Company is aware that during the 2022 reporting period, the Company was controlled by the same entities as the following other controlled entities, which, however, were no longer related parties as at 31 December 2022:

- 365.life, d. s. s., a. s. (Dôchodková správcovská spoločnosť Poštovej banky, d.s.s., a. s.)
  Identification No.: 35 904 305, with its registered office at Dvořákovo nábrežie 4, 811 02 Bratislava, Slovak Republic
  (until 28 December 2022)

- J&T LOAN FUND, podfond J&T AIF Fund SICAV PLC
  Identification No.: SV 472, with its registered office at TG Complex, Suite 2, Level 3, Brewery Street, Imriehel, BKR 3000, Republic of Malta. The Company holds 49.99% of investment shares through J&T BANKA, a.s. and another 50.01% of investment shares through 365.bank, a.s., and at the same time it has an option to acquire founders' shares from Mr. Roman Hajda.
  (until 03 November 2022)

- J&T REALITY otevřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a.s.
  Identification No.: 715 07 949, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic. The Company holds 53.08% of units through J&T BANKA, a.s., and another 36.36 % of units through 365.bank, a.s.
  (until 27 December 2022)

- Narcissus s.r.o.
  Identification No.: 078 47 653, with its registered office at Na Hřebenech II 1718/8, Nusle, 140 00 Prague 4, Czech Republic
  (until 11 November 2022)

- SPERIDA, a.s. v likvidácii
  Identification No.: 52 424 693, with its registered office at Dúbravská cesta 14, 841 04 Bratislava – Karlova Ves, Slovak Republic
  (until 09 December 2022)

1.4
The role of the Company

The Company acts as a holding company with shares in other legal entities.

1.5
Manner and Means of Control

The controlling entities control the Company by holding Company's shares of 90.1% of the voting rights. Thus, the exercise of the voting rights is the principal means of control. In the reporting period from 1 January 2022 to 31 December 2022, no particular contracts existed between the controlling entities and the Company in respect of manner and means of control.

II.
Overview of acts made in the past reporting period at the instigation or in the interest of the Controlling Entity or entities controlled by the Controlling Entity where such acts concerned assets with a value exceeding 10% of the Controlled Entity's equity identified from the last financial statements for the reporting period directly preceding the reporting period for which this Report on Relations has been prepared.

In the last reporting period, the Company performed no acts at the instigation or in the interest of the Controlling Entity or the entities controlled by the Controlling Entity in respect of assets the value of which exceeds 10% of Company's equity identified from the last financial statements for the reporting period directly preceding the reporting period for which this Report on Relations has been prepared.

III.
Overview of contracts between the Controlled Entity and the Controlling Entity or between controlled entities.
In the 2022 reporting period, the following contracts were entered into between the Company and the controlling entity or between the entities controlled by the same controlling entities:

Contracts between the Company and Jozef Tkáč:
- Performance contract
  Scope: Chairman of the Board of Directors

Contracts between the Company and Ivan Jakabovič:
- Performance contract
  Scope: Vice-chairman of the Board of Directors

Contracts between the Company and Equity Holding, a.s.
- Loan agreement
  Scope: providing funds to the Company

Contracts between the Company and J&T BANKA, a.s.:
- Guarantee agreement
  Scope: guarantees performance for selected clients of the bank
- Contract on the lease of movable property and financial settlement
  Scope: inventory lease in the building at Dvořákovo nábrežie 8, Bratislava
- Contract on cooperation in the provision of J & T Family and Friends banking services and participation in the Magnus loyalty programme
  Scope: provision of J & T Family and Friends and Magnus loyalty system programme
- Contract on financial settlement
  Scope: settlement of receivables and liabilities resulting from value added tax as they are members of one VAT group
- Contract on mediation
  Scope: concluding contracts with potential clients
- Agreement on cost distribution
  Scope: distribution of cost of consolidation package audit
- Services agreement
  Scope: provision of services related to debt securities
- Framework agreement on trading on the financial market
  Scope: negotiation of currency derivative transactions
- Agreement on deposit of securities
  Scope: ensuring deposit of securities
- Services agreement
  Scope: maintenance of current account in accordance with bank's Terms and Conditions
- Services agreement
  Scope: issue of debit cards in accordance with bank's Terms and Conditions
- Contract on the lease of a safe deposit boxes
  Scope: lease of a safe deposit box in accordance with bank's Terms and Conditions
- Services agreement
  Scope: fixed term transactions with currency instruments in accordance with bank's Terms and Conditions
- Contract on the provision of Internet banking services
  Scope: provision of Internet banking services
- Contract with the administrator and Special arrangement to the contract with the administrator
  Scope: the perpetuity issue
- Overdraft contract
  Scope: providing funds to the Company

- Contract on the provision of services (outsourcing)
  Scope: provision of services related to controlling function (internal audit and compliance)
- Contract on the provision of services (outsourcing)
  Scope: provision of services related to risk management
- Contract on the provision of services (outsourcing)
  Scope: provision of services related to analytical functions
- Contract of guarantee for the loan contract
  Scope: provision of guarantee
- Master funded participation agreement
  Scope: participation in loans
- Contract on cooperation in providing employee benefit services
  Scope: provision of reimbursement of costs for services for employees
- Share transfer agreement
  Scope: transfer of share in the company J&T RFI I., s.r.o.
- Agreement on the subordination of receivables
  Scope: subordination of receivables towards J&T BANKA, a.s.
- Agreement on the provision of additional payment outside the registered capital
  Scope: provision of additional payment outside the registered capital to J&T BANKA, a.s.

Contracts between the Company and J&T BANKA, a.s., acting through J&T BANKA, a.s., pobočka zahraničnej banky:
- Framework agreement / consignment agreement on arranging a purchase or sale of securities
  Scope: provision of services related to securities
- Contract on the provision of banking services
  Scope: provision of banking services
- Framework agreement on the provision of services for legal entities
  Scope: provision of banking and investment services

Contracts between the Company and J&T FINANCE LLC:
- Loan agreement
  Scope: providing funds to a related entity

Contracts between the Company and J&T Global Finance VIII, s.r.o.:
- Loan agreement
  Scope: providing funds to the Company
- Guarantee agreement
  Scope: provision of guarantee to a related entity

Contracts between the Company and J&T Global Finance IX, s.r.o.:
- Loan agreement
  Scope: providing funds to the Company
- Guarantee agreement
  Scope: provision of guarantee to a related entity

Contracts between the Company and J&T Global Finance X., s.r.o.:
- Loan agreement
  Scope: providing funds to the Company
- Guarantee agreement
  Scope: provision of guarantee to a related entity

Contracts between the Company and J&T Global Finance XI, s.r.o.:
- Loan agreement
  Scope: providing funds to the Company
- Guarantee agreement
  Scope: provision of guarantee to a related entity

Contracts between the Company and J&T Global Finance XII, s.r.o.:
- Loan agreement
  Scope: providing funds to the Company
- Guarantee agreement
  Scope: provision of guarantee to a related entity

Contracts between the Company and J&T Global Finance XIII, s.r.o.:
- Loan agreement
  Scope: providing funds to the Company
- Guarantee agreement
  Scope: provision of guarantee to a related entity

Contracts between the Company and J&T Global Finance XIV, s.r.o.:
- Loan agreement
  Scope: providing funds to the Company
- Guarantee agreement
  Scope: provision of guarantee to a related entity

Contracts between the Company and J&T INTEGRIS GROUP LIMITED:
- Novation agreement and loan agreement
  Scope: providing funds to the Company

Contracts between the Company and J&T Mezzanine, a.s.:
- Agreement on the provision of additional payment outside the registered capital
  Scope: provision of additional payment outside the registered capital
- Loan agreement no. 01/JTFG SE/2017
  Scope: providing funds to the Company
- Loan agreement no. 02/JTFG SE/2018
  Scope: providing funds to the Company
- Loan agreement no. 05/JTFG SE/2018
  Scope: providing funds to the Company
- Loan agreement no. 07/JTFG SE/2018
  Scope: providing funds to the Company
- Loan agreement no. 09/JTFG SE/2019
  Scope: providing funds to the Company
- Loan agreement no. 10/JTFG SE/2020
  Scope: providing funds to the Company
- Loan agreement no. 11/JTFG SE/2020
  Scope: providing funds to the Company
- Loan agreement no. 12/JTFG SE/2021
  Scope: providing funds to the Company
- Loan agreement no. 16/JTFG SE/2021
  Scope: providing funds to the Company
- Loan agreement no. 17/JTFG SE/2022
  Scope: providing funds to the Company

- Loan agreement no. 18/JTFG SE/2022
  Scope: providing funds to the Company
- Loan agreement no. 19/JTFG SE/2022
  Scope: providing funds to the Company
- Loan agreement no. 20/JTFG SE/2022
  Scope: providing funds to the Company
- Loan agreement no. 21/JTFG SE/2022
  Scope: providing funds to the Company
- Loan agreement no. 22/JTFG SE/2022
  Scope: providing funds to the Company
- Loan agreement no. 23/JTFG SE/2022
  Scope: providing funds to the Company

Contracts between the Company and J&T MINORITIES PORTFOLIO LIMITED:
- Loan agreement
  Scope: providing funds to a related entity

Contracts between the Company and J&T SERVICES ČR, a.s.:
- Contract of mandate on the provision of expert tax assistance and advisory
  Scope: tax advisory services
- Personal data processing agreement
  Scope: personal data processing in HR and payroll
- Contract for the provision of professional assistance
  Scope: personnel and payroll administration
- Contract on the provision of services (outsourcing)
  Scope: preparation of consolidated financial statements under IFRS for selected consolidated entities
- Contract on the provision of services – OLAS
  Scope: provision of logistics services
- Contract for the sublease of non-residential premises
  Scope: lease of non-residential premises
- Services agreement
  Scope: provision of services – KIS application
- Contract for the provision of professional assistance
  Scope: bookkeeping
- Contract on the provision of administration assistance
  Scope: administration
- Contract on the lease of movable assets
  Scope: lease of movable assets
- Contract on the lease of motor vehicle
  Scope: lease of a vehicle
- Contract on the provision of services Legal Managements
  Scope: Legal Management services
- Contract on the lease of motor vehicle
  Scope: lease of a vehicle
- Personal data processing agreement
  Scope: processing of personal data according to GDPR

Contracts between the Company and J&T SERVICES SR, s.r.o.:
- Services agreement
  Scope: provision of all services necessary for the operation of the company

Contracts between the Company and J&T Wine Holding SE:

- Agreement on the provision of additional payment outside the registered capital
  Scope: provision of additional payment outside the registered capital
- Loan agreement no. 01/JTWH/2020
  Scope: providing funds to the Company
- Loan agreement no. 02/JTWH/2020
  Scope: providing funds to the Company
- Loan agreement no. 03/JTWH/2022
  Scope: providing funds to the Company

Contracts between the Company and 365.bank, a.s.

- Overdraft contract
  Scope: providing funds to the Company

IV.
Assessment of advantages and disadvantages arising from relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and entities controlled by the same Controlling Entity including a statement on whether advantages or disadvantages prevail and what are the risks arising from this fact for the Controlled Entity. Assessment of whether the controlled entity incurred a loss and judgement of its settlement under Sections 71 and 72 of the Act on Business Corporations.

Having reviewed the relations between the Company and the Controlling Entity and the entities controlled by the same Controlling Entity, the Board of Directors declares that the Company did not gain any advantages or suffer any disadvantages arising on the relations between the Company and the controlling entity and/or entities controlled by the same controlling entity. The Company incurred no loss that would require to be settled in accordance with Sections 71 and 72 of the Act on Business Corporations.

V.
The Board of Directors declares that it has collated and reviewed the information for the purpose of this report on relations with due diligence. The conclusions made were drawn upon a thorough review of collated available information, and the Board of Directors considers all information disclosed in this report on relations as true and complete.

Prague, on 31 March 2023

Štěpán Ašer, MBA
Member of the Board of Directors
J&T FINANCE GROUP SE

Ing. Igor Kováč
Member of the Board of Directors
J&T FINANCE GROUP SE

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