2023

CONSOLIDATED
ANNUAL FINANCIAL REPORT

J&T BANKA

This version of the Annual Report is a translation from the original which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of the Annual Report takes precedence over this translation. This version of the Annual financial report is non-ESEF compliant and constitutes non-official version of the official Annual Report published in accordance with ESEF regulation in XHTML. 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 Report in line with ESEF regulation can be accessed at: https://www.jtbank.cz/informacni-povinnost/#vyrocni_zpravy

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Dear clients, business partners and friends,

We look back with pride and gratitude on the past year, in which J&T BANKA achieved historic successes and set new milestones in its development. We are most proud of our record profit of CZK 5.4 billion, the highest consolidated profit in our history. This success is due not only to the favourable macroeconomic environment of high interest rates, but also to our strong commitment to growth in the key areas of our business.

Client assets within the consolidated whole exceed CZK 585 billion, with more than half of these assets being investment instruments. The fastest growing category of client assets was funds, driven mainly by the J&T ARCH INVESTMENTS fund. Overall, the assets invested in the funds grew by almost half year-on-year. The growth in assets was positively reflected in the increase in net fee income, which rose by 21% to CZK 2.3 billion.

In 2023, we reached several key milestones. We completed our exit from the Russian market, where we sold our subsidiary bank in the country. We have successfully opened a branch in Germany, which has already attracted deposits of almost CZK 20 billion in its first year of operation. Last but not least, we issued our first international Eurobond issue in cooperation with JP Morgan, Société Générale and Raiffeisenbank International, thus taking an important first step towards further successful issues in the future.

I would like to take this opportunity to sincerely thank all our clients, employees and business partners for their trust and cooperation over the past year. Your support and loyalty constitute the foundation of our success and motivation for further development. I look forward to continuing our journey together in the years to come and to achieving new successes.

Prague, 28 March 2024

Štěpán Ašer, MBA
CEO of J&T BANKA, a.s..

BASIC INFORMATION ABOUT J&T BANKA, A.S. AND THE CONSOLIDATION UNIT OF J&T BANKA, A.S.

J&T BANKA, a.s. with its registered office at Prague 8, Sokolovská 700/113a, Postal Code 186 00, Czech Republic, Company ID No: 47115378, was registered as a joint stock company in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 1731 (hereinafter referred to as "the Bank") on 13 October 1992.

The Bank obtained a securities dealer licence on 25 April 2003 and its banking licence was extended to this activity on 22 December 2003.

The Bank focuses on private, investment, corporate and retail banking.

The Bank is subject to the rules and requirements of the Czech National Bank ("CNB"). These rules and requirements relate in particular to limits and restrictions on capital adequacy, categorisation of loans and off-balance sheet commitments, large exposures, liquidity, the Bank's foreign exchange position and others.

The bank (including its branch in the Slovak Republic and Germany) had an average of 698 employees in 2023 (2022: 644). The bank operates in the Czech Republic, the Slovak Republic and Germany.

The Slovak branch of the Bank was established on 23 November 2005 and was registered in the Commercial Register of the District Court for Bratislava I, Section Po, Insert 1320/B as the organisational unit "J&T BANKA, a.s., branch of a foreign bank" with its registered office in Bratislava, 811 02, Dvořákovo nábrežie 8, identification number 35 964 693.

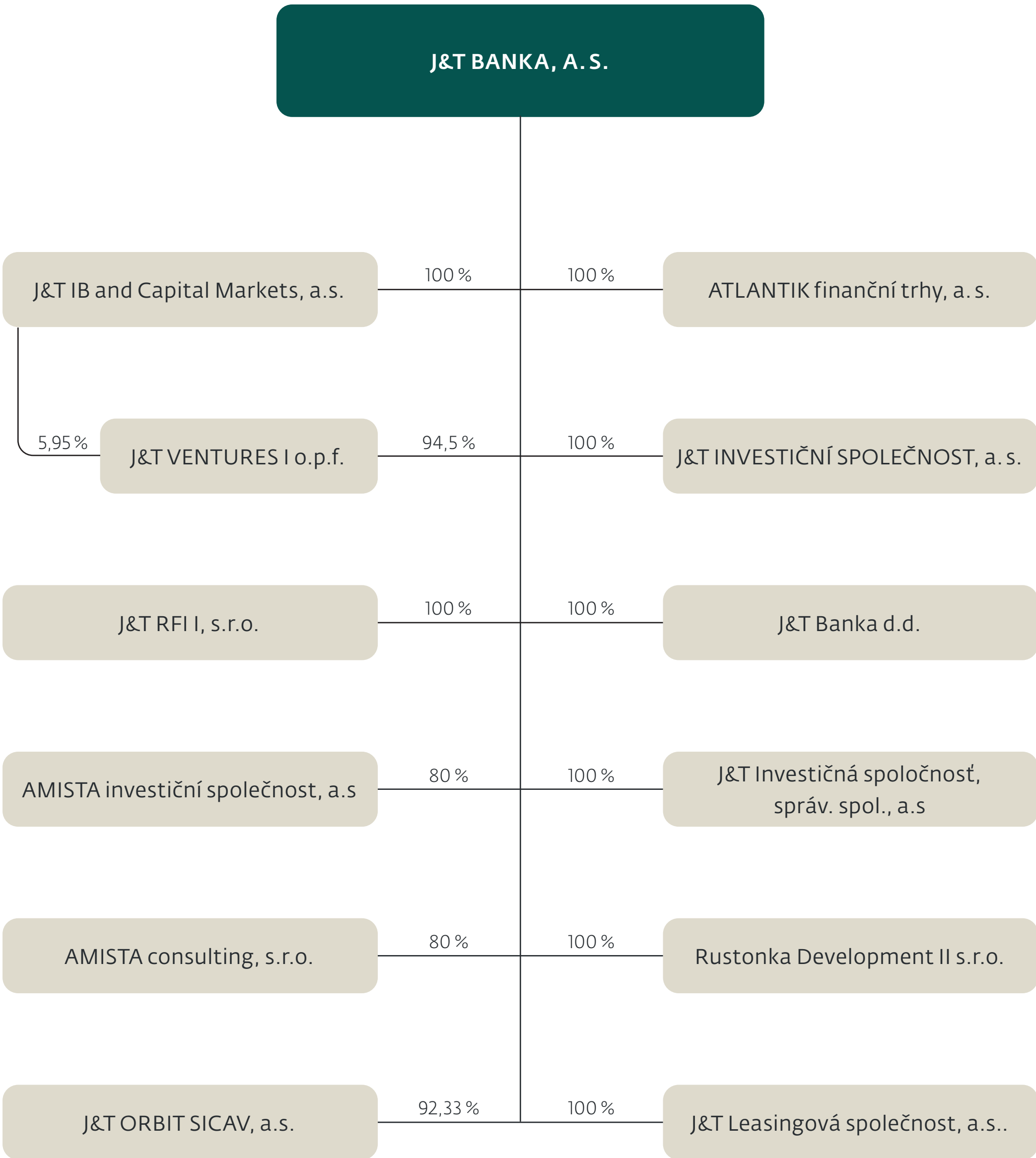
The German branch of the Bank was established on 21 September 2022 and was entered in the Commercial Register of the Frankfurt District Court as the organisational unit "J&T BANKA, a.s. Zweigniederlassung Deutschland', Franklinstraße 56, 60486 Frankfurt am Main, with identification number HRB 128706.

The Bank's share capital of CZK 10,638 million is fully paid up and consists of 10,637,126 ordinary shares with a nominal value of CZK 1,000 per share and 700,000 ordinary shares with a nominal value of CZK 1.43 per share. The Bank's shares are book-entry securities in registered form and are freely transferable.

The ultimate parent company of the Bank is J&T FINANCE GROUP SE ("JTFG"), which is owned by Jozef Tkáč (45.05%), Ivan Jakabovič (35.15%), Rainbow Wisdom Investments Limited (9.90%), Štepán Ašer (4.95%) and Igor Kováč (4.95%).

In January 2023, Moody's assigned the Bank a Baa2 investment rating with a stable outlook.

As of 31 December 2023, the consolidation unit of the Bank's group (the "Group") comprised the following companies:



SELECTED FINANCIAL INDICATORS

SELECTED FINANCIAL INDICATORS – THE GROUP

in millions of CZK	2023	2022	2021	2020	2019	2018
Annual figures						
Profit before tax	7,037	4,759	3,303	2,002	3,978	2,538
Tax	(1,645)	(1,379)	(499)	(336)	(822)	(462)
Share of profit in associates and joint ventures	(1)	142	543	169	(1)	-
Profit from continuing operations	5,392	3,380	2,804	1,666	3,156	2,076
Profit for the accounting period	5,392	3,380	2,804	1,666	3,156	2,076
Year-end position						
Equity	40,957	35,856	26,223	22,537	21,514	19,230
Bank deposits and loans	9,191	10,530	5,272	2,437	4,838	2,250
Client deposits	217,837	164,022	154,330	138,620	114,551	118,999
Receivables from banks	198	417	1,058	446	289	877
Loans and other receivables from clients	101,456	106,149	93,154	98,795	68,320	71,528
Assets	293,084	227,253	203,251	175,037	151,722	150,104
Ratio indicators						
Return on equity	14.04%	10.89%	11.50%	7.56%	15.49%	10.73%
Return on assets	2.07%	1.57%	1.48%	1.02%	2.09%	1.42%
Capital adequacy	24.91%	19.37%	16.21%	14.96%	16.48%	15.31%
Cost to income ratio	38.17%	32.60%	47.57%	48.79%	47.07%	45.16%
Average number of employees	968	940	875	816	813	719
Assets per employee	303	242	232	215	187	209
Administrative costs per employee	(4)	(4)	(3)	(3)	(3)	(4)
Profit after tax per employee	6	4	3	2	4	3

SELECTED FINANCIAL INDICATORS – THE BANK

in millions of CZK	2023	2022	2021	2020	2019	2018
Annual figures						
Profit before tax	7,829	5,347	1,879	1,349	3,619	1,919
Tax	(1,508)	(1,227)	(420)	(292)	(740)	(385)
Profit for the accounting period	6,321	4,120	1,459	1,057	2,879	1,534
Year-end position						
Equity	39,690	35,054	23,477	20,888	19,991	18,606
Bank deposits and loans	8,256	8,520	4,298	1,405	4,492	3,048
Client deposits	216,733	159,575	149,306	132,428	107,549	112,936
Receivables from banks	271	487	1,321	567	545	776
Loans and other receivables from clients	100,270	103,644	88,265	93,381	62,959	66,966
Assets	289,436	220,172	194,134	166,236	141,889	143,766
Ratio indicators						
Return on equity	16.91%	14.08%	6.58%	5.17%	14.92%	8.16%
Return on assets	2.48%	1.99%	0.81%	0.69%	2.02%	1.10%
Capital adequacy	24.84%	20.36%	17.65%	16.73%	18.28%	17.26%
Cost to income ratio	27.02%	28.30%	45.46%	47.14%	42.90%	42.21%
Average number of employees	698	644	581	553	529	485
Assets per employee	415	342	334	301	268	296
Administrative costs per employee	(4)	(4)	(4)	(4)	(4)	(4)
Profit after tax per employee	9	6	3	2	5	3

DEFINITION OF ALTERNATIVE PERFORMANCE INDICATORS USED

In accordance with the European Securities and Markets Authority's General Guidelines (ESMA/2015/1415) Alternative Performance Indicators and to maintain transparency, the following performance indicators used in the Consolidated Annual Financial Report are presented in this subchapter.

Loan-to-Deposit Ratio (LTD ratio)
The indicator is primarily used to manage the Bank's liquidity. It is calculated as the ratio of 'Loans and other receivables from customers' to the end of the period and 'Deposits from customers' to the end of the period.

Return on Average Equity (ROAE)
The indicator represents the efficiency of equity capital utilisation and its resulting value expresses the ratio of net profit per one crown of equity capital. It is calculated as the ratio of the "profit for the accounting period" to the average "equity capital" for the current period calculated as the arithmetic average of the "equity capital" to the end of the current and previous period.

Return on Average Assets (ROAA)
The indicator reflects the level of efficient use of the Bank's assets. It is calculated as the ratio of the "Profit for the accounting period" to the average "Assets" for the current period calculated as the arithmetic average of the "Assets" as of the end of the current and previous period.

Cost-to-Income Ratio
The indicator provides investors with an insight into how efficiently management runs the Bank and its value expresses how much cost it takes to generate one unit of revenue. It is calculated as the ratio of "operating expenses" to "operating income".

The alternative performance indicators should only serve as complementary tools for assessing performance and for possible comparison with other banks in the market. The Bank publishes them as it considers them to be important indicators of its overall economic condition and its evolution over time.

REPORT OF THE BOARD OF DIRECTORS

BANK MANAGEMENT

Ing. Patrik Tkáč
Chairman of the Board

Štěpán Ašer, MBA
Member of the Board of Directors

Ing. Igor Kováč
Member of the Board of Directors

Ing. Tomáš Klimíček
Member of the Board of Directors

Ing. Anna Macaláková
Member of the Board of Directors

Ing. Jan Kotek
Member of the Board of Directors

BOARD OF DIRECTORS

Ing. Patrik Tkáč
Chairman of the Board

Štěpán Ašer, MBA
Member of the Board of Directors

Ing. Igor Kováč
Member of the Board of Directors

Ing. Tomáš Klimíček
Member of the Board of Directors (until 4.3.2024)

Ing. Anna Macaláková
Member of the Board of Directors

Ing. Jan Kotek
Member of the Board of Directors

AUTHORISED SIGNATORY

Ing. Alena Tkáčová

Ing. Mária Kešnerová
(until 21.2.2024)

Mgr. Miloslav Mastný
(until 31.5.2023)

Mgr. Michal Kubeš
(from 1.6.2023)

SUPERVISORY BOARD

Ing. Jozef Tkáč
Chairman of the Supervisory Board

Ing. Ivan Jakabovič
Vice-Chairman of the Supervisory Board

Ing. Dušan Palcr
Member of the Supervisory Board

Mgr. Jozef Šepetka
Member of the Supervisory Board

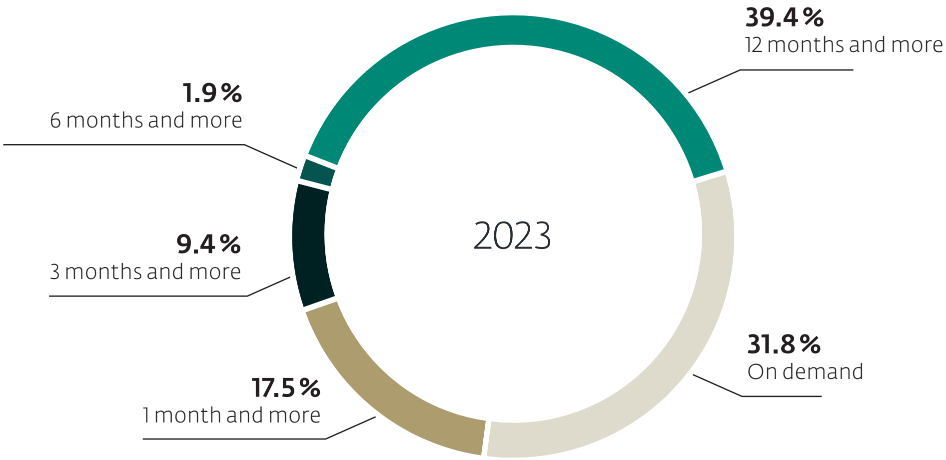
Jitka Šustová
Member of the Supervisory Board

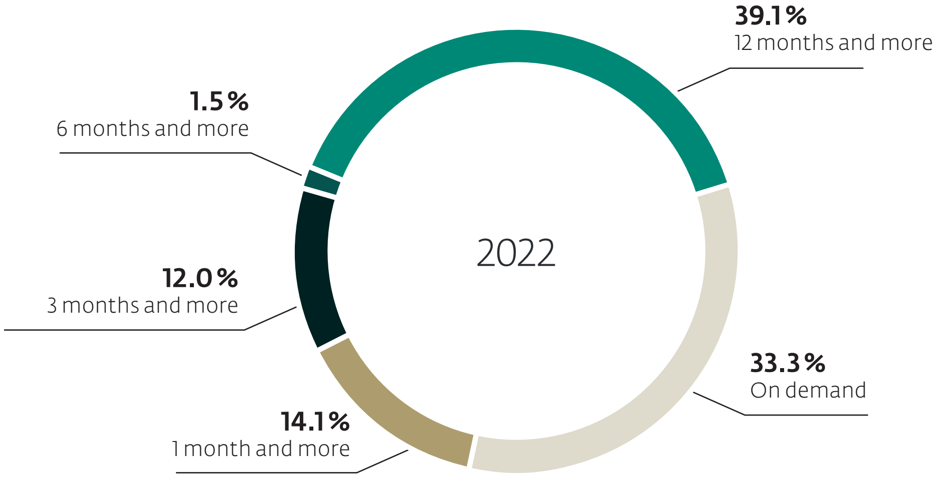
JUDr. Jaroslava Sragner
Member of the Supervisory Board

Further information on the composition and decision-making procedures of the Board of Directors and the Supervisory Board is provided in the chapter Bodies of the Bank.

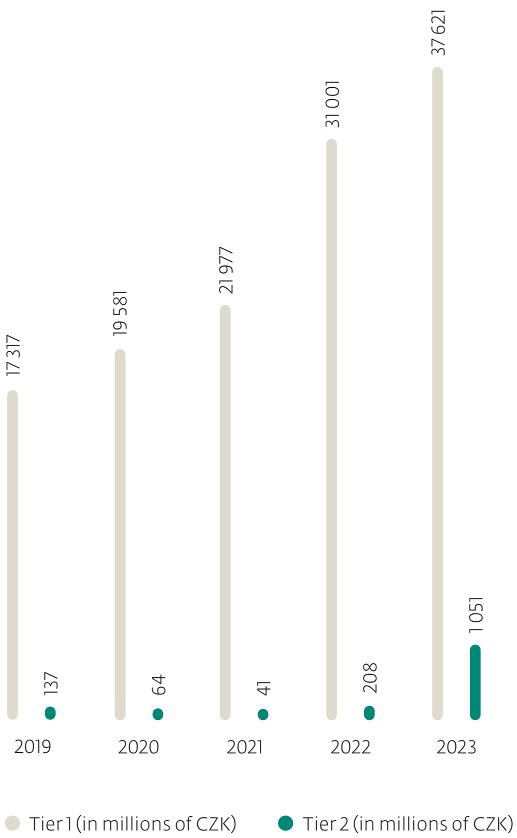
GRAPHS

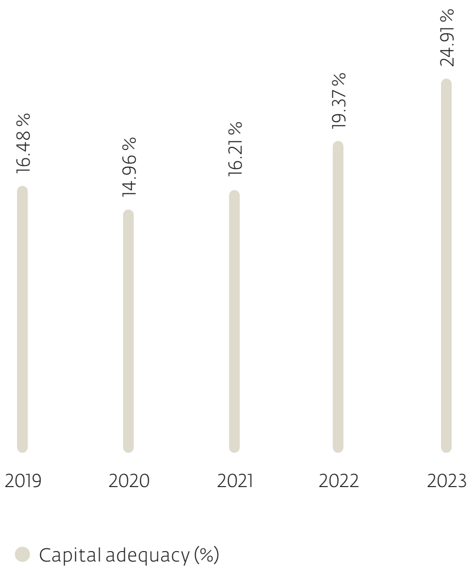
STRUCTURE OF DEPOSITS



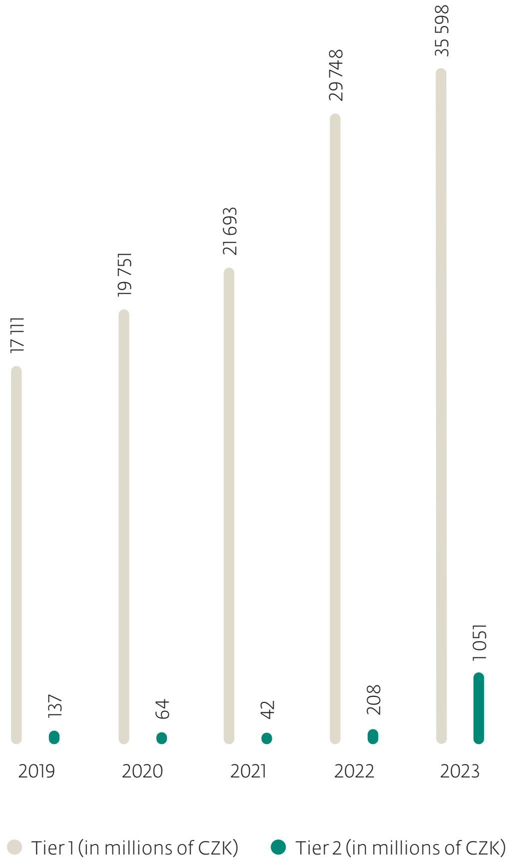


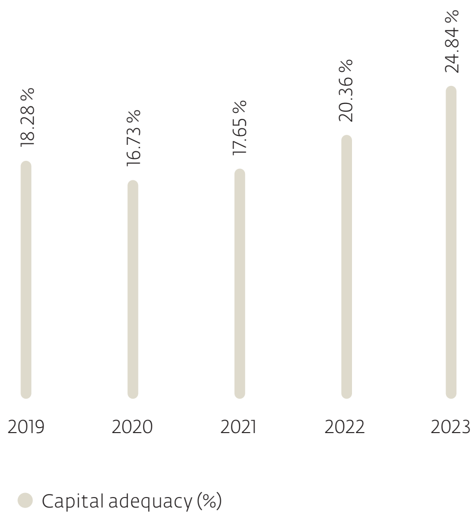
CAPITAL AND CAPITAL ADEQUACY
THE GROUP



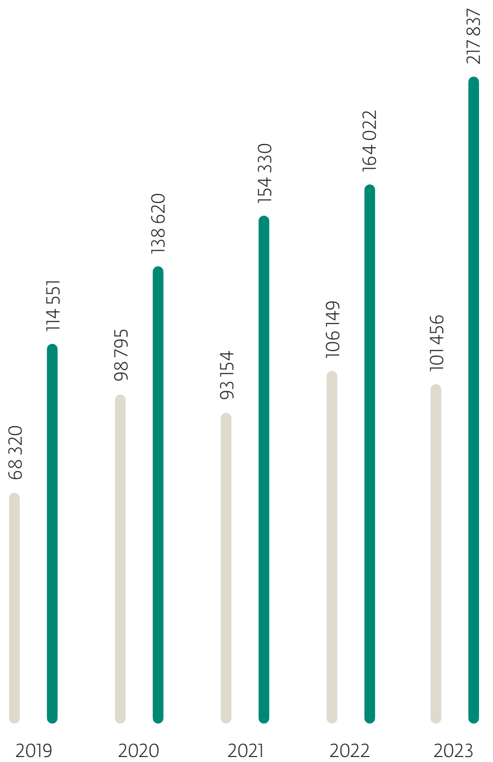


CAPITAL AND CAPITAL ADEQUACY
THE BANK

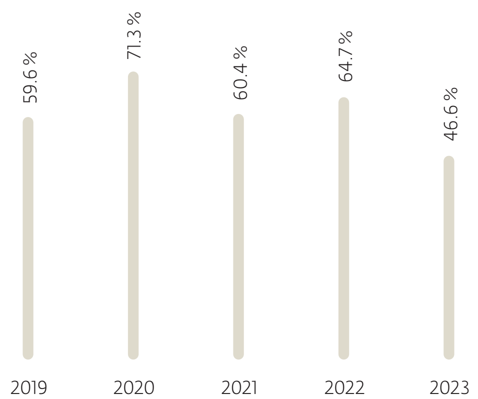




CLIENTS DEPOSIT AND LOANS
THE GROUP

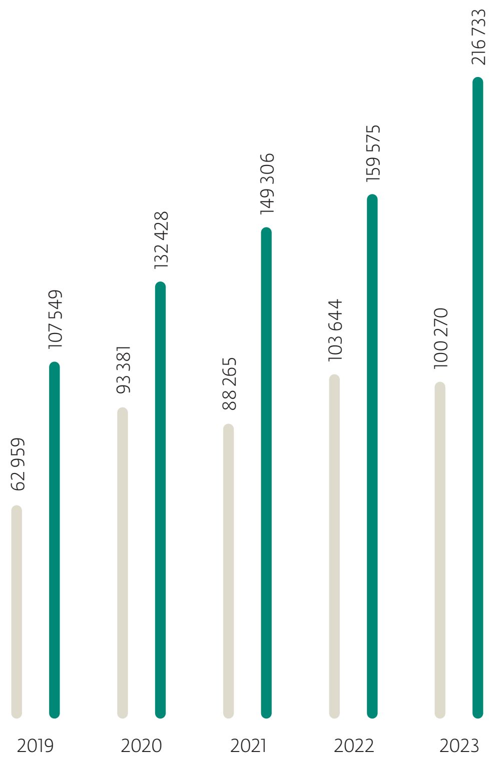


Loans and advances to customers (in millions of CZK)
Amounts owed to customers (in millions of CZK)



LTD ratio

CLIENTS DEPOSIT AND LOANS
THE BANK



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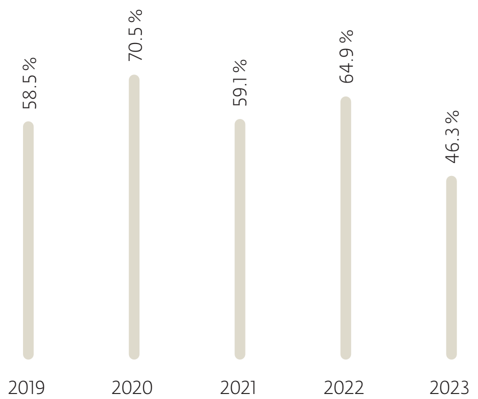
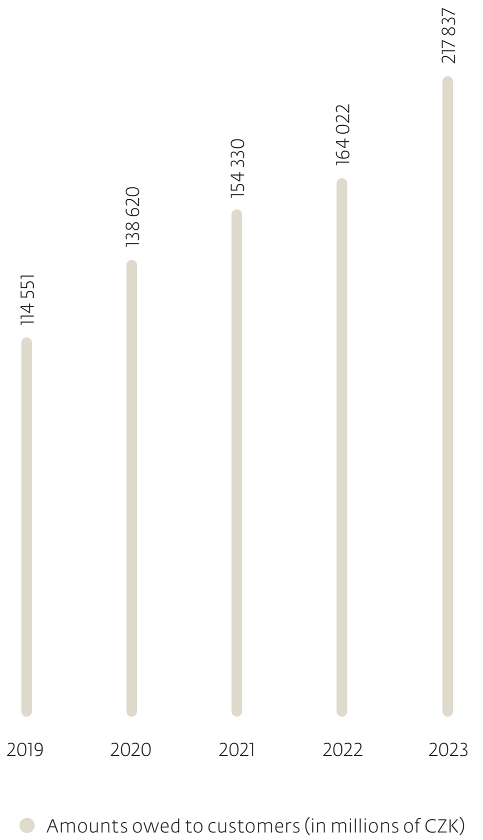
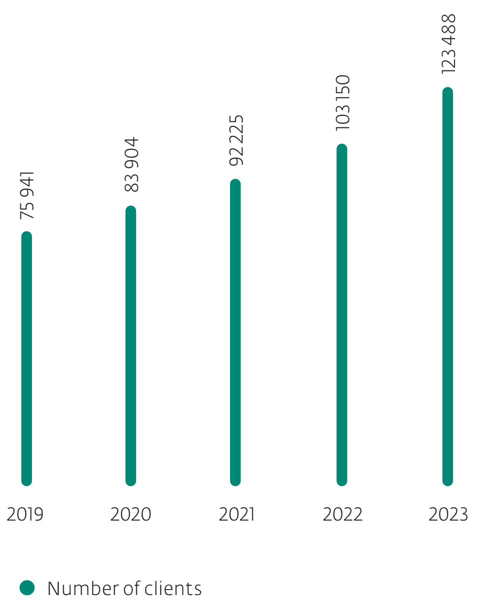


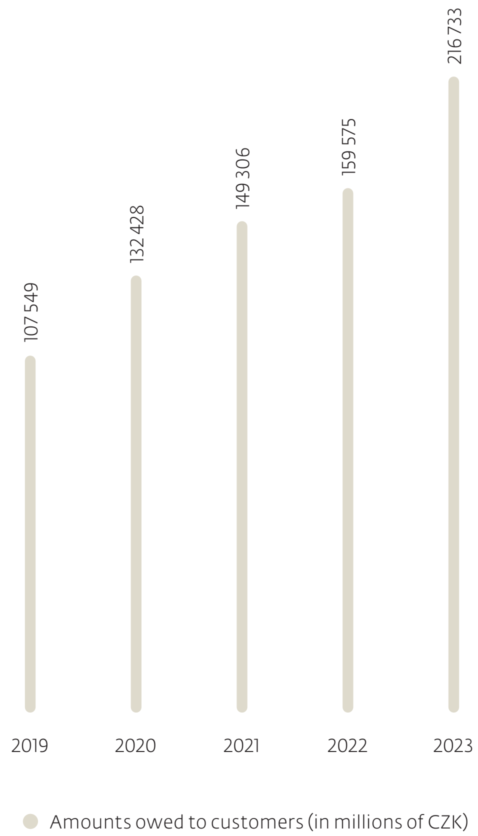
LTD ratio

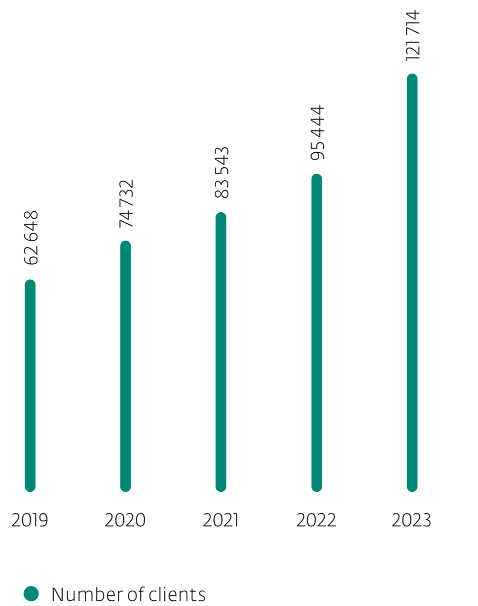
CLIENTS DEPOSITS AND NUMBER OF CLIENTS
THE GROUP





CLIENTS DEPOSITS AND NUMBER OF CLIENTS
THE BANK





FINANCIAL RESULTS – THE GROUP

Year 2023 was another year of dynamic growth for the Group both in terms of balance sheet as well as key profitability indicators. The Group's consolidated total assets increased by 29.0% year-on-year to CZK 293.08 billion (compared to CZK 227.25 billion in 2022). Consolidated profit for the period grew by 59.5% year-on-year to CZK 5.39 billion (compared to CZK 3.38 billion in 2022), which is the best result in the Group's history. The Bank's assets on an individual basis account for nearly 99% of the Group's consolidated assets. Therefore, the Group's consolidated results and profitability are almost entirely driven by the individual results of the Bank as well as the underlying trends and factors affecting the markets where the Bank operates.

In January 2023, an international credit rating agency Moody's assigned the Bank a Baa2 long-term deposit rating with stable outlook and a Prime-2 short-term deposit rating. The assigned ratings are from a prestigious so-called investment grade category, making the Group one of only a few entities in the Czech Republic and Slovakia that have obtained such a high credit rating.

During 1Q 2023, the Group entered the Western European banking market by opening a new fully digital branch in Frankfurt am Main, Germany, operating under J&T Direktbank brand. Thus, Germany has become the fourth market after the Czech Republic, Slovakia and Croatia where the Group offers its products and services. In less than one year of operation, the German branch attracted more than 20 thousand clients who entrusted J&T Direktbank with over EUR 800 million in savings accounts and term deposits.

Moreover, two transactions also took place during 2023 which materially affected the composition of the consolidated group as well as certain balance sheet items and reported net profit of the Group. In line with the Group's strategic decision to leave the Russian market, the Group successfully completed a disposal of its subsidiary J&T Bank, a.o. together with TERCES MANAGEMENT LTD in November 2023. The second material transaction was the sale and subsequent de-consolidation of FVE Holding, s.r.o.

During 2023, the Bank's subsidiary J&T Leasingová společnost, a.s. faced a substantial increase in credit risk followed by a default of one large client. The Bank's parent company provided the Group with a risk participation to partially mitigate the expected credit losses. The Group created provisions in the amount of approximately CZK 457 million in relation to this particular lending counterparty. The Group is taking steps to gradually wind down business activities of J&T Leasingová společnost, a.s.

The Group's balance sheet growth was primarily driven by a continued dynamic inflow of client deposits which increased by 32.8% year-on-year to CZK 217.84 billion (compared to CZK 164.02 billion in 2022). Term deposits and deposits cancellable with notice account for nearly 80% of total client deposits.

The operating environment throughout 2023 was characterised by high interest rates. Interest rates for Czech koruna hovered at historical highs and interest rates in the Eurozone also increased, climbing to the highest levels seen in the last fifteen years. The high interest rate environment allowed the Group to offer attractive deposit products combining term deposits and deposits cancellable with notice with investment fund placements, thus transferring part of the Group's interest income to its clients. At the end of the year, the Group had more than 123 thousand clients (compared to 103 thousand in 2022).

In terms of loan book dynamics, 2023 can be described as a year of consolidation and preparation for new financing projects. Corporate loans after deduction of expected credit losses stabilised at CZK 86.57 billion (compared to CZK 87.58 billion in 2022). The Group focuses on active portfolio quality management, which was reflected in a year-on-year change in non-performing loans whose share of total loan book declined to 4.2% (compared to 6.1% in 2022).

A reduction was also recorded in margin loans, including reverse repo operations, within the Group only provided by J&T BANKA, a.s., which decreased by 19.9% year-on-year to CZK 14.88 billion (compared to CZK 18.57 billion in 2022), mainly due to lower client activity on capital markets

As a result, net loans and advances to customers at amortised costs declined year-on-year by 4.4% to CZK 101.46 billion (compared to CZK 106.15 billion in 2022). The growth in client deposits combined with the reduction in net loans and advances to customers translated into a decline in the Loan-to-Deposit Ratio to 46.6% (compared to 64.7% in 2022).

Securities held in all portfolio types amounted to CZK 31.44 billion (compared to CZK 27.16 billion in 2022). The moderate year-on-year increase was attributable to the growth in financial assets at fair value through other comprehensive income mainly resulting from government bond purchases.

Group equity including non-controlling interest increased to CZK 40.96 billion (compared to CZK 35.86 billion in 2022). This 14.2% increase reflects prior year's profit retention, CZK 1.0 billion dividend as well as the profit of the current year. The Group's registered capital remained unchanged at CZK 10.64 billion.

The regulatory capital was also strengthened by the Bank's inaugural EUR 120 million Eurobond issuance maturing in 2026 which was successfully placed in the international capital markets in October 2023 and qualifies for the minimum requirement for own funds and eligible liabilities (MREL).

Strengthening of the Group's common equity and additional tier 1 capital resulted in an increase in the consolidated Capital Adequacy Ratio to 24.9% (compared to 19.4% in 2022). The Bank as the regulated member of the Group is more than sufficiently capitalized, consistently exceeds all limits prescribed to it by the Czech National Bank and has ample capital buffer for its further growth.

Net interest income is the largest contributor to the Group's operating income. Its impact on the Group's net profit in 2023 was even more profound than in the year before given the increasing interest rates in the economy.

The Group's interest income grew by 51.8% year-on-year to CZK 17.71 billion (compared to CZK 11.66 billion in 2022). This growth was attributable to two main factors. First was an increase in nominal interest rates both in the euro as well as the Czech koruna. Interest income from the loan portfolio – which increased by 52.6% year-on-year to CZK 8.78 billion (compared to CZK 5.75 billion in 2022) – was mainly driven by increasing interest rates in euros because the majority of the loan portfolio is euro denominated. The second factor was an increase in excess liquidity which the Group through the Bank places mainly with the Czech National Bank. Cash and cash equivalents, mainly consisting of central bank placements, increased by 81.1% year-on-year to CZK 140.77 billion (compared to CZK 77.74 billion in 2022). Income from reverse repo operations grew by 55.2% year-on-year to CZK 7.71 billion (compared to CZK 4.97 billion in 2022) due to the combination of considerable excess liquidity and record high two-week repo rate.

An upward shift in market interest rates inevitably translated into a pronounced increase in interest expense. Interest paid on client deposits amounts to 95% of the Group's total interest expense. Client deposit growth coupled with growing interest rates led to an 80.2% year-on-year increase in the Group's interest expense which in 2023 amounted to CZK 8.33 billion (compared to CZK 4.63 billion in 2022). Net interest income of the Group thus amounted to CZK 9.38 billion in 2023 (compared to CZK 7.04 billion in 2022), which represents a 33.2% year-on-year growth.

Net fee and commission income of the Group increased by 21.0% year-on-year to CZK 2.29 billion (compared to CZK 1.89 billion in 2022). The structure of the Group's net fee and commission income predominantly reflects business activities of the Bank which is consistently the largest contributor to the Group's net fee and commission income. The Bank's most significant source of non-interest income are fees for underwriting, placement and administration of corporate bond issues, client portfolio management fees and fees from financial markets operations and related custody services. A significant contribution to the year-on-year increase in the Group's 2023 net fee and commission income was made by the Bank's asset management subsidiaries.

Net income from trading and investments declined by 9.1% year-on-year in 2023 to CZK 1.96 billion (compared to CZK 2.15 billion in 2022). Net income from trading and investments of the Group is primarily driven by revaluation of derivatives the Group uses to manage the currency structure of its assets and liabilities which reflects the expected evolution of CZK:EUR and CZK:USD currency pairs and the interest rate differentials in those currencies.

Personnel expenses increased by 15.4% year-on-year to CZK 1.99 billion (compared to CZK 1.72 billion in 2022), mainly due to higher FTEs and salary increases vis-à-vis the inflationary pressures in the economy.

Other operating expenses increased by 27.9% year-on-year to CZK 2.26 billion (compared to CZK 1.76 billion in 2022), mainly on account of higher information systems and technology outsourcing costs, greater marketing spend, indexation of expenses related to the Group's premises and also operating costs of the Bank's branch in Germany opened at the beginning of 2023. Continued inflow of client deposits and consequently the Group's balance sheet translates into higher deposit insurance cost and mandatory contributions to the resolution fund.

A one-off item that most significantly affected the increase in the Group's operating expenses in 2023 was the loss on disposal of subsidiaries, joint ventures and associates in the amount of CZK 0.88 billion (compared to CZK nil in 2022). This loss reflects the accounting impact of the disposal of FVE Holding, s.r.o. and the de-consolidation of the Russian assets. A translation reserve resulting from movements of the Russian ruble exchange rate against the Czech koruna accumulated in the Group's equity was released upon disposal and booked against net profit of the year, creating an expense but without any material impact on the overall equity.

Group's total operating expenses amounted to CZK 5.43 billion (CZK 3.76 billion in 2022), which represents a 44.7% year-on-year increase.

The financial impact of disposal of subsidiaries, joint ventures and associates mentioned above adversely affected the Cost-to-Income Ratio which in 2023 worsened to 38.2%. When adjusted for this one-off effect, the Cost-to-Income Ratio would have stood at 32.0%, which is a slight improvement compared to the prior year when the Cost-to-Income Ratio reached 32.6%.

Net change in loss allowances for financial instruments in 2023 amounted to CZK 1.72 billion (compared to CZK 3.03 billion in 2022), which represents a 43.2% year-on-year decline. This was much better result compared to the prior year that was affected by large provisions for loans provided by J&T Bank, a.o. as well as impairment charges related the Bank's ownership interest in this entity. The Bank remains conservative and its approach to risk costs assessment reflects the current economic and political uncertainty which can adversely affect its individual credit exposures.

FINANCIAL RESULTS – THE BANK

In terms of individual results of the Bank, 2023 was another year of dynamic growth. Profit for the period increased by more than 53.0% year-on-year to CZK 6.32 billion (compared to CZK 4.12 billion in 2022). Total assets grew by nearly a third year-on-year to CZK 289.44 billion (compared to CZK 220.17 billion in 2022) and the growth was mainly driven by increasing funding on the liabilities side, in particular continued inflow of client deposits.

In January 2023, an international credit rating agency Moody's assigned the Bank a Baa2 long-term deposit rating with stable outlook and a Prime-2 short-term deposit rating. The assigned ratings are from a prestigious so-called investment grade category.

As part of its planned expansion into the Western European market, the Bank at the beginning of 2023 launched deposit taking activities in Germany via its newly established fully digital branch operating under J&T Direktbank brand with registered seat in Frankfurt am Main. In less than one year of operation, J&T Direktbank attracted more than 20 thousand clients who entrusted it with over EUR 800 million, mainly in savings accounts and term deposits.

Due to attractive interest rate offering, the Bank recorded a dynamic growth in client deposits in the Czech and Slovak markets as well. Total amount of client deposits increased by 35.8% year-on-year to CZK 216.73 billion (compared to CZK 159.58 billion in 2022).

Term deposits, the largest component of the Bank's deposit base, are the fastest growing client deposit category. At the end of 2023, term deposits amounted to CZK 94.57 billion (compared to CZK 67.89 billion in 2022), which represents a 39.3% year-on-year increase.

Deposits cancellable with notice grew by 24.5% year-on-year to CZK 78.82 billion (compared to CZK 63.32 billion in 2022). During 2023, the Bank reached a historical milestone when the number of its clients exceeded the 100 thousand mark. At the end of 2023, the Bank had over 121 thousand clients (compared to 95 thousand in 2022). Private individuals are the key client segment in deposit products.

Term deposits and deposits cancellable with notice are the principal source of funding of the Bank's lending activities, representing 80% of total client deposits. Term deposits with duration equal to or greater than one year account for nearly 40% of the Bank's deposit base.

Sufficient funding and adequate capitalization are the key pre-requisites for the Bank's stable and sustainable development. In line with this philosophy, the Bank's strengthened its capital base during 2023 by CZK 4.64 billion by retaining CZK 2.45 billion from the prior year profit. The current year profit contributed to this trend as well. The Bank's equity at the 2023 year end, thus, increased to CZK 39.69 billion at the 2023 year end (compared to CZK 35.05 billion in 2022).

During 2023, the Bank continued to offer subordinated deposits with attractive interest rates. The amount of these subordinated deposits increased by CZK 1 billion during the year to reach CZK 1.25 billion.

The regulatory capital was also strengthened by the Bank's inaugural EUR 120 million Eurobond issuance maturing in 2026 which was successfully placed in the international capital markets in October 2023 and qualifies for the minimum requirement for own funds and eligible liabilities (MREL). In accordance with the applicable resolution legislation, transposing the BRRD, Czech banks must maintain a certain minimum MREL requirement. This requirement is prescribed to the Bank individually. As at 31 December 2023, the Bank's MREL requirement is 27.5% (2022: 20.8%), with the minimum requirement set by the CNB at 18.5% (2022: 16.5%).

The Bank is more than sufficiently capitalized, consistently exceeds all limits prescribed to it by the Czech National Bank and has ample capital buffer for its further growth amid the current economic and political uncertainty. The increase in the Bank's equity was reflected in the Bank's Capital Adequacy Ratio which grew to 24.84% (compared to 20.36% in 2022).

The loan book oscillated around CZK 100 billion throughout the year and reached CZK 100.27 billion at 2023 year end. Corporate loans amounted to CZK 85.39 billion (compared to CZK 85.08 billion in 2022). Margin loans declined by 19.9% year-on-year to CZK 14.88 billion (compared to CZK 18.57 billion in 2022). Share of non-performing loans followed the positive trend from previous years and declined further to 3.4% (compared to 4.3% in 2022).

Securities held in all portfolio types increased by 19.8% year-on-year to CZK 29.48 billion (compared to CZK 24.60 billion in 2022). The moderate year-on-year increase was attributable to the growth in financial assets at fair value through other comprehensive income mainly resulting from government bond purchases.

The Bank places excess liquidity predominantly with central banks in the form of reverse repo operations or term deposits. Cash and cash equivalents, the most liquid assets on the Bank's balance sheet, amounted to CZK 139.97 billion at 2023 year end (compared to CZK 76.80 billion in 2022). The 82.2% year-on-year increase is primarily attributable to growing client deposits with loan book and other active operations of the Bank remaining largely stable. The Loan-to-Deposit Ratio at the end of 2023 stood at 46.3% (compared to 65.0% in 2022).

Key policy rates are one of the main factors affecting banking sector's financial performance. From that perspective, 2023 was a year in which the average two-week repo rate in the Czech Republic reached its highest level in the last twenty years. Interest rates increased during 2023 in the Eurozone too, reaching the highest level since 2008. Consequently, interest income and interest expense for the banking sector as a whole increased year-on-year as well.

The Bank's interest income grew by 57.6% year-on-year to CZK 17.27 billion (compared to CZK 10.96 billion in 2022). This increase was a direct result of an upward shift in interest rates due to the restrictive monetary policy pursued by the central banks. Higher interest rates in the Czech koruna positively affected interest income on liquidity placements with the Czech National Bank. Higher interest rates in the euro positively affected interest earned on the Bank's corporate loan portfolio which is nearly 85% euro denominated.

The high interest rate environment inevitably also led to a considerable increase in the Bank's interest expense which nearly doubled year-on-year to CZK 8.13 billion in 2023 (compared to CZK 4.32 billion in 2022). This translated into a 37.8% year-on-year increase in the Bank's net interest income to CZK 9.15 billion (compared to CZK 6.64 billion in 2022).

Net fee and commission income remained largely unchanged, both in terms of the absolute amount as well as the structure, growing by 2.5% year-on-year to CZK 1.45 billion (compared to CZK 1.41 billion in 2022). The Bank's most significant source of non-interest income are asset management fees, client portfolio management fees and corporate bond underwriting and placement commissions. Another important stream are fees from financial markets operations and related custody services.

Net income from trading and investments declined by 8.7% year-on-year to CZK 2.09 billion (compared to CZK 2.29 billion in 2022). Net income from trading and investments of the Bank was primarily driven by revaluation of derivatives, foreign exchange transactions and revaluation of mutual funds. The Bank also received CZK 0.26 billion dividends from its subsidiaries in 2023, which is comparable to CZK 0.24 billion received in 2022.

Other operating income in 2023 was most significantly impacted by the net effect of the Bank's termination of its Russian market activities amounting to CZK 0.14 billion. The overall impact of the exit from the Russian market, including release of provisions related to the disposed ownership interests, on the Bank's individual results was immaterial.

Administrative expenses grew by 24.3% year-on-year to CZK 1.79 billion (compared to CZK 1.44 billion in 2022), mainly due to higher information systems and technology outsourcing costs, greater marketing spend and higher rental expense and other service charges related to the Bank's premises. Another significant item are increasing mandatory cost, namely deposit insurance and resolution fund contributions, which are driven by growing client deposits.

Personnel expenses increased by 15.6% year-on-year to CZK 1.56 billion (compared to CZK 1.35 billion in 2022), primarily on account of higher FTEs, bigger amount of assets under management (AuM) and salary increases vis-à-vis the inflationary pressures in the economy.

The Bank's total operating expenses including depreciation and amortization grew by 18.6% year-on-year to CZK 3.57 billion (compared to CZK 3.01 billion in 2022), i.e. at a slower pace than operating income from banking activities. As a result, the Bank was able to maintain the Cost-to-Income Ratio below the 30% mark in 2023, specifically at 27.0% compared to 28.3% in the year before. Therefore, the Bank reported profit before allowances, provisions and income tax of CZK 9.63 billion (compared to CZK 7.62 billion in 2022), which represents a 26.3% year-on-year growth.

Stabilization of the loan book coupled with a decrease in non-performing loans led to a year-on-year decline in risk costs. Net change in loss allowances for financial instruments in 2023 amounted to CZK 1.02 billion (compared to CZK 1.53 billion in 2022). This represents a 33.3% year-on-year decline that also contributed towards a significant increase in the Bank's net profit for the period in 2023. On the other hand, the Bank reported a slight increase in net change in allowances for ownership interests which in 2023 amounted to CZK 0.74 billion (compared to CZK 0.63 billion in 2022).

FINANCIAL MARKETS

At the beginning of 2023, the previous inflationary wave was still receding and inflation rates in Europe were reaching record levels. However, cost shocks, such as energy prices, were already slowly fading and supply chains were significantly restored during the year. The previous tightening of monetary policy had also gradually begun to take effect, and inflation had started to slow down globally in the second half of the year in particular.

However, monetary policy developments were not the same everywhere globally. Major central banks in the developed world, such as the US Fed, the European Central Bank and the Bank of England, continued to raise interest rates and tighten monetary conditions into the middle of the year. At the end of the year, these central banks began to suggest that interest rates were peaking, and markets began to speculate very intensely about the speed of rate cuts in 2024. Therefore, the second half of the year was accompanied by large fluctuations in bond markets, with bond yields temporarily reaching the highest levels in 15 years.

Central banks in Central Europe, including the domestic CNB, raised interest rates sharply as early as 2021, peaking in 2022. They held rates unchanged in the first half of 2023, but have already started to cut interest rates since the autumn. In December, the domestic CNB also commenced a rate-cutting cycle.

The global interest rate spike in 2021-2023 had an unexpectedly weak impact on the real economy. In the US, the recurrent fears of a recession did not materialise and the economy continued to grow without major hesitation. The European economy teetered on the brink of recession all year due to a number of structural problems rather than restrictive monetary policy.

Despite significant fluctuations during the year, 2023 was a very positive year for financial assets, mainly due to the positive close. In some cases, stock indices even reached long-standing or historical highs.

J&T INVESTIČNÍ SPOLEČNOST, a.s. successfully expanded its offer with new funds called "Our CZECHIA" with diversified exposure to the growth of Czech business and "J&T Real Estate Stocks and Bonds" focusing on the real estate sector. The new funds thus stand alongside the time-tested successful funds led by J&T ARCH INVESTMENTS, followed by J&T DIVIDEND, J&T RENTIER, J&T BOND CZK and J&T OPPORTUNITY CZK and J&T MONEY CZ, which have achieved two successes in the Swiss Life Select Investment of the Year 2023 competition. There they took first place in the equity fund category and third place in the progressive bond fund category. The popular "J&T LIFE" life cycle funds now offer various strategies from conservative to balanced and stable to dynamic depending on the needs and life situation of clients.

In 2023, the Bank continued its active role as a trader primarily on the local primary and secondary markets through the Prague and Bratislava Stock Exchanges, where it actively participated in the trading of shares and bonds issued by major regional companies. In the long term, it contributes to the effective functioning of the local capital market as a source of capital and financing for companies and firms in the region. The daughter company J&T IB and Capital Markets, a.s. is a major arranger of securities issuing in the region.

INFORMATION TECHNOLOGY

As of 1 September 2023, the Information Systems Division, including its employees, was strategically transferred from J&T BANKA, a.s. to J&T SERVICES ČR, a.s. (hereinafter "J&T SERVICES"). The move is expected to bring about increased operational efficiency, improved service management systems and more effective implementation of the information technology strategy across key segments of the JTFG parent company.

J&T SERVICES is a part of the parent company JTFG and provides services within the group, mainly in the Czech and Slovak markets.

The company's top priority in 2023 was the stability of production applications that provide software support for business processes for other companies in the JTFG parent group. Since the beginning of 2023, we have managed to significantly increase the stability of IT systems and, at the same time, minimize the length of downtime of these applications by introducing new processes.

The second priority for 2023 was to ensure that the provision of J&T SERVICES services complies with existing regulatory requirements and to ensure readiness for these requirements. Therefore, the analytical and implementation work started well in advance of the entry into force of the relevant legislation.

The third priority was to solve projects according to the business requirements of the companies in the JTFG parent company group. The Digital Channels of the Czech Republic and Digital Channels of the Slovak Republic, which are part of the Digitisation Programme, can be considered among the most important projects. Digital channels represent a new internet banking system in which clients can manage their current accounts, deposits, investment accounts, credit cards, or perform all related payment transactions. In 2023, the first "beta" users (internal employees) had the opportunity to get acquainted with the first version and help test and debug the application. We believe that our goal of migrating to clients in 2024 will be achievable. Among the internal projects for the purpose of optimising the operation of J&T SERVICES, we can mention the Identity Management project, the aim of which is to increase security and automation in the identity management process.

The fourth priority was the activities in the area of small business changes and the transformation of information technologies, which will involve continuous system integration over the next 4 to 6 years. In addition, applications will be modernised, for example, in the area of Customer Relationship Management (CRM), financial markets, the Core Banking System (CBS), or tools such as data and business intelligence.

The individual departments of J&T SERVICES contributed to the fulfilment of the above priorities by implementing the strategic initiatives.

In 2023, the IT Operations Department focused mainly on the aforementioned areas of operational stability (e.g., measurement and adherence to Service Level Agreements, Monitoring, Patch Management) or modification of the Incident Management process and subsequent Problem Management.

The Business Intelligence department contributed to the achievement of the company's priorities by implementing strategic initiatives in the areas of project delivery and small-scale development. The department created a catalogue of reports, worked on development projects in the Data Warehouse (DWH) and on increasing the stability of DWH operations, and also worked on IT architecture and the gradual modernisation of outdated tools.

In 2023, the CIO Office implemented strategic initiatives in the area of operational stability, for example, by strengthening Release Management and Risk Management processes and improving the quality of testing (e.g. by introducing regression testing, introducing automated testing of key applications, or introducing capacity planning). Regular processes for measuring the performance and quality of the delivered IT services were introduced through the so-called Performance Reporting, as well as a configuration database for recording information assets and SLA parameters. The Department has also been addressing audit findings and setting up cooperation within projects and has started a gradual revision of the regulatory base.

The Development Department was dedicated to the implementation of strategic initiatives, mainly in the area of project delivery and small-scale development through the CI/CD (Continuous Integration / Continuous Delivery) process. It contributed to strategic initiatives by transforming applications or optimizing the website delivery process. The Department made a significant contribution in the field of information technology architecture by participating in the preparation of the analysis for the generational technological change of CBS. In the area of operational stability, the Department contributed by standardising the process of specialised operational technical support (L2) and expert support for products and services (L3).

The IT Project and Change Management department implemented strategic initiatives in the area of project delivery, for example by optimising the Change Management process by replacing the Redmine ticketing tool with JIRA, optimising work processes by managing change, introducing change management reports, and activities in the area of Demand Management and Portfolio Management. The department also focused on information technology architecture, specifically architectural design and integration architecture.

The IT Governance Department was dedicated to the implementation of strategic initiatives in the areas of project delivery and minor development, operational stability and information technology architecture. In 2023, it worked on operational risk assessment, the mapping of critical systems, setting methodologies for management and operational controls, and issuing standards, among other things.

The Security Department continued to pursue strategic initiatives to strengthen information technology security to protect infrastructure and prevent potential threats. It was also involved in updating the risk analysis, implementing the CPM CyberArk tool for protecting accounts and access to the entire information infrastructure and implementing the Identity Management (IDM) tool for the centralized management of information system identities. Last but not least, the department focused on training employees in the field of information security.

The introduction of regular testing of data centre disaster recovery as required by the regulator can be considered a significant step. The first test, which included a complete shutdown of one data centre, was successfully conducted in February 2023..

HUMAN RESOURCES

Every employee of the Group is a key corporate asset for fulfilling the corporate strategy and maintaining a high standard of client care. Therefore, the Group pays great attention to their professional and personal development and growth, ensuring a positive and friendly atmosphere and keeping employees motivated.

The current management and HRM focus not only on work performance but also on work-life balance and harmony. The Group measures employee satisfaction on a semi-annual basis through an eNPS survey. The Group is investing in the development of an internal training system that focuses primarily on financial thinking and soft skills. As part of internal training, it makes maximum use of the expertise of internal employees and focuses on the mutual transfer of experience and knowledge across the Group's departments. The Group focuses on employee health and continuously extends benefits to include healthcare. Through the employee product, the Group seeks to teach how to invest and grow assets meaningfully for old age.

However, the Group is also open to young talents. It cooperates with universities, where its experts participate in lectures. It has long supported the Trainee Programme for students and graduates of universities with a focus on the financial sector. This programme is very popular and the Group is recruiting new staff thanks to these programmes. The Group plans to expand this programme to other business segments.

It recognises and supports the policy of diversity in setting the mix of people in the senior management, and across the company. When electing new members to the Supervisory Board, the Board of Directors, or filling management positions and professional committees, the Supervisory Board and the suitability assessment committee ensure that the composition of the company's bodies meets the requirements in terms of professional competence, i.e. professional experience, professional knowledge, managerial skills, as well as other requirements, including the balance of their composition. The process of assessing the suitability of candidates for election as members of the Group's governing bodies is set out in internal regulations in such a way that it is transparent and takes into account the above criteria and requirements. The Group also applies equal opportunities in recruitment. We always look at professional experience and personality profile in our offers so that the new employee complements the existing team. Gender is not decisive in this respect. At the same time, all open positions are offered on the internal job network.

The Group considers it an essential part of its corporate culture to ensure and uphold equal treatment and equal opportunities for all our employees throughout their employment, including prospective employees in the selection process.

The Group monitors the indicators below and meets its long-term targets. The total number of employees in the Group has been balanced over the long term, with 48% of men and 52% of women working in the Bank in 2023, of whom 65% are men and 35% are women in management positions (Group 48% men and 52% women, of whom 66% are men and 34% are women in management positions). The aim is to maintain this situation and not to fall below 30% on either side. In Top Management, the ratio is 80% men and 20% women (The Group is 83% men and 17% women). In TOP management, the goal is always to have at least one representative of the under-represented gender. Another area monitored is the enabling of return after maternity leave, where 43% (Bank and Group) of employees were enabled to return in 2023. Our goal is not to fall below 30%. Another important indicator is employee turnover, which was at 10% in the Bank and 11% in the Group in 2023. The target is not to exceed 18%. The Bank monitors employee satisfaction on a six-monthly basis, with the Bank achieving 34% (the Group 26%) in the latest measurement at the end of 2023. The target is to reach 50% by 2026.

In the context of remuneration, the Group ensures that the remuneration policy for all employees is gender neutral. This means that regardless of gender, our employees are rewarded equally for the same work, based on their knowledge, experience, and quality of work. In the case of the remuneration system, it is also based on performance and the fulfilment of set KPIs. This practice is in line with Article 3(1)(65) of Directive 2013/36/EU and Article 157 of the TFEU.

At the end of the year, the Bank had a total of 707 employees (at its Prague headquarters and branches) and 889 employees within the Group.

SUPPORT FOR VISUAL ARTS, MUSIC AND SPORT

A traditional partner of visual arts, music and sports
In 2023, cultural and sporting activities completely returned to normal, with those interested in them filling exhibition and music halls as well as sports venues to make up for the lack of opportunities in previous years. This year, the Bank continued to fulfil its long-term partnerships, while also implementing a number of its own projects that supported contemporary artists, educated about collecting and contributed to building the Magnus Art brand. The promotion of art, culture, sport and young talents took place both in the Czech Republic and in Slovakia.

Magnus Art Gallery
The Magnus Art Gallery aims to present valuable collections based on Czech and international art. The intention is also to support the ambitions of experienced and novice collectors. Collecting is not only a pleasure and a hobby for individuals, but also an important part of the functioning of the entire art world.

The exhibition space of the Magnus Art bank gallery in Prague's Karlín district was therefore dedicated to two private collections in 2023. In March, Josef Maixner presented a selection of his works at an exhibition entitled The Rider. The collector's story is inspiring in its diversity and, above all, in its mission, for one day he wants to bequeath the entire collection to the public. In October, the exhibition Living with Gočár opened, presenting Zdeněk Ungrád's private collection of cubist furniture and showing that we don't have to merely surround ourselves with art, we can also live in it.

In its three years of operation, the gallery has already established itself in its neighbourhood and local residents have learned to visit it regularly. Among the regular visitors are teachers with their students (from kindergartens to secondary schools to the University of the Third Age).

J&T Banka Art Index

Cooperation with the Art+ project (which monitors the development of the art market in the Czech Republic) continued, resulting in another J&T Banka Art Index, a ranking of the 100 most prominent Czech artists born after 1960. Potential collectors and investors considering the purchase of contemporary art thus once again had the opportunity to navigate the contemporary art scene and get acquainted with those who made it into the top 100 out of more than two thousand artists.

In 2023, the first position in the J&T Banka Art Index was again defended by Eva Koťátková, while second place was retained by Kateřina Šedá, who focuses on socially conceived events that often employ tens or hundreds of people who have nothing to do with art. Third place this time went to Krištof Kintera, who, unlike Eva Kotátková and Kateřina Šedá, who are better known abroad, is one of the best known and most visible artists in the Czech institutional environment and public space.

JJ&T Banka Art Index Pop-up

For the third time, the Bank organised the Art Index Pop-up - a biennial exhibition of a curated selection of artists from the J&T Banka Art Index 2023. The largest edition so far in terms of works and visitors presented almost 150 artworks by 50 artists during four days in September in the historical premises of the Prague Invalidovna.

The exhibition aimed to introduce the general public to a cross-section of the best art currently being created in the studios of the most visible Czech artists. The show was visited by almost 8,000 people, which is twice as many as in the previous year.

The Art Index Pop-up 2023 was thematically related to health, both from the perspective of the artist and the viewer. What influence art has and can have on the creator, how it affects the minds and souls of art consumers, and how art influences or even heals society were the questions posed by the four-day show. The exhibition itself was enriched by an accompanying programme consisting of discussions with the artists, meditation lessons and art workshops for children.

J&T Banka Art Report

In 2023, the Bank published the second edition of the J&T Banka Art Report, the first comprehensive study on what the Czech art market looks like, who collects, how and why. The report was created in cooperation with the Art+ portal and filled a long-standing gap in information. This overview helps all collectors, investors, gallerists, journalists and other art lovers to understand what is actually happening in the world of purchasing and selling artworks, and perhaps even to confirm what we have only been able to assume. While the first year was mainly an attempt to navigate an uncharted market, the second focused more on the events of the previous year. The Bank plans to continue this strategy in future years.

Rudolfinum Gallery

In the field of art, the Bank has remained in partnership with the Rudolfinum Gallery, one of the most important art gallery institutions in the Czech Republic. In 2023, it supported an exhibition by the British artist and music producer Brian Eno called NAVE, in which the Czech artist Jiří Příhoda participated with his architectural and visual design.

Magnus Art Residency

In 2023, the bank launched a residency programme for contemporary artists in the Art Nouveau palace of the former Municipal Savings Bank in Karlovy Vary. It always invites two artists to stay together in a studio on the upper floors of the palace and motivates them to a mutual dialogue. Artists create under the influence of their surroundings, the city and each other. The resulting artworks will be presented in the newly created temporary Display Gallery, which will be open to the public at the same address in early 2024.

Dana Bartoníčková, who worked on the Sugar Cane Fire series, a free interpretation of the desire to find safety, and Stanislav Zábranský, who focused on transforming his working methodology and used his own memory instead of the archive, were the first to have the opportunity to work together.

Cooperation with higher education institutions

Successful cooperation with the University of Applied Arts (UMPRUM) continued in 2023, which enabled the announcement of a student competition for the design of golf trophies. It was won by glass artist Anna Jožová with her design ELO. She created three trophies of different colours inspired by the terrain of a golf course, which also serve as a functional vase or object that can be a unique interior accessory.

The Bank expanded its partnership with art colleges after moving to its new headquarters, where it presented works by students from various studios of Czech art schools as part of a series of short-term exhibitions directly in its premises. During the year 2023, students of the Academy of Fine Arts in Prague from the studio of Robert Šalanda were given the opportunity to present their works. The UMPRUM also held a tender for an artwork to be used for seating in front of the Bank building. The winning design by Lucie Balačíková, Jan Jaroš and Natálie Krišťáková from the Product Design Studio led by Jan Němeček and Michal Froňek will be implemented in 2024.

Support of contemporary artists and designers
The bank recognizes its employees during work or life anniversaries, and sends its clients New Year's greeting or small gifts before the end of the year. It therefore decided to use the skills of Czech artists and designers, especially from the young generation, and commissioned them to produce these objects. The recipients receive an original work of art that may motivate them to have a greater interest in collecting. The 2023 New Year's card was based on an abstract watercolour piece by artist Karolina Rossí. The design for the birthday card was created by painter Klaudia Hlavatá. The gifted employees could enjoy vases and jewellery boxes made by glass artists Vlastimil Šenkýř and Elis Monsport. Original art jars were created for clients by Matyáš Chochola. The design and realization of the series of aperitif glasses was done by the design studio Muck.

Art Service
The Bank continued to develop its Art Service, which it launched in autumn 2020. This service helps clients who need advice on investing in art, managing a collection or other art-related requirements. It is ensured by three art historians - in-house specialists in the field of art.

The Czech Philharmonic Orchestra and Josef Špaček
The Bank once again supported the violin virtuoso Josef Špaček. It remained a partner of the Czech Philharmonic Orchestra - in addition to the traditional partnership of beautiful sound was also a chamber music partner. The cooperation brings the philharmonist not only the opportunity to play a state-of-the-art cello, which the Bank purchased and lent to the Czech Philharmonic Orchestra, but also to be among the top ten orchestras in the world. In addition, in 2023 the Bank became a partner of the Smetana's Litomyšl classical music festival.

Randy Brecker in Prague
In November, the Bank's clients were treated to a jazz concert by legendary trumpeter Randy Brecker. At his private and only concert in Prague he was accompanied by his wife Ada, a brilliant saxophonist, and the popular Slovak AMC Trio.

Concert for Freedom
The Bank financially supported the realization of the Concert for Freedom, which is a celebration of freedom on the occasion of the national holiday Day of Struggle for Freedom and Democracy on 17 November. More than 60 000 spectators filled Wenceslas Square to watch a programme featuring dozens of speakers and musical guests.

This is Vary
Exclusive previews of anticipated films, live introductions with guests, the red carpet and a festival atmosphere. All this was experienced by the audiences of more than 40 cinemas across the Czech Republic in 2023 as part of the This is Vary project. The purpose of the event is to prepare the audience for a series of extraordinary experiences, to deepen their relationship to high-quality film and to encourage them to visit cinemas more regularly. The project is brought to Czech cinemas by the Karlovy Vary Film Festival with the support of the Bank as the main partner.

Czech Rugby Union
Integrity, Passion, Solidarity, Discipline and Respect are the values that guide rugby players around the world. Even though it's a tough sport, it's fair. These values are proudly declared not only by the Czech Rugby Union, but also by the Bank, which was its general partner in 2023.

J&T Banka Ostrava Beach Pro
The Bank's long-term ambition is to support projects that can make us, i.e. the Czech Republic, more visible internationally. Whether it is to support Czech activities abroad or to establish a new tradition that will attract foreign attention. And this is exactly what the beach volleyball tournament in Ostrava does. That is why the Bank has been supporting it since 2019.

The Ostrava tournament belongs to the highest category of the World Cup called ELITE 16. An unforgettable atmosphere and roaring stands led the Czech national team of Ondrej Perušič and David Schweiner to the weekend fights for medals for the fourth consecutive year. They weren't successful this time, but the boys made up for it a few months later with the title of world champions.

The book One:Love and the Tennis Garden exhibition
In 2023, the bank continued its active role in Czech tennis and supported the creation of a book of portrait photographs of the most famous women in Czech tennis history. Nine great sports personalities appeared in front of the camera of Radka Leitmeritz, an author of Czech origin living in California, often in unusual environments: Martina Navrátilová, Hana Mandlíková, Helena Suková, Barbora Strýcová, Petra Kvitová, Karolína Plíšková, Barbora Krejčíková, Karolína Muchová and Wimbledon singles winner Markéta Vondroušová.

The book was followed by the exhibition Tennis Garden, which presented photographs to the general public in the garden of the Museum of Decorative Arts in Prague from the end of May to the end of July. The exhibition, of which the Bank was the general partner, attracted over 70,000 visitors.

Bocuse d'Or
In May, the Czech national round of the world's most prestigious cooking competition Bocuse d'Or took place in Prague's O2 Arena. The Bank was the main partner of these "gastronomic Olympics", as it has long supported activities that contribute to the visibility of the Czech Republic abroad. Created in 1987 and named after the legendary French chef Paul Bocuse, the competition represents one of the highest standards professionals can achieve in gastronomic circles. The global Bocuse d'Or title is only awarded to one team every two years, which is why it is so well regarded in the industry.

Support in Slovakia

Slovak Design Centre
The bank continues to be a general partner of the Slovak Design Centre, which celebrated its 30th anniversary in 2023. The Centre explores and makes available objects of cultural value in the field of design, art, architecture and related disciplines through the Slovak Design Museum. Since 1993, it has also organised the National Design Award competition, which is the highest form of award in this field in Slovakia. In 2023, Juraj Straka became the Established Designer of the National Design Award.

Chorea Ballet Festival
In 2023, the Bank's spectators and clients once again had the opportunity to enjoy an artistic afternoon of the world modern ballet Chorea under the baton of Jan Ďurovčík. The performance takes place under the open sky on the Danube riverbank, which provides a magical backdrop. The bank is the general partner of this artistic festival, the idea of which is to present modern ballet performed by world-class ballet companies in Slovakia.

Young innovative entrepreneur
In 2023, the Bank continued to support young talents. In the Young Innovative Entrepreneur competition, the Bank's prize for economics went to Tomáš Vrtík, who is the co-owner of Expandeco, which was founded in 2014. Its mission is to help e-shops succeed with their business and products abroad. It focuses on market and competitive analysis, local customer support, business localisation, reverse logistics and export consulting services. Thanks to this, its partners can overcome barriers related to the expansion of e-commerce abroad.

Student Personality of Slovakia
The Bank was a partner of the Student Personality of Slovakia competition for the sixth time. The winner of the Economics category was Peter Watter, who is a student of the Faculty of Economics and Management at SPU in Nitra, where he studies quantitative methods in economics. Already during his studies, he gained experience as an economist and financial analyst in several companies as well as on international internships, for example, at the OECD in Paris, which enriched him with valuable international perspectives and expertise in the field of data analytics. Peter also works as an analyst at the Ministry of Agriculture, where he participates in the preparation of the Open Strategic Autonomy document. He is currently planning to spend five months as an exchange student at the University of Lueven in Belgium.

Support for tennis
The Bank is also involved in the field of sports. It is a long-standing partner of the Slovak women's and men's national tennis teams and also helps develop talent in youth teams. At the turn of October and November, the J&T Banka Slovak Open 2023 women's tennis tournament took place in Bratislava. The biggest women's tournament in Slovakia was included in the ITF World Tennis Tour category. The winner of the singles was 18-year-old German Ella Seidel, who defeated Russian Sofya Lansere in the final.

VISION 2024

The Bank's vision is to continue to strengthen our position as a leading private and investment bank that actively contributes to the prosperity and growth of both private clients and companies and entrepreneurs. We want to be a driving force that connects the potential of private equity with innovative projects and business ideas, delivering value to shareholders, our clients and business partners and, more broadly, supporting growth in the countries where we operate.

Strong capital base and rating
Our priority is to maintain and improve our investment rating and use this rating to raise capital on international markets. In addition to growth and profitability, our strategy also focuses on the stability and sustainability of our business model. We are diversifying the deposit base, increasing the granularity of the loan portfolio, and strengthening stable fee income from asset management. We are gradually changing the bank's capital structure so that in the coming years we will be ready to offer MREL bonds on the international markets in volumes corresponding to the customs of the Eurobond market and become an entity with a permanent presence on the international capital market.

Digitisation and client service

Although the key element of our business is the personal relationship with the client, digitisation is a prerequisite for the bank's long-term growth. The immediate goal of deploying new technologies is to save time and costs on administrative tasks and the associated freeing up of capacity for building client relationships and seeking business opportunities. Over the longer term, we expect that as the new generation of private clients emerges, more and more emphasis will be placed on hybrid servicing, where an increasing volume of transactions and information is handled online, and personal contact is reserved for more complex transactions and decision-making. A higher level of digitisation will also open up access to segments of investment clients that we cannot serve effectively today.

During 2024, we will gradually deploy new internet banking in the Czech Republic and Slovakia with the aim of switching all customers to the new internet banking system during 2025. The long and investment-intensive project of the new internet banking is not just a modernisation of the client interface itself, but a rebuilding of part of the infrastructure on which internet banking is based. This will create the conditions for future development and innovation in digital customer service.

Growth of corporate financing

Our ambition in corporate finance is to reach a loan volume of up to CZK 100 billion on the bank's balance sheet by the end of 2024. The long-term volume growth target is set at CZK 130 billion. One of the steps towards achieving this goal will be to strengthen the lending team in Slovakia. Our growth priorities also continue to be the markets in Germany and Poland, which we consider attractive from a financing perspective and where we are interested in building cooperation with local partners with relevant market knowledge.

In parallel with growth, we also aim to gradually reduce the concentration of our loan portfolio, so we will focus more on strengthening cooperation with other banks in the market and on syndicating large loan deals.

Growth of client assets

One of the key parameters of our strategy is the growth of client assets under management and administration. Achieving this goal rests on three pillars: growing the number of clients, increasing the share of client assets and increasing the availability of our investment products through third parties.

We want to achieve our ambitious goal of increasing the share of the client's assets by a more intensive transition to an advisory model, where, based on our knowledge of the client's needs and preferences, we can recommend products that meet their requirements and develop new solutions where appropriate.

We want to offer investment opportunities that reflect current market trends and the needs of our clients. Therefore, part of the bank's capital is allocated to the creation of new products not only on the capital markets, but also in private equity, real estate and venture capital. Developing and expanding the availability of our funds, developing new solutions and building new sales models are key to meeting our target of 30% year-on-year growth in fund assets by 2024.

Expansion in Germany

In its second year of operation, our German branch will focus primarily on further growth in deposits, with the target for 2024 being an increase in customer deposits to EUR 1.2 billion. In addition to deposits in savings accounts, the share of time deposits should gradually increase in the product mix. We are also continuously evaluating opportunities to enter the German investment market, as we believe we have something to offer German clients in this respect. However, building up the deposit base remains a priority, with our aim for the German branch to provide up to one-third of the bank's long-term deposit base.

Our vision reflects the bank's commitment to be a leader in wealth management and financing, where a high level of personal attention and client satisfaction is a key aspect and added value.

DECLARATION

To the best of our knowledge, these financial statements and the consolidated financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and results of operations of the Bank and the Group for the year ended 31 December 2023 and the consolidated annual financial report under the Accounting Act gives a true and fair view of the development and performance of the Bank and the position of the Bank and the Group, together with a description of the principal risks and uncertainties that they face.

In Prague, on 28 March 2024

Ing. Patrik Tkáč
Chairman of the Board of Directors of J&T BANKA, a.s.

Štěpán Ašer, MBA
Member of the Board of Directors and CEO of J&T BANKA, a.s.

NON-FINANCIAL INFORMATION

The Bank, as a consolidating entity of a large group of entities and an entity of public interest, presents non-financial information in this Consolidated Annual Financial Report that supplements the financial and non-financial information presented in other chapters of this Consolidated Annual Financial Report, in accordance with the provisions of Section 32g(1) of the Accounting Act (as amended prior to the entry into force of Act No. 349/2023 Coll.). The Bank continues to see the sharing of non-financial information as an essential step towards a sustainable economy that combines long-term profitability with social justice and environmental protection. The Bank and other entities of the Group are aware of the importance of environmental issues and are therefore addressing related matters. The Group has implemented a number of measures that have an impact on the environment and, where appropriate, on human health and safety. Attention is also focused on social and employment issues. Trends in this area are monitored and, if they are assessed as meaningful, are gradually implemented in the Group's environment. Similarly, respect for human rights and the fight against corruption and bribery are at the heart of the Group's non-financial focus. The Bank, as the consolidating entity, applies the values presented in this section of the Consolidated Annual Financial Report at the Group level. For the year 2023, neither the Bank nor any other entities of the Group carried out any research and development activities.

ESG factors (i.e. environmental, social or corporate governance factors) and the risks arising from them are important to the Group for the following reasons in particular:

- The Bank and other entities of the Group are exposed to ESG risks related to their own operations; environmental factors are assessed mainly in the areas of energy management, water resources, waste recycling and supplier selection; social and administrative factors are assessed in the area of employment policy and internal management settings,
- The Bank is also exposed to ESG risks for the counterparties it finances, both through loans and through the purchase of securities for its own portfolio,
- clients to whom investment services are provided by Group entities consider ESG factors in potential investments and may be exposed to ESG risks arising from such investments.

Profile of the Group and its business model

The Group provides comprehensive services related primarily to private banking, private client wealth management, investment banking and corporate (project) finance. The Group relies on the background of the holding company J&T FINANCE GROUP SE, a European joint stock company operating mainly in Central and Eastern Europe, which is the Bank's sole shareholder. The Bank occupies a key position within the Group, being a sought-after private and investment bank focused on the care of its clients' assets. The Bank's traditional clientele includes especially successful and demanding customers who require a high level of service and an individual approach with a recommendation of a tailor-made solution. This is reflected in the portfolio of products and services offered and the Bank's overall mission to connect capital with market opportunities and to be a partner and advisor to clients.

The Bank's activity in private banking, which is narrowly focused on a small segment of clients, is also related to its influence on the financial and capital markets in the countries where it operates. Given its market share and non-retail focus, the Bank's potential difficulties are unlikely to cause significant turbulence in the markets concerned. The Bank is gradually expanding its range of services and products also towards non-private, affluent clients. In addition to the Czech Republic and Slovakia, it also offers its services in other EU countries, and in Croatia it offers them through its subsidiary J&T banka d.d., a bank specialising in investment banking and corporate finance. In Germany, banking services are provided through the Bank's branch, the fully digital J&T BANKA, a.s., Zweigniederlassung Deutschland, which operates on the German market under the name J&T Direktbank and which focuses on offering classic banking products, especially term deposits.

Other key entities belonging to the Group are investment companies (J&T INVESTIČNÍ SPOLEČNOST, a.s., AMISTA investiční společnost, a.s., J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.), which are among the major managers of investment mutual funds for the public and qualified investors distributed in substantial part by the Bank. In 2023, the Group also included a securities dealer acting as a custodian (ATLANTIK finanční trhy, a.s.), a highly specialised leasing company (J&T Leasingová společnost, a.s.) and companies providing advisory and consulting services (J&T IB and Capital Markets, a.s., J&T RFI I., s.r.o.).

Stakeholders

The Bank is aware that its and the Group's activities influence a number of entities and the environment in which it operates, and in turn is itself influenced by other entities.

It considers its clients, employees and shareholders to be the most important in this respect. In a certain sense, government authorities, in particular the CNB, the supervisory authority, can also be considered as entities that influence the activities of the Bank and other entities belonging to the Group. Other counterparties are external suppliers of any additional services or products, the media and local communities. The Bank, or entities from the Group, tries to conduct a dialogue with all these entities, maintain fair relations and take their interests into account in its decisions.
Employees of Group entities can regularly participate in satisfaction surveys to express their needs and insights for improving the working environment. The information obtained from

the survey is used to make decisions about changes in working conditions, remuneration and other motivational tools.

Environmental protection and pollution prevention
The business model of the Bank and the Group is to provide financial services to the client. The Bank distinguishes between the following two main areas, within which it focuses on sustainability factors and on the opportunity to contribute to more sustainable development, both in terms of environmental and other social issues.

For the purpose of implementing the elements of sustainable business, the Bank distinguishes the following areas:
- its own operation and administration,
- the provision of financial services.

Operation and administration of the Bank and the Group
The provision of banking and investment services is a business where, by its very nature, there is no significant direct impact on the environment. Despite this, the Bank considers it important to minimise the negative impact of the Group's activities on the environment (water, electricity and paper consumption, waste production, direct and indirect CO2 emissions). While there is no activity within the Group's operations that would result in environmental damage, the Bank is aware that the Group is a significant consumer of energy and goods. Beyond meeting legislative requirements in the area of environmental protection, the Bank and other entities of the Group seek other ways to achieve sustainability and conscious economic growth and development. Therefore, preference is given to local and regional suppliers of goods and services, both to support local suppliers and to avoid unnecessary emissions, e.g. from the transport required to deliver the goods. Next year, the Bank plans to focus on electromobility and planting trees and greenery around the Bank's registered office.

Below are specific environmental measures relating to the operation and management of the Group's entities.

a) Registered office of the Bank and other entities of the Group
The vast majority of the Group's entities (namely J&T BANKA, a.s., AMISTA Investment Company, a.s., ATLANTIK Financial Markets, a.s., J&T IB and Capital Markets, a.s., J&T RFI I., s.r.o., J&T Leasingová společnost, a.s., J&T INVESTIČNÍ SPOLEČNOST, a.s. and Rustonka Development II s.r.o., which is the owner of the building) are located in a building for which the Bank actively promoted the limitation of negative impacts of the building on its surroundings already during construction. Specific elements that reduce the environmental impact of the building and contribute to a suitable working environment for its employees include the following:

- the building is equipped with a controlled ventilation system during non-working hours,
- specific water-saving flow rates are set for taps; grey water is used for flushing,
- the roof of the building, which is accessible to employees, is planted with greenery, thus contributing to a better climate in the surrounding area; similarly, all offices have greenery, which is also maintained in a cost-effective manner,
- staff and clients have a bike room where they can place the bicycles they use to get to the building (bike racks are located in a secure part of the building, there are also showers and changing rooms); the building is also located right next to metro and tram stations, which can contribute to higher use of public transport instead of cars,
- a certain number of parking spaces in underground garages are reserved for low-emission vehicles,
- the building is equipped with mostly large French windows spanning the entire height of the floor, which allow for the longest possible natural outdoor lighting, including external heating of the offices in case of sunny weather; the blinds can be operated by manual control, but are also automatically retracted in case of a certain duration of sunlight to prevent the air in the offices from warming up above the standard temperature; thanks to the use of so-called osmotic water, the entire building shell is cleaned without the use of detergents,
- comfortable conditions in the offices are automatically maintained by the IRC (Individual Room Controller), which automatically maintains the set environmental parameters (temperature and ventilation) with respect to the presence of people and energy-efficient operation; a system has been created that limits the possibility of temperature adjustment by precisely defined degrees with respect to the occupancy of the premises, a specific day of the week and a precise time range; thus, significant energy consumption occurs only when the building is actually intensively used; on weekdays from 6:00 a.m. to 7:00 p.m. the temperature in the offices and common areas can only be adjusted by +/- 1.5 °C within the default temperature setting,
- heating is set up in a similar way in the building, where the temperature cannot be influenced in any way during non-working hours; the aim is mainly to eliminate the possibility of human error, where an employee leaving the office forgets to adjust the temperature and ventilation mode; a mere 1°C reduction in temperature results in energy savings of around 4-5%; energy reduction trends continue to be monitored,
- the building uses mainly electricity for lighting, cooling and running appliances; the lights are set to switch off automatically at a specific time (19:00), and lights always switch off after one hour,

The Bank also takes into account the workplaces of its branches when adopting cost-saving measures. The buildings used by the Croatian J&T bank d.d. in Varaždin and Zagreb are new buildings that also reflect high sustainability standards.

b) Waste reduction and recycling

An important environmental objective of the Group in its day-to-day operations is the long-term reduction of waste. New measures are continuously adopted to reduce the energy and environmental burden arising in direct connection with the Group's activities (zero waste policy). The most significant results include the following:

- the use of drinking water dispensers in the above building is considered to be a significant contribution to waste reduction; the dispensers are connected to the water supply; this minimises the plastic waste that would be generated by using bottled water in the long term; the dispensers also allow hot water to be dispensed, thus avoiding kettle heating and associated electricity consumption,
- bins for sorting waste (plastic, paper, shredded paper, or other materials) are placed in selected areas of the building (e.g. in kitchens, catering rooms, reception areas, or near printers and copiers),
- IT computer and office equipment is disposed of after it has been scrapped by an external company that specialises in the disposal of such equipment; employees are encouraged to bring in scrapped office equipment to avoid it being disposed of in the regular municipal waste,
- continuous reduction of paper consumption in all segments through digitalisation,
- there is also a gradual elimination of battery use (e.g. increasing replacement of wireless mice and keyboards).

It can be summarised that although the Group's activities represent a certain environmental burden, neither the Bank nor other Group companies are significant waste producers or polluters. The main risks in this regard include the increase in energy consumption and waste produced in daily operations; however, these risks are being significantly reduced through our own programmes and strategies (specific practices are described above). These factors are automatically taken into account when making relevant decisions (purchase of dishwashers, water dispensers, number of recycling bins, etc.) so that the volume of waste and energy consumed is as low as possible.

Provision of financial services

The Group is aware of its social responsibility related to the provision of financial services, especially banking and investment services. At the same time, it is mindful of the risk that a lack of consideration of ESG factors in its business activities may affect the return on investment, or the financing provided, and the value and return on investment of its clients. Therefore, as part of its investment and business strategy, the Bank evaluates, among other indicators, the impact of the financed projects and investments on the environment and sustainability in general, and their consistency with the Bank's and Group's strategy in this area.

Firstly, the Bank excludes from its range of investment instruments such products that originate from highly controversial areas of business; an overview of these excluded activities is provided on the Bank's website. Consequently, issuers and their investment products also undergo positive selection in terms of their social and environmental standards and characteristics. The Bank thus prefers investment products that meet other relevant criteria (in particular, yield and risk level) and reflect sustainability standards. The current priority of the Bank (as well as other entities of the Group) in connection with the above is to expand and improve its data base with information that will enable the best and most accurate assessment of the products offered in terms of meeting sustainability requirements. In building the ESG data base, the focus is currently on systematically collecting information from financial product manufacturers, collecting information from issuers and drawing information from non-financial reporting where available. In the future, it is planned to involve more reputable rating agencies in data collection.

Just as it is essential to know the sustainability features of the products on offer, it is also important to know clients' preferences in this area. For the purpose of providing investment services, the Bank collects information about clients or investors within the framework of the so-called client questionnaire, which includes questions on the investor's preferences in the area of sustainable investments. This gives investors the opportunity to express whether sustainable products should also be part of their investment portfolio, in relative detail, so that the products reflect their desired level of "greenness" or specific negative impacts on sustainability.

The Bank's provision of investment services involves a gradual adjustment of its investment product offer with regard to ESG factors so that the Bank can offer products of sufficient quality and corresponding to green preferences to the widest possible range of clients. In 2023, the Bank had over 430 funds in its offer that meet some of the sustainability criteria, an increase of approximately 60 funds compared to 2022. Currently, the Bank distributes funds with ESG factors exclusively from third party funds that are not part of the Group. When offering investment instruments, the Bank bases its assessment of ESG factors on information provided by securities issuers or investment firms. During 2023, there was a change in the way information is collected, with issuers newly mostly now declaring this information in the European ESG Template, a standardised template document that facilitates the process of exchanging data on ESG factors among financial market participants and ensures greater transparency and comparability of the information declared. The Bank itself is not the issuer of the security to which the sustainability factors are linked.

Credit companies can also make a real impact on the environment through the projects they finance. In the credit financing segment, the Bank introduced an ESG questionnaire during 2023 to collect, process and archive data on ESG risks to which the client or potential client is exposed. The client's ESG score based on the completed information is factored into the lending process, client credit risk assessment and exposure monitoring. The information obtained by completing the ESG questionnaire can be further used to work with clients on their sustainable development, to assess the suitability of the products and services offered, and to assess the concentration of the Bank's portfolio in terms of a particular ESG risk. At present, neither the Bank nor J&T Banka d.d. offers special financial products that would specifically take into account sustainability factors in financed projects (e.g. green loans), but it is monitoring the possibility of introducing them, also taking into account market opportunities.

As mentioned above, the Group's investment companies do not yet actively monitor ESG factors for any of the funds under management. Therefore, the underlying investments of the funds managed by the Group's investment companies do not yet take into account the EU criteria for environmentally sustainable economic activities. The impact of sustainability risks on fund returns is assessed on a case-by-case basis for each investment as part of the investment viability analysis that precedes the actual purchase into the fund's assets. However, the investment companies continuously monitor existing investments for ESG risks and are developing an ESG data base within the Group. Internal criteria for investment eligibility (including a list of unsupported investments) are also established and modified.

The remaining entities of the Group do not actively take environmental issues into account when offering their services, especially with regard to the nature of their activities (e.g. ATLANTIK finanční trhy, a.s., as a securities trader, performs mainly the function of a so-called depository).

The social and employment areas

Employees

A satisfied and motivated employee is one of the greatest assets a company can have. The Bank is aware of this fact and offers employees within the Group the opportunity to expand their knowledge and experience, further training, as well as a number of above-standard benefits, thus significantly reducing the risk of employee turnover. All managers, employees and members of the statutory body are bound by the Group's internal regulations, which clearly define the prohibition of discrimination and the duty of equal treatment. The Group's entities operate in countries where the prohibition of child and forced labour can be assumed, given the respect of European standards in the area of labour and social conditions. The risk that the problems mentioned could occur with external suppliers of goods or services is therefore assessed as minimal. In any case, information or reasonable suspicion that any business partner is in breach of these standards would mean that the business cooperation should be terminated as soon as possible. There are no violations of work safety rules recorded within the Group on the part of any Group entity.

The Group employs a total of 889 employees, of whom 428 are men and 461 are women. The proportion of women in management at Group level is 40%. The following summaries show the specific numbers of male and female employees of each Group company, as well as the numbers of male and female employees in managerial positions.

Number of employees of 31 December 2023 (number of men and women)

Company	Men	Women	Total
J&T BANKA, a.s.	253	256	509
J&T BANKA, a.s. (Slovakia branch)	79	109	188
J&T BANKA, a.s. (Germany branch)	6	4	10
J&T banka d.d.	22	30	52
ATLANTIK finanční trhy, a.s.	1	5	6
J&T INVESTIČNÍ SPOLEČNOST, a.s.	28	18	46
J&T IB and Capital Markets, a.s.	5	-	5
J&T Leasingová společnost, a.s.	2	4	6
AMISTA investiční společnost, a.s.	23	31	54
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	9	4	13

Number of men and women in managerial positions as of 31 December 2023

Company	Men	Women
J&T BANKA, a.s.	49	20
J&T BANKA, a.s. (Slovakia branch)	4	10
J&T BANKA, a.s. (Germany branch)	2	-
J&T banka d.d.	8	8
ATLANTIK finanční trhy, a.s.	1	1
J&T INVESTIČNÍ SPOLEČNOST, a.s.	8	2
J&T IB and Capital Markets, a.s.	1	-
J&T Leasingová společnost, a.s.	1	-
AMISTA investiční společnost, a.s.	9	2
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	2	1

Remuneration policy
Above-standard working and social conditions have been created for the Group's employees in the long term. In order to foster employee belonging to the Bank and the Group, internal procedures are in place to determine fair and motivating remuneration for work performed.

The result is a remuneration policy that combines fixed and variable components in order to ensure the economic stability of the employee, while at the same time motivating them to develop and improve, and thus contribute to the performance of the Group as a whole. At the same time, the remuneration rules set do not encourage deals and investments with negative sustainability impacts.

Employee salaries are set on the basis of a job analysis prepared by the HR department. The salary is then based on externally available data, work experience and the expertise of the individual employee, without exception respecting the prohibition of any discrimination, especially on the basis of gender, family responsibilities or age.

Further information on remuneration policy and principles is provided in the Remuneration Principles section.

Work environment and benefits
Together with other companies of the Group, the Bank has long focused on creating an inspiring and favourable working environment for its employees, which includes not only above-average working facilities, but above all a range of social events and regular meetings, educational events, and a range of interesting benefits. The range of benefits below is provided across the Group (specifically in the companies J&T BANKA, a.s., ATLANTIK finanční trhy, a.s., J&T IB and Capital Markets, a.s., J&T Leasingová společnost, a.s. and J&T INVESTIČNÍ SPOLEČNOST, a.s.). As regards AMISTA investiční společnost, a.s., engagement is planned for 2024. In other countries outside the Czech Republic where the Group operates, benefits are provided in a similar manner, taking into account local customs.

Promoting work-life balance is an important part of the Group's corporate culture. To this end, employees have the option of taking not only one week of leave beyond the statutory obligation, but also 5 days of sick leave per year for short-term disability (sick days) and 5 days of discretionary leave (whatever days). Another highly valued benefit is the use of flexible working hours, where employees can choose the start and end of their working hours within a set time range. Employees are allowed to work partly remotely (home office), which is accompanied by the strengthening of IT systems that facilitate working from home (e.g. strengthening VPN or support for software conferencing applications).

Employees are encouraged to return to work during maternity and parental leave if they wish. This allows them both to increase their income while they are caring for their families and to maintain their level of professional skills, thus facilitating their return to work. The Bank supports parents in their return to the workplace mainly through part-time jobs, the number of which has been increasing over the years.

In 2023, the following number of employees worked part-time in the Group companies.

Company	Number of part-time employees
J&T BANKA, a.s.	43
J&T BANKA, a.s. (Slovakia branch)	16
J&T BANKA, a.s. (Germany branch)	1
J&T banka d.d.	1
ATLANTIK finanční trhy, a.s.	2
J&T INVESTIČNÍ SPOLEČNOST, a.s.	5
J&T IB and Capital Markets, a.s.	-
J&T Leasingová společnost, a.s.	4
AMISTA investiční společnost, a.s.	4
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	5

The Group also offers several benefits to help meet employees' social, cultural and health needs. The bank has created an employee product called J&T 60, which helps employees make sense of their assets in old age and learn how to invest. Under this product, the Group's employees are granted an amount corresponding to the funds invested by the employee in investment instruments (up to CZK 20,000 per calendar year). At the same time, employees have the opportunity to attend regular internal training sessions where they are introduced to new developments in the world of investing. Another interesting benefit is the Magnus Club, through which employees can receive various vouchers for services or products (hotels, electronics, tickets) worth CZK 10,000. Employees are offered the opportunity to take advantage of health care at renowned clinics, where they can undergo, for example, a comprehensive medical examination, sports and classical massages, physiotherapy or other health services.

The group enables employees to improve their professional qualifications and develop personal or managerial skills over the long term. Studies related to the type of work being done (e.g. CFA, ACCA, etc.) is encouraged, both financially, where the Bank is prepared to cover the cost of studies, and in terms of time. Employees can develop their foreign language skills through language courses, and attendance at professional conferences and seminars is encouraged. The Bank is a long-term partner of the Investors' Club, with which it cooperates in organizing educational activities and workshops for students.

Last but not least, we should also mention the building's facilities and the organisation of social or other events for the Group's employees. There are a number of relaxation areas in the Bank's headquarters building that employees can use to relax or take care of personal matters. Employees also have access to a fitness area with a number of fitness machines, treadmills and kettlebells for individual training during or after working hours. In order to maintain contacts, there is a group internal communication network that connects employees and others through sharing messages, statuses or photos and helps to organise joint events (e.g. there is a running team or a group of employees who go cycling together). Teambuilding events with an educational programme and a number of smaller social events are organised regularly throughout the year. Regular events include the so-called family day, a day full of social and cultural events to which not only employees but also their families are invited.

Employee satisfaction and ideas
The long-term goal is to create a healthy environment for the Group's employees that supports personal and career growth. Creativity and ideas that can influence both company processes and specific products are therefore encouraged.

Upon joining and after a certain period of time, employees meet regularly with the HR Department and with representatives of the Bank's management. At the meetings, they discuss their personal motivation and expectations from working in the Group, as well as how employees' expectations have been met and where they see room for improvement in the company's processes or culture. Regular employee satisfaction surveys are also conducted across the Group to obtain feedback.

In line with the group's core values, employees are regarded as partners and the employer tries to offer them individual assistance in the event of a difficult life situation. Depending on the situation, this may include financial support, job retention or a necessary reduction in hours.

Protecting the health and safety of employees
For several years now, the Bank has been systematically taking care of the health of its employees, or the employees of Group companies, and has been organising Health Days several times a year. During these sessions, employees can receive individual physiotherapy, massages or professional consultations, especially in relation to the negative consequences of sedentary work. Regular training of employees in occupational health and safety and fire protection is a matter of course, as is the provision of high quality work tools and office equipment to minimise the risk of occupational injury or illness.

Client satisfaction
In case the Bank's clients have any objections to the products or actions, they can file a complaint or claim. Such a submission is further assessed by the Compliance Department and the client is notified of its handling within the prescribed time limit. If an inadequate coverage is identified in connection with a complaint or claim, the Compliance Department, together with the relevant responsible department, will propose changes or other measures. Complaints are regularly reported to the Board of Directors and, in significant cases, to the Operational Risk and Loss Committee. In 2023, the Bank received a total of 143 complaints from customers and non-customers of the Bank (51 of which were filed and processed at the Bank's branch in Slovakia), and another 30 related to payment cards (12 of which were filed and processed at the Slovak branch).

Respect for human rights
The Bank and the Group consider respect for human rights to be one of its most important values. The principle of respect for human rights and other legal obligations applies in all areas of the Group companies' operations, and restrictions resulting from measures or sanctions imposed by the United Nations, the EU or the US on human rights abusers are respected across the Group.

One of the unbreakable principles is the rule that neither the Bank nor any of the Group companies will enter into a transaction with a person subject to international sanctions and, to this end, the Bank defines group rules, compliance with which it monitors.

It is also a policy of the business that Group entities act in a non-discriminatory manner towards all customers, employees and others. In this regard, there is an open door policy where employees are encouraged to communicate any concerns and findings related to possible discrimination or other violations or suggestions for improvement (even anonymously through a whistleblowing hotline) to their supervisor or anyone in management. Compliance with the established rules results in continuous unconditional non-entry into contractual relations with a person subject to international sanctions, a non-discriminatory attitude of Group entities towards customers, employees and other persons, as well as an open attitude towards disagreeing opinions of employees or third parties.

The risk in this respect may lie in an error or mistake on the part of the employee who may make a decision inconsistent with the policy, contrary to the measures in place. The bank and other companies have a control system in place that sufficiently ensures that errors are caught in a timely manner. These include, for example, the four-eyes check (two employees are involved in the same task), management control of the implementation of activities under the responsibility of the director of the relevant department, compliance control as a control function with the possibility/obligation to carry out controls defined by internal regulations and the control plan or on the basis of its own risk assessment, and last but not least, the control activities of the Internal Audit and Control Department.

For the year 2023, there were no transactions within the Group with a person subject to international sanctions and no allegations of any human rights violations by the Group or its employees were reported or identified.

The fight against corruption and bribery
The Bank and other entities of the Group strictly adhere to ethical principles in their activities and do not tolerate any form of direct or indirect bribery or corruption. Group companies do not accept or provide any special benefits (incentives) of any kind, regardless of whether the person offering or requesting such a benefit works in the public or private sector.

The Group defines in its internal regulations, in particular in the Group Code of Conduct, rules of conduct for its employees, motivates them to comply with them and monitors their compliance accordingly. In particular, these rules define the prohibition of corrupt conduct, the solicitation, acceptance or provision of bribes, as well as rules for the management of potential conflicts of interest.

Employees of the Group entities are regularly trained in this area and preventive and follow-up control mechanisms are defined to detect such conduct, any such case being considered a serious breach of work duties in accordance with internal regulations. In the case of conduct that has the potential to constitute a criminal offence, such conduct shall be reported to the relevant law enforcement authorities.

The basic tool of the Bank and other entities of the Group to detect any unethical conduct or conduct in violation of internal or legal regulations is the possibility of anonymous whistleblowing. Its purpose is to enable not only employees but also other persons to report, confidentially or anonymously, possible illegal acts that harm or threaten the public interest, including fraud and bribery. An effective whistleblowing system has therefore been in place at the Bank and other Group entities for a number of years, helping to protect the company's reputation and prevent negative financial, legal and reputational impacts. The Bank shall ensure that whistleblowing communication channels are independent and separate. The Group Compliance Officer is responsible for receiving and processing reports of possible illegal or other unfair practices and is obliged to investigate the report and forward the results of the investigation to the competent persons in order to take further action. The Group's internal regulations governing whistleblowing guarantee protection of the whistleblower from retaliation or any negative consequences of the whistleblowing, even if the unfair or illegal conduct is not subsequently confirmed. In 2023, no employee or third party conduct that could be described as unfair or illegal was reported through whistleblowing. In 2023, this area was revised to also take into account the requirements of the Whistleblower Protection Act. J&T banka d.d. has a separate whistleblowing line, which operates on principles similar to those mentioned above.

In relation to corruption committed by third parties, the Bank defines in particular measures to prevent the laundering of the proceeds of crime and the financing of terrorism, including in particular procedures for the identification and control of customers in accordance with Act No.253/2008 Coll., on certain measures against the laundering of the proceeds of crime and the financing of terrorism, including implementing regulations and directly effective EU legislative acts. The Bank pays particular attention to cash transactions, as they can be a potential tool for corrupt behaviour, and to transactions by politically exposed persons. Similar measures are also set up by J&T banka d.d. in Croatia, in accordance with local legislation on measures against the laundering of proceeds of crime.

Certain employees of the Bank and other entities of the Group may be exposed to the risk of corrupt practices in connection with their work activities or may be motivated by customers or third parties, financially or otherwise, to execute transactions in accordance with the instructions of such persons. For this reason, the Group has a significant interest in limiting the risk of behaviour that could have a material impact on the Group's reputation and business interests. For this reason, no form of corruption or bribery is tolerated and risks of conflicts of interest detrimental to the interests of the Bank and the Group, clients or third parties are managed. The Bank approves and subsequently records transactions of persons with a potential risk factor. Potential conflicts of interest are also individually assessed and recorded. As a result of these measures, the Group and its employees comply with the rules of ethical conduct. The Group does not encounter any cases that could be assessed as unethical conduct on the part of its employees related to the prohibition of corrupt conduct or that would be in violation of legal or internal regulations. All non-standard transactions are reported to the relevant authorities, in particular the Financial Analysis Office.

Environmental and social responsibility
The Group's ongoing ambition is to be a provider of the highest level of service and personalised approach to its clients, partners and counterparties, which includes accommodating changing lifestyles while taking into account the Sustainable Development Goals. The Bank and other Group entities see their position as one in which they must actively participate in a changing environment, while at the same time not negatively impacting the achievement of value. The Bank believes that responsible investment does not

have to be at the expense of performance and both financial and non-financial factors should be taken into account.

Consideration of socially responsible investing or ESG criteria is increasingly evident in the way clients choose their investments.

The Group's approach to social values is described above in The Social and Employment Areas. Across the Group, there is a thorough commitment to respecting and improving working conditions and zero tolerance of discrimination at any level. Social relations are strengthened between employees, and work is being done to deepen relations between employees and junior and senior management. Respect for human rights is considered one of the most important values that is taken into account within the Bank and the Group. The Bank and the Group closely monitor and comply with international sanctions relating to the provision of services or the establishment of relationships with specific persons, and compliance with sanctions is monitored. The Bank's approach to the fight against corruption and bribery and other details in this area are also set out in the section above.

An aspect of good corporate governance that the Group considers important and takes into account in its day-to-day activities is in particular compliance with legal regulations and the Group's Code of Ethics, which is based, among other things, on the Code of Ethics published by the Czech Banking Association. Emphasis is also placed on the fight against corruption and sufficient risk management and internal and external audit activities. As part of the Bank's and Group's business strategy, global trends and the geopolitical situation are monitored and analysed, which helps to prevent a rigid approach and potential loss of Group performance. For this reason, sustainability trends are also monitored and the most appropriate and at the same time most advantageous approach in relation to environmentally sustainable economic activities is assessed to ensure that the Bank's strategy is in line with the relevant regulation. This is then reflected in the consideration of updating product offers and in setting up and managing relationships with clients and counterparties of the Bank and other Group companies.

The Bank helps

The Bank, its shareholders and employees have long supported the J&T Foundation (Nadace J&T), which has been helping families with children at risk for many years by providing financial and material assistance and counselling. Based on its experience in the field, it also seeks systemic changes in the prevention and care of families at risk. The foundation makes contributions to both natural persons and legal entities - non-profit organizations, if their projects are related to the mission and goals of the foundation. The assistance is mainly directed to children at risk in order to deepen their comprehensive care and to socially vulnerable families, sick and disabled people. Hospice care and awareness-raising activities are also supported. One of the priorities is the development of foster family care. The long-term goal of the foundation is therefore to ensure that children under the age of seven are not placed in institutional care but grow up in a family environment. The J&T Foundation is a member of the Association of Public Benefit Organizations of the Czech Republic and since 2014 has met the criteria for the designation "Reliable Public Benefit Organization", which is a guarantee for donors and the public that donated funds are managed adequately and transparently and that the foundation fulfils its mission.

For a number of years, the Bank has been enabling students of selected fields of study to gain work experience in banking through the Financial Trainee Programme, both in the Czech Republic and Slovakia. The Financial Trainee programme is one of the successful projects in cooperation with young candidates from the financial and economic field, where the Bank offers the opportunity to try out working in different teams under the guidance of senior colleagues and the opportunity to gain a real and broad view of the functioning of the financial market.

The Bank and its officials are enthusiastic supporters of the arts. For example, the bank organises the Magnus Art project, which aims to introduce the public to contemporary art, its creators and the exceptional personalities who shape the artistic environment. The Magnus Art Gallery is located in the building of the Bank itself, with a regularly updated exhibition of artworks to which the public also has access. The Magnus Art Gallery aims to present valuable collections based on Czech and international art. In addition to this part, the corridors of the building are filled with artworks, both by renowned artists and art school students. The bank also offers guided tours of these exhibitions. As part of the Magnus Art book series, the Bank helps to bring interesting art titles to the world.

Given its orientation towards the art market, the Bank also tries to educate clients about this alternative investment (i.e. investment in art), for example through the Magnus Magazine. The Magnus Magazine also supports the idea of "noblesse oblige" and therefore brings stories, portraits, visions and places that inspire.

The Bank also supports sports activities, for example, it is a general partner of the Czech Rugby Union and the Ostrava Beach Volleyball Tournament (VOLLEYBALL WORLD BEACH PRO TOUR).

CONTEXTUAL INFORMATION ACCORDING TO EU REGULATION 2021/2178

This section of the Consolidated Annual Financial Report focuses on describing the Group's activities in terms of how and to what extent they relate to economic activities that qualify as environmentally sustainable in accordance with EU Regulation 2020/852 (the EU Taxonomy) and other related regulatory documents.

Basis for preparing the information to be published
The disclosed information relates to entities included in the Bank's prudential consolidation unit (a list by type of entity is provided below). Disclosure of key performance indicators ("KPIs") and relevant qualitative information is made in accordance with EU Regulation 2021/2178, whereby for the purposes of reporting information under this Regulation, individual entities within the Group are considered to be credit institutions, investment firms, asset managers or non-financial undertakings.[1]
The following entities in the prudential consolidation unit are considered credit institutions (hereinafter collectively referred to as "Credit Institutions") (i.e. the reported KPIs relating to credit institutions apply to these entities):
- J&T BANKA, a.s.;
- J&T banka d.d.

Within the Group, the following entities in the prudential consolidation unit are investment firms (collectively referred to as "Investment Firms") as defined in EU Regulation 2021/2178 (i.e. the published KPIs relating to Investment Firms apply to these entities):
- ATLANTIK finanční trhy, a.s.

The following entities in the prudential consolidation universe are considered to be asset managers (collectively, "Asset Managers") for the purposes of disclosure under EU Regulation 2021/2178 - therefore the reported KPIs relating to Asset Managers apply to these entities:
- AMISTA investiční společnost, a.s.[2];
- J&T INVESTIČNÍ SPOLEČNOST, a.s.;
- J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.

The remaining entities in the prudential consolidation unit are treated as non-financial undertakings under EU Regulation 2021/2178 (collectively, "Non-financial Undertakings"). Specifically, they are the following entities (the reported KPIs relating to Non-financial Undertakings relate to these entities):
- J&T IB and Capital Markets, a.s.;
- J&T RFI I., s.r.o.;
- J&T Leasingová společnost, a.s.;
- Rustonka Development II s.r.o.

Of the above consolidated entities, only J&T BANKA, a.s. would have to disclose non-financial information on an individual basis pursuant to Article 19a of Directive 2013/34/EU. (which, however, already publishes the information at Group level).

In 2023, compliance with the[3] taxonomy was assessed against two environmental objectives - climate change mitigation and climate change adaptation. The GAR and other similar KPIs are always calculated twice over, depending on whether the counterparty's KPI for turnover or capital expenditure (CapEx) is used to assess taxonomy compliance (or eligibility for the taxonomy[4]) in the case of exposures with unknown use of the funds provided.

A summary of the tables referred to in this section of the Consolidated Annual Financial Report is set out in the Annexes to the Consolidated Annual Financial Report.

Compliance of activities with the taxonomy – Credit institutions
A summary of the KPIs for the Credit Institutions is provided in Table no. PPP 1.

The main key performance indicator is the Green Asset Ratio (GAR), which represents the proportion of assets financing activities in accordance with the taxonomy to total covered assets (see below for the calculation methodology). The value of total

1) Compared to the information published in the previous year, the data for 2023 include data for investment firms, asset managers or non-financial undertakings. The expansion of the scope of the reported information was made in connection with the clarifications set out in the Commission notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (hereinafter referred to as the "Third Commission Notice").

2) J&T ORBIT SICAV, a.s. also falls under the management of AMISTA investiční společnost, a.s. Data for these subsidiaries is obtained from the controlling entity and is also included within the information disclosed below.

3) An activity is in compliance with the taxonomy if it makes a significant contribution to one of the environmental objectives listed in EU Regulation 2020/852, meets the so-called technical screening criteria (hereinafter also referred to as "TSC") listed in the relevant EU regulations, does not significantly harm any of the environmental objectives in question, and at the same time the undertaking carrying out the activity complies with the so-called minimum safeguards.
For reporting purposes for 2023, compliance with the taxonomy is assessed against the technical screening criteria set out in Annexes I and II of EU Regulation 2021/2139, with the exception of Sections 3.18 to 3.21, 6.18 to 6.20 of Annex I of the Regulation and Sections 5.13, 7.8, 8.4, 9.3, 14.1 and 14.2 of Annex II.

4) An activity is eligible for the taxonomy if it is listed in the regulations specifying the technical screening criteria, i.e. it can potentially be consistent with the taxonomy (if other criteria are met).
Eligibility against the taxonomy is assessed against the technical screening criteria set out in Annexes I and II of EU Regulation 2021/2139 and Annexes I - IV of EU Regulation 2023/2486 for tables PPP 2, PPP 3, PPP 6, PPP 7, PPP 35, PPP 36, PPP 38, PPP 40, PPP 41 and PPP 42. For other tables, eligibility is assessed against the same technical screening criteria as for taxonomy compliance.

assets included in 2023 was CZK 134.23 billion (i.e. 46.24% of the total balance of the Credit Institutions' assets).

Included in the GAR numerator are loans and other receivables, debt securities, equity instruments and foreclosed commercial and residential real estate collateral against specified counterparties[5]. The proportion of these assets (before assessing their eligibility/compliance with the taxonomy) in relation to the total assets included is 6.17%, i.e. for this proportion, eligibility for the taxonomy (or compliance with the taxonomy) is further assessed.

The following exposures, for example, are excluded from the numerator:
- derivatives: represent 1.64% of total assets (3.56% of total assets included);
- exposures to undertakings not subject to non-financial disclosure under Articles 19a or 29a of Directive 2013/34/EU: representing 37.78% of total assets (81.72% of total covered assets).

Thus, a very small percentage of assets may enter the GAR numerator because of the current business focus of the Credit Institutions. The counterparties of Credit Institutions are in most cases Financial and Non-financial Undertakings that are not subject to the reporting requirements of Articles 19a and 29a of Directive 2013/34/EU.

The GAR as at 31 December 2023 was 0.36% when calculated based on the counterparty KPIs for Turnover and 0.32% when calculated based on the counterparty KPIs for CapEx (state GAR; Tables no. PPP 6 and PPP 7).

In the case of the GAR based on the counterparties' KPI for turnover, 0.36% of this indicator relates to the climate change mitigation objective and 0% to the climate change adaptation objective (similarly 0.32% and 0%, respectively, when considering the GAR calculated on the basis of the counterparties' KPI for CapEx).

Tables no. PPP 4 and PPP 5 specify the composition of assets vis-à-vis Non-financial Undertakings subject to the reporting requirements of Article 19a/29a of Directive 2013/34/EU in accordance with the activity taxonomy (NACE) to which they relate.

The magnitude of the GAR is close to zero in all cases - both when looking at counterparty KPIs for turnover and for CapEx. Within the loan portfolio, only exposures to non-financial corporates related to electricity generation and distribution are represented in the numerator of the GAR[6]. Within equity instruments, the GAR numerator mainly includes exposures to Non-financial Undertakings also engaged in the generation and distribution of electricity[7]. No debt securities were assessed as compliant with the taxonomy. All exposures in accordance with the taxonomy were based on available counterparty activity data for 2022 (data for 2023 were not available).

As mentioned above, a large part of the exposures to Financial and Non-financial Undertakings have been excluded from the numerator of the GAR indicator (i.e. it cannot comply with the taxonomy) as these undertakings are not subject to reporting under Article 19a/29a of Directive 2013/34/EU. A significant part of the funding of Financial and Non-financial Undertakings also relates to legal entities such as special purpose vehicles or SPVs (these are companies set up specifically for projects/activities, e.g. development projects). For exposures to SPVs, the 'look through' method (i.e. assessing the actual beneficiaries of funding through SPVs in terms of their sustainability) was not currently used and therefore these exposures were not classified as compliant with the taxonomy.

Some of the exposures were also not assessed for their consistency with (or eligibility for) the taxonomy due to the simplifications used - see methodological assumptions below. None of the exposures falling under the category 'Households' or 'Financial Undertakings' were assessed as exposures in accordance with the taxonomy.

5) Financial Undertakings (credit institutions, investment firms, management companies, insurance and reinsurance undertakings as defined in Article 1(8) of EU Regulation 2021/2178) and Non-financial Undertakings subject to disclosure obligations under Articles 19a or 29a of Directive 2013/34/EU, possibly issuing environmentally sustainable bonds; households (including a more detailed breakdown into loans secured by residential property, loans for renovation of buildings and loans for motor vehicles) and local authorities to which financing is provided for a known purpose.

6) Compliance with the taxonomy for these exposures specifically relates to the following activities defined in EU Regulation 2021/2139: electricity generation using solar photovoltaic technology (4.1), hydroelectric power generation (4.5), electricity storage (4.10) and electricity generation from nuclear energy in existing installations (4.28).

7) The exposures relate to the following activities defined in EU Regulation 2021/2139: solar photovoltaic electricity generation (4.1), wind electricity generation (4.3), hydro electricity generation (4.5), electricity transmission and distribution (4.9), district heating/cooling distribution (4.15), combined heat/cooling and bioenergy electricity generation (4.20), bioenergy heat/cooling (4.24), construction and safe operation of new nuclear power plants for electricity or heat generation, including hydrogen production, using best available technology (4.27), electricity generation from nuclear energy in existing facilities (4.28), installation, maintenance and repair of energy efficiency equipment (7.3) and the installation, maintenance and repair of renewable energy process equipment (7.5).

The table below shows the proportion of exposures that are consistent with the taxonomy in total assets consistent with the taxonomy for each counterparty type (the sum of these exposures is 100%). The table also records the proportion of exposures that are consistent with the taxonomy to a particular type of counterparty compared to the total gross carrying amount of exposures included in total covered assets to those counterparties (i.e. the extent to which exposures to a particular category of counterparty are consistent with the taxonomy)[8].

Type of counterparty	Taxonomy-compliant exposures as a proportion of taxonomy-compliant assets	The proportion of exposures in accordance with the taxonomy to the gross carrying amount of exposures (to given counterparties) that are included in total covered assets
Non-financial Undertakings reporting under Article 19a/29a of Directive 2013/34/EU	100 %* / 100 %**	8.32 % * / 7.41 % **
Financial Undertakings reporting under Article 19a/29a of Directive 2013/34/EU	0 %* / 0 %**	0 %* / 0 %**
Households	0 %	0 %
Local authorities	0 %	0 %
Seized real estate collateral	0 %	0 %

* According to the KPI for counterparty turnover;
** According to the KPI for counterparty CapEx

It is clear that exposures to Non-financial Undertakings account for the largest share of assets according to the taxonomy. Exposures to these counterparties are also the most consistent with the taxonomy in a relative assessment (looking at the measure of exposures consistent with the taxonomy within a given counterparty category).

Credit institutions have several exposures on their assets related to nuclear power or fossil gaseous fuels[9]. Specifically, it concerns the financing of non-financial undertakings whose activities are related to the production of electricity and heat from nuclear, steam or natural gas sources[10].

The table below shows the proportion of exposures that are consistent with the taxonomy and are related to nuclear energy or fossil gases as a proportion of total covered assets. The table also specifies the share of exposures related to the taxonomy-compliant activities in total taxonomy-compliant assets.

Type of related activity	Taxonomy compliant exposures as a proportion of total covered assets	Taxonomy-compliant exposures as a proportion of taxonomy-compliant assets
Nuclear energy	0.24% * / 0.17% **	64.69% * / 53.83% **
Fossil gases	0%* / 0%**	0%* / 0%**

* According to the KPI for counterparty turnover;
** According to the KPI for counterparty CapEx

The following table shows the proportion of exposures related to nuclear energy or fossil gases that are eligible for the taxonomy, but not consistent with it, as a proportion of total covered assets. Other data in the table refer to the proportion of exposures related to nuclear energy or fossil gaseous fuels that are not eligible for the taxonomy compared to the total assets included.

Type of related activity	Share of taxonomy-eligible (but not compliant) exposures in total covered assets	Share of exposures ineligible for taxonomy in total assets covered
Nuclear energy	0% * / 0% **	0% * / 0% **
Fossil gases	0.01% * / 0.00% **	0% * / 0% **

* According to the KPI for counterparty turnover;
** According to the KPI for counterparty CapEx

More detailed information on exposures related to nuclear energy and fossil gases is provided in Tables no. PPP 14-22.

A total of 0.38% of the total covered assets can be considered eligible[11] for the taxonomy when assessed in terms of counterparty KPIs for turnover, 0.34% when using counterparty KPIs for CapEx. These are typically the same categories of exposures in terms of counterparty and asset types, and in terms of the activities financed, the eligible activities for loans and other receivables include, in addition to the activities already mentioned in accordance with the taxonomy, the generation and

8) This logic for calculating the shares is also used in Tables no. PPP 6, PPP 7, PPP 8, PPP 9, PPP 10, PPP 11, PPP 12 and PPP 13. The given tables show in each row the proportions in relation to the value of the total included exposures to the given counterparty type or only with the given asset type. Due to the unclear interpretation of the related regulatory provisions in terms of how the ratios are to be constructed (whether in relation to the value of the total assets included or only in relation to the counterparties), the Group has currently chosen the above approach for the calculation of the ratios - it is possible that the calculation will be changed in future years as regulatory requirements are clarified.

9) According to Sections 4.26, 4.27, 4.28, 4.29, 4.30 and 4.31 of Annexes I and II of EU Regulation 2021/2139.

10) These are the following activities as specified in EU Regulation 2021/2139: construction and safe operation of new nuclear power plants for electricity or heat production, including hydrogen production, using best available technology (4.27), and electricity generation from nuclear power at existing facilities (4.28), electricity generation from fossil gaseous fuels (4.29), high efficiency combined heat/cooling and power generation from fossil gaseous fuels (4.30).

11) According to EU Regulations 2021/2139 and 2023/2486.

distribution of heat/cooling[12] and, in the case of debt securities and equity instruments, the generation of electricity/heat/cooling from fossil gaseous fuels[13].

As new technical screening criteria were issued in 2023[14], the data related to these TSCs are also listed separately below to ensure compliance with the requirements of EU Regulation 2021/2178, however, the Credit Institutions have not identified any exposures that would relate to these new TSCs (see also the information provided in Tables no. PPP 6 and PPP 7[15]):
- the share of exposures eligible for taxonomy under the new TSCs in total covered assets: 0% according to the counterparty KPI for turnover and 0% according to the counterparty KPI for CapEx;
- proportion of exposures ineligible[16] for taxonomy under the new TSCs in total covered assets: 6.17% according to the counterparty KPI for turnover and 6.17% according to the counterparty KPI for CapEx;

The same assumptions, procedures, and data sources[17] were used to calculate these indicators as were used to determine eligibility/ineligibility with respect to the previously existing technical screening criteria (see below).

During 2023, 0.19% (as per counterparty KPIs for turnover; 0.11% as per counterparty KPIs for CapEx) of new exposures were taxonomy-compliant (flow GAR; see Tables no. PPP 8 and PPP 9) compared to total new additions to total covered assets.

The new taxonomy-compliant exposures were only related to the climate change mitigation objective (as per the counterparty KPIs for both turnover and CapEx) - the exposures were not related to the climate change adaptation objective (similar to the status indicator for taxonomy-compliant exposures).
The low value of taxonomy compliance for new exposures is related, similarly to GAR, to the fact that a relatively large number of new exposures were exposures to entities not subject to reporting under Article 19a/29a of Directive 2013/34/EU, or to entities engaged in activities outside the scope of the taxonomy, or for which it was conservatively decided to classify them as exposures not in compliance with the taxonomy (or ineligible for the taxonomy) due to lack of reliable data. The new 2023 exposures, which were consistent with the taxonomy, represent a credit to a non-financial company engaged in the generation and distribution of electricity[18].

The table below shows the proportion of new taxonomy-compliant exposures related to nuclear energy or fossil gases as a proportion of total covered assets arising in 2023. The table also shows the share of new exposures related to the taxonomy-compliant activities in the total volume of taxonomy-compliant new assets.

Type of related activity	Share of new taxonomy-compliant exposures in new total covered assets	Taxonomy-compliant new exposures as a proportion of taxonomy-compliant new assets
Nuclear energy	0.14% * / 0.10% **	73.00% * / 86.47% **
Fossil gases	0%* / 0%**	0%* / 0%**

* According to the KPI for counterparty turnover;
** According to the KPI for counterparty CapEx

The table below specifies the proportion of new exposures related to nuclear energy or fossil gases that are eligible for, but not consistent with, the taxonomy as a proportion of new total covered assets. The table also shows the proportions of new exposures related to nuclear energy or fossil gases that are not eligible for taxonomy compared to the new total assets included.

12) The exposures given relate to the following activities defined in EU Regulation 2021/2139: district heating/cooling distribution (4.15) and waste heat/cooling (4.25).

13) The exposures given relate to the following activities as defined in EU Regulation 2021/2139: high-efficiency combined heat/cooling and fossil gas-fired power generation (4.30).

14) The technical screening criteria set out in EU Regulation 2023/2486 (Annexes I - IV), Sections 3.18 - 3.21 and 6.18 - 6.20 of Annex I to EU Regulation 2021/2139 and Sections 5.13, 7.8, 8.4, 9.3, 14.1 and 14.2 of Annex II to EU Regulation 2021/2139. These are technical screening criteria for the 4 remaining environmental objectives and for new economic activities (e.g. production of components for cars and personal mobility equipment, aircraft manufacturing, aircraft leasing, passenger and air freight transport, emergency services, desalination, etc.) that can contribute to the objective of climate change mitigation and adaptation.

15) In the case of the mitigation and adaptation objectives, the proportions of eligible exposures in terms of the new technical screening criteria (in Sections 3.18 - 3.21 and 6.18 - 6.20 of Annex I of EU Regulation 2021/2139 and Sections 5.13, 7.8, 8.4, 9.3, 14.1 and 14.2 of Annex II, respectively) would not be derivable from the table, but the proportions are zero.

16) Exposures that are related to activities that are not described in the regulations specifying the technical screening criteria or for which insufficient information is available to assess their eligibility are considered ineligible. Exposures ineligible for taxonomy can only be found in the numerator of KPIs.

17) i.e. the same type of items are included in the denominator and numerator of the indicators, counterpart data are used if available (if not, the exposure is assessed as ineligible), double counting across assessments due to different environmental objectives is avoided, etc.

18) The new exposures in accordance with the taxonomy relate to the following activities defined in EU Regulation 2021/2139: electricity generation using solar photovoltaic technology (4.1), electricity generation from hydropower (4.5), electricity storage (4.10) and electricity generation from nuclear power at existing installations (4.28).

Type of related activity	Percentage of new exposures eligible for taxonomy (but not compliant) to new total covered assets	Proportion of new exposures ineligible for taxonomy to new total covered assets
Nuclear energy	0%* / 0%**	0%* / 0%**
Fossil gases	0%* / 0%**	0%* / 0%**

* According to the KPI for counterparty turnover;
** According to the KPI for counterparty CapEx

Specifically, the new exposures related to nuclear energy or fossil gaseous fuels consisted only of the aforementioned loan, part of which was also assessed as being in line with the taxonomy - in terms of the nuclear energy or fossil gas context, it was specifically an exposure to a counterparty engaged in the generation of electricity from nuclear energy at existing facilities (as per Section 4.28 of the TSC).

More detailed information on exposures related to nuclear energy and fossil gases is provided in Tables no. PPP 23-31.

A total of 0.19% of the total covered assets arising in 2023 can be considered eligible for the taxonomy when calculating using counterparty KPIs for turnover, and 0.11% when using counterparty KPIs for CapEx. This is the same type of exposure and nature of activity as already listed above for new exposures in accordance with the taxonomy.

Another of the Credit Institutions' KPIs is the key performance indicator 'off-balance sheet exposures', which represents the proportion of off-balance sheet assets that are related to activities in line with the taxonomy to total off-balance sheet exposures, which exclude exposures to central governments, central banks and multinational issuers[19]. This indicator is further subdivided into financial guarantees and assets under management.

As of 31 December 2023, the KPI for financial guarantees was 0% according to the counterparty KPIs for turnover (as well as 0% according to the counterparty KPIs for CapEx). In the case of assets under management, it was also 0% (for the calculation based on counterparty KPIs for both turnover and CapEx - see Tables no. PPP 10 and PPP 11). The financial guarantees concerned only counterparties that do not have a reporting obligation under Article 19a/29a of Directive 2013/34/EU. In the case of the assets managed by the Credit Institutions, there was a lack of reliable data that would have clearly allowed the exposures to be included in the numerator of the KPI (in terms of counterparty type) and subsequently assessed for taxonomy eligibility – conservatively, therefore, no assets under management were assessed as eligible for the taxonomy and therefore in line with the taxonomy.

There were no new off-balance sheet exposures created during 2023 - financial guarantees in line with the taxonomy when using the counterparty KPI for turnover (as well as when using the counterparty KPI for CapEx - see Tables no. PPP 12 and PPP 13[20]).

For the reasons set out above, the proportion of newly created exposures was also 0% for assets under management in line with the taxonomy.

No financial guarantees or assets under management are associated with nuclear power or fossil gas activities (see also Tables no. PPP 32 and PPP 33).

Compliance of activities with the taxonomy – Investment Firms

The green asset ratio for Investment Firms represents the proportion of assets financing activities in accordance with the taxonomy to total assets invested by Investment Firms for their own account, after excluding exposures to central governments, central banks and multinational issuers. The denominator of that share was a total of CZK 34.22 million in 2023. (i.e. 100 % of the total balance of assets invested for the own account of Investment Firms).

The numerator of this indicator includes debt securities, equity instruments, cash equivalents due to investees and all other assets in which the Investment Firms invest for their own account. The numerator excludes, however, exposures to undertakings that are not subject to the non-financial disclosure requirements of Articles 19a or 29a of Directive 2013/34/EU - these represent 100% of the Investment Firms' total assets available for investment for own account (or 100% of total assets invested for own account after excluding exposures to central governments, central banks and multinational issuers). That is, no exposures were assessed for taxonomic eligibility or taxonomic compliance.

The Green Asset Ratio for Investment Firms was therefore 0% as of 31 December 2023 when using both the counterparty KPIs for turnover and the counterparty KPIs for CapEx (see Tables no. PPP 34-36). This is due to the nature of the business activities of Investment Firms (i.e. ATLANTIK finanční trhy, a.s.), which is

19) In the case of assets under management, the denominator is the total value of assets under management, as the exposures to central governments, central banks and supranational issuers cannot be clearly distinguished for this type of exposures based on data gaps. However, given the conclusions of the assessment of the compliance of assets under management with the taxonomy, this does not affect the value of the related KPI.

20) Note.: The eligibility of exposures in this table is assessed against the EU Regulation 2021/2139, with the exception of Sections 3.18 to 3.21, 6.18 to 6.20 of Annex I of the Regulation and Sections 5.13, 7.8, 8.4, 9.3, 14.1 and 14.2 of Annex II.

focused more on the activities of an investment fund depositary and only a small part of the activities is devoted to investment activities - these are several types of securities in the context of investing on one's own behalf, which at the same time relate exclusively to companies that do not have an obligation to report under Article 19a or 29a of Directive 2013/34/EU.

It follows from the foregoing that 0% of the total assets invested by the Investment Firms for their own account, which excludes exposures to central governments, central banks and supranational issuers, are considered eligible for the taxonomy[11] (both when using counterparty KPIs for turnover and in the case of a calculation based on counterparty KPIs for CapEx).

In relation to the new technical screening criteria, the Investment Firms have calculated the following figures (in relation to 2023):
- the proportion of exposures eligible for taxonomy under the new TSCs to total assets invested by Investment Firms for their own account, after excluding exposures to central governments, central banks and multinational issuers: 0% according to the counterparty KPI for turnover and 0% according to the counterparty KPI for CapEx;
- the share of exposures ineligible for taxonomy under the new TSCs in total assets invested for own account after excluding exposures to central governments, central banks and supranational issuers: 0% according to the counterparty KPI for turnover and 0% according to the counterparty KPI for CapEx;

As Investment Firms trade only on their own account, they do not disclose KPIs relating to revenues (fees, commissions and other monetary benefits in relation to the services provided). No exposures of Investment Firms relate to nuclear power or fossil gas activities (see also Table no. PPP 37).

Activity compliance with taxonomy – Asset Managers
The key performance indicator for Asset Managers is defined as the ratio of assets under management related to activities in accordance with the taxonomy to total assets under management minus exposures to central governments, central banks and supranational issuers.

As of 31 December 2023, the denominator of this ratio was CZK 139,462 million representing 100% of the total assets under management of the Asset Managers (due to the identified unreliability of available internal data regarding the categorisation of assets under management in terms of counterparty type, exposures to central governments, supranational issuers and central banks were not excluded from the denominator, see also methodological assumptions below).

The KPI for the Asset Manager as of 31 December 2023 was 0% for the calculation based on the counterparty KPI for turnover (as well as using the KPI for CapEx, see Table no. PPP 38).

The zero KPI value for Asset Managers relates to the fact that due to deficiencies in internal data regarding the allocation of exposures in terms of counterparty type, no assets under management could be assessed as eligible for the taxonomy (i.e. not even in line with the taxonomy).

For this reason, the value of the proportion of eligible[11] and ineligible assets under management is 0%.

Following the new technical screening criteria and the requirements of EU Regulation 2021/2178, the Asset Managers have also published the following data for completeness:
- the share of exposures eligible for taxonomy under the new TSC in total assets under management as of 31 December 2023: 0% according to counterparty KPI for turnover and 0% according to counterparty KPI for CapEx;
- the share of exposures ineligible for taxonomy under the new TSC in total assets under management as of 31 December 2023: 0% according to counterparty KPI for turnover and 0% according to counterparty KPI for CapEx.

The Group is not aware that any of the Asset Managers' exposures relate to nuclear power or fossil gas activities (see also Table no. PPP 39).

Compliance of activities with the taxonomy – Non-financial Undertakings
Non-financial Undertakings disclose three main KPIs:
- KPI for turnover: the share of net turnover related to activities in accordance with the taxonomy in total net turnover;
- KPI for capital expenditure: share of capital expenditure related to activities in line with the taxonomy in total capital expenditure;
- KPI for operating expenditure: the share of operating expenditure related to activities in accordance with the taxonomy in total operating expenditure.

Of the activities of Non-financial Undertakings, only the activities of Rustonka Development II s.r.o. were assessed as eligible for the taxonomy based on the description of activities in the Technical Screening Criteria Regulation. Specifically, the lease and management of owned real estate - in EU Regulation 2021/2139 falling under section 7.7 "Acquisition and ownership of buildings" (in Annex I and II).

This economic activity can relate to two environmental objectives: climate change mitigation (CCM) and climate change adaptation (CCA).

The above activity was not assessed as compliant with the taxonomy due to conclusively meeting all criteria for a significant contribution to the objective of climate change mitigation (or adaptation).

Of the total turnover, 26.60% was classified as eligible for taxonomy in 2023[11] in relation to the above economic activity. This is specifically rental income.

A total of 0% of the net turnover was assessed to be in line with the taxonomy for the reasons outlined above.

Further information on the composition of the turnover KPIs is provided in Table no. PPP 40.

In terms of CapEx KPIs, a total of 98.36% of capital expenditure is eligible for the taxonomy[11]. Again, these expenditures relate only to the above activity - specifically, additions to owned land and buildings. 0% of capital expenditure is in line with the taxonomy.

Further information on the key performance indicator for capital expenditure is provided in Table no. PPP 41.

A total of 0% of operating expenditure can be classified as eligible for the taxonomy[11].

The proportion of OpEx according to the taxonomy is 0%. More detailed information on the KPIs for operational expenditure is provided in Table no. PPP 42.

The above shows that the share of turnover, both CapEx and OpEx, in line with the taxonomy, is zero for each environmental objective (climate change mitigation and climate change adaptation).

For Non-Financial Undertakings, no activities were also identified that would be eligible for taxonomy under the new technical screening criteria in 2023.

More detailed data on the KPIs of Non-financial Undertakings are provided in Tables no. PPP 40-42.
The turnover, CapEx and OpEx of Non-financial Undertakings are not related to nuclear energy or fossil gas activities (see also Table no. PPP 43).

Activity compliance with taxonomy – summary
The Group also sets an aggregate key performance indicator in line with the taxonomy at Group level. This is a weighted average of the KPIs relevant to a given category of entities in the21Group , where the weights are the share of the turnover of that category in the total turnover of the22Group. This indicator represents 0.35% in the case of KPIs based on the counterparty turnover KPI and 0.31% if it were a counterparty CapEx KPI.

Of this value, 100% relates to the climate change mitigation target and 0% to the climate change adaptation target (for turnover-based KPIs; 100% and 0% for CapEx).

Similarly, the proportion of activities eligible for the23taxonomy is also set at 0.60% when considering counterparty KPIs for turnover and 1.19% when considering KPIs for CapEx.

In summary, the KPIs providing information on the proportion of exposures in the portfolio that could be considered environmentally sustainable are relatively low. This is influenced both by the Group's portfolio structure and business model, and by the fact that most of the exposures analysed for their compliance with the taxonomy are from companies that have so far collected ESG data to a limited extent or even not at all, and unfortunately the Group does not have relevant data that could be used for a more accurate assessment.

The Group had not set specific targets for published KPIs in 2023. However, it plans to continue to seek more relevant data from its existing and new counterparties. At the same time, the Group expects to expand the number of companies that will have to report on their environmental sustainability KPIs (due to changes in regulatory requirements). On the basis of these facts, it will probably be possible to assess a larger part of the portfolio (or turnover or capital and operating expenditure) in terms of its compliance with the taxonomy.

The Group does not currently consider environmentally sustainable activities in its business and investment strategy, in designing or adjusting its terms and conditions and product offerings, or in its cooperation with clients.

More detailed information, including data on the individual components of the KPIs (in the form of tables set out in EU Regulation 2021/2178 in the Annexes), is provided in the follow-

21) For Credit Institutions: GAR - status (see Tables no. PPP 6 and PPP 7); for Investment Firms: Asset-related KPIs status (see Tables no. PPP 35 and PPP 36); for the Asset Manager: KPIs relating to assets under management (see Table no. PPP 38); for Non-financial Undertakings: KPIs related to turnover (see Tables no. PPP 40 and PPP 41).

22) The weighting for Credit Institutions is 97.58%, for Investment Firms 0.03%, for Asset Managers 1.51% and for Non-financial Undertakings 0.87%. The values given are rounded to whole decimal places (the sum of the numbers given may therefore not add up to 100%).

23) Only instead of KPIs for compliance with the taxonomy, eligibility indicators for the taxonomy are used - the weights are the same.

ing tables in the Annexes section of the consolidated annual financial report:
- Table no. PPP 1: Summary of key performance indicators (KPIs) for 2023;
- Tables no. PPP 2 and PPP 3: Assets for the calculation of the Green Asset Ratio (GAR) in 2023[24];
- Tables no. PPP 4 and PPP 5: Green Asset Ratio (GAR) - sector information for 2023[24];
- Tables no. PPP 6 and PPP 7: KPI "Status" for the Green Asset Ratio (GAR) for 2023[24];
- Tables no. PPP 8 and PPP 9: KPI "Flow" for the Green Asset Ratio (GAR)[24];
- Tables no. PPP 10 and PPP 11: KPI "Off-balance sheet exposures" "Status"[24];
- Tables no. PPP 12 and PPP 13: KPI "Off-balance sheet exposures" "Flow"[24];
- Table no. PPP 34: Summary of KPIs to be disclosed by Investment Firms (IFs) under Article 8 of the Taxonomy Regulation for 2023;
- Tables no. PPP 35 and PPP 36: KPI IF - proprietary trading services[24];
- Table no. PPP 38: Key performance indicators for asset managers for 2023;
- Table no. PPP 40: Percentage of turnover from products or services related to economic activities that comply with the taxonomy - publication for 2023;
- Table no. PPP 41: Share of capital expenditure from products or services related to economic activities that are consistent with the taxonomy - 2023 publication;
- Table no. PPP 42: Proportion of operating expenditure from products or services related to economic activities that are consistent with the taxonomy - publication for 2023;
- PPP Tables no. 14-33, 37, 39 and 43: Nuclear energy and fossil gas-related activities[25].

General methodological assumptions

The procedures and assumptions set out below apply to the calculation of all published KPIs unless otherwise stated.

Entities/groups that are a business corporation, a public interest entity, a large accounting unit/large group of accounting units (within the meaning of Act No. 563/1991 Coll. on Accounting or other implementations of Directive 2013/34/EU in national legislative systems) and had an average of more than 500 employees in the given year are referred to as undertakings subject to the obligation to disclose non-financial information pursuant to Article 19a/29a of Directive 2013/34/EU .

Exposures to undertakings that are not subject to the obligation to disclose non-financial information under Articles 19a or 29a of Directive 2013/34/EU were determined on the basis of available information - in particular, the Group used the latest available data on the number of employees of the undertaking and whether it is an entity of public interest (i.e. in particular whether the entity has issued securities admitted to trading on a European regulated market).

Where a counterparty does not itself have a reporting obligation under Article 19a/29a of Directive 2013/34/EU26, but is part of a group that discloses information under Article 29a of Directive 2013/34/EU, the counterparty is classified as an undertaking without an obligation to disclose non-financial information under Article 19a/29a of Directive 2013/34/EU, i.e. these exposures cannot be compliant with or eligible for the taxonomy. This conservative approach is based on the fact that the use of parent company KPIs for the calculation could potentially distort the value of the indicators and lead to misleading information being provided.

The most recent data available was used to calculate the KPIs. If data relating to the current period is not available or if such data is unsuitable for the calculation of the own KPIs, the latest available data published in the previous year(s) is used. If even these data are not available or are inappropriate, the exposure cannot be considered eligible for/compliant with the taxonomy.

Compliance with the taxonomy, eligibility for the taxonomy and classification of exposure types is based on current knowledge and interpretation of applicable regulations and guidance documents by Group staff. The final interpretation takes into account in-house expertise and experience related to the ESG area.

The general procedure for assessing eligibility is as follows:
- if the use of the funds provided is known (e.g. under a loan agreement or according to a prospectus), eligibility for the taxonomy is determined by whether the activity financed matches the description of the activity in the regulations specifying the technical screening criteria (the NACE code of the activity

24) The table is reported twice, based on a KPI for turnover and a KPI for capital expenditure for the underlying assets.

25) As neither Investment Firms, Asset Managers nor Non-financial Undertakings carry out, finance or have exposures to the activities listed in the table, templates 2 to 5 of Annex XII of EU Regulation 2021/2178 to the relevant KPIs are not published for these entities. In the case of Credit Institutions, exposures related to nuclear energy or fossil fuels occur only for assets, i.e. only the stock and flow GAR KPI breakdowns are disclosed for them.

26) Including companies from third countries. The information on the location of the counterparty is used to determine whether the counterparty is an EU or a third-country undertaking.

is used indicatively in the assessment)[27]; the value of the exposure to the extent and in the range that it finances the activity is then taken into account as eligible for the taxonomy;
- if the use of the funds provided is not known:
  - if a counterparty turnover or CapEx eligibility indicator for the taxonomy is available (or, for financial corporates, a similar eligibility indicator for the taxonomy)[28], the exposure value shall be multiplied by that indicator;
- if no counterparty KPI is known and this data cannot be obtained even by direct communication with the counterparty - the exposure is considered ineligible for taxonomy.

The general procedure for determining the consistency of an exposure with the taxonomy is described below:
- where the use of the funding provided is known, compliance with the taxonomy is determined by whether the taxonomy-eligible activity meets the requirements set out in the technical screening criteria (incl. Not causing material damage) and the counterparty meets the minimum safeguards; as consistent with the taxonomy, the value of the exposure is then taken into account to the extent and in the range that it finances the activity;
- if the use of the funds provided is not known:
  - if a key performance indicator is available for the taxonomy compliance of the counterparty's turnover or CapEx (or, for financial undertakings, another indicator of taxonomy compliance)28, the exposure value is multiplied by that indicator
- if no indicator is known - exposure is not consistent with the taxonomy.

The assessment of taxonomy eligibility and taxonomy compliance for NFUs is similar to that for exposures with known revenue use. Additional information is provided in the section on the calculation of the KPIs of these entities.

For exposures, a look-through approach is generally applied, i.e. eligibility or compliance with the taxonomy is determined on the basis of an analysis of the main beneficiary of the funds provided or the underlying assets. An exception occurs in the case of SPVs (special purpose vehicles), repos, share certificates and managed assets[29], where all exposures have been conservatively categorised as ineligible for the taxonomy due to lack of data.[30]

Additional assumptions and simplifications regarding the evaluation of taxonomy eligibility/compliance that are only relevant for certain exposure types for each category of entities in the Group are provided in the following sections under the description of the procedure for calculating the KPIs of the entities.

Both compliance with the taxonomy and eligibility for the taxonomy are always assessed only with respect to one of the environmental objectives (except for Non-financial Undertakings, see below). In order to avoid double counting, where the same exposure is relevant for two or more environmental objectives, the exposure is only assigned to the environmental objective identified as more relevant based on information from the counterparty or expert judgement.

In the case of unknown use of proceeds, information on the compliance of counterparties' activities with the taxonomy comes from various systems (e.g. Bloomberg), from clients (e.g. via an ESG questionnaire) and from publicly available sources (e.g. annual reports - from the previous year in case data for 2023 is not available).

In the case of a known use of proceeds (as per the loan documentation), the decision on the taxonomy eligibility and taxonomy compliance of the activity is based on information from counterparties (obtained from publicly available reports, ESG questionnaire used within the Group, or direct contact with the counterparty) or on internal expert judgment in case of insufficient or unreliable data (in 2023, it was only an expert decision to conservatively classify the exposure as ineligible or inconsistent with the taxonomy). Exposures that were classified as taxonomy-eligible/taxonomy-compliant as of December 31, 2023, were in most cases evaluated based on information from publicly available sources.

27) In the case of households, only those exposures related to activities described in Sections 6.5, 7.1, 7.2, 7.3, 7.4, 7.5, 7.6 and 7.7 of Annex I (or Annex II) of EU Regulation 2021/2139 or Sections 3.1 and 3.2 of Annex II of EU Regulation 2023/2486 are considered eligible.
In the case of foreclosed real estate collateral, only those exposures related to the activities described in Section 7.7 of Annex I to EU Regulation 2021/2139 are considered eligible.
In the case of managed assets, only exposures relating to equity and debt instruments or real estate may be considered eligible.

28) The available indicator that provides the most relevant and representative view of the actual activity of the counterparty being financed shall always be used. If the indicator is not known for a given counterparty but is available for the group to which the counterparty belongs (i.e. non-financial information is reported by the parent company), the information published by the nearest reporting parent company is used.
In case a counterparty is engaged in more than one activity (i.e. reports KPIs in relation to more than one type of business according to EU Regulation 2021/2178), its weighted KPIs (i.e. KPIs of individual activities multiplied by the share of the counterparty's turnover) are used in the calculation.
If the counterparty is a financial undertaking, the calculation will use its taxonomy eligibility/taxonomy compliance ratio calculated in accordance with the answer to Question 4 in the Third Commission Notice.

29) It refers to KPIs for Credit Institutions and Asset Managers.

30) I.e. for example, in the case of Table no. PPP 2, exposures to SPVs are included in line 35 and repo transactions in line 39.

Some of the tables in the Annexes section of the Consolidated Annual Report further categorise exposures according to whether they can be characterised as:
- exposures related to supporting activities: these are activities that directly enable other activities to contribute significantly to at least 1 of the environmental objectives, have a positive impact on the environment with respect to the life cycle, while not compromising the achievement of the long-term environmental objectives[31] - these activities are identified through their description in the regulations specifying the technical screening criteria (e.g. by the phrase "an activity falling under this category is a supporting activity");
- exposures related to transitional activities: these are activities for which there is no technologically and economically available low-carbon alternative and which also make a significant contribution to climate change mitigation and support the transition to a climate-neutral economy[32] - these activities are identified through their description in the regulations specifying the technical screening criteria (e.g. by the phrase "an activity falling under this category is a transitional activity");
- exposures with known use of proceeds: these are exposures where the use of the funds provided is known (e.g. under a contract) - these exposures are identified on the basis of internal sources.

The figures in the tables are presented at gross book value (i.e. before deduction of depreciation, amortisation, etc.) determined in accordance with the relevant IFRS standards.

The assets used in the calculation of the ratios represent the contributions of each group of entities (i.e. Credit Institutions, Investment Firms, Asset Managers and Non-financial Undertakings) to total consolidated assets. Intra-group exposures and other intra-group transactions (in terms of the Group's accounting[33] consolidation) are not included in the ratios (in the numerators or denominators of the individual KPIs) - similar to the disclosed financial statements.

The exchange rate used for the conversion of stock and flow exposures in other currencies into Czech crowns is the exchange rate as of 31 December of the reference year.

No estimates are used in the calculation of KPIs.

Procedure for calculating individual KPIs – Credit institutions

The GAR for Credit Institutions is calculated using the following formula:

$$\text{GAR} = \frac{\text{the gross carrying amount of loans and other receivables, debt securities, equity instruments and foreclosed collateral,}^{34}\text{ which finance economic activities in accordance with the taxonomy}}{\text{total assets included}}$$

The following types of assets are not included in the total included assets, which represent the denominator of the GAR: exposures to central governments, central banks and supranational issuers;
financial assets held for trading (i.e. the trading portfolio).

The following items are not included in the numerator of the GAR (i.e., they are not assessed for taxonomy compliance or taxonomy eligibility):
- exposures to central governments, supranational issuers and central banks[35];

31) The full definition is set out in Article 16 of EU Regulation 2020/852.

32) The full definition is set out in Article 10(2) of EU Regulation 2020/852.

33) This approach contributes to better linkage to the published financial statements. At the same time, data on intra-group exposures are not currently available at the Group's prudential consolidation level without incurring disproportionate costs. The difference between the value of these exposures in the case of prudential vs. accounting consolidation is negligible.

34) The following accounting categories of financial assets are included in the numerator, including loans and other receivables, debt securities, equity instruments, and foreclosed commercial and residential real estate collateral:
- financial assets at accrued value
- financial assets at fair value through other comprehensive income
- investments in subsidiaries
- joint ventures and associates
- financial assets at fair value through profit or loss and non-trading financial assets designated at fair value through profit or loss
- real estate collateral acquired by lending institutions through foreclosure in exchange for debt cancellation

35) Exposures to central governments, central banks and supranational issuers in the investment portfolio consist mainly of government bonds of the Czech Republic, the Slovak Republic and other EU countries and claims on the CNB, NBS, HND and DBB.

- derivatives[36 37];
- financial assets held for trading (i.e. trading portfolio)[38];
- interbank loans on demand[39];
- exposures to undertakings that are not subject to the obligation to disclose non-financial information pursuant to Article 19a/29a of Directive 2013/34/EU[36] (however, exposures to households and local governments with known use of revenues are included in the numerator of the indicator);
- cash and cash-related assets[40];
- other assets for which consistency with the taxonomy cannot be assessed (e.g. goodwill, commodities).

The KPIs for off-balance sheet exposures at Credit Institutions are calculated separately for financial guarantees provided in support of loans and other receivables and debt securities and for assets under management. Other off-balance sheet exposures are not included in the KPIs.

In the case of the calculation of KPIs for financial guarantees, exposures to central governments, central banks and supranational issuers are not included in the denominator.

The following items are not included in the numerator of the KPIs for financial guarantees:
- exposures to undertakings that are not subject to the obligation to disclose non-financial information pursuant to Article 19a/29a of Directive 2013/34/EU[36];
- derivatives[36];
- exposures to central governments, central banks and supranational issuers.

In the case of assets under management, the Credit Institutions identified weaknesses in their internal data that prevented them from reliably identifying exposure types in terms of counterparty type. Therefore, in order to avoid overstating the disclosed KPIs related to assets under management, no assets under management are considered eligible for or in line with the taxonomy. For the above reason, exposures to central governments, central banks and supranational issuers are also (probably) included in the denominator of the KPI. In 2024, the Group plans to focus on improving the data quality of the assets under management and remedy the identified shortcomings.

Eligibility for and compliance with the taxonomy were assessed separately for Credit Institutions for exposures to individuals, local governments and corporates that report non-financial information under Articles 19a or 29a of Directive 2013/34/EU in the investment portfolio.

Clarification on the classification of certain items:
- due to the nature of the counterparties, all loans and other claims on credit institutions are included in the row "Loans and other claims" for undertakings subject to the disclosure obligation under Article 19a/29a of Directive 2013/34/EU (e.g. row 4 in Table no. PPP 2) even if the applicability of this obligation could not be verified for some counterparties; however, none of these exposures or any part of them were classified as eligible for the taxonomy (i.e. not even in line with the taxonomy) and this simplification therefore does not lead to a potential overstatement of the disclosed KPIs
- all loans to individuals are included in the 'Households' line (e.g. row 24 in Table no. PPP 2); given the low value of exposures to these counterparties within the Credit Institutions' portfolio and the limited availability of data, all these exposures are conservatively considered ineligible for the taxonomy
- all loans and other receivables from SPVs are included in the row "Loans and other receivables" for undertakings not subject to the disclosure requirements of Article 19a/29a of Directive 2013/34/EU (e.g. row 35 in Table no. PPP 2)
- all loans and other receivables from undertakings not exceeding CZK 10 000 are included in the row "Loans and other receivables" for undertakings not subject to the disclosure obligation pursuant to Article 19a/29a of Directive 2013/34/EU (e.g. row 35 in Table PPP 2, or row 41 in Table no. PPP 2 in cases where third country counterparties are involved)
- all loans and other claims on Financial Undertakings other than Credit Institutions (see above) that are not subject to the disclosure requirements of Article 19a/29a of Directive 2013/34/EU are included in the row 'Loans and other claims' for undertakings not subject to the disclosure requirements of Article 19a/29a of Directive 2013/34/EU (e.g. row 35 in Table no. PPP 2)

36) Except in the case of exposures related to debt securities that are considered environmentally sustainable. The Group considers such debt CP to be those instruments issued in accordance with EU Regulation 2023/2631 (the European Green Bond Regulation). In order to avoid double counting, the KPI of the counterparty is adjusted for these environmentally sustainable debt CPs when calculating compliance with the taxonomy for exposures with no known use of proceeds.

37) Exposures from non-trading derivatives are considered to be the positive fair values of derivatives on the investment portfolio (i.e. without netting). Derivatives relating to central governments, central banks and supranational issuers are included in the line for exposures to these counterparties.

38) Exposures to central governments, central banks and supranational issuers that are part of the trading book are included in the asset value line for the counterparties concerned. Derivatives that are part of the trading book are included in the derivatives value line.

39) Demand interbank loans are considered to be deposits in current accounts with other banks primarily for correspondent banking and brokerage services.

40) It includes banknotes and coins in domestic and foreign currency, valuables and other cash values (e.g. values in transit or in official custody, other precious metals, postage stamps, stamps and stamped forms). It does not include gold.
Cash at central banks would be included in exposures to central banks, but Credit Institutions do not currently have such exposures.

- all repo transactions are included in the row "Capital instruments" for undertakings not subject to the disclosure requirements of Article 19a/29a of Directive 2013/34/EU (e.g. row 39 in Table no. PPP 2)
- loans for the purchase of securities are included in the row "Loans and other receivables" for undertakings not subject to the disclosure requirements of Article 19a/29a of Directive 2013/34/EU (e.g. row 35 in Table no. PPP 2)
- no exposures to local authorities were identified in 2023 where the use of the proceeds was unknown
- assets under management (e.g. row 55 in Table no. PPP 2) include other types of exposures in addition to debt securities and equity instruments, e.g. cash, options, etc.

In addition, the following simplifying assumptions were used in calculating the value of the Credit Institutions' flow indicators:
- the determination of whether an exposure is a new exposure incurred during the reference period is based on the date of origination for loans and other claims (including margin trades, overdrafts, etc.); the value of new exposures is determined as the gross carrying amount at the end of the reference period;
- for debt securities and equity instruments, the value of new exposures shall be the product of the increment in units (between the end of the current and the previous reference period) and the gross carrying amount of the instrument at the end of the reference period;
- due to their nature, the following exposure types are considered as newly incurred exposures during the reference period and their status at the end of the reference period:
  - interbank demand loans and exposures to credit institutions that are not loans,
  - derivatives,
  - cash and cash-related assets,
  - other assets for which consistency with the taxonomy cannot be assessed (e.g. goodwill, commodities),
  - exposure in the trading portfolio,
  - exposure to central banks[41].

The NACE code used within Tables no. PPP 4 and 5 refers to the main activity of the counterparty receiving the financing. The NACE code relating to the specific activity financed (where the use of the proceeds is known) is not taken into account. That is, there may be cases where, although the counterparty's main activity falls under a NACE code not mentioned in the regulations specifying the technical screening criteria, part of the exposures to it are classified as eligible or in accordance with the taxonomy. Where the exposure involves more than one entity, the NACE code of the main activity of the counterparty that was more significant or decisive in the decision to grant the exposure shall be indicated in the table.

The exposure values are further broken down in the tables according to whether or not they are Non-financial Undertakings subject to the obligation to disclose non-financial information under Articles 19a or 29a of Directive 2013/34/EU. As the Credit Institutions do not currently have any exposures to financial corporations that could be considered eligible for the taxonomy, financial corporations are not included in this table.

Procedure for calculating individual KPIs – Investment Firms

The green asset ratio for Investment Firms is calculated as the share of assets[42] related to activities in accordance with the taxonomy within total assets invested for own account after excluding exposures to central governments, central banks and supranational issuers.

The following items are not included in the numerator of the KPI (i.e. they are not assessed for taxonomy compliance or taxonomy eligibility):
- exposures to undertakings that are not subject to the obligation to disclose non-financial information pursuant to Article 19a/29a of Directive 2013/34/EU[36];
- exposures to central governments, central banks and supranational issuers;
- derivatives[36].

Eligibility for the taxonomy and compliance with the taxonomy should be assessed separately for proprietary trading and trading on behalf of clients - However, Investment Firms currently only invest on their own behalf.

Procedure for calculating individual KPIs – Asset Managers

The key performance indicator for the Asset Manager is the proportion of[43] assets under management related to activities in accordance with the taxonomy relative to total[44]assets.

Figures are presented at gross book value excluding netting.

41) As all exposures to central governments and supranational issuers consisted only of debt securities, this category of exposures is treated in the same way as debt securities of other types of counterparties.

42) These are all assets that Investment Firms invest for their own account. Includes debt securities, equity instruments, cash equivalents due to investees, real estate and all other assets. It includes exposures to both non-financial and financial investee companies.

43) These are the assets under management of the entities in question, relating to both collective and individual portfolio management.

44) For the reasons set out below, exposures to central governments, central banks and supranational issuers are not excluded from the denominator.

The following items would be excluded from the numerator of the Asset Managers' KPIs (i.e. these exposures may not be eligible for or consistent with the taxonomy):
- exposures to undertakings that are not subject to the obligation to disclose non-financial information pursuant to Article 19a/29a of Directive 2013/34/EU[36];
- exposures to central governments, central banks and supranational issuers;
- derivatives[36].

In the event that a type of entity within the Group other than an Asset Manager purchases Asset Managers' assets under its management for the client's portfolio, the value of those assets is included within the assets managed by the Asset Managers.

Considering the unavailability of detailed data, already mentioned in the description of the procedure for determining the KPIs for assets under management at the Credit Institutions, conservatively, no assets under management are considered to be exposures eligible for or in line with the taxonomy.

Similar to the Credit Institutions, the Group plans to focus on increasing the availability of reliable data at Asset Managers in 2024 and to adjust existing procedures to ensure that the necessary data is consistently recorded in internal systems.

Procedure for calculating individual KPIs – Non-financial Undertakings

The turnover-related key performance indicator for Non-financial Undertakings is calculated as the ratio of net turnover[45] arising from products or services (including intangible assets) related to activities in accordance with the taxonomy to total net turnover.

The key performance indicator related to CapEx is defined as the ratio of capital expenditure[46], which relates to assets or processes associated with activities in line with the taxonomy, to total capital expenditure.[47]

The OpEx related KPI represents the proportion of operating expenditure[48]that is related to assets or processes related to economic activities in accordance with the taxonomy, relative to total operating expenditure.

In calculating the KPIs for CapEx and OpEx, a simplifying assumption was made that if none of an entity's activities are taxonomy compliant (or taxonomy eligible), then neither will its capital or operating expenditures be considered taxonomy compliant (or taxonomy eligible).

As NFUs do not issue green bonds or similar financial instruments, they do not disclose separate KPIs adjusted for the share of these instruments.

Only internal data of the Non-financial Undertakings or the Group are used to assess eligibility for the taxonomy and compliance with the taxonomy.

In case the activities of one Non-Financial Undertaking are related to more than one economic activity, the turnover/CapEx/OpEx is assigned to a specific activity according to the specific business area or project to which the turnover/CapEx/OpEx relates. If this information is not available, expert judgement is used based on accounting evidence about the entity collected at Group level - items that cannot be reliably classified are allocated to an activity ineligible for the taxonomy.

The eligibility of each activity for the taxonomy is determined by whether the activity matches the activity description in the regulations specifying the technical screening criteria. Only activities that have been classified as eligible are subsequently assessed for compliance with the taxonomy.

The financial services provided would only be considered eligible if they were activities related to non-life insurance (specifically underwriting climate-related risks) or reinsurance (specifically covering climate-related risks).

45) The amount of net sales is determined in accordance with the relevant IFRS standards. Turnover for Non-financial Undertakings includes interest income, income from fees and commissions, net trading income, if positive, and other operating income.

46) Capital expenditure refers to the additions to tangible or intangible assets in 2023 before depreciation, amortisation and any revaluation, calculated in accordance with the relevant IFRS standards. Specifically, these items are listed as additions (from acquisitions) to property and buildings, inventory and equipment and assets with right of use in the table Long-term Tangible Assets and Long-term Intangible Assets and Goodwill and Investment in Property Included in the Consolidated Financial Statements.

47) In addition to CapEx/OpEx related to taxonomy-compliant activities, the numerator could also include CapEx/OpEx that are part of a capital expenditure plan, i.e. a plan to increase the amount of taxonomy-compliant activities (either through new activities or by meeting taxonomy compliance criteria for taxonomy-eligible activities), according to EU Regulation 2021/2178. However, Non-financial Undertakings are not currently developing such a plan. Similarly, the numerator could include CapEx/OpEx related to the purchase of output of activities in accordance with taxonomies and measures that enable GHG emission reductions or conversion to sustainable activities (for a complete definition, see chap. 1.1.2.2 in Annex I of EU Regulation 2021/2178), but based on the available data, NFUs are not aware of such expenditure.

48) Operating expenditure for the purposes of reporting under EU Regulation 2021/2178 includes direct non-capitalised costs associated with research and development, building renovation, short-term rentals, maintenance and repairs, and any other direct expenditure related to the day-to-day maintenance of assets (buildings, land or equipment).

For each eligible activity, an expert assessment is made, based on the criteria set out in the technical screening criteria, as to whether the activity:
- contributes significantly to at least one of the environmental objectives; and
- does not significantly harm any of the environmental objectives.

The principle is that if an activity is eligible for or consistent with the taxonomy under more than one environmental objective, the environmental objective that is considered most relevant is expertly determined and only this is counted in the calculation of aggregate indicators (to avoid double counting of the activity). This objective is then indicated in bold on the relevant row in the tables (i.e. in Tables no. PPP 40, PPP 41 and PPP 42, it may be indicated on one row that the activity is taxonomy eligible / taxonomy compliant in terms of multiple environmental objectives).

Non-financial Undertakings (or Group) conduct their business in accordance with human rights and ethical principles - in particular, they follow the rules specified in the OECD Guidelines for Multinational Enterprises[49], the UN Guiding Principles on Business and Human Rights[50], the International Labour Organisation Declaration on Fundamental Principles and Rights at Work[51] and the International Bill of Human Rights[52]. Non-financial Undertakings thus meet the so-called minimum guarantees that are a prerequisite for classifying activities as compliant with the taxonomy.

49) OECD Guidelines on Multinational Enterprises

50) UN Guiding Principles on Business and Human Rights

51) ILO Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work

52) UN International Bill of Human Rights

ORGANISATIONAL STRUCTURE

BOARD OF DIRECTORS OF J&T BANKA

	Unit Sales Czech Republic		Unit Operation Czech Republic		Unit Slovak Republic			
Office of the Chairman of the Board of Directions	Unit Sales CR Support Department	**Division Sales CR**	Unit Operation CR Business Support Section	**Division Operations CR**	Unit SR Management Department	**Division Sales SR**	**Division Operation SR**	**Division IT SR**
Top Management	Business Development Department	Bankers - Senior Section	Process Management Department	Banking Operations Department CR	Magnus Department	Division Sales SR Business Support Section	The High Tatras Exposition	Customs Systems Department SR
Bank Management Department	Digital Channels & Digital Sales Section	Private Banking Department CR	Project Office Department	Front office Section	Digital Experience Department SR	Private Banking Department SR	The Košice Exposition	Digital Channels Section
Safety Department		Private Banking Section 1	Business Architecture Department	Payment System Section		Comfort Department SR	Division Operations SR Business Support Department	Supporting Applications Section
Cyber Security Section		Private Banking Section 2	Banking Operations Back Office Department CR	Banking Operations Back Office Department CR		Business Call Centrum Section	Project Management Section	Banking Systems Department SR
Personnel Security Section		Private Banking Section 3	Reception Department	Financial Markets Back Office Department CR		Comfort Line Section	Product and Process Management Section	Bank and Information System Section
Physical Safety and Health and Safety Section		Private Banking Section 4	Department of Transport	New Issues Department		Marketing and Communication Department SR	Reporting and Analysis Section	Financial and Securities Systems Section
Safety Section SR		Private Banking Section 5	Department of Technical Building Management				Banking Operation Department SR	IT Operations Department SR
Digital Experience Department CR		Corporate Center Section					Front Office Section	
Marketing Department CR		CIS Desk Section					Payment Cards and Internet Banking Section	
Brand and Marketing Communication Section		Tied Agents Section					Back Office Department SR	
Compliance Department		Back Office Section					Back Office Comfort Section	
Compliance Section SR		Premium Banking Department CR					Back Office PB Section	
AML Department		Branch Brno					Financial Markets Back Office Department SR	
AML Section SR		Branch Ostrava					Human Resources Department SR	
Internal Audit and Inspection Department		Client Center Department CR					Logistics and Services Department SR	
Advisors Department		External Sale Department CR						
Advisors Section 1		External Sale Front Office Section						
Advisors Section 2		External Sale Support Section						
Advisors Section 3								
Advisors Section 4								

Unit Branch Germany	Unit Lending Business	Unit Financial Markets	Unit Finance	Unit Legal	Unit Information Systems	Unit Risk Management	
Management Department	Lending Business Back Office Section	**Division Financial Markets**	**Division Finance**	Legal Department CR	IT Governance Department	Workout Department	**Division Risk Management and Credit and Loans Administration**
Products & Processes Department	Lending Business Analysts Section	Division Operation CR Business Support Section	Division Finance Business Support Section	Legal Department SR			Section Division Risk Management and Credit and Loan Administration Business Support
Marketing Department	Large Corporates Department	Financial Markets Department CR - Other Person's Account	Financial Analysis Department				Risk Management Department
Compliance AML/Legal Department	SME CR Department	Financial Markets Department CR - Own Account	Asset and Liability management Section				Credit Risk Management Department
Operations Department	SME SR Department	Liquidity Management Section	Economy Department CR				Credit and Loans Administration Department CR
Finance Department		Financial Markets Department SR	IFRS Reporting and Methodology Section				Credit and Loans Back Office Section
		Client Portfolio Management Department	COREP Reporting and Banking Regulation Methodology Section				Credit and Loans Administration Department SR
		Financial Market Services Department	FINREP and Bank Reporting Section				
		Research Section	Accounting Section				
		Investment Center Section	Economy Department SR				
		Middle Office Department	Accounting Section				
			Reporting Section				

REPORT OF THE SUPERVISORY BOARD

In 2023, the Supervisory Board of J&T BANKA, a.s. was composed of six members. In accordance with the Company's current Articles of Association, four (4) members are elected by the Company's shareholders and two (2) members are elected by the Company's employees. In December 2023, Jitka Šustová was re-elected by the employees as a member of the Supervisory Board. In its activities, the Supervisory Board was guided by the relevant legislation, in particular the Business Corporations Act, the Banking Act and the Bank's Articles of Association. A total of five (5) regular meetings of the Supervisory Board were held during 2023. At its regular meetings, the Supervisory Board dealt in particular with the regular reports of the Bank's Management Board on the Company's activities and its financial situation, reports of the relevant departments of the Bank and all matters arising from the relevant legislation.

The Supervisory Board familiarised itself with the Bank's financial statements as at 31 December 2023 audited by the external auditor, KPMG Česká republika Audit, s.r.o. According to the auditor's report dated 28 March 2024, the financial statements give a true and fair view, in all material respects, of the assets and liabilities of J&T BANKA, a.s. as at 31 December 2023 and of its expenses, income and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The Supervisory Board notes that the Bank's business activities have been conducted in accordance with the law and the Bank's Articles of Association. The Supervisory Board took note of the report on related party relationships in 2023 prepared by the Board of Directors and certified by the auditor. The Supervisory Board notes that it has no objections to this report. The Supervisory Board agrees with the results of the annual financial statements for the year 2023 and with the settlement of the economic result, i.e. the distribution of the profit of J&T BANKA, a.s., for the year 2023 as proposed by the Bank's Board of Directors and recommended its approval to the sole shareholder in the capacity of the General Meeting.

CORRESPONDENT BANKS

Raiffeisen Bank International AG
Vienna, Austria
SWIFT: RZBA AT WW
Currency: AUD, CAD, CHF, EUR, GBP, HUF, JPY, NOK, PLN, RON, RUB, SEK, TRY, USD

The Bank of New York Mellon
New York, USA
SWIFT: IRVT US 3N
Currency: USD, GBP

365.bank, a.s.
Bratislava, Slovak Republic
SWIFT: POBN SK BA
Currency: EUR

Citibank Europe Plc, org. složka
Prague, Czech Republic
SWIFT: CITI CZ PX
Currency: CNY, HKD, MXN

Ping An Bank Co., Ltd.
Shenzen, China
SWIFT: SZDB CN BS
Currency: CNY

Bank of China Ltd. Hungarian Branch
SWIFT: BKCH HU HH
Currency: CNY

J&T Banka d.d.
Varazdin, Croatia
SWIFT: VBVZ HR 22
Currency: EUR

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement is a separate part of the annual financial report pursuant to Section 118(4) of the Capital Market Undertakings Act.

CORPORATE GOVERNANCE AND THE CODE

Within the framework of its administration, the Bank, as an issuer of unlisted securities, complies with all relevant legal obligations arising from Czech and EU regulations. At the same time, the Bank has adopted and complies with the main standards of corporate governance as defined by the Czech Corporate Governance Code 2018 (the "Code"), which is available on the Bank's website in the Information Obligations section. The Code was developed under the auspices of the Czech Institute of Directors in partnership with Deloitte and in cooperation with corporate governance specialists.

In particular, the Bank has adopted the Code's basic principles of transparency, accountability and long-term horizon, which are important prerequisites for good corporate governance. It considers these values to be essential not only in the management of the company, but also in the approach to customers and business partners. The Bank continuously provides shareholders and investors with information on its business and financial results or other material facts. The Bank also complies with its disclosure and transparency obligations.

The Bank organises its governance in accordance with the principles set out in the above document. In order to achieve this, the Bank sets out corporate governance rules, in particular in its internal regulations and articles of association, which reflect all legal obligations affecting the governance of the company, which is both a bank and a securities dealer. There were no material changes during 2023 that adversely affected the Bank's standards and management.

In accordance with the Capital Market Undertakings Act, the Bank's management body is the Board of Directors and the Supervisory Board. In their activities, both bodies are governed by the relevant legislation, in particular the Business Corporations Act, the Banking Act and the Bank's Articles of Association. The Bank also has an Audit Committee and a Remuneration Committee. The Bank has also established other expert committees, namely the Asset and Liability Management Committee, the Investment Committee, the Credit Committee, the CR Executive Committee, the CR Business Committee, the Project Committee, the Security Committee, the Operational Risk and Loss Committee, the Investment Facilities Committee, the Recovery and Resolution Committee, the SR Executive Committee and the SR Business Committee. The composition as well as the procedures of the above-mentioned governing bodies and expert committees are set out in the chapter Bodies and Expert Committees of the Bank.

The persons who are members of the bodies shall meet the requirements of professional competence, trustworthiness and experience. A policy of diversity with regard to qualifications and experience is applied in the selection of directors, which is overseen by a suitability assessment committee based at the level of the Bank's parent company. For more information on the diversity policy, see the Human Resources chapter. In assessing the suitability of members of the governing body and key staff, the Bank is guided in particular by the General Guidelines on the assessment of the suitability of members of the governing body and key staff of the European Banking Authority.

The Bank's simple shareholder structure allows for effective management of the company by its owners while applying sufficient control rules to protect the interests of the Bank, its investors and creditors in accordance with the rules governing the business of banks and securities dealers. The rights attached to ordinary shares representing an interest in the Bank are governed by the Business Corporations Act and the Bank's Articles of Association.

The Bank as a securities dealer is obliged under the Capital Market Undertakings Act to pay an annual contribution to the Securities Dealers Guarantee Fund in the amount of 2% of the volume of revenues from fees and commissions for investment services provided. The basis for the calculation of the contribution to the said Guarantee Fund for 2023 was CZK 1,414.6 million (in 2022: CZK 1,306.7 million), for 2023 this levy amounted to CZK 28.3 million (in 2022: CZK 26.1 million). The Bank did not acquire any of its own shares or equity interests during 2023.

INFORMATION ON INTERNAL CONTROL POLICIES AND PROCEDURES IN RELATION TO THE FINANCIAL REPORTING PROCESS

In order to ensure a true and fair view in the accounting and the correct preparation of the statements on an individual and consolidated basis, the Bank uses a number of tools to ensure that individual transactions are correctly recorded and subsequently presented in the statements of the Bank and its Group. The main tools include maximum automation of repetitive transactions, procedures and processes in appropriate systems and applications, regular control and testing of these systems and setting access rights to individual systems and applications. In addition to the regular control of the general ledger, the Bank applies a system of accountability and accounting control to the balances of individual analytical accounts. Each general ledger account has an assigned custodian who is obliged to provide information on the balance of the analytical account (balance, reconciliation to primary data, breakdown into individual amounts, etc.) at regular intervals and on request.

The Bank's Economic Department is responsible for the compliance of the accounting methods used, in particular with International Financial Reporting Standards, and for the setting of controls in the Bank's accounting. The Bank's Economics Department also sets the rules and methodology for the preparation of the consolidated financial statements and verifies the accuracy of the supporting documents for the preparation of the consolidated financial statements.

Information on the accounting policies, valuation techniques and valuation allowance policies applied are disclosed in the notes to the financial statements in this annual financial report. The accuracy of the data in the Bank's financial statements is confirmed by the auditor's opinion. The annual financial report includes the audited financial results of the Bank and its Group. For the year ended 31 December 2023, the Bank and the Group were charged the following amount of cash by the auditor for audit and other services:

in thousands of CZK	Charged to the Bank 2023	Charged to the Bank 2022	Charged to other Group companies 2023	Charged to other Group companies 2022
Statutory audit of financial statements	11 298	11 287	2 113	2 389
Other verification services	4 083	–	863	138
Tax consulting	–	375	545	–
Other non-audit services	4 089	1 331	18	81
Total	**19 470**	**12 993**	**3 539**	**2 608**

INFORMATION ON SECURITIES, RIGHTS AND OBLIGATIONS OF SHAREHOLDERS AND CERTIFICATE HOLDERS

DATA ON SECURITIES

J&T BANKA, a.s. with its registered office at Prague 8, Sokolovská 700/113a, Postal Code 186 00, Czech Republic, Company ID No: 47115378, Legal Entity Identifier (LEI): 31570010000000043842 was registered as a joint-stock company in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 1731, on 13 October 1992.

The Bank issued the following subordinated unsecured income certificates without maturity dates (the "Certificates"):

Name of certificate	ISIN	Issue date:	Currency	Interest rate	Nominal value
J&T BANKA 10% PERP	CZ0003704249	30.06.2014	CZK	10.00% p.a.	CZK 100,000
J&T BK II 9 % PERP	CZ0003704413	21.09.2015	CZK	9.00% p.a.	CZK 100,000
J&T BK III 9 % PERP	CZ0003704421	14.12.2015	EUR	9.00% p.a.	EUR 5,000
J&T BK 6.50 % PERP	CZ0003706517	23.08.2021	CZK	6.50% p.a.	CZK 100,000
J&T BK 7.00 % PERP	CZ0003707275	29.06.2022	EUR	7.00 % p.a	EUR 1,000

Data on the number of shares, nominal value of shares and the Bank's shareholder structure are presented in the chapter Basic information about J&T BANKA, a.s. and the consolidation unit of the J&T BANKA, a.s. group. The Bank's directors do not own any shares or options or comparable investment instruments whose value relates to shares or similar securities representing an interest in the Bank.

The Certificates are unnamed securities issued in the Czech Republic in accordance with Czech law. Certificates are hybrid financial instruments combining the economic characteristics of equity and debt securities and are issued as book-entry securities in bearer form.

When the conditions under Article 52(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26. 6. 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 are met, the certificates are included in the Bank's Tier 1 capital.

The certificates are traded on the Prague Stock Exchange and the volume of issued certificates reached CZK 8,868 million as of 31 December 2023. (2022: CZK 8,868 million).

At the beginning of 2023, Moody's assigned the Bank a long-term deposit rating of Baa2 with a stable outlook and a short-term deposit rating of Prime-2. This is a rating at the prestigious, so-called investment grade level. Long-term liabilities rated Baa represent a "moderate credit risk" as defined by Moody's. Short-term liabilities with a Prime-2 rating reflect the 'high repayment capacity' of these liabilities.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS AND CERTIFICATE HOLDERS

The Certificates are not bonds within the meaning of the Bond Act. The owners of the Certificates are not shareholders of the Bank by virtue of their ownership of the Certificates and are not entitled to dividend payments.

Owners of the Certificate do not have an interest in the Bank's equity and by virtue of their ownership of the Certificate do not have a direct or indirect interest in voting rights. With the CNB's consent, the Bank is not subject to the obligations in Section 118(5) (a) to (k) of the Capital Market Undertakings Act, as amended.

Other rights and obligations are regulated in the terms of issue. The rights and obligations of shareholders are governed by the provisions of the Companies and Co-operatives Act (Companies Act). Each shareholder has a preferential right to subscribe for part of the new shares of the company subscribed to increase the share capital to the extent of its share in the share capital, if their issue price is to be paid in cash. A shareholder has a preferential right to subscribe for those shares that have not been subscribed for by another shareholder in accordance with the Business Corporations Act.

As the Bank has a sole shareholder, there is no General Meeting and the powers of the General Meeting are exercised by the sole shareholder. In this case, the rights and obligations of the sole shareholder are identical to those of the General Meeting, the position of which is regulated by the Bank's Articles of Association. Further information on the exercise of the sole shareholder or the powers of the General Meeting is provided in the following chapter Bodies and expert committees of the Bank.

BODIES AND EXPERT COMMITTEES OF THE BANK

BANK ORGANISATIONS

The Bank has a dualistic system of corporate governance structure, which ensures separation of executive and control functions and its bodies are:

General Meeting

The General Meeting is the supreme body of the Bank. It decides on matters which the law or the Bank's Articles of Association include in its competence. The competence of the General Meeting includes, in particular, the decision to amend the Articles of Association, the decision to change the amount of the share capital and to authorise the Board of Directors to increase the share capital, the election and dismissal of members of the Supervisory Board, the approval of the ordinary, extraordinary or consolidated financial statements and, in cases where their preparation is provided for by other legislation, the interim financial statements, the decision to distribute profits or other own resources or to cover losses, and the giving of instructions to the Board of Directors and the approval of the principles of the Board of Directors' activities, unless they are contrary to the law. The General Meeting may also prohibit a member of the Board of Directors from certain legal actions if it is in the interest of the company. The powers of the General Meeting are regulated by the Bank's Articles of Association and the relevant legislation, in particular the Business Corporations Act.

The Bank has only one shareholder, therefore there is no general meeting and the sole shareholder (J&T FINANCE GROUP SE) decides on the competence of the Bank's general meeting. These decisions shall be in writing and, if required by law, shall take the form of a notarial record.

Board of Directors

The Bank's statutory body is the Board of Directors, which manages the Bank's business activities and represents the Bank in the manner specified in the Bank's Articles of Association and in the Commercial Register. The Board of Directors decides on all Bank matters, unless they are reserved by law or the Bank's Articles of Association for the General Meeting or Supervisory Board. According to the Bank's current Articles of Association, the Board of Directors has 3 to 6 members, with the specific number of members to be determined by the Supervisory Board, taking into account the specific scope of the company's activities, the economic situation and current regulatory requirements and the resulting needs of the internal management system. The Board of Directors of the Bank had six (6) members as of December 31, 2023.

The Board of Directors is elected by the Supervisory Board. The CNB assesses the professional competence, credibility and experience of all members of the Board of Directors. The Board of Directors elects the Chairman of the Board from among its members. The remuneration of the Bank's Board of Directors falls within the competence of the General Meeting. The term of office of a member of the Board of Directors is five years, with re-election of a member of the Board of Directors being possible.

The Board of Directors is responsible for establishing a coherent and adequate management and control system and for continuously maintaining its functionality and effectiveness. It is responsible for setting the Bank's overall strategy and for establishing, ensuring, maintaining and applying requirements for the credibility, knowledge and experience of the persons it employs to carry out its activities, and is responsible for ensuring that the Bank consistently applies sound management, administrative, accounting and other procedures. The Bank's Board of Directors approves and regularly evaluates, in particular, the Bank's overall strategy, organisational structure, risk management strategy, including risks arising from the macroeconomic environment in which the Bank operates, also in relation to the economic cycle, including the Bank's risk acceptance policies and the recognition, evaluation, measurement, monitoring, reporting and mitigation of the occurrence or impact of risks to which the Bank is or may be exposed. It shall approve the strategy related to capital and capital ratios, the strategy for the development of information and communication systems, the principles of the internal control system, including the principles for avoiding potential conflicts of interest, compliance and internal audit, the security principles, including the security principles for information and communication systems, the set of limits, including the overall accepted risk level and any internally determined capital, liquidity and other prudential reserves or surcharges that the Bank uses to limit risks within its accepted risk level.

The Bank's Board of Directors shall also approve new products, activities and systems and other matters of fundamental importance to the Bank or otherwise likely to have a material impact (this authority may be delegated by the Bank's Board of Directors to an expert committee appointed by it). Approves the strategic (4-year) and periodic (annual) internal audit plan.

The Board of Directors meets as needed, usually once a month. The Board of Directors shall meet at the registered office of the Bank, unless the Board of Directors has decided otherwise at a previous meeting. Meetings of the Board of Directors are convened by the Chairman of the Board of Directors. The Board of Directors may also meet on the basis of a long-term plan for Board meetings. The Chairman of the Board of Directors is obliged to convene a meeting of the Board of Directors without undue delay at the request of any member of the Board of Directors or at the request of the Supervisory Board. If the Chairman of the Board of Directors does not convene the meeting without undue delay, any member of the Board of Directors or the Supervisory Board may convene the meeting. The Board of Directors may also take decisions outside the Board of Directors' meeting if all members of the Board of Directors agree. In such a case, a written ballot or a ballot by technical means shall be admissible. The Board of Directors shall be quorate if a majority of the members of the Board of Directors are present. The Board of Directors decides by majority vote of the members present.

Ing. Patrik Tkáč
Chairman of the Board of Directors

Date of appointment to the Board of Directors: 03 June 1998
Term of office until: 22 July 2028

He graduated from the Faculty of Economics at the University of Economics in Bratislava. In 1994, he obtained a brokerage license from the Ministry of Finance of the Slovak Republic and in the same year he became a co-founder of J&T Securities, s.r.o., a securities trader. He is a leading representative of the JTFG Group and Chairman of the Board of Directors of J&T BANKA, a.s. Within the Bank, he is responsible for the Financial Markets Department.

He is also active or has been active in the following companies in the last 5 years:

Company	Company ID No.	Registered office	Position	Status
J&T FINANCE GROUP SE	27592502	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors - Vice-Chairman	current
ATLANTIK finanční trhy, a.s.	26218062	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Chairman	current
Nadace J&T	27162524	Praha 1, Malá Strana, Malostranské nábřeží 563/3, 118 00	Board of Directors - Member + Founder	current
J&T IB and Capital Markets, a.s.	24766259	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T Family Office, a.s.	03667529	Praha 1, Malá Strana, Malostranské nábřeží 563/3, 118 00	Supervisory Board - Member	current
Nadace Sirius	28418808	Praha 1, Malá Strana, Všehrdova 560/2, 118 00	Founder	current
CZECH MEDIA INVEST, a.s.	24817236	Praha 1, Josefov, Pařížská 130/26, 110 00	Supervisory Board - Chairman	current
J&T Wine Holding SE	06377149	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors - Member	current
J&T ENERGY FINANCING CZK I, a.s. (in liquidation)	06433855	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T ENERGY FINANCING CZK II, a.s.	06433901	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T ENERGY FINANCING CZK IV, a.s. (in liquidation)	07381158	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
Bermon94, a.s.	07234660	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
EP Global Commerce a.s.	05006350	Praha 1, Josefov, Pařížská 130/26, 110 00	Supervisory Board - Chairman	current
J&T ARCH INVESTMENTS SICAV, a.s.	08800693	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T ALLIANCE SICAV, a.s.	11634677	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T CAPITAL INVESTMENTS, a.s.	10913203	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Chairman	current
J&T CAPITAL PARTNERS, a.s.	10942092	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors - Chairman	current
PT Equity Investments SICAV, a.s.	14095688	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T EQUITY PARTNERS, a.s.	17201373	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors - Chairman	current
J&T ENERGY FINANCING EUR I, a. s.	51142074	Bratislava – Karlova Ves, Dúbravská cesta 14, 841 04, SR	Supervisory Board - Member	current
J&T ENERGY FINANCING EUR II, a. s.	51143062	Bratislava – Karlova Ves, Dúbravská cesta 14, 841 04, SR	Supervisory Board - Member	current
J&T ENERGY FINANCING EUR III, a. s. (in liquidation)	51579642	Bratislava – Karlova Ves, Dúbravská cesta 14, 841 04, SR	Supervisory Board - Member	current
J&T ENERGY FINANCING EUR IV, a. s.	51479982	Bratislava – Karlova Ves, Dúbravská cesta 14, 841 04, SR	Supervisory Board - Member	current
J&T ENERGY FINANCING EUR V, a. s.	51888777	Bratislava – Karlova Ves, Dúbravská cesta 14, 841 04, SR	Supervisory Board - Member	current
J&T ENERGY FINANCING EUR VI, a. s.	52312305	Bratislava – Karlova Ves, Dúbravská cesta 14, 841 04, SR	Supervisory Board - Member	current
J&T ENERGY FINANCING EUR VII, a. s.	52396274	Bratislava – Karlova Ves, Dúbravská cesta 14, 841 04, SR	Supervisory Board - Member	current
J&T ENERGY FINANCING EUR VIII, a. s. (in liquidation)	52491218	Bratislava – Karlova Ves, Dúbravská cesta 14, 841 04, SR	Supervisory Board - Member	current
J&T ENERGY FINANCING EUR IX, a. s.	52491196	Bratislava – Karlova Ves, Dúbravská cesta 14, 841 04, SR	Supervisory Board - Member	current
J&T ENERGY FINANCING EUR X, a. s.	52661261	Bratislava – Karlova Ves, Dúbravská cesta 14, 841 04, SR	Supervisory Board - Member	current
365.bank, a. s.	31340890	Bratislava, Dvořákovo nábrežie 4, 811 02, SR	Supervisory Board - Member	current
CZECH NEWS CENTER a.s.	02346826	Praha 7, Holešovice, Komunardů 1584/42, 170 00	Supervisory Board - Chairman	out of date
J&T ENERGY FINANCING CZK III, a.s. (in liquidation)	07084030	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	out of date
J&T banka d.d.,	675539	Međimurska ulica 28, 42000 Varaždin, Chorvatsko	Supervisory Board - Member	out of date
PBI, a.s.	03633527	Praha 8, Karlín, Sokolovská 394/17, 186 00	Board of Directors - Member	out of date
Stamina Private Equity Investments a.s., (in liquidation)	03841669	Praha 8, Karlín, Pobřežní 297/14, 186 00	Supervisory Board - Member	out of date

Štěpán Ašer, MBA
member of the Board of Directors and Chief Executive Officer

Date of appointment to the Board of Directors: 30 May 2006
Term of office until: 02 June 2026

He is a graduate of the School of Business and Public Management at George Washington University in Washington, D.C., specializing in finance and financial markets. He subsequently graduated with an MBA from the Rochester Institute of Technology. He has worked in finance in the Czech Republic since 1997, first as an analyst and later as a portfolio manager at Credit Suisse Asset Management. From 1999 to 2002 he was a member of the Board of Directors of Commerz Asset Management, responsible for portfolio management and sales. At Česká spořitelna, a.s. he briefly specialized in asset management for institutional clients. Since 2003 he has been working at J&T BANKA, a.s. Within the Bank, he is responsible for the CR Business Department and the CR Operations Department.

He is also active or has been active in the following companies in the last 5 years:

Company	Company ID No.	Registered office	Position	Status
J&T FINANCE GROUP SE	27592502	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors - Member	current
J&T INVESTIČNÍ SPOLEČNOST, a.s.	47672684	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T IB and Capital Markets, a.s.	24766259	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Chairman	current
J&T Leasingová společnost, a.s.	28427980	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Chairman	current
J&T Mezzanine, a.s.	06605991	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T SERVICES ČR, a.s.	28168305	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
AMISTA investiční společnost, a.s.	27437558	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T RFI IV., a.s.	17843791	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T NOBLESSE OBLIGE, z.ú.	19420218	Praha 1, Malá strana, Malostranské nábřeží 563/3, 118 00	Board of Directors - Chairman	current
J&T Bank, a.o.	1027739 121651	115035 Moskva, Kadaševskaya naberežnaja, 26, Russian Federation	Board of Directors - Member	out of date
ATLANTIK finanční trhy, a.s.	26218062	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors - Chairman	out of date
PBI, a.s.	03633527	Praha 8, Karlín, Sokolovská 394/17, Karlín, 186 00	Supervisory Board - Member	out of date
J&T banka d.d.	675539	Međimurska ulica 28, 42000 Varaždin, Croatia	Supervisory Board - Member	out of date

Ing. Igor Kováč
Member of the Board of Directors

Date of appointment to the Board of Directors: 16 February 2011
Term of office until: 16 February 2026

He is a graduate of the University of Economics in Bratislava, where he graduated from the Faculty of National Economy in 1998. Since the beginning of his professional career he has been working in the financial sphere, in banking since 2000, when he joined Hypovereinsbank Slovakia as Senior Controller. From 2002 to 2008 he worked at Volksbank Slovakia as Director of the Economic Department. Since 2008 he has been working at J&T BANKA, a.s. Within the Bank, he is responsible for the Finance Department.

He is also active or has been active in the following companies in the last 5 years:

Company	Company ID No.	Registered office	Position	Status
J&T FINANCE GROUP SE	27592502	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors - Member	current
J&T IB and Capital Markets, a.s.	24766259	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T INVESTIČNÍ SPOLEČNOST, a.s.	47672684	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T SERVICES ČR, a.s.	28168305	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T Leasingová společnost, a.s.	28427980	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T Mezzanine, a.s.	06605991	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T RFI IV., a.s.	17843791	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T banka d.d.	675539	Međimurska ulica 28, 42000 Varaždin, Croatia	Supervisory Board - Chairman	current
J&T Bank, a.o.	1027739 121651	115035 Moskva, Kadaševskaya naberežnaja, 26, Russian Federation	Board of Directors - Member	out of date
PBI, a.s.	03633527	Praha 8, Karlín, Sokolovská 394/17, 186 00	Supervisory Board - Member	out of date

Ing. Tomáš Klimíček
Member of the Board of Directors

Date of appointment to the Board of Directors: 01 December 2016
Term of office until: 1 December 2026, on 4 March 2024 he resigned as a member of the Board of Directors

He graduated from the University of Economics in Prague, where he completed his Master's degree at the Faculty of Finance and Accounting in 2010. In 2008-2011 he worked at PricewaterhouseCoopers Audit, s.r.o. Since 2011, he has worked at J&T BANKA, a.s., since 2012 as Director of the Credit Risk Management Department. Within the Bank, he is responsible for the Risk Management Department, the Legal Department and the Information Systems Department.

He is also active or has been active in the following companies in the last 5 years:

Company	Company ID No.	Registered office	Position	Status
J&T Leasingová společnost, a.s.	28427980	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	53859111	Bratislava, Dvořákovo nábrežie 8, 811 02, SR	Supervisory Board - Member	current
J&T Bank, a.o.	1027739 121651	115035 Moskva, Kadaševskaya naberežnaja, 26, Russian Federation	Board of Directors - Member	out of date

Ing. Anna Macaláková
Member of the Board of Directors

Date of appointment to the Board of Directors: 11 June 2018
Term of office until: 11 June 2028

She is a graduate of the University of Economics in Bratislava, Faculty of Economics, the field of Finance. Since graduating in 2006, she has been working at the Bank - Bratislava branch, where she has held various positions. Currently, she works at the Bank as the Head of the organisational unit of J&T BANKA, a.s., a branch of the foreign bank in Bratislava. Within the Bank she is responsible for the Bratislava branch.

She is also active or has been active in the following companies in the past 5 years:

Company	Company ID No.	Registered office	Position	Status
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	53859111	Bratislava, Dvořákovo nábrežie 8, 811 02, SR	Board of Directors - Chairman	current

Ing. Jan Kotek
Member of the Board of Directors

Date of appointment to the Board of Directors: 01 January 2022
Term of office until: 01 January 2027

He graduated from the University of Economics in Prague. He has been in the financial sphere since the beginning of his professional career. He has been with JTFG Group since 2010, where he first held the position of Director of Credit Risk Management at J&T BANKA, a.s. From 2012 to 2014, he served in the top management of Poštová banka, a.s. in Slovakia. From 2014 to 2021 he worked as a Financial Manager at J&T FINANCE GROUP SE. Since 2019, he has held the position of Head of Credit Operations at J&T BANKA, a.s. and in January 2022 he also became a member of the Board of Directors. Within the Bank he is responsible for the Credit Transactions Department.

He is also active or has been active in the following companies in the last 5 years:

Company	Company ID No.	Registered office	Position	Status
Equity Holding, a.s.	10005005	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors - Member	current
J&T Mezzanine, a.s.	06605991	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors - Member	current
J&T Global Finance X., s.r.o.	07402520	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Executive Officer	current
J&T banka d.d.	675539	Međimurska ulica 28, 42000 Varaždin, Croatia	Supervisory Board - Member	current
J&T Global Finance IX., s.r.o.	51836301	Bratislava, Dvořákovo nábrežie 8, 811 02, SR	Executive Officer	current
ZINO Estate s.r.o.	19817762	Praha 5, Stodůlky, K sopce 1704/1, 155 00	Executive Officer	current
J&T Global Finance VII., s.r.o. (in liquidation)	05243441	Praha 8, Karlín, Pobřežní 297/14, 186 00	Executive Officer	out of date
J&T Global Finance VIII., s.r.o.(in liquidation)	06062831	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Executive Officer	out of date
365.bank, a.s.	31340890	Bratislava, Dvořákovo nábrežie 4, 811 02, SR	Supervisory Board - Member	out of date

Supervisory Board

The Supervisory Board is the Bank's controlling body and its activities are regulated by law and the Bank's Articles of Association. The Supervisory Board oversees the performance of the Board of Director' duties and the Bank's business activities. Members of the Supervisory Board are elected and dismissed by the General Meeting (respectively the sole shareholder). According to the Articles of Association, the Supervisory Board has 6 members, with 4 members elected by the sole shareholder and 2 members elected by the Bank's employees. The term of office of the members of the Supervisory Board is five years and re-election is possible.

The Supervisory Board shall meet as required, at least once a year. Meetings of the Supervisory Board shall be held at the Bank's registered office, unless the Supervisory Board has decided otherwise at a previous meeting. Meetings of the Supervisory Board are convened by the Chairman of the Supervisory Board. The Chairman of the Supervisory Board is obliged to convene a meeting of the Supervisory Board without undue delay at the request of any member of the Supervisory Board or at the request of the Board of Directors, or if a qualified shareholder requests the Supervisory Board to review the performance of the Board of Director's duties or informs the Supervisory Board of the intention to bring a shareholder action. If the Chairman of the Supervisory Board does not convene the meeting without undue delay, any member of the Supervisory Board or the Board of Directors may convene the meeting. The Supervisory Board may also take decisions outside the Supervisory Board meeting if all members of the Supervisory Board agree. In such a case, a written ballot or a ballot by technical means shall be admissible. The Supervisory Board is capable of holding a quorum if a majority of the members of the Supervisory Board are present. The Supervisory Board decides by majority vote of the members present.

Ing. Jozef Tkáč

Chairman of the Supervisory Board
(not an employee of the Bank)

The date on which the position on the Supervisory Board was created: 03 June 1998
Term of office until: 15 October 2028

After graduating from the University of Economics, he joined the Main Institute of the State Bank of Czechoslovakia in Bratislava. In 1989, the Slovak government and the management of the SBCS entrusted him with the preparation of the activities of the investment bank in Slovakia. In 1990, he became the Chief Director of the Main Institute for the Slovak Republic at Investiční banka, s.p.ú., Prague, and after the nationalisation and division of Investiční banka Praha, he became the President of Investiční a rozvojová banka, a.s., in Bratislava. After the change of ownership of the Bank and the completion of the privatisation of Investiční a rozvojová banka, a.s., he established himself in the JTFG Group as President of the JTFG Group and Chairman of the Board of Directors of J&T FINANCE GROUP SE.

He is also active or has been active in the following companies in the past 5 years:

Company	Company ID No.	Registered office	Position	Status
J&T FINANCE GROUP SE	27592502	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors - Chairman	current
ATLANTIK finanční trhy, a.s.,	26218062	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Member	current
J&T SERVICES ČR, a.s.,	28168305	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board - Chairman	current
Equity Holding, a.s.,	10005005	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors - Chairman	current
Nadace J&T	27162524	Praha 1, Malostranské nábřeží 563/3, 118 00	Board of Directors - Member	current
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	53859111	Bratislava, Dvořákovo nábrežie 4, 811 02, SR	Supervisory Board - Chairman	current
365.bank, a.s.	31340890	Bratislava, Dvořákovo nábrežie 4, 811 02, SR	Supervisory Board - Member	current
Geodezie Brno, a.s. (in liquidation)	46345906	Brno, Dornych 47, 602 00	Supervisory Board - Chairman	out of date

Ing. Ivan Jakabovič
Deputy Chairman of the Supervisory Board
(not an employee of the Bank)

The date on which the position on the Supervisory Board was created: 03 June 1998
Term of office until: 15 October 2028

He graduated from the Faculty of Economic Informatics of the University of Economics in Bratislava. He obtained a brokerage license from the Ministry of Finance of the Slovak Republic. In 1994, he co-founded J&T Securities, s.r.o., a securities trader. He is Vice-Chairman of the Board of Directors of J&T FINANCE GROUP SE.

He is also active or has been active in the following companies in the last 5 years:

Company	Company ID No.	Registered office	Position	Status
J&T FINANCE GROUP SE	27592502	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors – Vice-Chairman	current
J&T CAPITAL PARTNERS, a.s.	10942092	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board – Chairman	current
J&T EQUITY PARTNERS, a.s.	17201373	Praha 8, Karlín Sokolovská 700/113a, Karlín, 186 00	Supervisory Board – Chairman	current
EP Power Europe, a.s.,	27858685	Praha 1, Josefov, Pařížská 130/26, 110 00	Supervisory Board – Member	current
KOLIBA REAL, s. r. o.	35725745	Bratislava, Dvořákovo nábrežie 8, 811 02, SR	Board of Directors – Member	current
J & T Securities, s.r.o.(in liquidation)	31366431	Bratislava, Dvořákovo nábrežie 8, 811 02	Executive Officer	out of date
EP Industries, a.s.	29294746	Praha 1, Josefov, Pařížská 130/26, 110 00	Supervisory Board – Member	out of date

Ing. Dušan Palcr
Member of the Supervisory Board
(not an employee of the Bank)

The date on which the position on the Supervisory Board was created: 15 June 2004
Term of office until: 15 October 2028

He graduated from the Faculty of Operations and Economics of the University of Agriculture in Brno. In 1995-1998 he worked in the CNB's banking supervision. Since 1998 he has been active in the JTFG group. He was a member of the Board of Directors of J&T BANKA, a.s., responsible for the management of the Economics and Banking Operations Department. Since 2003 he has been a member of the Board of Directors of J&T FINANCE GROUP SE.

He is also active or has been active in the following companies in the last 5 years:

Company	Company ID No.	Registered office	Position	Status
J&T FINANCE GROUP SE	27592502	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors – Vice-Chairman	current
J&T Sport Team ČR, s.r.o.	24215163	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Executive Officer	current
AC Sparta Praha fotbal, a.s.	46356801	Praha 7, Tř. Milady Horákové 1066/98, 170 00	Supervisory Board – Chairman	current
I. Český Lawn - Tennis Klub Praha	45243077	Praha 7, Holešovice, Ostrov Štvanice č. ev. 38, 170 00	Member of the Executive Committee	current
Nadace J&T	27162524	Praha 1, Malá Strana, Malostranské nábřeží 563/3, 118 00	Board of Directors – Member	current
Karlín development II. s.r.o.,	28161980	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board – Member	current
J&T REAL ESTATE CZ, a.s.	28255534	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors – Chairman	current
GLOBDATA a.s.	05642361	Praha 1, Staré Město, Na Příkopě 393/11, 110 00	Supervisory Board – Member	current
Doblecon a.s.	07015381	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board – Member	current
Česká rugbyová unie, z.s.	00540706	Praha 6, Břevnov, U Vojtěšky č.ev. 11, 162 00	Executive Committee – President	current
RAILSCANNER, s.r.o.	07842511	Praha 2, Vinohrady, Bělehradská 381/126, 120 00	Supervisory Board – Chairman	current
JTZE a.s.	08839662	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Supervisory Board – Chairman	current
Menmar s.r.o.	13976257	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Executive Officer	current
Baunario s.r.o.	11773430	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Executive Officer	current
Alvadose s.r.o.	11773189	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Executive Officer	current
MeasureTake s.r.o.	07209533	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Executive Officer	current
J & T REAL ESTATE ENGINEERING s.r.o.	14319535	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Executive Officer	current

Company	Company ID No.	Registered office	Position	Status
J&T REAL ESTATE SMART SOLUTIONS a.s.	01942603	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Executive Officer	current
SALIX MORAVA s.r.o.	25380893	Horní Moštěnice, Revoluční 130/30, 751 17	Executive Officer	current
AGROSUMAK s.r.o.	47672404	Suchdol nad Odrou, Komenského 211, 742 01	Executive Officer	current
Agro – společnost MORAVA s.r.o.	47676159	Kojetín – Kojetín I-Město, Komenského náměstí 1052, 75201	Executive Officer	current
Farma Neznašovy s.r.o.	25242041	Klatovy, Sobětice 75, 339 01	Executive Officer	current
ROLANA s.r.o.	26961962	Černilov, Újezd 60, 503 03	Executive Officer	current
POTATO s.r.o.	26969670	Jihlava – Heroltice 65, 58601	Executive Officer	current
STATEK SOBĚTICE s.r.o.	46886087	Klatovy, Sobětice 75, 339 01	Executive Officer	current
Farma Blovice s.r.o.	47719672	Blovice, Luční 812, 336 01	Executive Officer	current
AGROSALES s.r.o.	27777944	Suchdol nad Odrou, Komenského 211, 742 01	Executive Officer	current
POLINE s.r.o.	62958500	Nebovidy č.p. 73, 280 02	Executive Officer	current
EUROFARMS AGRO-B s.r.o.	60066377	Kardašova Řečice, Palackého 740, 378 21	Executive Officer	current
Žďár Chudenice s.r.o.	49789775	Klatovy, Sobětice 75, 339 01	Executive Officer	current
EUROFARMS JIHLAVA s.r.o.	25252895	Jihlava, Heroltice 65, 586 01	Executive Officer	current
JTZE Sobětice s.r.o.	09001271	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Executive Officer	current
JTZE Horní Moštěnice s.r.o.	09001255	Horní Moštěnice, Revoluční 130/30, 751 17	Executive Officer	current
FIXLUENA a.s.	09030310	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Board of Directors – Member	current
Blumenaugen s.r.o.	11774169	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Executive Officer	current
Ekofarma Čachrov s.r.o.	11935332	Klatovy, Sobětice 75, 339 01	Executive Officer	current
Rohan D one, s.r.o.	17490421	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Executive Officer	current
ZE Nitra s.r.o.	17711304	Praha 8, Karlín, Sokolovská 700/113a, 186 00	Executive Officer	current
Ekofarma Neurazy s.r.o.	17893194	Blovice, Luční 812, 336 01	Executive Officer	current
Radar s.r.o.	31 436 846	Zbehy, Poľnofarma 479, 951 42	Executive Officer	current
GREEN POINT, spol. s r.o.	36551678	Farná 1545, 935 66	Executive Officer	current
JTZE Slovensko s.r.o.	47 852 291	Farná 1545, 935 66	Executive Officer	current
Poľnohospodárske družstvo Podhorany	00 614 041	Podhorany 220, 951 46	Board of Directors – Member	current
MS Trnitá 3 a.s.	05783216	Brno, Černá Pole, třída Kpt. Jaroše 1922/3, 602 00	Supervisory Board – Member	out of date
Invictus development s.r.o.	07295049	Praha 4, Chodov, Stýblova 2352/30a, 149 00	Supervisory Board – Chairman	out of date
PBI, a.s	03633527	Praha 8, Karlín, Pobřežní 297/14, 186 00	Supervisory Board – Chairman	out of date

Mgr. Jozef Šepetka
Member of the Supervisory Board:
(not an employee of the Bank)

The date on which the position on the Supervisory Board was created: 09 September 2008
Term of office until:15 October 2028

He graduated from the Faculty of Law of Charles University. Since 1990 he has worked in the field of state administration – for example, since 1992 he worked at the Ministry of Foreign Affairs of the Czech Republic. He joined J&T BANKA, a.s. in 1998 as a consultant.

He is also active or has been active in the following companies in the last 5 years:

Company	Company ID No.	Registered office	Position	Status
Nadace pro rozvoj České filharmonie	19584024	Praha 1, Staré Město, Alšovo nábřeží 79/12, 110 00	Board of Directors – Member	out of date

Jitka Šustová
Member of the Supervisory Board elected by the employees

The date on which the position on the Supervisory Board was created: 10 December 2018
Term of office until:15 December 2028

She has been working at the Bank since 1998. Since then, she has held many positions within the economic department and currently holds the position of Director of the Economic Department. She was elected to the Supervisory Board by the Bank's employees in December 2018 and was re-elected in December 2023.

She has not worked in any other companies in the past 5 years.

JUDr. Jaroslava Sragner
Member of the Supervisory Board

The date on which the position on the Supervisory Board was created: 14 October 2022
Term of office until: 14 October 2027

She graduated from the Faculty of Law in Košice, since 2007 she has been working in the field of law (executor's office, ZSE, Lidl, Prima banka), since 1 January 2018 she has been working at J&T BANKA, a.s., currently as the Director of the Legal Department of the Slovak branch of the Bank. In September 2022, she was elected to the Supervisory Board by the Bank's employees.
She has not worked in any other companies in the past 5 years.

On 26 February 2024, the Bank's Articles of Association were amended to provide that the Supervisory Board will now have 9 members, with 6 members elected by the sole shareholder and 3 members elected by the Bank's employees. On the same day, Marc Derydt and Jozef Kollár were appointed to the Supervisory Board. Subsequently, on 15 March 2024, Radoslav Míšek was elected as a member of the Supervisory Board by the Bank's employees.

Audit Committee

The Audit Committee (hereinafter referred to as the "AC") is established by the Bank's Supervisory Board. The main objective and purpose of the establishment of the AC as an advisory body to the Bank's Supervisory Board is to supervise the process of preparing the financial statements and the system of effectiveness of internal control and internal audit, including the risk management process. The AC monitors the effectiveness of the internal control and management system, monitors the effectiveness of the internal audit function and its functional independence, discusses the appointment and dismissal of the head of the internal audit department, monitors the process of preparing the financial statements and consolidated financial statements, monitors the process of the statutory audit of the financial statements and consolidated financial statements, assesses the independence of the statutory auditor and the audit firm, and in particular the provision of additional services to the auditee, selects and recommends the auditor to the Bank's Supervisory Board for the statutory audit, informs the Bank's Supervisory Board about the outcome of the statutory audit and its findings from monitoring the statutory audit process. The Chairman and members of the AC are appointed and removed by the Bank's General Meeting.

As of 31 December 2023, the composition of the AC was as follows:

Name	Position of the member
Závitkovský Pavel, Ing.	Chairman of the AC, external collaborator
Kovář Jakub, Ing.	Member of the AC, external collaborator
Palcr Dušan, Ing.	Member of the AC, Member of the Supervisory Board, Deputy Chairman of the Board of Directors of J&T FINANCE GROUP SE

The AC meets at least four times a year. The Chairman is obliged to convene a meeting of the AC whenever a member of the Committee, the Chairman of the Supervisory Board, the Board of Directors or the Director of Internal Audit requests so, provided that they also state an urgent reason for convening it. The AC decides by a majority of all members. Only members of the AC may attend meetings of the AC. The Secretary of the AC may attend meetings unless the AC decides otherwise. The AC may, at its discretion, invite other persons to attend the meeting. They may be members of the Supervisory Board, the Board of Directors, representatives of the external auditor, or, if the nature of the matters under discussion so requires, senior employees of the Bank or other experts.

DECLARATION

The members of the Management Board and the Supervisory Board have not been convicted of fraudulent offences, have not been judicially disqualified from holding office as a member of the administrative, management or supervisory bodies of another company or from holding office in the management or conduct of the business of another company. No official public charges or sanctions have been or are pending against members of the Bank's management by statutory or regulatory bodies. In the last five years, members of the Bank's management have not been associated with insolvency proceedings of other companies.

THE BANK'S EXPERT COMMITTEES

Asset and Liability Committee

The Asset and Liability Committee ("ALCO") is established by the Board of Directors of the Bank. The main objective and purpose of establishing ALCO is to ensure the process of managing the Bank's assets and liabilities in terms of liquidity, interest rate risk, profitability of the Bank and capital adequacy. In particular, ALCO monitors the Bank's liquidity, interest rate and FX risk, compliance with internal and external limits in these areas, analyses possible future scenarios, monitors compliance with internal and regulatory capital adequacy limits at the individual and consolidated level, respectively prudential consolidation, assesses the impact of legislative changes on the Bank's assets and liabilities, reacts to the situation on the financial markets, analyses competitors' prices and products and their impact on the Bank's business and prices, monitors the maturity of significant active and passive trades, assesses the impact of expected new trades on risk, limits and profitability, decides on interest rates for deposit products, decides on measures in the area of market risk management, prudential business and in the commercial area. The Chairman and members of the ALCO are appointed and removed by the Bank's Board of Directors.

As of 31 December 2023, the composition of ALCO was as follows:

Name	Position of the member
Kováč Igor, Ing.	Chairman of the ALCO, Member of the Board of Directors
Ašer Štěpán, MBA	Member of the ALCO, Member of the Board of Directors
Klimíček Tomáš, Ing.	Member of the ALCO, Member of the Board of Directors (until 6.3.2024)
Macaláková Anna, Ing.	Member of the ALCO, Member of the Board of Directors
Kotek Jan, Ing.	Member of the ALCO, Member of the Board of Directors
Kubeš Michal, Ing.	Member of the ALCO, Executive Director of Finance

The ALCO usually meets once a month at a regular meeting. The quorum of ALCO shall be at least a majority of its members present, and it shall act by a majority of all its members. Between meetings, the ALCO may decide by per rollam vote. The proposal for the agenda shall be submitted by the individual committee members to the ALCO Secretary. Department heads and other Bank employees are entitled to submit materials to the agenda after prior approval by an ALCO member.

Investment Committee

The Investment Committee ("IC") is established by the Board of Directors of the Bank. The main objective and purpose of the IC is to support the investments included in the Bank's trading portfolio, currency and commodity positions. Another objective of the IC is the coordination and monitoring of investments included in the trading portfolio, currency and commodity positions of individual BCU members and at a consolidated level. The IC, in particular, discusses and approves limits or other parameters for the Bank's trading portfolio, currency and commodity positions, within the scope specified in the Bank's internal regulations governing the limits for concluding the Bank's trades, establishes a set of liquidity risk indicators, establishes and approves the construction of liquidity scenarios, approves the inclusion of a security on the list of securities permitted for trading within the framework of client portfolio management, and regularly evaluates compliance with the established limits. The Chairman and members of the IC are appointed and removed by the Bank's Board of Directors.

As of 31 December 2023, the composition of IC was as follows:

Name	Position of the member
Míšek Radoslav, Ing., Ph.D.	Chairman of the IC, Director of Risk Management
Vodička Petr, Ing.	Member of the IC, Director of Financial Markets
Kubeš Michal, Ing.	Member of the IC, Executive Director of Finance
Klimíček Tomáš, Ing.	Member of the IC, Member of the Board of Directors (until 6.3.2024)
Kováč Igor, Ing.	Member of the IC, Member of the Board of Directors (from 6.3.2024)
Pavlík Jan, Ing.	Member of the IC, Director of the Financial Markets Department of the Czech Republic Foreign Account
Kešnerová Mária, Ing.	Member of the IC, Director of Finance (until 1.1.2024)

The IC shall normally meet twice a month in regular session. The quorum of the IC shall be at least a majority of its members present, and it shall act by a majority of all its members. Between meetings, the IC may decide by per rollam vote. The proposal for the agenda shall be submitted by the individual committee members to the IC Secretary. Department Directors and other employees of the Bank are entitled to submit materials to the agenda of the IC after their prior approval by a member of the IC.

Credit Committee

The Credit Committee (hereinafter referred to as the "CC") is established by the Board of Directors of the Bank. The main objective and purpose of the establishment of the CC is to support the Bank's investment portfolio business. In particular, based on a risk analysis of the financed active business, the CC approves active business up to CZK 250 million (until 29.11.2023 up to CZK 200 million), based on the risk analysis of the financed active trade, the Bank's Board of Directors recommends to approve an active trade above CZK 250 million, on the basis of the analysis of non-performing active business, makes recommendations to the Bank's Board of Directors to approve the method of recovery of active business, discusses and decides on the categorisation of receivables on the basis of the fulfilment of technical indicators, deviations from project plans and external events, and is responsible for the quantification of the risks taken. The Chairman and members of the ÚV are appointed and removed by the Bank's Board of Directors.

As of 31 December 2023, the composition of ÚV was as follows:

Name	Position of the member
Klimíček Tomáš, Ing.	Chairman of the CC, Member of the Board of Directors (until 6.3.2024)
Hejduk Tomáš, Ing.	Chairman of the CC, Director of Credit Risk Management (from 6.3.2024)
Kováč Igor, Ing.	Member of the CC, Member of the Board of Directors (from 6.3.2024)
Szuťányi Ladislav, Mgr.	Member of the CC, Director of the Active Business Administration Department
Plášil Václav, Ing.	Member of the CC, Director of the SME Department
Kotek Jan, Ing.	Member of the CC, Member of the Board of Directors

The CC shall normally meet once a week in a regular session. The quorum of the CC shall be at least a majority of its members, and it shall decide in principle by a majority of the members present. Between meetings, the CC may decide by per rollam vote. The proposal for the agenda shall be submitted by the individual committee members to the CC Secretary. Department Directors and other employees of the Bank are entitled to submit materials to the agenda of the CC after their prior approval by a member of the CC.

Executive Committee of the Czech Republic

The Executive Committee of the Czech Republic (hereinafter referred to as the "EC CR") is established by the Board of Directors of the Bank. The main objective and purpose of the establishment of the EC CR is to ensure operational and procedural management of the Bank's head office activities. In particular, the EC CR discusses and proposes to the Bank's Board of Directors specific procedures for the purpose of implementing the overall strategy approved by the Bank's Board of Directors at the Bank's headquarters, discusses and proposes to the Bank's Board of Directors the establishment and amendment of rules, which clearly articulate the ethical and professional principles and expected patterns of behaviour and conduct of staff in accordance with these principles and rules, and their promotion, application and enforcement at the Bank's head office, assesses the organisational set-up of the Bank's head office, taking into account the separation of incompatible functions and the avoidance of potential conflicts of interest, and propose to the Bank's Board of Directors changes to the organisational set-up of the Bank's headquarters, discuss the concept and priorities related to the management of the Bank's human resources at the headquarters, discuss proposals for new products, activities and systems and other matters of fundamental importance to the Bank or otherwise likely to have a material impact, and submits proposals to the Bank's Board of Directors for approval, discusses the Bank's head office business terms and conditions and changes thereto, submits proposals to the Bank's Board of Directors for approval, and discusses and approves new Bank headquarters projects and changes thereto in the context of the Bank's strategic development, regulatory requirements and business plans. The Chairman and members of the EC CR are appointed and dismissed by the Bank's Board of Directors.

As of 31 December 2023, the composition of the EC CR was as follows:

Name	Position of the member
Klimíček Tomáš, Ing.	Chairman of the EC CR, Member of the Board of Direc-tors
Kešnerová Mária, Ing.	Member of the EC CR, Director of Finance
Tkáčová Alena, Ing.	member of the EC CR, Director of the CR Trade De-partment
Vodička Petr, Ing.	Member of the EC CR, Director of Financial Markets
Kotek Jan, Ing.	Member of the EC CR, Member of the Board of Directors
Kottink Pavel, Ing.	Member of the EC CR, Director of Information Systems
Jech Konstantin, Ing.	Member of the EC CR, Director of the Security Depart-ment
Rokos Ladislav	Member of the EC CR, Director of the CR Operation Department

The EC CR usually meets once a week at a regular session. The quorum of the EC CR is present if at least a majority of its members are present, and it decides by a majority of all members. Between meetings, the EC CR may decide by per rollam voting. The proposal for the agenda is submitted by the individual members of the Committee to the Secretary of the EC CR. Department directors and other employees of the Bank are entitled to submit materials to the agenda of the EC CR after their prior approval by a member of the EC CR.

Trade Committee of the Czech Republic

The Trade Committee of the Czech Republic (hereinafter referred to as the "TC CR") is established by the Board of Directors of the Bank. The main objective and purpose of the establishment of the TC CR is to support the business direction of the Bank's headquarters. In particular, the TC CR monitors the current state of the development of the implementation of the Bank's headquarters business plans and business strategy, analyses the prices of competitors' products and their impact on the Bank's head office business and product prices, proposes the Bank's head office business plans and submits them to the Bank's Board of Directors, evaluates the impact of closed deals within the CR Trade Division, discusses proposals for the introduction/changes of products and services at the Bank's headquarters and submits its opinion to the Executive Committee CR, discusses and approves the Bank's headquarters fee schedules and amendments thereto, decides on exceptions to the Bank's headquarters fee schedule and the manner in which fees are applied to individual banking products and services of the Bank's headquarters, decides on the structure of contractual documentation for individual banking products and services provided by the Bank's headquarters, proposes the marketing policy towards the Bank's headquarters customers and submits proposals to the Bank's Board of Directors, and determines the procedures for the provision of banking services by the Bank's headquarters. The Chairman and the members of the TC CR are appointed and dismissed by the Board of Directors of the Bank.

As of 31 December 2023, the composition of the TC CR was as follows:

Name	Position of the member
Tkáčová Alena, Ing.	Chairwoman of the TC CR, Director of the Czech Trade Department
Svoboda Vratislav, Ing. MBA	Member of the TC CR, Director of the Private Banking Department CR
Kučera Jiří, Bc.	Member of the TC CR, Director of the Premium Banking Department CR
Plášil Václav, Ing.	Member of the TC CR, Director of the SME Department
Pavlík Jan, Ing.	Member of the TC CR, Director of the Financial Markets Department CR foreign account
Rampula Tomáš, Ing.	member of the TC CR, Director of the External Sales Department
Šepetka Josef, Mgr.	Member of the TC CR, advisor

The TC usually meets once a month at a regular meeting. The quorum of TC shall be at least a majority of its members present, and it shall act by a majority of all its members. Between meetings, the TC may decide by per rollam vote. The proposal for the agenda shall be submitted by the individual committee members to the TC Secretary. Department directors and other employees of the Bank are entitled to submit materials to the agenda of the TC after their prior approval by a member of the TC.

Project Committee

The Project Committee ("PC") is established by the Board of Directors of the Bank. The main objective and purpose of the PC is to manage internal projects with a bank-wide impact (both in the Czech Republic and Slovakia). The PC discusses new projects with a Bank-wide impact in the context of the Bank's strategic development, regulatory requirements and business plans, discusses the status of individual projects, and discusses changes to projects with an impact on project content, project schedule or project budget. The Chairman and members of the PV are appointed and removed by the Bank's Board of Directors.

As of 31 December 2023, the composition of the PC was as follows:

Name	Position of the member
Rokos Ladislav	Chairman of the PC, Director of Operations of the Czech Republic
Kešnerová Mária, Ing.	Member of the PC, Director of the Financial Section
Klimíček Tomáš, Ing.	Member of the PC, Member of the Board of Directors
Macaláková Anna, Ing.	Member of the PC, Member of the Board of Directors
Tkáčová Alena, Ing.	Member of the PC, Director of the Trade Department CR
Vodička Petr, Ing.	Member of the PC, Director of Financial Markets
Kotek Jan, Ing.	Member of the PC, Member of the Board of Directors
Kottink Pavel, Ing.	Member of the PC, Director of Information Systems
Jech Konstantin, Ing.	Member of the PC, Director of the Security Department

The PC shall normally meet once every 14 days in a regular session. The quorum of the PC shall be at least a majority of its members present, and it shall act by a majority of all its members. Between meetings, the PC may decide by per rollam vote. Proposals for new projects are submitted to the programme by individual members of the PC or selected senior staff.

Security Committee

The Security Committee (hereinafter referred to as the "SC") is established by the Board of Directors of the Bank. The main objective and purpose of the establishment of the SC is to manage security risks. The SC is responsible for developing and submitting proposals to reduce security risks to a socially acceptable value, for controlling and evaluating the Bank's security risks and for supervising the implementation of proposals approved by the Bank's Board of Directors to eliminate security risks. The Chairman and members of the BV are appointed and removed by the Bank's Board of Directors.

As of 31 December 2023, the composition of the SC was as follows:

Name	Position of the member
Jech Konstantin, Ing.	Chairman of SC, Director of Security
Klimíček Tomáš, Ing.	Member of the SC, Member of the Board of Directors (until 6.3.2024)
Ašer Štěpán, MBA	Member of the SC, Member of the Board of Directors (from 6.3.2024)

Rokos Ladislav	Member of the SC, Director of Operations, Czech Republic
Macálka Vladimír, Mgr.	Member of the SC, Director of Compliance
Kottink Pavel, Ing.	Member of the SC, Director of Information Systems
Janík Tomáš, Ing.	Member of SC, Director of the Operations Division SR
Morávek Martin, Ing.	Member of the SC, senior business consultant SR
Broschinski Petr	Member of the SC, cyber security architect
Gajdoš Jan, Ing.	Member of the SC, physical security manager
Mastný Miloslav, Mgr.	Member of the SC, Secretary of the Board of Directors of J&T FINANCE GROUP SE (until 6.3.2024)
Briaková Veronika, JUDr.	Member of the SC, Compliance and GDPR Specialist (organizational unit of J&T Banka SR)
Husár Marian, Mgr. Ing. M.Jur., LL.M.	Member of the SC, Director of the Legal Department

The SC shall meet as a rule once a quarter at a regular meeting. The quorum of SC shall be at least a majority of its members present, and it shall act by a majority of all its members. Between meetings, the SC may decide by per rollam vote. The proposal for the agenda shall be submitted by the individual committee members to the SC Secretary. Department directors and other employees of the Bank are entitled to submit materials to the agenda of the SC after their prior approval by a member of the SC.

Operational Risk and Loss Committee
The Operational Risk and Loss Committee ("ORLC") is established by the Board of Directors of the Bank. The main objective and purpose of the establishment of the ORLC is to discuss claims and operational risk of the Bank. Another objective of the ORLC is the coordination and monitoring of operational risk of individual BCU members and at a consolidated level. The ORLC is responsible for developing and submitting proposals to reduce operational risk and loss to a socially acceptable value, for controlling and evaluating the Bank's operational risk and for supervising the implementation of proposals approved by the Bank's Board of Directors to eliminate operational risk and loss. The Chairman and members of the ORLC are appointed and removed by the Bank's Board of Directors.

As of 31 December 2023, the composition of the ORLC was as follows:

Name	Position of the member
Husár Marian, Mgr. Ing. M.Jur., LL.M.	Chairman of the ORLC, Director of the Legal Department
Sležka Milan, Ing.	Member of the ORLC, Director of the Operations Division CR
Míšek Radoslav, Ing., Ph.D.	Member of the ORLC, Director of Risk Management
Tomeš Libor, Ing.	Member of the ORLC, Director of Business Architecture
Macálka Vladimír, Mgr.	Member of the ORLC, Director of Compliance
Briaková Veronika, JUDr.	Member of the ORLC, Compliance and GDPR Specialist (organizational unit of J&T Banka SR)
Růžička Jan, Ing.	Member of the ORLC, advisor
Šustová Jitka	Member of the ORLC, Director of the Economic Department CR
Slobodník Michal, Mgr.	Member of the ORLC, Director of Technical Building Management
Jech Konstantin, Ing.	Member of the ORLC, Director of Security
Fišerová Rychtová Petra, Ing.	Member of the ORLC, Director of Support CR
Mikoš Marek, Ing.	Member of the ORLC, internal auditor – accounting and reporting (from 6.3.2024)
Pánek Petr, Mgr.	internal auditor – Risk Management (until 6.3.2024)

The ORLC usually meets once a month at a regular meeting. The quorum of ORLC shall be at least a majority of its members present, and it shall act by a majority of all its members. Between meetings, the ORLC may decide by per rollam vote. The proposal for the agenda shall be submitted by the individual committee members to the ORLC Secretary. Department directors and other Bank employees are entitled to submit materials to the ORLC agenda after prior approval by an ORLC member.

Valuation Committee
The Valuation Committee was abolished during 2023 and its powers were transferred to the Group Risk Committee established at the level of the Bank's parent company.

Investment Instruments Committee
The Investment Instruments Committee ("IIC") is established by the Board of Directors of the Bank. The main objective and purpose of the establishment of the IIC is to supervise the system of development, marketing and management of products that are investment instruments, in particular to ensure that the interests, objectives and characteristics of clients are taken into account, to prevent potential damage to clients and to minimise conflicts of interest. The IIC evaluates the timeliness and appropriateness of the methodology for the design, development and management of new products and changes to them, discusses proposals for changes to the methodology, discusses proposals for new products and changes to them, monitors and evaluates the products offered, evaluates cooperation with product developers and distributors, and reviews the expertise

of those responsible for developing their own products, defines individual client target markets and their parameters, taking into account knowledge requirements, experience, financial objectives, needs, ability to cope with losses and individual risk tolerance, periodically reviews individual target markets and their parameters, determines positive and negative markets for each investment product, periodically reviews the classification of products offered into target markets, determines and evaluates the manner in which products are offered and distributed and their compliance with established product target markets, establishes a standard target market for products not actively offered by the Bank, reviews the fee structure associated with each product, including reviewing whether the costs and fees for the product are compatible with the needs, objectives and characteristics of the relevant target market, establishes definitions of client investment strategies in relation to the defined investment strategies, analyses the risks of negative product development on clients and on the Bank's resources, particularly in view of changes in the market situation, and assesses potential conflicts of interest in offering and distributing products. The IIC deals with proprietary and distributed investment instruments. The Chairman and members of the VIN are appointed and removed by the Bank's Board of Directors.

As of 31 December 2023, the composition of VIN was as follows:

Name	Position of the member
Vodička Petr, Ing.	Chairman of the IIC, Director of Financial Markets
Tkáčová Alena, Ing.	Member of the IIC, Director of the Trade Department CR
Macaláková Anna, Ing.	Member of the VIN, Member of the Board of Directors
Macálka Vladimír, Mgr.	Member of the VIN, Director of Compliance
Martinec Tomáš, Mgr.	Member of the IIC, CEO of J&T INVESTIČNÍ SPOLEČNOST, a.s.
Kotek Jan, Ing.	Member of the IIC, Member of the Board of Directors

The IIC meets as needed, but at least four times a year. The quorum of IIC shall be at least a majority of its members present, and it shall act by a majority of all its members. Between meetings, the IIC may decide by per rollam vote. The proposal for the agenda shall be submitted by individual committee members or other authorised persons by e-mail to the IIC Secretary.

Recovery and Resolution Committee

The Recovery and Resolution Committee ("RRC") is established by the Board of Directors of the Bank. The main objective and purpose of the establishment of the RRC is to discuss the areas of recovery planning and resolution planning. Another objective of the RRC is to discuss agendas related to Resolution Planning and Recovery Plans, propose to the Bank's Board of Directors measures to correct identified deficiencies and ensure the implementation of measures adopted by the Bank's Board of Directors. The Chairman and members of the VRR are appointed and removed by the Bank's Board of Directors.

As of 31 December 2023, the composition of VRR was as follows:

Name	Position of the member
Míšek Radoslav, Ing., Ph.D.	Chairman of the RRC, Director of Risk Management
Kešnerová Mária, Ing.	Member of the RRC, Director of the Financial Section
Veselá Monika, Ing.	Member of the RRC, PR Manager
Macálka Vladimír, Mgr.	Member of the RRC, Director of Compliance
Tomeš Libor, Ing.	Member of the RRC, Director of Business Architecture
Broschinski Petr	Member of the RRC, cyber security architect
Pánek Petr	Member of the RRC, internal auditor - risk management (until 6.3.2024)
Mikoš Marek, Ing.	Member of the RRC, internal auditor – accounting and reporting (from 6.3.2024)
Husár Marian, Mgr. Ing. M.Jur. LL.M.	Member of the RRC, Director of the Legal Section
Šedivý Libor, Ing.	Member of the RRC, Director of the CIO Office

The RRC normally meets once a quarter in a regular session. The quorum of RRC shall be at least a majority of its members present, and it shall act by a majority of all its members. Between meetings, the RRC may decide by per rollam vote. The proposal for the agenda shall be submitted by the individual committee members to the RRC Secretary. Department directors and other Bank employees are entitled to submit materials to the RRC agenda after prior approval by an RRC member.

Executive Committee SR

The Executive Committee of the SR (hereinafter referred to as the "Executive Committee SR") is established by the Board of Directors of the Bank. The main objective and purpose of the establishment of the EC SR is to support the operational and procedural management of the activities of the Bank's SR branch. In particular, the EC SR discusses and proposes to the Bank's Board of Directors specific procedures for the purpose of implementing the overall strategy approved by the Bank's Board of Directors at the Bank's SR Branch, discusses and proposes to the Bank's Board of Directors the establishment and amendment of rules that clearly articulate ethical and professional principles and expected patterns of behaviour and actions of employees in accordance with these principles and rules, and their promotion, implementation and enforcement at the Bank

SR Branch, establishes procedures for the provision of banking services by the Bank SR Branch, establishes rules for the internal operation of the SR branch, discusses the SR branch's terms and conditions and amendments thereto, submits proposals to the Bank's Board of Directors for approval, discusses proposals for new products, activities and systems and other matters of fundamental importance to the Bank or otherwise likely to have a material impact, and submits proposals to the Bank's Board of Directors for approval, discusses the concept and priorities related to the management of human resources of the SR branch, discusses and approves new projects of the SR branch and their changes in the context of the strategic development of the SR branch, regulatory requirements and business plans, decides on the structure of contractual documentation for individual banking products and services provided by the SR branch, discusses proposals for the organisational structure of the SR branch and submits them to the Bank's Board of Directors, decides on the use of the Social Fund and other special-purpose funds established by the SR branch. The Chairman and members of the EC SR are appointed and dismissed by the Bank's Board of Directors.

As of 31 December 2023, the composition of the EC SR was as follows:

Name	Position of the member
Macaláková Anna, Ing.	Chairwoman of the EC SR, Member of the Board of Directors
Tereková Mária, Ing.	Member of the EC SR, Director of the Economic Department of the Slovak Republic
Janík Tomáš, Ing.	Member of the EC SR, Director of the Operations Division SR
Matulík Roman, Mgr.	Member of the EC SR, Director of the Marketing and Communication Department of the SR
Segeč Ondrej, Ing.	Member of the EC SR, Director of the Private Banking Department SR
Čederlová Monika, Mgr.	Member of the EC SR, Director of the Comfort Department SR
Belejík Marián	Member of the EC SR, Director of the Business Support Department of the Operations Division SR
Morávek Martin, Ing.	Member of the EC SR, senior business consultant SR
Jech Konstantin, Ing.	Member of the SC SR, Director of the Security Department
Sragner Jaroslava, JUDr.	Member of the EC SR, member of the statutory body

VThe EC SR usually meets once a week in a regular session. A quorum shall be present if at least an absolute majority of the members of the SC SR is present and a decision shall be taken by an absolute majority of all members. Between meetings, the EC SR may decide by per rollam voting. The proposal for the agenda shall be submitted by the individual members of the Committee to the Secretary of the EC SR. The directors of the departments and other employees of the Bank are entitled to submit materials to the agenda of the EC SR after their prior approval by a member of the EC SR.

Trade Committee of the Slovak Republic
The SR Trade Committee (hereinafter referred to as the "TC SR") is established by the Board of Directors of the Bank. The main objective and purpose of the establishment of the TC SR is to support the business direction of the Bank's SR branch. In particular, the TC SR monitors the current state of the development of the implementation of the business plans of the SR branch of the Bank, analyses the prices of competitors' products and their impact on the business and prices of the SR branch's products, analyses the introduction of new products of the SR branch and submits proposals for new products to the Executive Committee SR, discusses and approves proposals for changes to the fee schedules of the SR branch, decides on exemptions from the fee schedule of the SR branch and the method of applying fees to individual banking products and services, evaluates the impact of concluded transactions in private banking and in the Comfort segment, proposes the marketing policy towards the customers of the SR branch and submits proposals to the Bank's Board of Directors. The Chairman and the members of the TC SR are appointed and dismissed by the Bank's Board of Directors.

As of 31 December 2023, the composition of the TC SR was as follows:

Name	Position of the member
Macaláková Anna, Ing.	Chairwoman of the TC SR, Member of the Board of Directors
Janík Tomáš, Ing.	Member of the TC SR, Director of Operations SR
Čederlová Monika, Mgr.	Member of the TC SR, Director of the SR Comfort Department
Segeč Ondrej, Ing.	Member of the TC SR, Director of the SR Private Banking Department

The TC SR shall meet as a rule once a week at a regular meeting. The quorum of the TC SR shall be a majority of its members, and it shall act by a majority of all its members. Between meetings, the TC SR may decide by per rollam voting. The proposal for the agenda shall be submitted by the individual members of the Committee to the Secretary of the TC SR. Department directors and other employees of the Bank are entitled to submit materials to the agenda of the TC SR after their prior approval by a member of the TC SR.

Remuneration Committee
The Remuneration Committee (the "RC") is established by the Bank's Supervisory Board. The main objective and purpose

of the establishment of the RC is to support the Supervisory Board in establishing and evaluating the Bank's remuneration system and principles. The RC prepares proposals for changes to the remuneration system and principles for the Bank's Supervisory Board, regularly evaluates compliance with the remuneration principles and presents the results of the evaluation to the Bank's Supervisory Board, evaluates the compliance of the remuneration principles with the Bank's current business model and their consistency with the Bank's business cycle and presents the results of the evaluation to the Bank's Supervisory Board, proposes to the Bank's Supervisory Board the inclusion of individual positions among persons with influence on the Bank's risk profile, supports the Bank's Supervisory Board in evaluating the effectiveness and functionality of the remuneration principles. The Chairman and members of the RC are appointed and dismissed by the Bank's Supervisory Board.

As of 31 December 2023, the composition of VPO was as follows:

Name	Position of the member
Jakabovič Ivan, Ing.	Chairman of the RC, Vice-Chairman of the Board of Directors of J&T FINANCE GROUP SE
Závitkovský Pavel	Member of the RC, external collaborator
Vinšová Eva, Ing.	member of the RC, HR Director of J&T SERVICES ČR, a.s.

The RC meets at least once a year, or at the request of the Bank's Supervisory Board. The quorum of RC shall be at least a majority of its members present, and it shall act by a majority of all its members. Between meetings, the RC may decide by per rollam vote. The proposal for the agenda shall be submitted by the individual committee members to the RC Secretary. Department directors and other Bank employees are entitled to submit materials to the RC agenda after prior approval by an RC member.

PRINCIPLES OF REMUNERATION

The Bank applies the remuneration policy in accordance with Decree No. 163/2014 Coll., on the activities of banks, credit unions and securities dealers (the "Decree"), Directive 2013/36/EU 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 principles of the remuneration policy, as set out in the Employee Remuneration Policy, are transparency and predictability, compliance with regulatory requirements, fairness and alignment with shareholders' interests. Specific remuneration policies and procedures are applied in a manner commensurate with the degree of influence of individual selected persons on the Bank's overall risk profile and on selected employees in control positions. The remuneration principles are reviewed once a year and submitted to the General Meeting for approval. The Bank's internal audit regularly evaluates the remuneration policy on an annual basis and presents the results of the evaluation to the Remuneration Committee. The evaluation period is a calendar year and the frequency of evaluation of individual employees is maximum twice a year, in November and April.

Remuneration and performance evaluation

Regular annual evaluations are an integral part of communication with employees. The evaluation includes an appraisal interview, where targets are assessed, two-way feedback is provided, and this is complemented by plans for further staff development, potential succession and talent development. For managerial positions, 360-degree feedback is used.

Evaluation and remuneration are guided by basic principles such as mutual respect and fairness, where equal work and equal performance are rewarded equally. Remuneration is not influenced by age or gender, but is transparently linked directly to the performance, experience and commitment of employees. Equal treatment is a priority for the Bank in the years to come.

Remuneration structure

a) fixed remuneration - basic salary

The amount of the fixed part of the employee's remuneration is determined on the basis of key skills, professional experience, the employee's job description and market comparisons with the salaries of other entities in the financial and banking market in the Czech Republic. The remuneration policy for all employees is gender neutral, i.e. employees, regardless of their gender, are remunerated equally for the same work.

b) variable remuneration

The employee is not contractually entitled to the payment of variable remuneration. The variable component of remuneration is linked to the achievement of company-wide objectives (company bonus), to the achievement of individual objectives (personal bonus) and, to a limited extent, to the contribution to the achievement of the objectives of the department to which the employee is assigned (department bonus). For each position, the distribution of the share of company, department and personal bonuses in the total budget for this type of remuneration is determined. The total budget for this type of remuneration is set as a multiple of the monthly salaries for each position. Rewards are set to be gender neutral, i.e. per position, regardless of their gender. The salary multiplier for each position is set by the Bank's statutory body for each calendar year and is 15-100% of the fixed part of the remuneration. The criteria evaluated include, in particular, qualitative and quantitative performance evaluation, implementation of the Bank's performance strategy, risk management and work development indicators. The combination of the different levels of criteria leads to a limited or full non-vesting of the variable remuneration component in the event of failure to meet the targets set (including targets related to the level of risk to which the Bank is exposed). The Bank does not use the clawback option unless it is allowed in a specific case by the Czech legislation in force in the field of labour law. Cases of employees who are incentivised to receive variable remuneration in excess of 100% of the fixed salary paid for the period under review will be approved by the General Meeting and notified in advance to the CNB, which will also be notified of the number of employees who have actually achieved the higher remuneration, in accordance with the requirements of the Decree. The variable part of the remuneration shall not exceed 200% of the fixed salary paid during the evaluation period.

The amount and method of payment of the variable remuneration shall be determined in accordance with the application of the following rules:

1. "Bonus pool"

The calculation of the Bonus Pool is based on the sum of each employee's target float, taking into account the ability of the Bank as a whole to maintain a sound and strong capital base, and is adjusted based on the estimated level of achievement of targets at the Bank and individual division and department levels on an ongoing basis.

2. "Corporate goals"

Performance targets are set annually and are closely linked to the Bank's strategic plan. The Remuneration Committee annually approves their fulfilment on the basis of audited data and proposes the remuneration for the evaluation period. Corporate objectives represent projected profit levels (weighted at 35%), regulatory and strategic objectives (weighted at 30%) and risk factors (weighted at 35%). Corporate objectives are weighted for individual employees to determine the amount of total variable remuneration between 25% and 70% depending on their functional and organisational position within the Bank.

3. "Department goals and personal goals"

Targets are set as proposed by line managers for each calendar year. Goals can be individual tasks, projects, activities or any other goals or behaviours. These objectives are both quantitative and qualitative and are set according to the priorities of the division for which the manager is responsible. Department and personal objectives also include fulfilling the obligation to comply with prudent risk management rules within the Bank's accepted risk level and to act in accordance with the Bank's strategy, objectives, values and long-term interests.

4. "K. O. criteria"

The bank sets the conditions for the award of the company bonus and the payment of the variable deferred remuneration. In the event that one or more of the following criteria are not met, the company portion of the bonus will not vest and payment of the variable deferred portion of the bonus will be delayed:
- the amount of net assets (excluding the effect of the increase in equity by the company's shareholders, dividends and extraordinary items) must not decrease year-on-year,
- operating profit, after taking account of exceptional items, must not fall by more than 15 % compared to the plan,
- individual J&T BANKA, a.s. The 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 is not paid if its payment would impair the Bank's ability to maintain a sound and strong capital base.

Regulatory principles - persons with influence on the institution's risk profile (Risk Takers)

The group of employees includes persons who have an influence on the risk profile of the Bank in accordance with the requirements of European legislation and Czech legislation. As part of the Bank's risk management strategy, risk appetite statement and ICAAP, the Bank has identified the key risk categories and assessed the various authorities and business units in the risk analysis in terms of their ability (or power) to influence exposure to each of the risk categories above. The result is a group of individuals who have a significant impact on the Bank's risk profile.

People falling into the Risk Takers group are identified based on qualitative and quantitative indicators. The analysis for the selection of persons is prepared by the HR Department and submitted to the Remuneration Committee, approved by the Management Board and the Supervisory Board. The analysis for selection is carried out regularly once a year and may be expanded or narrowed in the event of personnel changes. The analysis is subject to internal audit review once a year.

In 2023, the following were identified as Risk Takers:
- members of the Board of Directors and Supervisory Board,
- members of the statutory body of the companies in the JTFG parent company group,
- key employees (Directors of the Bank's departments - Commercial, Operations CR, SR Section, Germany Branch, Risk Management, Legal, Financial, Financial Markets, Credit Operations, Information Systems, HR),
- senior staff in control positions,
- members of select committees.

Remuneration of members of the Board of Directors

The terms and conditions governing remuneration for members of the Board of Directors are set out in the performance and employment contracts. The remuneration of the members of the Board of Directors consists of a fixed and a variable component, with the fixed component being paid on a monthly basis and the variable component being paid in the form of annual bonuses.

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 variable component is a non-claimable part that is paid on the basis of an evaluation of the established KPIs.

The principles of remuneration of members of the Board of Directors are approved by the Supervisory Board and the shareholders at the General Meeting on the proposal of the Remuneration Committee, provided that the variable remuneration component does not normally exceed 100% of the fixed remuneration component. The amount of variable remuneration is proposed for each calendar year by the Remuneration Committee, which then evaluates the achievement of the targets and proposes the amount of variable remuneration to be awarded for the period to the Supervisory Board and the General Meeting.

The variable portion of the bonus is subject to the rules for deferred bonuses.

Rules for determining variable remuneration for selected groups of employees

1. Employees with a significant impact on the Bank's overall risk profile (qualitative)

For these employees, the payment of variable remuneration is deferred provided that they meet the condition of remuneration in excess of EUR 50 thousand, over 1/3 of annual income. The variable remuneration component is split into halves, which are paid in cash and by issuing a non-cash instrument. The cash portion is paid such that 60% of the remuneration is paid immediately upon completion of the employee's evaluation process and the award of remuneration, with half paid in a non-monetary instrument. Payment of the other 40% is deferred over the following five years in the ratio 8% - 8% - 8% - 8% - 8%, and the Bank has the right not to pay this part for objective reasons. The release of the non-monetary part is deferred by one year and is vested in subsequent years on a 60%-10%-10%-10%-10% basis.

2. Employees with a high and very high remuneration

These employees have an impact on the Bank's overall risk profile from a quantitative perspective. For these employees, the payment of variable remuneration is deferred provided they meet any of the following conditions:

- in the previous financial year - total remuneration of EUR 750,000,
- more than 1,000 employees belong to the 0.3% of employees who received the highest total remuneration in the previous financial year,
- granted a total remuneration of EUR 1,000,000 for the previous financial year,
- the total remuneration amounts to EUR 500,000 and at least the average remuneration of the members of the management body and senior management.

The remuneration is paid as follows: 60% of the remuneration is paid immediately upon completion of the employee's evaluation process and the award, half is paid in a non-monetary instrument. The payment of the other 40% is deferred over the following five years in the ratio 8% - 8% - 8% - 8% - 8%, and always half in a non-monetary instrument, and the Bank has the right not to pay this part for objective reasons.

The amount of very high remuneration is set each year by the company's Board of Directors. Employees who exceed the amount shall have their compensation delayed as follows: 40% of the remuneration is paid immediately upon completion of the employee's evaluation process and the award, half is paid in a non-monetary instrument. The payment of the other 60% is deferred over the following five years in the ratio 12% - 12% - 12% - 12% - 12%, and always half in a non-monetary instrument, and the Bank has the right not to pay this part for objective reasons.

3. Staff in internal control positions

Employees in internal control positions are not evaluated on the basis of the performance of the units they control, but only on the basis of the objectives set for the control function. The remuneration policy for employees in the Risk Management position, the Internal Audit position and the Compliance and AML position is under the direct supervision of the Remuneration Committee and the Supervisory Board.

Non-monetary instrument

The Bank does not hold any shares or other securities representing an interest in the Bank. It has therefore created a synthetic instrument, the perpetual investment certificate, the value of which is based on the adjusted equity value, thus bringing the characteristics of this instrument closer to those required for a non-monetary instrument. The certificate is issued/assigned in stages in accordance with the above rules for deferring the variable remuneration and is redeemable on the anniversary of the issue.

Remuneration of staff with management authority

The remuneration of staff with management authority for 2023 totalled EUR 161.1 million. (2022: CZK 169.3 million ,which was divided among 14 (2022: 13) persons, members of the board of directors and executives and 6 persons (2022: 6) on the Supervisory Board. For 2023, the members of the Board of Directors received a salary remuneration of CZK 96.3 million and CZK 2.9 million (2022: CZK 107.5 million and CZK 3.1 million) from the parent company by virtue of the performance of their duties. Members of the Supervisory Board received a salary remuneration of CZK 6.7 million (2022: CZK 8.7 million). The other persons with management authority received cash income from the parent company from salary bonuses amounting to CZK 55 million (2022: CZK 49.7 million). The members of the Supervisory Board also received remuneration of CZK 0.2 million in respect of the performance of their duties (2022: CZK 0.2 million). For the year ended 31 December 2023, the Bank did not pay any remuneration to other persons with managerial authority by virtue of their position. All remuneration is inclusive of health and social security contributions. No severance payments were paid or awarded in 2023, and no one was paid more than EUR 1 million in remuneration. Neither the Bank nor its subsidiaries provide contributions to supplementary pension schemes or other similar benefits. The Bank declares that members of the administrative, management, supervisory bodies of the Bank and its subsidiaries do not have special benefits associated with the termination of their activities.

DIVIDEND POLICY OF THE BANK AND SIGNIFICANT COURT PROCEEDINGS

The Bank does not have a specific dividend policy. The payment of dividends, if any, is subject to an assessment for each financial year, both in terms of the Bank's capabilities and needs and in terms of the Bank's long-term business objectives. In assessing the payment of dividends, the objectives of ensuring a sufficient level of capital adequacy and other regulatory requirements, as well as the interests of shareholders, are also taken into account. The distribution of profits is approved by the General Meeting of Shareholders on the proposal of the Bank's Board of Directors. The Bank's management anticipates that an appropriate portion of the 2023 profit will be transferred to a special purpose fund for payment of the proceeds of the subordinated income certificates, which are part of the Bank's equity, and the remaining portion will be used subject to the final decision and approval of the General Meeting.

The Bank does not provide an employee incentive program with the option to purchase its own shares or stock option awards.

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

SIGNIFICANT CONTRACTS

The Bank's significant transactions in 2023 are set out in the notes to the financial statements. Contracts concluded between members of the Group are disclosed in a separate section of the Consolidated Annual Financial Report, the "Report on Relationships between Related Parties".

During the financial year, neither the Bank nor any other member of the Bank Group entered into any contracts outside the ordinary course of business that could be characterised as significant. No member of the Group has entered into any contract which contains any provision under which any member of the Group has any obligation or claim outside the ordinary course of business which is significant to the Group.

The Bank declares that it is not aware of any conflict of interest between the duties of persons on the Board of Directors or the Supervisory Board in relation to the Bank and their private interests and other duties.

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Table PPP 1: Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation as of 2023

Million CZK		Total environmentally sustainable assets	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**488.64**	**0.36 %**	**0.32 %**	**46.24 %**	**97.15 %**	**53.76 %**

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	112.66	0.19 %	0.11 %	28.50 %	98.71 %	71.50 %
	Trading book	–	–	–			
	Financial guarantees	–	–	–			

*** % of assets covered by the KPI over credit institutions' total assets

**** based on the Turnover KPI of the counterparty

***** based on the CapEx KPI of the counterparty, except for lending activities where general lending Turnover KPI is used

Table PPP 2: Assets for the calculation of GAR as of 2023 (based on the Turnover KPI of the counterparty)

	Million CZK	Total gross carrying amount	Disclosure reference date 2023																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR – Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	8 281.53	505.70	488.64	–	316.17	112.70	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	505.70	488.64	–	316.17	112.70
2	**Financial undertakings**	**201.44**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3	Credit institutions	201.44	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	201.44	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Million CZK		Total gross carrying amount	Disclosure reference date 2023																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–
20	**Non-financial undertakings**	**5 875.34**	**505.70**	**488.64**	**–**	**316.17**	**112.70**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**505.70**	**488.64**	**–**	**316.17**	**112.70**
21	Loans and advances	3 806.10	386.33	383.33	–	279.83	56.57	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	386.33	383.33	–	279.83	56.57
22	Debt securities, including UoP	1 311.56	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	757.67	119.38	105.32		36.33	56.13	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	119.38	105.32		36.33	56.13
24	**Households**	**2 204.76**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**					**–**	**–**	**–**	**–**				**–**	**–**	**–**			**–**	**–**	**–**	**–**	**–**
25	of which loans collateralised by residential immovable property	53	–	–	–	–	–	–	–	–	–					–	–	–	–									–	–	–	–	–
26	of which building renovation loans	–	–	–	–	–	–	–	–	–	–					–	–	–	–									–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–	–																					–	–	–	–	–
28	**Local governments financing**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Million CZK		Total gross carrying amount	Disclosure reference date 2023																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Pro-ceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Pro-ceeds	Of which transitional	Of which enabling
32	***Assets excluded from the numerator for GAR calculation (covered in the denominator)***	**125 946.11**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	**Financial and Non-financial undertakings**	**109 686.22**																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	101 100.95																														
35	Loans and advances	89 180.35																														
36	of which loans collateralised by commercial immovable property	16 186.19																														
37	of which building renovation loans	–																														
38	Debt securities	2 706.50																														
39	Equity instruments	9 214.10																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	8 585.26																														
41	Loans and advances	8 523.63																														
42	Debt securities	–																														
43	Equity instruments	61.64																														
44	**Derivatives**	**4 774.22**																														
45	**On demand interbank loans**	**110.07**																														
46	**Cash and cash-related assets**	**208.62**																														
47	**Other assets (e.g. Goodwill, commodities, etc.)**	**11 167.00**																														
48	**Total GAR assets**	134 227.64	505.70	488.64	–	316.17	112.70	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	505.70	488.64	–	316.17	112.70
49	***Assets not covered for GAR calculation***	**156 066.65**																														
50	**Central governments and Supranational issuers**	13 835.03																														
51	**Central banks exposure**	140 286.84																														
52	**Trading book**	1 944.77																														
53	***Total assets***	290 294.29	505.70	488.64	–	316.17	112.70	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	505.70	488.64	–	316.17	112.70

	Million CZK	Total gross carrying amount	Disclosure reference date 2023																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																																
54	Financial guarantees	4 179.75	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	6 016.68	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	4 535.47	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	1 481.20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table PPP 3: Assets for the calculation of GAR as of 2023 (based on the CapEx KPI of the counterparty)

	Million CZK	Disclosure reference date 2023																														
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR – Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	8 281.53	457.92	435.26	–	238.07	147.42	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	457.92	435.26	–	238.07	147.42
2	**Financial undertakings**	**201.44**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3	Credit institutions	201.44	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	201.44	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	–
20	**Non-financial undertakings**	**5 875.34**	**457.92**	**435.26**	**–**	**238.07**	**147.42**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**457.92**	**435.26**	**–**	**238.07**	**147.42**
21	Loans and advances	3 806.10	232.91	231.20	–	199.91	6.00	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	232.91	231.20	–	199.92	6.00
22	Debt securities, including UoP	1 311.56	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	757.67	225.01	204.07		38.16	141.42	–	–		–	–	–		–	–	–		–	–	–		–	–	–		–	225.01	204.07		38.16	141.42

	Million CZK	Disclosure reference date 2023																														
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
24	**Households**	**2 204.76**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**					**–**	**–**	**–**	**–**				**–**	**–**	**–**			**–**	**–**	**–**	**–**	**–**
25	of which loans collateralised by residential immovable property	52.67	–	–	–	–	–	–	–	–	–					–	–	–	–									–	–	–	–	–
26	of which building renovation loans	–	–	–	–	–	–	–	–	–	–					–	–	–	–									–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–	–																					–	–	–	–	–
28	**Local governments financing**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
32	***Assets excluded from the numerator for GAR calculation (covered in the denominator)***	**125 946.11**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
33	**Financial and Non-financial undertakings**	**109 686.22**																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	101 100.95																														
35	Loans and advances	89 180.35																														
36	of which loans collateralised by commercial immovable property	16 186.19																														
37	of which building renovation loans	–																														
38	Debt securities	2 706.50																														
39	Equity instruments	9 214.10																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	8 585.26																														
41	Loans and advances	8 523.63																														
42	Debt securities	–																														
43	Equity instruments	61.64																														
44	**Derivatives**	**4 774.22**																														
45	**On demand interbank loans**	**110.07**																														
46	**Cash and cash-related assets**	**208.62**																														

	Million CZK	Disclosure reference date 2023																													
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
47	**Other assets (e.g. Goodwill, commodities, etc.)**	**11 167.00**																													
48	**Total GAR assets**	**134 227.64**	**457.92**	**435.26**	**–**	**238.07**	**147.42**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**457.92**	**435.26**	**–**	**238.07**	**147.42**
49	***Assets not covered for GAR calculation***	**156 066.65**																													
50	**Central governments and Supranational issuers**	**13 835.03**																													
51	**Central banks exposure**	**140 286.84**																													
52	**Trading book**	**1 944.77**																													
53	***Total assets***	**290 294.29**	**457.92**	**435.26**	**–**	**238.07**	**147.42**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**457.92**	**435.26**	**–**	**238.07**	**147.42**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																															
54	Financial guarantees	4 179.75	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	6 016.68	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	4 535.47	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	1 481.20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table PPP 4: GAR sector information as of 2023 (based on the Turnover KPI of the counterparty)

Breakdown by sector – NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount	
	Mil. CZK	Of which environmentally sustainable (CCM)	Mil. CZK	Of which environmentally sustainable (CCM)	Mil. CZK	Of which environmentally sustainable (CCA)	Mil. CZK	Of which environmentally sustainable (CCA)	Mil. CZK	Of which environmentally sustainable (WTR)	Mil. CZK	Of which environmentally sustainable (WTR)	Mil. CZK	Of which environmentally sustainable (CE)	Mil. CZK	Of which environmentally sustainable (CE)	Mil. CZK	Of which environmentally sustainable (PPC)	Mil. CZK	Of which environmentally sustainable (PPC)	Mil. CZK	Of which environmentally sustainable (BIO)	Mil. CZK	Of which environmentally sustainable (BIO)	Mil. CZK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mil. CZK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
35.11	505.70	488.64			–	–			–	–			–	–			–	–			–	–			505.70	488.60		

Table PPP 5: GAR sector information as of 2023 (based on the CapEx KPI of the counterparty)

Breakdown by sector – NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SSMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount	
	Mil. CZK	Of which environmentally sustainable (CCM)	Mil. CZK	Of which environmentally sustainable (CCM)	Mil. CZK	Of which environmentally sustainable (CCA)	Mil. CZK	Of which environmentally sustainable (CCA)	Mil. CZK	Of which environmentally sustainable (WTR)	Mil. CZK	Of which environmentally sustainable (WTR)	Mil. CZK	Of which environmentally sustainable (CE)	Mil. CZK	Of which environmentally sustainable (CE)	Mil. CZK	Of which environmentally sustainable (PPC)	Mil. CZK	Of which environmentally sustainable (PPC)	Mil. CZK	Of which environmentally sustainable (BIO)	Mil. CZK	Of which environmentally sustainable (BIO)	Mil. CZK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mil. CZK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
35.11	457.92	435.26			–	–			–	–			–	–			–	–			–	–			457.92	435.26		

Table PPP 6: GAR KPI stock as of 2023 (based on the Turnover KPI of the counterparty)

	% (compared to total covered assets in the denominator)	Disclosure reference date 2023																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR – Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	6.11 %	5.90 %	-%	3.82 %	1.36 %	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	6.11 %	5.90 %	-%	3.82 %	1.36 %	2.85 %
2	**Financial undertakings**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.07 %**
3	Credit institutions	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.07 %
4	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.07 %
5	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
6	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
7	Other financial corporations	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
8	of which investment firms	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
9	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
10	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
11	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
12	of which management companies	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

Disclosure reference date 2023

	% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	
13	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
14	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
15	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
16	of which insurance undertakings	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
17	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
18	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
19	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
20	**Non-financial undertakings**	**8.61 %**	**8.32 %**	**-%**	**5.38 %**	**1.92 %**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**8.61 %**	**8.32 %**	**-%**	**5.38 %**	**1.92 %**	**2.02 %**
21	Loans and advances	10.15 %	10.07 %	-%	7.35 %	1.49 %	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	10.15 %	10.07 %	-%	7.35 %	1.49 %	1.31 %
22	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.45 %
23	Equity instruments	15.76 %	13.90 %		4.80 %	7.41 %	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	15.76 %	13.90 %		4.80 %	7.41 %	0.26 %
24	**Households**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**					**-%**	**-%**	**-%**	**-%**									**-%**	**-%**	**-%**	**-%**	**-%**	**0.76 %**
25	of which loans collateralised by residential immovable property	-%	-%	-%	-%	-%	-%	-%	-%	-%					-%	-%	-%	-%									-%	-%	-%	-%	-%	0.02 %
26	of which building renovation loans	-%	-%	-%	-%	-%	-%	-%	-%	-%					-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
27	of which motor vehicle loans	-%	-%	-%	-%	-%																					-%	-%	-%	-%	-%	-%
28	**Local governments financing**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
29	Housing financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
30	Other local government financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
32	**Total GAR assets**	**0.38 %**	**0.36 %**	**-%**	**0.24 %**	**0.08 %**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.38%**	**0.36 %**	**-%**	**0.24 %**	**0.08 %**	**46.26 %**

Table PPP 7: GAR KPI stock as of 2023 (based on the CapEx KPI of the counterparty)

	% (compared to total covered assets in the denominator)	Disclosure reference date 2023																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR – Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	5.53 %	5.26 %	-%	2.87 %	1.78 %	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	5.53 %	5.26 %	-%	2.87 %	1.78 %	2.85 %
2	**Financial undertakings**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.07 %**
3	Credit institutions	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.07 %
4	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.07 %
5	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
6	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
7	Other financial corporations	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
8	of which investment firms	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
9	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
10	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
11	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
12	of which management companies	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
13	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
14	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
15	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
16	of which insurance undertakings	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
17	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
18	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
19	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
20	**Non-financial undertakings**	**7.79 %**	**7.41 %**	**-%**	**4.05 %**	**2.51 %**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**7.79 %**	**7.41 %**	**-%**	**4.05 %**	**2.51 %**	**2.02 %**
21	Loans and advances	6.12 %	6.07 %	-%	5.25 %	0.16 %	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	6.12 %	6.07 %	-%	5.25 %	0.16 %	1.31 %
22	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	0.45 %

	% (compared to total covered assets in the denominator)	Disclosure reference date 2023																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	
23	Equity instruments	29.70 %	26.93 %		5.04 %	18.67 %	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	29.70 %	26.93 %		5.04 %	18.67 %	0.26 %
24	**Households**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**					**-%**	**-%**	**-%**	**-%**									**-%**	**-%**	**-%**	**-%**	**-%**	**0.76 %**
25	of which loans collateralised by residential immovable property	-%	-%	-%	-%	-%	-%	-%	-%	-%					-%	-%	-%	-%									-%	-%	-%	-%	-%	0.02 %
26	of which building renovation loans	-%	-%	-%	-%	-%	-%	-%	-%	-%					-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
27	of which motor vehicle loans	-%	-%	-%	-%	-%																					-%	-%	-%	-%	-%	-%
28	**Local governments financing**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
29	Housing financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
30	Other local government financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
32	**Total GAR assets**	**0.34 %**	**0.32 %**	**-%**	**0.18 %**	**0.11 %**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.34 %**	**0.32 %**	**-%**	**0.18 %**	**0.11 %**	**46.26 %**

Table PPP 8: GAR KPI flow (based on the Turnover KPI of the counterparty)

	% (compared to total covered assets in the denominator)	Disclosure reference date 2023: Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transi-tional	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Proceeds	Of which transi-tional	Of which enabling	
	GAR – Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4.19 %	4.16 %	-%	3.04 %	0.61 %	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	4.19 %	4.16 %	-%	3.04 %	0.61 %	1.29 %
2	**Financial undertakings**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
3	Credit institutions	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
4	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
5	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
6	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
7	Other financial corporations	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
8	of which investment firms	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
9	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
10	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
11	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
12	of which management companies	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
13	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
14	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
15	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
16	of which insurance undertakings	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
17	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
18	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
19	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
20	**Non-financial undertakings**	**17.98 %**	**17.84 %**	**-%**	**13.03 %**	**2.63 %**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**17.98 %**	**17.84 %**	**-%**	**13.03 %**	**2.63 %**	**0.30 %**
21	Loans and advances	17.98 %	17.84 %	-%	13.03 %	2.63 %	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	17.98 %	17.84 %	-%	13.03 %	2.63 %	0.30 %

% (compared to total covered assets in the denominator)		Disclosure reference date 2023																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
22	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
23	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
24	**Households**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**					**-%**	**-%**	**-%**	**-%**									**-%**	**-%**	**-%**	**-%**	**-%**	**0.99 %**
25	of which loans collateralised by residential immovable property	-%	-%	-%	-%	-%	-%	-%	-%	-%					-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
26	of which building renovation loans	-%	-%	-%	-%	-%	-%	-%	-%	-%					-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
27	of which motor vehicle loans	-%	-%	-%	-%	-%																					-%	-%	-%	-%	-%	-%
28	**Local governments financing**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
29	Housing financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
30	Other local government financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
32	**Total GAR assets**	**0.19 %**	**0.19 %**	**-%**	**0.14 %**	**0.03 %**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.19 %**	**0.19 %**	**-%**	**0.14 %**	**0.03 %**	**28.50 %**

Table PPP 9: GAR KPI flow (based on the CapEx KPI of the counterparty)

	% (compared to total covered assets in the denominator)	Disclosure reference date 2023																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transi-tional	Of which enabling	
	GAR – Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.53 %	2.50 %	-%	2.17 %	0.07 %	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	2.53 %	2.50 %	-%	2.17 %	0.07 %	1.29 %
2	**Financial undertakings**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
3	Credit institutions	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
4	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
5	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
6	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
7	Other financial corporations	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
8	of which investment firms	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
9	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
10	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
11	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
12	of which management companies	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
13	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
14	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
15	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
16	of which insurance undertakings	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
17	Loans and advances	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
18	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
19	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
20	**Non-financial undertakings**	**10.84 %**	**10.76 %**	**-%**	**9.31 %**	**0.28 %**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**10.84 %**	**10.76 %**	**-%**	**9.31 %**	**0.28 %**	**0.30 %**
21	Loans and advances	10.84 %	10.76 %	-%	9.31 %	0.28 %	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	10.84 %	10.76 %	-%	9.31 %	0.28 %	0.30 %
22	Debt securities, including UoP	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

% (compared to total covered assets in the denominator)		Disclosure reference date 2023																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transi-tional	Of which enabling	
23	Equity instruments	-%	-%		-%	-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%		-%	-%	-%
24	**Households**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**					**-%**	**-%**	**-%**	**-%**									**-%**	**-%**	**-%**	**-%**	**-%**	**0.99 %**
25	of which loans collateralised by residential immovable property	-%	-%	-%	-%	-%	-%	-%	-%	-%					-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
26	of which building renovation loans	-%	-%	-%	-%	-%	-%	-%	-%	-%					-%	-%	-%	-%									-%	-%	-%	-%	-%	-%
27	of which motor vehicle loans	-%	-%	-%	-%	-%																					-%	-%	-%	-%	-%	-%
28	**Local governments financing**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
29	Housing financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
30	Other local government financing	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**
32	**Total GAR assets**	**0.11 %**	**0.11 %**	**-%**	**0.10 %**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**0.11 %**	**0.11 %**	**-%**	**0.10 %**	**28.50 %**

Table PPP 10: KPI off-balance-sheet exposures stock (based on the Turnover KPI of the counterparty)

% (compared to total eligible off-balance sheet assets)		Disclosure reference date 2023																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned			
				Of which Use of Proceeds	Of which transi-tional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transi-tional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
2	Assets under management (AuM KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

Table PPP 11: KPI off-balance-sheet exposures stock (based on the CapEx KPI of the counterparty)

	% (compared to total eligible off-balance sheet assets)	Disclosure reference date 2023																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
2	Assets under management (AuM KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

Table PPP 12: KPI off-balance-sheet exposures flow (based on the Turnover KPI of the counterparty)

	% (compared to total eligible off-balance sheet assets)	Disclosure reference date 2023																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
2	Assets under management (AuM KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

Table PPP 13: KPI off-balance-sheet exposures flow (based on the CapEx KPI of the counterparty)

% (compared to total eligible off-balance sheet assets)		Disclosure reference date 2023																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned			
				Of which Use of Proceeds	Of which transi-tional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transi-tional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
2	Assets under management (AuM KPI)	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

Table PPP 14: Nuclear and fossil gas related activities – Credit institutions: GAR KPI stock

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Table PPP 15: Taxonomy-aligned economic activities (denominator) – Credit institutions: GAR KPI stock (based on the Turnover KPI of the counterparty)

	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	Climate Change Mitigation + Climate Change Adaptation		Climate Change Mitigation		Climate Change Adaptation	
Economic activities	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	316.08	0.24 %	316.08	0.24 %	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	**172.56**	**0.13 %**	**172.56**	**0.13 %**	**–**	**-%**
Total applicable KPI	**488.64**	**0.36 %**	**488.64**	**0.36 %**	**–**	**-%**

Table PPP 16: Taxonomy-aligned economic activities (denominator) – Credit institutions: GAR KPI stock (based on the CapEx KPI of the counterparty)

	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	Climate Change Mitigation + Climate Change Adaptation		Climate Change Mitigation		Climate Change Adaptation	
Economic activities	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	–%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3.75	-%	3.75	–%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	234.29	0.17 %	234.29	0.17 %	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	–%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	–%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	–%	–	-%
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	**197.23**	**0.15 %**	**197.23**	**0.15 %**	**–**	**-%**
Total applicable KPI	**435.26**	**0.32 %**	**435.26**	**0.32 %**	**–**	**-%**

Table PPP 17: Taxonomy-aligned economic activities (numerator) – Credit institutions: GAR KPI stock (based on the Turnover KPI of the counterparty)

	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	Climate Change Mitigation + Climate Change Adaptation		Climate Change Mitigation		Climate Change Adaptation	
Economic activities	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	316.09	64.69 %	316.09	64.69 %	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	**172.56**	**35.31 %**	**172.56**	**35.31 %**	**–**	**-%**
Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	**488.64**	**100 %**	**488.64**	**100 %**	**–**	**-%**

Table PPP 18: Taxonomy-aligned economic activities (numerator) – Credit institutions: GAR KPI stock (based on the CapEx KPI of the counterparty)

	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	Climate Change Mitigation + Climate Change Adaptation		Climate Change Mitigation		Climate Change Adaptation	
Economic activities	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	3.75	0.86 %	3.75	0.86 %	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	234.29	53.83 %	234.29	53.83 %	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	**197.23**	**45.31 %**	**197.23**	**45.31 %**	**–**	**-%**
Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	**435.26**	**100 %**	**435.26**	**100 %**	**–**	**-%**

Table PPP 19: Taxonomy-eligible but not taxonomy-aligned economic activities – Credit institutions: GAR KPI stock (based on the Turnover KPI of the counterparty)

	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	Climate Change Mitigation + Climate Change Adaptation		Climate Change Mitigation		Climate Change Adaptation	
Economic activities	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	8.20	0.01 %	8.20	0.01 %	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.84	-%	1.84	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	**7.02**	**0.01 %**	**7.02**	**0.01 %**	**–**	**-%**
Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	**17.06**	**0.01 %**	**17.06**	**0.01 %**	**–**	**-%**

Table PPP 20: Taxonomy-eligible but not taxonomy-aligned economic activities – Credit institutions: GAR KPI stock (based on the CapEx KPI of the counterparty)

	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	Climate Change Mitigation + Climate Change Adaptation		Climate Change Mitigation		Climate Change Adaptation	
Economic activities	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.62	-%	0.62	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	4.06	-%	4.06	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	**18.53**	**0.01 %**	**18.53**	**0.01 %**	**–**	**-%**
Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	**22.65**	**0.02 %**	**22.65**	**0.02 %**	**–**	**-%**

Table PPP 21: Taxonomy non-eligible economic activities – Credit institutions: GAR KPI stock (based on the Turnover KPI of the counterparty)

Economic activities	Amount	Percentage
Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	**7 775.83**	**5.79 %**
Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	**7 775.83**	**5.79 %**

Table PPP 22: Taxonomy non-eligible economic activities – Credit institutions: GAR KPI stock (based on the CapEx KPI of the counterparty)

Economic activities	Amount	Percentage
Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	**7 823.62**	**5.83 %**
Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	**7 823.62**	**5.83 %**

Table PPP 23: Nuclear and fossil gas related activities – Credit institutions: GAR KPI flow

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Table PPP 24: Taxonomy-aligned economic activities (denominator) – Credit institutions: GAR KPI flow (based on the Turnover KPI of the counterparty)

	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	82.24	0.14 %	82.24	0.14 %	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	**30.42**	**0.05 %**	**30.42**	**0.05 %**	**–**	**-%**
Total applicable KPI	**112.66**	**0.19 %**	**112.66**	**0.19 %**	**–**	**-%**

Table PPP 25: Taxonomy-aligned economic activities (denominator) – Credit institutions: GAR KPI flow (based on the CapEx KPI of the counterparty)

	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	58.75	0.10 %	58.75	0.10 %	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	**9.19**	**0.02 %**	**9.19**	**0.02 %**	**–**	**-%**
Total applicable KPI	**67.95**	**0.11 %**	**67.95**	**0.11 %**	**–**	**-%**

Table PPP 26: Taxonomy-aligned economic activities (numerator) – Credit institutions: GAR KPI flow (based on the Turnover KPI of the counterparty)

	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	82.24	73.00 %	82.24	73.00 %	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	**30.42**	**27.0 %**	**30.42**	**27.00 %**	**–**	**-%**
Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	**112.66**	**100 %**	**112.66**	**100 %**	**–**	**-%**

Table PPP 27: Taxonomy-aligned economic activities (numerator) – Credit institutions: GAR KPI flow (based on the CapEx KPI of the counterparty)

	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	58.75	86.47 %	58.75	86.47 %	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	**9.19**	**13.53 %**	**9.19**	**13.53 %**	**–**	**-%**
Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	**67.95**	**100 %**	**67.95**	**100 %**	**–**	**-%**

Table PPP 28: Taxonomy-eligible but not taxonomy-aligned economic activities – Credit institutions: GAR KPI flow (based on the Turnover KPI of the counterparty)

	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	**0.88**	**0.00 %**	**0.88**	**0.00 %**	**–**	**-%**
Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	**0.88**	**0.00 %**	**0.88**	**0.00 %**	**–**	**-%**

Table PPP 29: Taxonomy-eligible but not taxonomy-aligned economic activities – Credit institutions: GAR KPI flow (based on the CapEx KPI of the counterparty)

	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%	–	-%	–	-%
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	**0.50**	**0.00 %**	**0.50**	**0.00 %**	**–**	**-%**
Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	**0.50**	**0.00 %**	**0.50**	**0.00 %**	**–**	**-%**

Table PPP 30: Taxonomy non-eligible economic activities – Credit institutions: GAR KPI flow (based on the Turnover KPI of the counterparty)

Economic activities	Amount	Percentage
Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	**2 595.89**	**4.34 %**
Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	**2 595.89**	**4.34 %**

Table PPP 31: Taxonomy non-eligible economic activities – Credit institutions: GAR KPI flow (based on the CapEx KPI of the counterparty)

Economic activities	Amount	Percentage
Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	-%
Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	**2 640.98**	**4.41 %**
Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	**2 640.98**	**4.41 %**

Table PPP 32: Nuclear and fossil gas related activities – FinGuar KPI stock

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Table PPP 33: Nuclear and fossil gas related activities – AuM KPI stock

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Table PPP 34: Summary of KPIs to be disclosed by investment firms (IF) under Article 8 Taxonomy Regulation as of 2023

		Total environmentally sustainable assets	KPI (*3)	KPI (*4)	% coverage (over total assets) (*2)
Main KPI (for dealing on own account)	Green asset ratio	–	-%	-%	100 %

(*1) Fees, commissions and other monetary benefits.
(*2) % of assets covered by the KPI over total assets.
(*3) Based on the Turnover KPI of the counterparty.
(*4) Based on the CapEx KPI of the counterparty.

Table PPP 35: KPI IF – Dealing on own account services (based on the Turnover KPI of the counterparty)

				Climate Change Mitigation (CCM)				Climate change adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM+CCA+WTR+CE+PPC+BIO)			
				Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)				Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)			
					Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)				Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)		
		Total (mil CZK)	Of which covered by the KPI (mil. CZK)			Of which transitional (%)	Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which transitional (%)	Of which enabling (%)
1	**Total assets invested under Investment firms' activities dealing on own account (as per Section A of Annex I to Directive 2014/65/EU)**	34.22	34.22	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Of which: on own behalf	34.22	34.22	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Of which: on behalf of clients	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table PPP 36: KPI IF – Dealing on own account services (based on the CapEx KPI of the counterparty)

				Climate Change Mitigation (CCM)				Climate change adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM+CCA+WTR+CE+PPC+BIO)			
				Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)				Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)			
					Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)				Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which assets aligned with the EU Taxonomy (%) (Taxonomy-aligned)		
		Total (mil CZK)	Of which covered by the KPI (mil. CZK)			Of which transitional (%)	Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which transitional (%)	Of which enabling (%)
1	**Total assets invested under Investment firms' activities dealing on own account (as per Section A of Annex I to Directive 2014/65/EU)**	34.22	34.22	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Of which: on own behalf	34.22	34.22	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Of which: on behalf of clients	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table PPP 37: Nuclear and fossil gas related activities – Investment firms

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Table PPP 38: KPI of Asset Managers as of 2023

The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities **relative to the value of total assets covered by the KPI,** with following weights for investments in undertakings per below: Turnover-based: -% CapEx-based: -%	The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities, with following weights for investments in undertakings per below: Turnover-based: - CapEx-based: -
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities. Coverage ratio: **100 %**	The monetary value of assets covered by the KPI. Excluding investments in sovereign entities. Coverage: **139 462 mil CZK**
Additional, complementary disclosures: breakdown of **denominator** of the KPI	
The percentage of derivatives relative to total assets covered by the KPI: N/A %	The value in monetary amounts of derivatives: N/A
The proportion of **exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: N/A % For financial undertakings: N/A %	Value of **exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:** For non-financial undertakings: N/A For financial undertakings: N/A
The proportion of **exposures to financial and non-financial undertakings from non-EU** countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI: For non-financial undertakings: N/A % For financial undertakings: N/A %	Value of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:** For non-financial undertakings: N/A For financial undertakings: N/A
The proportion of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: N/A % For financial undertakings: N/A %	Value of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:** For non-financial undertakings: N/A For financial undertakings: N/A
The proportion of **exposures to other counterparties and assets** over total assets covered by the KPI N/A %	Value of e**xposures to other counterparties and assets:** N/A
The value of all the investments that are funding **economic activities that are not Taxonomy-eligible** relative to the value of total assets covered by the KPI: N/A %	Value of all the investments that are funding **economic activities that are not Taxonomy-eligible:** N/A
The value of all the investments that are funding **Taxonomy-eligible economic activities, but not Taxonomy-aligned** relative to the value of total assets covered by the KPI: N/A %	Value of all the investments that are funding **Taxonomy-eligible economic activities, but not Taxonomy-aligned:** N/A
Additional, complementary disclosures: breakdown of **numerator** of the KPI	
The proportion of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: Turnover-based: -% CapEx-based: -% For financial undertakings: Turnover-based: -% CapEx-based: -%	Value of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:** For non-financial undertakings: Turnover-based: - CapEx-based: - For financial undertakings: Turnover-based: - CapEx-based: -
The proportion of **Taxonomy-aligned exposures to other counterparties and assets** over total assets covered by the KPI: Turnover-based: -% CapEx-based: -%	Value of **Taxonomy-aligned exposures to other counterparties and assets:** Turnover-based: - CapEx-based: -

Breakdown of the numerator of the KPI per environmental objective		
Taxonomy-aligned activities		
(1) Climate change mitigation	Turnover: -% CapEx: -%	Transitional activities: -% (Turnover; CapEx) Enabling activities: -% (Turnover; CapEx)
(2) Climate change adaptation	Turnover: -% CapEx: -%	Enabling activities: -% (Turnover; CapEx)
(3) The sustainable use and protection of water and marine resources	Turnover: -% CapEx: -%	Enabling activities: -% (Turnover; CapEx)
(4) The transition to a circular economy	Turnover: -% CapEx: -%	Enabling activities: -% (Turnover; CapEx)
(5) Pollution prevention and control	Turnover: -% CapEx: -%	Enabling activities: -% (Turnover; CapEx)
(6) The protection and restoration of biodiversity and ecosystems	Turnover: -% CapEx: -%	Enabling activities: -% (Turnover; CapEx)

Table PPP 39: Nuclear and fossil gas related activities – Asset managers

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Table PPP 40: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023 (mil. CZK)

Financial year N	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	Turn-over (3)	Per-centage Turnover, Year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	-%	-%	-%	-%	-%	-%	-%										
Of which enabling		–	-%	-%	-%	-%	-%	-%	-%										
Of which transitional		–	-%	-%	-%	-%	-%	-%	-%										
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7	131.9	26.60 %	EL	EL	N	N	N	N										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		131.9	26.60 %	26.60 %	-%	-%	-%	-%	-%										
A. Turnover of Taxonomy eligible activities (A.1+A2.)		131.9	26.60 %	26.60 %	-%	-%	-%	-%	-%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		364.09	73.40 %																
TOTAL		**496.00**	**100 %**																

Table PPP 41: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023 (mil. CZK)

Financial year N	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	Turnover (3)	Percentage Turnover, Year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-%	-%	-%	-%	-%	-%	-%										
Of which enabling		-	-%	-%	-%	-%	-%	-%	-%										
Of which transitional		-	-%	-%	-%	-%	-%	-%	-%										
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7	6.75	98.36 %	EL	EL	N	N	N	N										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6.75	98.36 %	98.36 %	-%	-%	-%	-%	-%										
A. CapEx of Taxonomy eligible activities (A.1+A2.)		6.75	98.36 %	98.36 %	-%	-%	-%	-%	-%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		0.11	1.64 %																
TOTAL		**6.86**	**100 %**																

Table PPP 42: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023 (mil. CZK)

Financial year N	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	Turnover (3)	Percentage Turnover, Year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-%	-%	-%	-%	-%	-%	-%										
Of which enabling		-	-%	-%	-%	-%	-%	-%	-%										
Of which transitional		-	-%	-%	-%	-%	-%	-%	-%										
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7	-	-%	EL	EL	N	N	N	N										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-%	-%	-%	-%	-%	-%	-%										
A. OpEx of Taxonomy eligible activities (A.1+A2.)		-	-%	-%	-%	-%	-%	-%	-%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		0.22	100 %																
TOTAL		**0.22**	**100 %**																

Table PPP 43: Nuclear and fossil gas related activities – Non-financial undertakings

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

5.39
billion CZK

THE GROUP'S CONSOLIDATED
PROFIT AFTER TAX

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This document is an unsigned English translation of the Czech independent auditor's report that we issued on 28 March 2024 on the statutory separate and consolidated financial statements included in the annual financial report of J&T BANKA, a.s., 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 Shareholder of J&T BANKA, a.s.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of J&T BANKA, a.s. ("the Company") and its subsidiaries (together "the Group"), prepared in accordance with IFRS Accounting 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 statement of cash flows 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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting 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 and advances to customers at amortised cost

Loans and other advances to customers at amortised cost amounted to CZK 105 123 million as at 31 December 2023 (31 December 2022: CZK 110 948 million).

Expected credit losses for loans and other advances to customers at amortised cost amounted to CZK 3 667 million as at 31 December 2023 (31 December 2022: CZK 4 799 million).

Refer to Note 3 (Material accounting policies), Note 10 (Loans and advances to customers at amortised cost), Note 11 (Gross carrying amount of financial assets) and Note 12 (Expected credit losses) in the notes to the consolidated financial statements.

The 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 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.

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 corporate loans required our increased attention in the audit and as such was determined to be a key audit matter.

How the matter was addressed in our audit

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 Company'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;
- LGD and EAD parameters – by reference to the Company'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 Company 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 G'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 Company'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.

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 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 consolidated financial statements is, in all material respects, consistent with 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 IFRS Accounting 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 skepticism 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 Financial Statements

Opinion

We have audited the accompanying separate financial statements of J&T BANKA, a.s. ("the Company"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the separate statement of financial position as at 31 December 2023, and the separate statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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 2023, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRS Accounting 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.

Expected credit losses for loans and advances to customers at amortised cost

Loans and other advances to customers at amortised cost amounted to CZK 103 252 million as at 31 December 2023 (31 December 2022: CZK 107 168 million).

Expected credit losses for loans and other advances to customers at amortised cost amounted to CZK 2 982 million as at 31 December 2023 (31 December 2022: CZK 3 524 million).

Refer to Note 3 (Material accounting policies), Note 10 (Loans and advances to customers at amortised cost), Note 11 (Gross carrying amount of financial assets) and Note 12 (Expected credit losses to financial instruments, including guarantees and commitments) in the notes to the separate financial statements.

The 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 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.

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 corporate loans required our increased attention in the audit and as such was determined to be a key audit matter.

How the matter was addressed in our audit

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 Company'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;
- LGD and EAD parameters – by reference to the Company'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 Company 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 Company'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 Company'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 separate financial statements appropriately address the relevant quantitative and qualitative information required by the applicable financial reporting framework.

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 separate financial statements does not cover the other information. In connection with our audit of the separate 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 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 financial statements is, in all material respects, consistent with the separate 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 Company 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 Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting 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 skepticism 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.

Report on Other 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 Company and the Group by the General Meeting of Shareholders on 17 September 2020 and our uninterrupted engagement has lasted for 23 years.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the separate and consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 26 March 2024 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 separate and consolidated financial statements or annual financial 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 2023 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

Jindřich Vašina is the statutory auditor responsible for the audit of the separate and consolidated financial statements of J&T BANKA, a.s. as at 31 December 2023, based on which this independent auditor's report has been prepared.

Prague
28 March 2024

KPMG Česká republika Audit, s.r.o.
Registration number 71

Unsigned copy

Jindřich Vašina
Partner
Registration number 2059

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

in millions of CZK	Note	31/12/2023	31/12/2022 (restated)*	01/01/2022 (restated)*
Assets				
Cash and cash equivalents	5	140 771	77 738	72 886
Due from banks and other financial institutions	6	198	417	1 058
Positive fair value of derivatives	7	4 832	6 889	1 140
Financial assets for trading	8a	5 616	6 627	3 998
Financial assets mandatorily at fair value through profit or loss	8b	10 015	9 046	8 715
Financial assets at fair value through other comprehensive income	8c	11 269	6 682	6 800
Financial assets at amortised cost	8d	4 540	4 801	4 759
– of which pledged as collateral (repurchase agreements)	–	*4 338*	*4 330*	*4 346*
Loans and advances to customers at amortised cost	10	101 456	106 149	93 154
Loans and advances to customers at fair value through profit or loss	10	–	–	14
Investment in associates and joint ventures	52	–	10	939
Goodwill	15	123	131	37
Investment property	13	601	829	830
Property, plant and equipment	14	2 091	3 072	2 351
Intangible assets	15	120	238	182
Current income tax receivable	27	21	3	174
Deferred tax asset	28	696	511	326
Disposal groups held for sale	18	467	35	114
Other assets	17	10 268	4 075	5 774
Total assets		**293 084**	**227 253**	**203 251**
Liabilities				
Deposits and loans from banks	20	9 191	10 530	5 272
Deposits from customers	21	217 837	164 022	154 330
Negative fair value of derivatives	7	2 432	3 935	1 699
Debt securities issued	19	3 287	301	–
Subordinated debt	22	1 256	256	73
Provisions	24	1 652	1 508	1 404
Current income tax liability	27	1 202	1 101	30
Deferred tax liability	28	10	61	82
Other liabilities	23	15 260	9 683	14 138
Total liabilities		**252 127**	**191 397**	**177 028**
Share capital	25	10 638	10 638	10 638
Retained earnings and other reserves	25	21 442	16 337	10 228
Other equity instruments	25	8 868	8 868	3 897
Equity		**40 948**	**35 843**	**24 763**
Non-controlling interest	26	9	13	1 460
Total equity		**40 957**	**35 856**	**26 223**
Total equity and liabilities		**293 084**	**227 253**	**203 251**

The accompanying notes, set out on pages 162 to 255, are an integral part of these consolidated financial statements.

* See Note 5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

in millions of CZK	Note	2023	2022
Interest income calculated using effective interest rate method	29	17 228	11 306
Other interest income	29	481	357
Interest expense	30	(8 333)	(4 625)
Net interest income		**9 376**	**7 038**
Fee and commission income	31	2 662	2 215
Fee and commission expense	32	(373)	(324)
Net fee and commission income		**2 289**	**1 891**
Net income from trading and investments	33	1 957	2 154
Other operating income	34	615	436
Operating income		**14 237**	**11 519**
Personnel expenses	35	(1 988)	(1 723)
Loss on sales of subsidiaries	51	(883)	–
Depreciation and amortisation	14,15	(306)	(268)
Other operating expenses	36	(2 257)	(1 764)
Operating expenses		**(5 434)**	**(3 755)**
Profit before allowances, provisions and income tax		**8 803**	**7 764**
Net loss from changes of loans and other receivables	11	(42)	(115)
Net change in loss allowances for financial instruments	11	(1 723)	(3 032)
Profit before tax, excluding profit from equity accounted investees		**7 038**	**4 617**
Profit/(Loss) from equity accounted investees, net of tax	52	(1)	142
Profit before tax		**7 037**	**4 759**
Income tax	27	(1 645)	(1 379)
Profit for the period		**5 392**	**3 380**

in millions of CZK	Note	2023	2022
Attributable to:			
Shareholders of the parent company		5 388	3 270
Non-controlling interest		4	110
Profit for the period		**5 392**	**3 380**
Other comprehensive income - items that are or may be reclassified subsequently to profit or loss:			
Revaluation reserve - financial assets at fair value through other comprehensive income – debt instruments			
Remeasurement to fair value		*(537)*	*(745)*
Revaluation recycled to profit or loss		*–*	*20*
Expected credit losses		*299*	*647*
Related tax		*50*	*47*
Foreign currency translation differences		1 480	353
Other comprehensive income - items that will not be reclassified to profit or loss in subsequent periods:			
Revaluation reserve - financial assets at fair value through other comprehensive income – equity instruments			
Remeasurement to fair value		*61*	*(104)*
Related tax		*–*	*22*
Other comprehensive income for the period, net of tax		**1 353**	**240**
Total comprehensive income for the period		**6 745**	**3 620**
Attributable to:			
Shareholders of the parent company		6 736	3 510
Non-controlling interest		9	110
Total comprehensive income for the period		**6 745**	**3 620**

The accompanying notes, set out on pages 162 to 255, are an integral part of these consolidated financial statements.

The Board of Directors approved these financial statements on 28 March 2024.

Signed on behalf of the Board:

Ing. Igor Kováč
Member of the Board of Directors

Ing. Jan Kotek
Member of the Board of Directors

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

in millions of CZK	Share capital	Capital funds
Balance as at 1 January 2023	**10 638**	**2 977**
Total comprehensive income for the period	–	–
Profit for the period	–	–
Other comprehensive income - items that are or may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	–	–
Revaluation reserve - financial assets at fair value through other comprehensive income – debt instruments		
Remeasurement to fair value	–	–
Expected credit losses	–	–
Related tax	–	–
Other comprehensive income - items that will not be reclassified to profit or loss in subsequent periods		
Revaluation reserve - financial assets at fair value through other comprehensive income – equity instruments		
Remeasurement to fair value	–	–
Other comprehensive income	**–**	**–**
Total comprehensive income for the period	**–**	**–**
Transactions recognised directly in equity		
Dividends	–	–
Issue of investment certificates and payment of earnings	–	–
Establishment of special-purpose fund for payment of revenue from investment certificates	–	–
Revaluation of Investment Property	–	–
Effect of changes in ownership interests and new companies within the Group	–	(67)
Balance as at 31 December 2023	**10 638**	**2 910**

Further information about equity instruments is disclosed in note 25.

Translation and revaluation reserve	Retained earnings	Perpetuity fund	Other equity instruments	Total	Non-controlling interest	Total equity
(1 631)	**14 810**	**181**	**8 868**	**35 843**	**13**	**35 856**
–	–	–	–	–		–
–	5 388	–	–	5 388	4	5 392
1 475	–	–	–	1 475	5	1 480
(537)	–	–	–	(537)	–	(537)
299	–	–	–	299	–	299
50	–	–	–	50	–	50
61	–	–	–	61	–	61
1 348	**–**	**–**	**–**	**1 348**	**5**	**1 353**
1 348	**5 388**	**–**	**–**	**6 736**	**9**	**6 745**
–	(1 000)	–	–	(1 000)	(7)	(1 007)
–	–	(632)	–	(632)	–	(632)
–	(772)	772	–	–	–	–
–	30	–	–	30	–	30
(70)	107	–	–	(29)	(6)	(35)
(353)	**18 564**	**321**	**8 868**	**40 948**	**9**	**40 957**

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

in millions of CZK	Share capital	Capital funds
Balance as at 1 January 2022	**10 638**	**59**
Total comprehensive income for the period		
Profit for the period	–	–
Other comprehensive income - items that are or may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	–	–
Revaluation reserve - financial assets at fair value through other comprehensive income – debt instruments		
Remeasurement to fair value	–	–
Revaluation recycled to profit or loss	–	–
Expected credit losses	–	–
Related tax	–	–
Other comprehensive income - items that will not be reclassified to profit or loss in subsequent periods		
Revaluation reserve - financial assets at fair value through other comprehensive income – equity instruments		
Remeasurement to fair value	–	–
Related tax	**–**	**–**
Other comprehensive income	**–**	**–**
Total comprehensive income for the period	–	–
Transactions recognised directly in equity		
Dividends	–	–
Issue of investment certificates and payment of earnings	–	–
Payment to other capital funds	–	2 913
Establishment of special-purpose fund for payment of revenue from inv. certificates	–	–
Transfer of statutory reserve fund	**–**	**5**
Effect of changes in ownership interests and new companies within the Group	**–**	**–**
Balance as at 31 December 2022	**10 638**	**2 977**

The accompanying notes, set out on pages 162 to 255, are an integral part of these consolidated financial statements.

Translation and revaluation reserve	Retained earnings	Perpetuity fund	Other equity instruments	Total	Non-controlling interest	Total equity
(1 871)	**11 866**	**174**	**3 897**	**24 763**	**1 460**	**26 223**
–	3 270	–	–	3 270	110	3 380
353	–	–	–	353	–	353
(745)	–	–	–	(745)	–	(745)
20	–	–	–	20	–	20
647	–	–	–	647	–	647
47	–	–	–	47	–	47
(104)	–	–	–	(104)	–	(104)
22	**–**	**–**	**–**	22	–	22
240	**–**	**–**	**–**	**240**	**–**	**240**
240	3 270	–	–	**3 510**	**110**	**3 620**
–	–	–	–	–	(488)	(488)
–	–	(319)	4 971	4 652	–	4 652
–	–	–	–	2 913	–	2 913
–	(326)	326	–	–	–	–
–	**(5)**	**–**	**–**	–	–	–
–	**5**	**–**	**–**	5	(1 069)	(1 064)
(1 631)	**14 810**	**181**	**8 868**	**35 843**	**13**	**35 856**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

in millions of CZK	Note	2023	2022 (restated)
Cash flows from operating activities			
Profit before tax from continuing operations		7 037	4 759
Adjustments for:			
Depreciation and amortisation	14, 15	306	268
Net loss from changes of loans and other receivables	12	42	115
Net change in loss allowances for financial instruments	12	1 723	3 032
Net book value of sold intangible assets and property, plant and equipment		216	(51)
Net change in fair value of investment property and property, plant and equipment		(32)	–
Change in other provisions		81	50
Change in revaluation of financial assets at fair value through profit or loss		(357)	349
Loss from subsidiaries sold	51	883	–
Profit/(loss) from equity accounted investees		1	(142)
Unrealised foreign exchange gains/(losses), net		940	265
(Increase) / decrease in operating assets:			
Due from banks and other financial institutions		219	638
Loans and other advances to customers		1 917	(16 190)
Financial assets at FVTPL		356	(3 184)
Prepayments, accrued income and other assets		(8 179)	1 339
Disposal groups held for sale		–	79
Increase / (decrease) in operating liabilities:			
Deposits and loans from banks		2 069	5 233
Deposits from customers		53 815	9 973
Other liabilities		5 704	(3 885)
Financial liabilities at fair value through profit or loss		–	(456)
Net increase / (decrease) in fair values of derivatives			
Fair value of derivative instruments		575	(3 513)
Tax effect			
Income tax expenses paid		(1 790)	(315)
Net cash flows from operating activities		**65 526**	**(1 636)**

in millions of CZK	Note	2023	2022 (restated)
Cash flows from investing activities			
Acquisition of property plant and equipment and intangible assets		(199)	(244)
Proceeds from sale of intangible assets		237	–
Acquisition of subsidiaries (excl. Cash acquired)	52	–	(1 171)
Disposal of subsidiaries (ex.Cash disposed)	52	652	701
Financial assets at amortised cost - proceeds		230	12
Financial assets measured at fvoci - proceeds		46	2 599
Financial assets measured at fvoci - acquisition		(5 922)	(4 075)
Net cash flows used in investing activities		**(4 956)**	**(2 178)**
Cash flows from financing activities			
Proceeds from capital contribution		–	2 913
Issue of other equity instruments		–	4 971
Proceeds from bond issue		2 967	300
Dividends paid		(1 007)	(43)
Distribution of income from other equity instruments		(632)	(319)
Proceeds from subordinated debt issue		1 000	185
Lease liabilities paid		(40)	(47)
Net cash flows from financing activities		**2 288**	**7 960**
Increase in cash and cash equivalents		*62 858*	*4 146*
Cash and cash equivalents at beginning of period	**5**	**77 738**	**72 886**
Effects of exchange rate fluctuations on cash held		175	706
Cash and cash equivalents at end of period	**5**	**140 771**	**77 738**
Cash flows from operating activities include:			
Interest received		16 014	11 155
Interest paid		(7 265)	(3 768)
Interest paid / lease liabilities		2	13
Dividends received		131	–

The accompanying notes, set out on pages 162 to 255, are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

J&T BANKA, a.s. ("the Bank") is a joint stock company incorporated on 13 October 1992 in the Czech Republic.

The Bank received a licence to act as securities trader on 25 April 2003 and on 22 December 2003, the Bank's licence was extended to include that activity.

The Bank's activities are focused on private, investment, corporate and retail banking.

The Bank is subject to the regulatory requirements of the Czech National Bank ("CNB"). These requirements include limits and other restrictions concerning capital adequacy, other ratios set by CNB, the classification of loans and off-balance sheet liabilities, large exposure, liquidity and the Bank's foreign currency position etc.

Since 2020, the Bank has had its registered office at Sokolovská 700/113a, 186 00 Prague 8.

The Bank, its subsidiaries, mentioned in the table below ("the Group") had on average 968 employees in 2023 (2022: 940). The Group operates in the Czech Republic, Slovakia, Croatia and Germany.

A Slovak branch of the Bank was established on 23 November 2005, and was registered in the Commercial Register of the District Court Bratislava I, section Po, file 1320/B as the organizational unit "J&T BANKA, a.s., pobočka zahraniční banky", Dvořákovo nábrežie 8, 811 02 Bratislava, and with the identification number 35 964 693.

A German branch of the Bank was established on 21 September 2022, and was registered in the Commercial Register of the District Court of Frankfurt am Main as the organizational unit "J&T BANKA, a.s. Zweigniederlassung Deutschland", Franklinstraße 56, 60486 Frankfurt am Main, and with the identification number HRB 128706. German branch of the Bank operates under the brand J&T Direktbank, as a fully digital bank since 27 February 2023.

The Bank's ultimate parent is J&T FINANCE GROUP SE owned by Jozef Tkáč (45.05%), Ivan Jakabovič (35.15%), Rainbow Wisdom Investments Limited (9.90%), Štěpán Ašer (4.95%) and Igor Kováč (4.95%).

Ownership interests

In connection with the shareholder's intention to centralise financial services under J&T BANKA, a.s., the following companies have become subsidiaries, associates or joint ventures.

The companies included in the consolidated group as at 31 December 2023 (in millions of CZK):

Company	Country of incorporation	Share capital	Share-holding	Consolidation method	Principal activities
J&T BANKA, a.s.	CR	10 638	Parent company		Banking activities
AMISTA consulting, s.r.o.	CR	0.70	80%	Full	Advisory activities
AMISTA investiční společnost, a.s.	CR	9	80%	Full	Investment act.
ATLANTIK finanční trhy, a.s.	CR	38	100%	Full	Investment act.
J&T banka d.d.	Croatia	1 073	100%	Full	Banking activities
J&T IB and Capital Markets, a.s.	CR	2	100%	Full	Advisory activities
– J&T VENTURES I otevřený podílový fond	CR	–	5.95%	Full	Investment act.
J&T INVESTIČNÍ SPOLEČNOST, a.s.	CR	20	100%	Full	Investment act.
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	SR	3	100%	Full	Investment act.
J&T Leasingová společnost, a.s.	CR	32	100%	Full	Financing activities
J&T ORBIT SICAV, a.s.	CR	0.10	92.33%	Full	Investment act.
J&T RFI I., s.r.o.	CR	0.20	100%	Full	Advisory activities
J&T VENTURES I otevřený podílový fond	CR	–	94.05%	Full	Investment act.
Rustonka Development II s.r.o.	CR	0.09	100%	Full	Investment property

The Group provides customers with comprehensive banking services, asset management, financial and capital market transactions for the retail segment, as well as support to start-up and restructuring projects. The Group's operating segments are described in note 40.

Croatia adopted the Euro as its currency on 1 January 2023 at a conversion rate of 1 euro for 7.53450 Croatian kuna. As a result, the Group converged ownership interest in J&T banka d.d. and ALTERNATIVE UPRAVLJANJE d.o.o. from HRK to EUR on 1 January 2023. There was not recorded any profit or loss from this conversion in balances of the Group.

On 17 January 2023, ALTERNATIVE UPRAVLJANJE d.o.o. was liquidated and deleted from the court register in Croatia. Residual capital reserves of EUR 371 thousand were paid to the the Group as the sole shareholder on 19 January 2023.

On 23 August 2023, the Group completed the sale of XT-Card a.s.

On 14 November 2023, the Group completed the sale of its total share of 99.95% in J&T Bank, a.o. and 99% in TERCES MANAGEMENT LIMITED. Final impact from the sale of subsidiaries is presented as a part of Loss on sales of subsidiaries.

On 20 December 2023, the Group completed the sale of FVE Holding, s.r.o. that holds share in FVE Čejkovice, s.r.o., FVE Napajedla, s.r.o., FVE Němčice, s.r.o. and FVE Slušovice, s.r.o.

During 2023 and 2022, no restrictions applied to the ownership rights held over subsidiaries in EU.

The Group operated in the Russian market through its subsidiaries J&T Bank, a.o. and TERCES MANAGEMENT LIMITED. In reaction to Russian invasion to Ukraine on 24 February 2022, the number of sanctions were expanded to Russian individuals and legal entities. As a result of those restrictions, the Group presents cash and cash equivalents deposited in J&T Bank, a.o. as restricted cash in the other assets, note 17.

The companies included in the consolidated group as at 31 December 2022 (in millions of CZK):

Company	Country of incorporation	Share capital	Share-holding	Consolidation method	Principal activities
J&T BANKA, a.s.	CR	10 638	Parent company		Banking activities
ALTERNATIVE UPRAVLJANJE d.o.o.	Croatia	0.06	100 %	Full	Investment act.
AMISTA consulting, s.r.o.	CR	0.70	80 %	Full	Advisory activities
AMISTA investiční společnost, a.s.	CR	9	80 %	Full	Investment act.
ATLANTIK finanční trhy, a.s.	CR	38	100 %	Full	Investment act.
J&T Bank, a.o.	Russia	1 980	99.95 %	Full	Banking activities
– Interznanie OAO	RU	62	50 %	Full	Investment property
– Leasing–Medicine Ltd	RU	1	100 %	Full	Financing activities
J&T banka d.d.	Croatia	1 047	100 %	Full	Banking activities
J&T IB and Capital Markets, a.s.	CR	2	100 %	Full	Advisory activities
– XT–card a.s.	CR	10	32 %	Equity	IT/Programming activities
– J&T VENTURES I otevřený podílový fond	CR	–	5.95 %	Full	Investment act.
– FVE Holding, s.r.o.	CR	–	100 %	Full	Asset management
– FVE Čejkovice s.r.o.	CR	4	100 %	Full	Electricity production
– FVE Napajedla s.r.o.	CR	0.20	100 %	Full	Advisory activities
– FVE Němčice s.r.o.	CR	0.20	100 %	Full	Advisory activities
– FVE Slušovice s.r.o.	CR	0.20	100 %	Full	Advisory activities
J&T INVESTIČNÍ SPOLEČNOST, a.s.	CR	20	100 %	Full	Investment act.
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	SR	3	100 %	Full	Investment act.
J&T Leasingová společnost, a.s.	CR	32	100 %	Full	Financing activities
J&T ORBIT SICAV, a.s.	CR	0.10	100 %	Full	Investment act.
J&T RFI I., s.r.o.	CR	0.20	100 %	Full	Advisory activities
J&T VENTURES I otevřený podílový fond	CR	–	94.05 %	Full	Investment act.
Rustonka Development II s.r.o.	CR	0.09	100 %	Full	Investment property
TERCES MANAGEMENT LIMITED	Cyprus	0.06	99 %	Full	Investment act.
– Interznanie OAO	RU	62	50 %	Full	Investment property

On 14 January 2022, the Group acquired 100% share in J&T ORBIT SICAV, a.s.

On 8 February 2022, ATLANTIK finanční trhy, a.s. reduced the share capital from the original amount of CZK 81 million to CZK 38 million. The amount of CZK 43 million was paid to the Bank as the only shareholder.

On 7 April 2022, the Group established FVE Holding, s.r.o. that holds share in FVE Čejkovice, s.r.o., FVE Napajedla, s.r.o., FVE Němčice, s.r.o. and FVE Slušovice, s.r.o. since 13 April 2022.

On 27 April 2022, the Group increased share capital in J&T banka d.d. by HRK 20 million (CZK 65 million) and increased its share in the entity up to 85.15%. On 30 September 2022, the Group acquired additional share of 11.12% in J&T banka d.d. from minorities. The Group squeezed out the outstanding minority interest during the year 2022 and reached 100 % share in J&T banka d.d. as at 31 December 2022.

On 10 June 2022 and 8 November 2022, J&T VENTURES I otevřený podílový fond proceeded compulsory purchases of its shares and decreased the number of allotment certificates in the fund.

On 3 August 2022, the Group acquired 100% share in J&T RFI I, s.r.o.

On 24 October 2022, based on Decision on payment of capital reserves of the ALTERNATIVE UPRAVLJANJE d.o.o., the Group decreased its share-on-share capital by HRK 8.8 million (CZK 29 million).

On 18 November 2022, the Group completed sale of its total share of 52.63% in Colorizo Investment, a.s.

On 30 November 2022, the Group achieved 80% share in AMISTA investiční společnost, a.s. and AMISTA consulting, s.r.o.

On 27 December 2022 the Group proceeded sale of its total share of 53.08% in J&T REALITY o.p.f

2. BASIS OF PREPARATION

(a) Statement of compliance
The consolidated financial statements comprise the accounts of the members of the Group and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union for the reporting period of 1 January 2023 to 31 December 2023 ("reporting period").

(b) Basis of preparation
The consolidated financial statements have been prepared under the historical cost convention except for investment property, financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivatives, which are measured at fair value.

The members of the Group maintain their accounting books and prepare their statements for regulatory purposes in accordance with local statutory accounting principles. The accompanying financial statements are based on the statutory accounting records together with appropriate adjustments and reclassifications necessary for fair presentation in accordance with IFRS.

The below-stated accounting methods have been applied consistently in all periods presented in these financial statements.

In particular, information about significant areas of uncertainty estimation and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements are described in note 4.

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 2023, and have not been applied in preparing these financial statements:

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 2024.

The amendments clarify that when the right to defer settlement is subject to a company complying with conditions (covenants) specified in a loan arrangement, only covenants with which the company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability's classification at that date. However, the amendments require companies to disclose information about these future covenants to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt).

The Group expects that the Standard will not have a significant effect on the financial statements of the Group.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback
Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction;
- after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

These amendments do not change the accounting for leases other than those arising in a sale and leaseback transaction.

The Group expects that the Standard will not have a significant effect on the financial statements of the Group.

Standards and interpretations effective for annual periods beginning after 1 January 2024 but not yet endorsed by the EU

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments introduce additional disclosure requirements for a company to provide information about its supplier finance arrangements that would enable users of financial statements to assess the effects of these arrangements on the Group's liabilities and cash flows, and the Group's exposure to liquidity risk. The amendments apply to supplier finance arrangements (also referred to as supply chain finance, payables finance or reverse factoring arrangements) that have all of the following characteristics:

- a finance provider (also referred to as the factor) pays amounts a company (the buyer) owes its suppliers;
- a company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid;
- the company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

However, the amendments do not apply to arrangements for financing receivables or inventory.

The Group expects that the Standard will not have a significant effect on the financial statements of the Group.

Other new International Financial Reporting Standards and Interpretations not yet effective

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. The management of the Group does not expect that further new standards will have any significant impact on the financial statements of the Group.

(c) Functional and presentation currency

The accompanying consolidated financial statements are presented in the national currency of the Czech Republic, the Czech crown ("CZK"), which is the Banks functional currency, rounded to the nearest million.

Functional currency is the currency of the primary economic environment in which the entity operates. Individual companies forming the Group determined their functional currencies in accordance with IAS 21.

In determining functional currency, each individual company forming the Group considered mainly factors such as the currency:

- in which sales prices for its services are denominated and settled; and
- of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.

3. MATERIAL ACCOUNTING POLICIES

The particular accounting policies adopted in preparation of the accompanying consolidated financial statements are described below.

(a) Basis of consolidation

(I) Subsidiaries
Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

(II) Associates
Associates are enterprises in which the Group has significant influence but not control over financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses and other comprehensive income 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 the recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of or has made payments on behalf of the associate.

(III) Joint ventures
Joint-ventures are enterprises in which the Group has a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures using the equity method from the date that joint control commences until the date that joint control ceases.

(IV) 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.

(V) Loss of control
Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, non-controlling interests and 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, such interest is measured at fair value at the date that control is lost. It is accounted for as equity accounted investee or as a financial asset at fair value through profit or loss depending on the level of influence retained.

(VI) Unification of accounting policies
The accounting policies and procedures applied by the consolidated companies in their financial statements were unified in the consolidation, and comply with the accounting policies applied by the Parent Company.

(b) Financial assets and liabilities

Classification and measurement of financial assets and liabilities

Financial assets under IFRS 9
The Group assesses the classification and measurement of a financial asset based on:
- the Group's business model for managing the asset such as:
  - the stated policies and objectives for the portfolio and the operation of those policies in practise;
  - how the performance of the portfolio is evaluated and reported to the Group's management;
  - the risks that affect the performance of the business model;
  - the frequency, volume and timing of sales in prior periods, including the reasons for such sales and expectations about future sales activity;
  - the contractual cash flow characteristics of the asset ("SPPI - solely payments of principal and interest on the principal outstanding").

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 and its classification as follows:
- "Hold and collect" – financial assets at amortised costs (AC);
- "Hold, collect and sell" – financial assets at fair value through other comprehensive income (FVOCI);
- "Trading" – financial assets at fair value through profit and loss (FVTPL);
- "Fair value option" – financial assets at fair value through profit and loss;
- "Mandatorily at fair value" – financial assets at fair value through profit and loss.

For an asset to be classified and measured at amortised cost or at FVOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI). For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

The Group takes into consideration the following criteria when performing an SPPI test:
- non-standard currency characteristics;
- non-standard interest rate;
- financial leverage;
- early repayment options;
- longer repayment options;
- non-recourse arrangement;
- contractually-linked instruments;
- hybrid instruments;
- instruments purchased with a significant discount/premium.

Financial assets at amortised cost

The "Hold and collect" strategy is aimed at holding financial assets in order to collect contractual cash flows of both principal and interest payments. Examples of such financial assets are loans, securities held to maturity, and trade receivables. Breach of the "Hold and collect" model does not occur even if there is a significant increase in counterparty credit risk during the course of the holding of the financial asset and the Group decided to proceed with the sale of that asset.

Financial assets in the model "Hold and collect" are measured at amortised cost. Amortised cost is the amount at which the financial asset is measured at initial recognition minus the principal repayments plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any loss allowance – expected credit loss. Expected credit loss is recognised in profit or loss together with foreign currency differences and interest income using the effective interest rate.

Financial assets at fair value through other comprehensive income

In order to be classified as FVOCI, the asset either:
- 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
- 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.

Debt instruments that meet the criteria of SPPI test in the business model 'hold, collect and sell' are measured at fair value through other comprehensive income. When the financial asset is derecognized, gain or loss from remeasurement is reclassified to profit or loss. Expected credit losses are recognized in profit or loss together with foreign exchange differences arising from the amortised cost. Interest income is calculated using the effective interest rate and is presented in Net interest income.

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.

Financial assets at fair value through profit or loss
Strategy "Trading" is aimed at actively trading with financial asset. Typical assets in this category are trading derivatives and trading financial assets. Changes in fair values of these assets including FX differences are recognised in profit or loss. These assets are not subject to ECL calculation.

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. Debt instruments are measured at FVTPL, although they meet the criteria for a measurement at AC or FVOCI.

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 which have not passed through the SPPI test and cannot be measured at AC or FVOCI.

Reclassification
If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets.

Initial recognition
On initial recognition at the date of transaction, the Group recognizes financial assets and financial liabilities at fair value adjusted for transaction costs directly attributable to the acquisition/issue or disposal of a financial asset/liability. Trade receivables without a significant financial component are recognized at the transaction price. Transaction costs related to the acquisition of financial assets measured at fair value through profit or loss are directly charged to the statement of comprehensive income.

Financial assets at FVTPL are recognized on the date the Group commits to purchase the assets. From this date, any gains or losses arising from changes in the fair value of the assets are recognized in the statement of comprehensive income.

Financial assets classified at FVOCI are recognized on the date it commits to purchase the assets. From this date, any gains or losses (except for FX for monetary assets) arising from changes in the fair value of the assets are recognized in equity as differences from revaluation of assets.

Financial assets at AC are recognized when originated.

Measurement
Subsequent to initial recognition, all assets designated at FVTPL and all at FVOCI are measured at fair value according to note 4 (Determining fair values).

All non-trading financial liabilities, originated loans and receivables and securities at amortised costs are measured at amortised cost less impairment losses. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Fair value measurement principles
The fair value of financial assets is based on their quoted market price at the reporting date, without any deduction for transaction costs. If a quoted market price is not available, the fair value of the asset is estimated 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. For more details about level hierarchy see note 4 and 50.

Gains and losses on subsequent measurement
Gains and losses arising from changes in the fair value of financial assets at FVTPL are recognised in profit or loss while gains and losses arising from changes in the fair value of FVOCI assets (except for FX for monetary assets) are recognized directly in equity as differences arising from revaluation of assets and liabilities.

When a debt asset measured at FVOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity instrument designated as measured at FVOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but is transferred to equity.

Interest on debt instruments measured at FVOCI is recorded in the statement of comprehensive income.

Derecognition
A financial asset is derecognised when the Group's contractual rights to cash flows from financial assets expire or the Group transfers the rights to receive contractual cash flows within a transaction during which in principle all risks and rewards arising from the ownership of financial assets are transferred or during which the Group does not transfer or maintain in principle all risks and rewards arising from the ownership of the financial assets nor does it maintain control over the financial assets. Upon derecognition, the difference between the asset's carrying amount, and the sum of the consideration received and any cumulative gain or loss previously recorded in other comprehensive income is recognised in profit or loss.

The Group derecognises financial liabilities when the related obligation specified in the contract has been discharged, cancelled, or expired.

Financial assets measured at FVOCI and FVTPL that are sold are derecognised on the date the Group commits to sell the assets.

Financial securities at amortised costs and provided loans and receivables are derecognised on the date the Group sold them.

Financial liabilities under IFRS 9
Financial liabilities are classified and measured at amortised 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 – FV Option;
- financial liabilities arising from the transfer of financial assets that do not qualify for derecognition – short sales measured at FVTPL;
- contingent liabilities (if IFRS 9 recognition criteria are met) – measured at FVTPL;
- hybrid financial liabilities when the fair value measurement results in:
  - the elimination or significant limitation of the mismatch between the financial liability that would normally be measured at amortised cost and the related instrument measured at fair value;
  - the measurement of a hybrid contract as a whole, even if it contains an embedded derivative that would otherwise have to be separated.

Impairment
The Group applies the IFRS 9 model of expected credit losses (ECL), which means that a loss event will no longer need to occur before an impairment allowance is recognised. The impairment model in IFRS 9 shall apply to financial assets measured at amortised cost, debt instruments measured at FVOCI, and loan commitments and financial guarantees.

For the purposes of ECL model calculation, the portfolio of financial assets is split into three segments (Stage 1,2,3) or in the group of financial assets that are impaired at the date of the initial recognition – Purchased or originated credit-impaired assets ("POCI").

At the date of the initial recognition, the financial asset is included in Stage 1 or classified as POCI. Subsequent reclassification to other stages is carried out depending on the rate of increase in credit risk (Stage 2) i.e. the probability of default of a particular asset between the moment of initial recognition and the reporting date.

Stage 1

- initial recognition of a financial asset – the creation of a credit loss for 12-months ECL;
- 12-month ECLs – all discounted cash flows that are not expected to be received until maturity of the financial asset that result from possible default events within the 12 months after the reporting date;
- interest income is calculated using the asset's gross carrying amount ("GCA").

Stage 2

- the credit risk increases significantly from the initial recognition of the financial asset, the financial asset is reclassified to Stage 2;
- lifetime ECLs are used to calculate impairment;
- interest income is calculated using the asset's gross carrying amount ("GCA").

Stage 3

- the credit quality of the financial asset has significantly deteriorated and resulted in a credit loss or impairment of the asset;
- lifetime ECLs are used to calculate impairment;
- interest income should be calculated from amortised costs, i.e. from the gross carrying amounts ("GCA") decreased by ECLs.

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. Collateral does not affect a decision on whether or not an asset is classified as having a low risk of default.

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 reporting period. In this case, the Group determines whether there has been a significant increase in credit risk.

However, financial assets are not deemed financial assets with low credit risk where collateral influences whether a financial instrument has a low credit risk. In addition, financial assets are not deemed financial assets with low credit risk solely due to the fact that they have a lower risk of default than other financial assets.

At the end of the reporting period the Group assesses individual items with low credit risk classified in Stage 1, i.e. evaluating whether they meet this classification.

Purchased or originated credit-impaired financial assets (POCI)

In addition to purchased defaulted loans, POCI may arise as a result of the restructuring of borrowers in financial difficulties that lead to significant changes in terms of the loan and result to derecognition. Apart from recognition of losses arising from significant asset modification no losses are initially recorded, without distinguishing between 12-month and lifetime ECLs. Initial ECL over the lifetime shall be taken into account in the EIR (Effective interest rate) which takes into account credit risk of counterparty that is subsequently used to record interest revenue. Subsequent changes in the ECL are recorded against the impairment loss/gain and loss allowance. These assets are categorized separately and remain so for the entire period of the holding.

Significant increase in credit risk

A significant increase in credit risk (SICR) represents a significant increase in the risk of default in respect of a financial asset as at the reporting date compared with the risk as at the date of initial recognition.

on an assumption that the credit risk usually increases significantly before a financial asset becomes past due or other lagging factors (e.g. restructuring) are observed. At each reporting date of a financial asset, the Group will assess whether the credit risk of a financial assets has increased significantly since its initial recognition or not.

The Group may assume that the credit risk associated with the financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

When determining SICR on a financial asset since its initial recognition, the Group uses reasonable and supportable information that is relevant and available without undue cost or effort.

Quantitative factors to be considered in assessment:
- the receivable or its significant portion is overdue for more than 30 days;
- credit risk deterioration will be 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 Group uses internal rating system with 12 rating grades and the transition matrix which defines movements (rating deterioration) considered as significant, the 13th grade is referred as default: The Group uses the transition matrix which defines movements (rating deterioration) considered as significant:
  - ratings 1-3 falling under investment grade are considered to be low credit risk, migrations within these ratings are not considered to be SICRs;
  - for other grades, the PD formula is used, after which the exposure will be assigned to Stage 2;
  - in line with the regulatory recommendation, the Group uses a maximum of three times the increase of PD to determine the transition to Stage 2 in such a way as to guarantee that the threshold value of PD for progressing to Stage 2 is not higher for any rating class than three times the mean value of PD of the given rating class (for this can happen to a specific exposure, but only if the corresponding PD is lower than the median PD of the best rating class at the time of its origination);
  - at the same time, the value of the thresholds increases with higher ratings, so that for high ratings with a high PD the SICR triggering multiple is less than a threefold increase in PD, all significant changes in SICR are therefore captured.

Qualitative factors to be considered in assessment:
- the nature of the project 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 6 months;
- the Group negotiates with the debtor about the restructuring of the debt (based on the request of the debtor or the Group);
- negative information about the debtor from external sources;
- significant adverse changes in business, financial and/or economic conditions in which the debtor operates;
- significant change in collateral value, which is expected to increase risk of default.

For other products such as debits and repurchase agreements (reverse repurchase agreements with clients), the Group does not determine ratings, scoring, and PD, and consequently may not compare their development for SICRs purposes over the time as in the case of other credit receivables. In such cases, credit risk deterioration is assessed based on other credit quality factors of an entity from which the Group reports receivables, e.g. debt collection process and its proceeding, overdue period of receivable, etc.

Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events defined as the "default of the borrower" that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

To determine whether a financial asset is in default, the Group assesses the common signs of default that are 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 judgement of the court or administrative authority was ordered to enforce the decision by selling the debtor's assets or executing the debtor's assets,

- the situation when the debtor's liability (or its portion) is overdue for more than 90 days,
  - an overdue loan should be considered significant if both the limit expressed as an absolute amount and the limit expressed as a percentage are exceeded. In order for the debtor to be classified as defaulted on the basis of days past due, the overdue liability must be significant continuously for 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 an institution, to the parent company of that institution or to any of its subsidiaries. This amount is defined as the equivalent of EUR 100 for a retail client and EUR 500 for other clients.
    - 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 institution towards the relevant debtor, its parent company or any of its subsidiaries, excluding any exposures involving shares. This percentage has been set at 1%.
- a situation where, during forced restructuring, the financial obligation is reduced by more than 1% of the value of the given claim; or in case of forced restructuring, the financial obligation will be reduced by 1% of the value of the given claim or less, while:
  - delay in expected funding from another financial institution for more than 12 months;
  - the situation when payments in the aggregate amount of at least 50% (in the sense of monitoring the repayment from the point of granting the loan) have been reduced, etc.

Financial assets where the debtor's default is proved are classified in Stage 3 or designated as POCI, if the relevant conditions have been met as at the date of the financial asset's initial recognition.

The impairment of a debt instrument carried at fair value through other comprehensive income is estimated in the same way as for financial assets at amortised cost, however, the respective loss allowance is not recognised in assets in the balance sheet as these instruments are recognised at their fair value. The impairment is part of Revaluation reserve and the year-on-year change is recognised in profit or loss.

Determination of expected credit losses (ECL)

The term ECL refers to the multiplication of probability of default (PD), expected loss given default (LGD) and exposure at default (EAD).

Determination of loss given default (LGD)

LGD, which is necessary for the calculation of ECL, is an estimate of the loss arising when default occurs at a given time (expressed as 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 calculation of LGD the Group uses discounting of expected future cash flows.

LGD is determined individually in the form of a scenario analysis. For other exposures the LGD is set by portfolio with respect to the available data and knowledge. For exposures above a given threshold LGD is calculated on an individual basis. For exposures below a given threshold, LGDs can be calculated on a portfolio basis unless the Group entity has already individualised LGD calculation, e.g. for credit analysis or credit rating purposes.

Individual LGD is determined as weighted average (scenario weights are determined from historical realized loan losses as a relative frequency in a given category) of relevant cash flows according to the scenario analysis. The Group commonly uses scenarios such as: breach of covenants resulting in full repayment request, significant decrease in financial performance (i.e. significantly below the thresholds for immediately full repayment of the contract), realization of collateral or severe drop in performance parameters. In determining the LGD value, the entity takes into account collateral of the receivable, when the entity has legal right that in the event of default of the borrower, the collateral can be realized within reasonable time. For collateralized receivables, the calculation of the present value of the expected future cash flows also takes into account expenses associated with the realization of 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. 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 and loans, or in case of lack of data, LGDs may be determined from historical observations, from parameters set in the regulatory framework 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 probability of default (PD)

To derive the PIT and TTC matrices, the Group uses the migration matrices listed in the publicly available materials of Moody's, mainly due to the insufficient granularity of the portfolio and the length of time of its own observed data. The Group uses a procedure that is based on Merton's one-factor model. Macroeconomic influence in the model is represented by the Z component. Maximization of the likelihood is used to find the functional relationship between macroeconomic variables and the Z component.

Probability of default is assigned as follows:
- if the exposure is included in Stage 1, maximum one-year 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 procedure for calculating the final PD is divided into two steps:
- calculation of one-year PDs for the previous year, which is based on TTC PD adjusted for macroeconomic developments;
- calculation of multi-annual (cumulative) PDs, within which the multiplication of one-year transition matrices, modified according to the macroeconomic forecast for the respective year, is applied.

Probability of default (PD) for the default rating level is calculated over the selected horizon using annualized migration matrices. Migration matrices are square stochastic matrices that describe the Markov process of migration between rating levels. Probability of default (PD) at horizons that do not correspond to whole years are calculated by interpolation that uses the estimate of the stochastic root of the migration matrix for the corresponding year.

For the consolidated financial statements purposes, the Group divides the internal ratings into the following risk categories having also its external rating equivalent based on PD intervals from Moody's annual reports.

In case of existence of external rating of the exposure, this rating is used directly and the following mapping matrix is not used.

PD from	mid PD from annual Moody's reports	PD to	Internal rating	External rating equivalent	Risk category
0.0000 %	0.0665 %	0.1055 %	1	A / A2	Very low risk
0.1055 %	0.1672 %	0.2187 %	2	BBB / Baa2	Low risk
0.2187 %	0.2859 %	0.3922 %	3	BBB- / Baa3	Low risk
0.3922 %	0.5377 %	0.6558 %	4	BB+ / Ba1	Medium risk
0.6558 %	0.7996 %	1.0526 %	5	BB / Ba2	Medium risk
1.0526 %	1.3844 %	1.6687 %	6	BB- / Ba3	Medium risk
1.6687 %	2.0100 %	2.5098 %	7	B+ / B1	Medium risk
2.5098 %	3.1299 %	3.9113 %	8	B / B2	Medium risk
3.9113 %	4.8780 %	5.1379 %	9	B- / B3	Medium risk
5.1379 %	5.4108 %	6.5762 %	10	CCC+ / Caa1	High risk
6.5762 %	7.9715 %	12.4643 %	11	CCC / Caa2	High risk
12.4643 %	18.9674 %	99.9999 %	12	CCC- / Caa3	High risk
100.0000 %	100.0000 %	100.0000 %	13	D	Default

For debits and reverse repurchase agreements, the collateral is required to be a security traded on an active liquid market. Therefore:
- for Stage 1, no internal rating is assigned;
- Stage 2 and 3 is assigned to receivables overdue. An internal scoring/external rating must be assigned to an entity.

Probability of default (PD) during the TTC cycle is subsequently adjusted according to macroeconomic developments to reflect the appropriate phases of the economic cycle.

Individual risk management departments of the Group are responsible for the calculation and update of relevant PDs. The entities in the Group primarily determine rating for non-derivative financial assets with fixed or determinable payments that are not quoted on active market. Furthermore, the entities determine rating for its commitments provided, financial guarantees and undrawn limits. Scorecards are used to assign internal PDs to the appropriate exposures.

Scoring models also use external data (i.e. benchmarking models) that were mainly used for portfolios in which the variables applied are identical or very similar for a large number of banks (e.g. operating financing or personal loans).

Determination of Exposure at default (EAD)

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 the conversion factor. If not enough data is available to prepare a statistical model for determining cash flows, the Group uses historical experience or regulatory parameters according to the type of product as follows:

Type of product	Method of determining CCF
Overdrafts	Internal historical data
Credit cards	Internal historical data
Guarantees	Regulatory values under Basel III

Forward looking indicators

The expected loss model also considers information about future events. This information includes outlooks for industries in which individual counterparties operate, analysis from economic experts, financial analysts reports, data from government institutions, think tanks and other, including also consideration of internal and external sources of information relating to the current and the future state of the general economic issues.

The Group determines four generated PD scenarios generated on 5%, 12.5%, 25% and 50% quantile estimation of the development of changes in real GDP for each state. The four PD sets are equally outweighed by 25% weight.

The Group assigns counterparties relevant internal assessment of credit risk depending on their creditworthiness.

ECL presentation in the statement of financial position

- for financial assets measured at amortised cost as a deduction from the GCA of the assets;
- for loan commitments and financial guarantee contracts generally as a provision;
- for debt instruments measured at fair value through OCI, expected credit losses are not deducted from the carrying amount of a financial asset, as the carrying amount is already measured at fair value. However, an allowance is recorded as a decrease in revaluation reserve in OCI.

Sensitivity analysis

The sensitivity of expected credit losses is affected by the determination of the probability of default and the impairment loss. Therefore, the Group compiles an optimistic and a pessimistic scenario, which reflects the amount of expected losses when the impairment loss changes by 10% ("LGD"). The probability of failure is influenced by the change in GDP as a key indicator of future development. Therefore, the Group is also analyzing the effect on the value of expected credit losses by changing the GDP projection by +/- 1% for the years 2022 and 2023.

Modification of financial assets

If there is a change in the cash flows of a financial asset due to a change in the contractual terms between the Group and the counterparty (modification not only due to financial difficulties) while the change in the terms of the contract is classified as substantial, the financial asset is derecognised and a new financial asset is recognised at fair value, including transaction costs. The gross value of cash flows is discounted using a new effective interest rate, which is also used for a calculation of interest revenues.

The change is classified as substantial based on the quantitative factor, i.e. if the difference between the present value of the asset using the original effective interest rate and the present value of the asset using the updated effective interest rate differs by at least 10% compared to the original value or based on the qualitative factor such as the change of the loan currency, change of the interest type from fix to variable and vice-versa, change of the debtor in case of merger etc.

If the change in the terms of the contract is not classified as substantial and the financial asset was not derecognized, the Group recalculates the present value of the modified cash flows from the financial asset, and the difference between the gross carrying amount before the change in the terms and conditions (not considering existing impairment) is recorded as the effect of the modification of assets to the profit or loss. The present value of the modified cash flows is discounted using the original EIR that is also used for the calculation of interest income. Costs and fees adjusting the carrying amount of a modified financial asset are amortised over the remaining term of modified financial asset.

Write-off

The gross carrying amount of a financial asset should be written-off when there are no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event. This involves situations in which the Group determines that the debtor does not have necessary assets or resources of income to repay the debt. The assessment is performed on an item-by-item basis. In the case of write-off, the Group derecognises the gross carrying amount of a financial asset and corresponding loss allowance. Write-offs do not affect profit or loss, as the written-off amounts are included in loss allowances. However, derecognised financial assets may still be recovered by the Group in accordance with its debt recovery policies.

Treasury bills

Treasury bills, comprising bills issued by Czech government agencies, are measured at amortised cost including the amortised discount arising on purchase. The discount is amortised over the term to maturity with the amortisation being included in interest income.

Derivatives

Derivatives including currency forwards, cross currency swaps, interest rate swaps and options are initially recognised in the statement of financial position at fair value. Fair values are obtained from quoted market prices and discounted cash flow models. The positive fair value of derivatives is recognised as an asset while the negative fair value of derivatives is recognized as a liability.

An embedded derivative is accounted for separately from the host instrument if:
– the host contract is not a financial assets under IFRS 9;
– the host contract itself is not carried through profit or loss;
– the terms of the embedded derivative meet the definition of a derivative should these be contained in a separate contract;
– the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contracts.

Separate embedded derivatives are measured at fair value and changes in their fair value are recognised in profit or loss unless these are part of a qualified cash flow or a hedging relationship of a net investment. Separate embedded derivatives are recognised in the statement of financial position together with the host contract.

Changes in the fair value of derivatives are included in Net income from trading and investments.

(c) Sale and repurchase agreements

Where securities are sold under a commitment to repurchase at a predetermined price ("repurchase agreements"), 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 repurchase agreements") are not recorded in the statement of financial position and the consideration paid is recorded as a loan granted. The difference between the sale price and repurchase price is treated as interest and accrued evenly over the life of the transaction. Repurchase and reverse repurchase transactions are recognised on a settlement date basis.

(d) Intangible assets

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.

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.

The Group 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.

Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Depreciation is carried out on a straight-line basis over the estimated useful economic lives of assets, ranging from 2 to 21 years.

Software	
Operating applications	3–9 years
Application for management of clients' portfolios	2–10 years
Application for management of banking products	18–21 years
Other intangible assets	2–9 years

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Depreciation is provided on a straight-line basis over the estimated useful economic life of the asset.

Buildings	30–50 years
Office equipment, safe deposit boxes	3–10 years
Fixtures and fittings	3–5 years
Right of use	according to the duration of a lease contract

Land is not depreciated. Assets under construction are not depreciated.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset.

(f) Leases

Group as the lessor

Lease contracts through which the Group transfers all of the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. Finance lease receivables are reported as loans and other receivables from clients and are stated at the present value of minimum lease payments and unguaranteed residual value. Lease payments are discounted using the interest rate implicit in the lease.

Financial revenues reflect a constant periodical rate of return of the Group's net investment in finance leases.

Profit/loss from the sale of assets that are owned by the Group but were previously finance lease assets are recognised in their net amount in Other operating income or expense.

Lease payments classified as operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Group as the lessee

The Group applies IFRS 16 to all leases. At the commencement date of a contract, the Group assesses whether the contract has the character of a lease or contains a lease. A contract has the character of a lease or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether the contract contains a lease for each potential individual lease component.

If a contract contains a lease, the Group as the lessee recognises the right-of-use asset and the lease liability as at the lease commencement date. The classification of the right-of-use into tangible/intangible assets class is based on the leased asset, i.e. on the underlying asset. The Group accounts for lease contracts where the leased assets are buildings (office premises, branches) and cars.

The Group uses the exception for lease classification under IFRS 16 for:

- short-term leases
  - eases with a lease term of 12 months or less as at the commencement date of the lease
- leases whose underlying asset has a low value
  - underlying low-value assets can include for instance tablets and personal computers, small items of office furniture and phones (EUR 5 000/CZK 130 000).

The Group as the lessee recognises lease payments relating to lease contracts in the recognition exemption regime as expenses over the term of the lease.

As at the commencement date, the Group shall measure the right-of-use asset at acquisition cost. Acquisition cost of a right-of-use asset includes the amount of lease liability initial recognition, all lease payments made at or before the commencement date net of all lease incentives received, all initial direct costs incurred by the Group, an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Group shall measure the right-of-use asset using the model of measuring at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

As at the commencement date, the Group shall measure the lease liability as the present value of lease payments that have not been paid at that date. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate, if not.

The Group subsequently measures the lease liability by recognising interest on the lease liability, decreasing the carrying amount of the liability to reflect lease payments, remeasuring the carrying amount to reflect any lease revaluation or modifications.

After commencement date, the Group as the lessee recognises in profit or loss interest on a lease liability and a variable lease payment not included in the measurement of a lease liability.

The Group shall reassess whether the contract has the character of a lease or contains a lease only if the terms and conditions of the contract are changed.

While right-of-use assets are presented under Property, plant and equipment in the statement of financial position, lease liabilities are presented under Other liabilities and provisions.

The Group recognises interest expense on a lease liability separately from the right-of-use asset depreciation in the income statement and in the statement of other comprehensive income. Lease liability interest expense represents a component of finance expense.

(g) Investment property

Investment property is represented by assets that are held to generate rental income or to realise a long-term increase in value, and are not used in production or for administrative purposes or sold as part of the ordinary business activities of the Group.

Investment property is measured at fair value, as determined by an independent certified appraiser or by management. Fair value is assessed based on current prices in an active market for similar properties in the same location and condition, or if not available, by applying generally applicable valuation methodologies, such as expert opinions and yield methods. Any gain or loss arising from a change in fair value is recognised in the statement of comprehensive income.

(h) Foreign currency translation

Transactions denominated in foreign currencies are translated into CZK at the official Czech National Bank exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the statement of financial position date. All resulting gains and losses are recorded in the statement of comprehensive income in Net income from trading and investments, in the period in which they arise.

(i) Income and expense recognition

Interest income and interest expense are recognised in the statement of comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability. The calculation of the effective interest rate includes all fees and points paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. the amortised cost of the financial asset before adjusting for any

expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

For purchased or originated credit-impaired financial assets (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest income from trading financial assets, lease receivables, bonds at FVTPL is recognised as other interest income.
Negative income from financial assets is recognized as interest expense, positive income from financial liability as interest income.
The recognised average interest rate is determined as the annual weighted average from open contracts as at the date of the balance sheet date.

Fee and commission is accounted for pursuant to IFRS 15, applying the basic principle according to which revenue is recognised in a manner to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which

the entity expects to be entitled in exchange for those goods or services. To apply the basic principle of recognising revenue under IFRS 15, the Group applies the following five-step model:
1. identification of a contract
2. identification of contractual obligations
3. determination of the transaction price
4. allocation of the transaction price to each performance obligation
5. recognition of revenue when a performance obligation is satisfied.

Fees and commissions are divided based on the nature of the fee and the type of service provided as follows:
- fees and commissions for services provided that are recognized as the services are provided. These are recognised on a continuous basis in Net fee and commission income;
  - fees for keeping accounts, asset management, custody, etc.
- fees and commissions for the execution of the transaction are recognized when the transaction is provided and reported on a one-off basis in the Net fee and commission income.
  - Payment fees, fees for the subscription of issued bonds, fees from financial instruments (mediation), clearing fees, etc.

(j) Income tax

Tax paid is calculated in accordance with the provisions of the relevant legislation based on the profit recognized in the statement of comprehensive income prepared pursuant to local statutory accounting standards, after adjustments for tax purposes.

Deferred tax is calculated using the statement of financial position liability method, providing for temporary differences between the accounting and taxation basis of assets and liabilities. Deferred tax liabilities are recognized for taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Currently enacted tax rates are used to determine deferred income taxes.

The Group has determined that the global minimum top-up tax which it is required to pay under Pilar Two legislation - is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e g. leases. For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised Note 28.

(k) Social security and pension schemes

Contributions are made to the government's health, retirement benefit and unemployment schemes at the statutory rates in force during the year based on gross salary payments. The cost of social security payments is charged to the statement of comprehensive income in the same period as the related salary cost. The Group has no further pension or post retirement commitments.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash deposited with central banks (including Obligatory minimum reserves) and other banks and short-term highly liquid assets with original maturities within three months.

(m) Provisions

A provision is recognized in the statement of financial position when the Group has a 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

In provisions within liabilities, the Group also reports ECL for off-balance sheet items in form of granted commitments and guarantees.

(n) Offsetting of financial assets and liabilities

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 offset the recognized amounts and the transactions are intended to be settled on a net basis.

(o) Segment reporting

IFRS 8 requires that operating segments are identified based on internal reporting about the business units of the Group which are regularly reviewed by the Board of Directors and allow proper allocation of resources and evaluation of the performance. This segment analysis is basis for review and strategic and operational decision making of the management.

At the Group level, the management monitors the consolidated group through individual group companies; therefore, segments are established based on the business activity of the individual companies. The Group's management is provided with the information allowing the evaluation of the performance of individual segments.

The Group's reportable segments according to IFRS 8 are as follows:
- banking;
  - categorisation by country;
- asset management;
- real estate;
- leasing;
- other.

Accounting policies applied to operating segments comply with those described in note 3. For operating segment analysis, all assets and liabilities are allocated to the individual reportable segments. A segment's profit represents profit before tax generated by the relevant segment.

(p) Business combinations and purchase price allocations

The acquiree's identifiable assets, liabilities and contingent liabilities are recognised and measured at their fair values at the acquisition date. For financial statement reporting purposes, allocation of the total purchase price among the net assets acquired is performed with the support of professional advisors. The valuation analysis is based on historical and prospective information available as of the date of the business combination. Any prospective information that may impact the fair value of the acquired assets is based on management's expectations of the competitive and economic environments that will prevail in the future. The results of the valuation analysis are also used to determine the amortisation and depreciation periods for the values allocated to specific intangible and tangible fixed assets. 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.

(q) Disposal groups held for sale

Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Disposal groups are classified as held for sale if their carrying amounts are primarily recovered through a sale transaction rather than through continuing use. This condition is regarded as met only if the sale is highly probable and the disposal group is available for immediate sale in its present condition, management has committed to the sale, and the sale is expected to be completed within one year from the date of classification.

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 geographic area of operations;
– is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
– is a subsidiary acquired exclusively with a view to re-sale.

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

In the consolidated statement of comprehensive income for the reporting period, and for the comparable period of the previous reporting period, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

(r) Dividends

Dividend expense is recognised in the statement of changes in equity and recorded as liabilities in the period in which they are declared. Dividend income is recognised when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

The presentation of dividend income depends on the classification of financial assets and measurement of ownership interests, i.e.:
– for equity instruments which are held for trading, dividend income is presented in Net income from trading and investments in profit or loss;
– for equity instruments designated at FVOCI, dividend income is presented in net income from trading and investments except for those resulting from a decrease in share capital of the invested entity, which is recorded in other comprehensive income.

(s) Employee benefits

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.

(t) Other equity instruments

Other equity instruments are issued, subordinated, unsecured and yield certificates with a fixed interest income dependent on the fulfilment of particular conditions (hereinafter "Certificates"). These Certificates have no maturity date.

The Certificates have the character of hybrid financial instruments combining the economic features of equity and debt securities.

The Bank classified Certificates in accordance with IAS 32 and assessed all the conditions for the definition as equity instrument. Certificates meet both of the required conditions:
– the Certificates include no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or liabilities with another entity under conditions that are potentially unfavourable to the issuer;
– if the Certificates are or may be settled in the entity's own equity instruments, the Certificates are non-derivative instruments, which include no contractual obligation for the issuer to deliver a variable number of its own equity instruments.

The Bank may redeem the Certificates with approval of the Czech National Bank. Holders of Certificates have no right to ask for redemption, except in the event of the Bank's liquidation.

The Bank commits to paying interest income generated from Certificates to the holders, but may also decide not to pay the interests accrued by the Certificates without compensating this in future periods. The Bank will pay interest if there are funds available and approved to be used by the General Meeting of the Bank. When there are not sufficient funds available, the payment is reduced proportionately. Payment of earnings can be drawn from:
– the Bank's net profit;
– retained earnings;
– other equity components that the Bank is authorised to distribute to its shareholders.

As the Bank has no obligation to deliver cash to the holders of Certificates or to settle the contractual obligation by providing other financial assets, (i.e. Certificate holders do not have right to redemption of the principal amount or the interest income and as the Certificates have no maturity date), they are included in additional Tier 1 capital (AT1). This inclusion is subject to approval by the Czech National Bank.

(u) Revenues from the sale of goods and services

The revenues reflect the value of goods or services transferred to the customer for the consideration received. This basic principle is based on a five-step model according to IFRS 15: (1) Identification of the contract(s) with the customer, (2) identification of the contractual obligations in the contract, (3) determination of the transaction price, (4) allocation of the transaction price to the contractual obligations in the contract, (5) reporting revenues at the time of fulfillment of the contractual obligation. In the case of a contract that allows for the return of goods, revenue is not recognized if it is highly probable that a significant amount of those goods will be returned.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

These principles supplement the commentary on financial risk management.

4.1. Key sources of estimation uncertainty

Expected credit losses

Expected credit losses are determined for those assets classified at amortised cost, debt instruments at fair value through other comprehensive income, guarantees and commitments. Basis used for its calculation and principles considered are described in accounting policy 3(b).

Calculation of expected credit losses and identified future liabilities considers uncertainties about the results of related risks and requires significant Group's management assessments when estimating the amount of loss, including future economic conditions and credit behaviour.

Amounts reported as provisions for off-balance sheet items are based on management's judgement and represent the best estimate of expenditures required to settle the liability with uncertain timing or the uncertain amount of the obligation.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable quoted market price requires the use of valuation techniques as described in accounting policy 3(b). For financial instruments that are traded infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of the market factors, pricing assumptions and other risks affecting the specific amounts.

The Group determines the fair value hierarchy according to IFRS 13 and establishes fair value using the following hierarchical system that reflects the significance of the inputs used in the valuation:

- Level 1 - entries are (unadjusted) quoted prices in active markets for identical assets or liabilities to which the Group has access at value date;
- Level 2 - inputs are inputs other than quoted prices included in Level 1 that are directly or indirectly observable for an asset or liability:
  - quoted prices of similar assets or liabilities in active markets,
  - quoted prices of identical assets on markets that are not active,
  - input quantities other than quoted prices that are observable,
  - market-supported inputs;
- Level 3 - inputs are unobservable inputs for an asset or liability.

An active market is the market where transactions for assets or liabilities are carried out frequently and in sufficient volume to ensure regular price information:
a) the items traded on the market are homogeneous;
b) it is possible to find willing buyers and sellers at any time and
c) prices are publicly available.

If there is no active market for the financial asset, the fair value is estimated using valuation techniques. When using valuation techniques, management uses estimates and assumptions based on available information about the estimates and assumptions that market participants would use to determine the price of the financial instrument.

In the vast majority of cases, the fair value of Level 3 investments, debt instruments, provided loans was estimated using discounted cash flow ("DCF") models, with inputs coming from the specific investment's business plan or cash flow projections. The individual business plans and cash flow projections were critically reviewed by management before inclusion in the models. The discount rates were based on the specifics of the industries and countries in which the investments operate. The key assumptions used in the valuations were the expected cash flows and discount rates. Further information about the Level 3 financial instruments is disclosed in note 8.

Valuation of investment property
Investment property is carried at fair value and classified as Level 3 according to the fair value hierarchy.

Fair values of investment property are determined either by independent registered appraisers or by management, in both cases based on discounted cash flow ("DCF") models with inputs coming from rental income projections or based on combination of DCF model and independent registered appraiser´s real estate valuation. These projections are critically assessed by management before inclusion in the models. The discount rates were based on the specificities of the countries in which the investment property is located.

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.

Further information about investment property is disclosed in note 13.

4.2. Assessment of control over investment funds
The Group acts as fund manager to 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.

The Group uses its judgement when deciding whether it exercises control over an investment fund. When assessing the duty to consolidate funds, the Group evaluates the following control criteria:
- power
  - the right to manage the fund's activities is usually defined in the fund's statutes;
  - an investor who has the right and ability to manage the relevant activities of the fund; does not acquire power over the fund; and if the acquisition and maintenance of those rights can be influenced by a third party - in other words: if the third party can deprive or restrict those rights;
- exposure to variable yields
  - arises from the ownership of allotment certificates or funds' investment shares. In this case, the variability is derived from the change in the value of the allotment certificate or investment share reflecting changes in the fund's performance and the entitlement to a fee for the fund's management, i.e. a management fee set in the form of a fixed amount or expressed as a percentage of a certain financial indicator, and a performance fee payable to the manager when the fund achieves a specified performance level;
  - the assessment of the variability of these yields is performed in proportion to the total variable yields of the investee fund. This assessment shall be made primarily on the basis of the expected yields from the investee's activities;
- ability to affect the yields through power
  - An investor controls a unit only when all the above control criteria are met;

  - The Group may also acquire control over funds through investment in subsidiaries that manage, administer or invest in funds.

The duty to consolidate funds arises when:
- control over fund arises - assessed based on control criteria including the principal/agent analysis:
  - principal = consolidate;
  - agent = do not consolidate.

Based on the analysis' results, the Group includes the following funds into its consolidated group as at 31 December 2023 and 2022:
- J&T ORBIT SICAV, a.s. – the fund consolidated based on the ownership interest and control over the fund via subsidiary AMISTA investiční společnost, a.s.,
- J&T VENTURES I otevřený podílový fond - the fund consolidated based on the ownership interest and control over the fund via subsidiary J&T INVESTIČNÍ SPOLEČNOST, a.s.

4.3. Changes in PD, LGD, FLI, SICR

In 2023, the Group performed standard updates relating to PD, LGD, FLI and SICR. This mainly involved the inclusion of the most up-to-date data in models.

FLI model

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

In accordance with IFRS 9, the TTC estimate of default rates was transformed to so-called point-in-time (PiT) forward-looking estimate, which considers the influence of current and expected macroeconomic development on the default rate. The PiT PD estimate model consists of two parts: Z-component estimate, which represents the effect of the economic cycle on PD (more generally, on transitions between rating levels), depending on macroeconomic conditions. The base of the Z-component estimate is Merton's one-factor model, which dissects counterparty credit risk to two parts: idiosyncratic risk and systematic risk. For the estimation of the correlation between the Z-component and macroeconomic development, the relationship between the Z-component and real GDP growth (annual percentage change) is modelled. Based on historical experience, this is the most telling variable; other variables are not considered in order to preserve the robustness of the model, which can only be estimated using a limited number of observations.

Based on the estimated development of changes in real GDP and the relationship between the Z-component and this macroeconomic variable, the corresponding point-in-time forward-looking (PiT FL) transition matrices are subsequently calculated based on the estimated development of the Z-component by adjusting the TTC matrix for the Z-component. In addition to the model for the Z-component, a GDP scenario model is also used for these estimates, which takes into account the historical development of real GDP in the given country, the projection of the development of real GDP in this country (from the respective central bank) or the projection of global macroeconomic development (IMF) including their observed predictive capabilities. The PiT FL transition matrices are estimated for a period of 5 years. Beyond this horizon, it is assumed that the Z-component is zero, and the TTC matrix is therefore used.

PD variants

Standard PD: The four PD scenarios are generated based on the 5%, 12.5%, 25% and 50% quantiles of the estimate of the real GDP growth for each country. These PD sets are equally weighted at 25%.

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

Russia/Ukraine: Independent PDs were generated for exposures in Russia and Ukraine, which reflect increased risk.

The Group's highest share of exposures on its credit portfolio have the Czech Republic (54%) and Slovakia (14%) as at 31 December 2023. Shares in other countries are insignificant.

Used real GDP growth (%):

Country	Year	National Bank	Forecast of the National Bank	Estimated values 5% quantile	Estimated values 12,5% quantile	Estimated values 25% quantile	Estimated values 50% quantile
CZE	2023	ČNB	(0.39)	(1.42)	(1.01)	(0.63)	(0.04)
CZE	2024	ČNB	1.2	(2.54)	(1.44)	(0.42)	1.03
CZE	2025	ČNB	2.82	(2.36)	(1.21)	(0.06)	1.54
CZE	2026	ČNB		(3.43)	(1.87)	(0.34)	1.85
CZE	2027	ČNB		(3.46)	(1.85)	(0.4)	1.75
CZE	2028	ČNB		(3.43)	(1.78)	(0.32)	1.85
SVK	2023	NBS	1.2	(0.6)	–	0.58	1.39
SVK	2024	NBS	2.8	(2.2)	(0.87)	0.34	2.06
SVK	2025	NBS	3	(1.38)	(0.3)	0.7	2.12
SVK	2026	NBS	1.8	(3.14)	(1.81)	(0.51)	1.24
SVK	2027	NBS		(3.35)	(1.48)	0.25	2.83
SVK	2028	NBS		(3.35)	(1.48)	0.25	2.86

Data sources:

Country	National Bank	Data Source
CZE	Czech National Bank (CNB)	Monetary Policy Report
SVK	National Bank Slovakia (NBS)	Economic and Monetary Developments

PD curves are updated continuously, at least when forecast of the country's National Bank changes by more than 1 p.b.

4.4. ECL model ("management overlays")

The Group applies management overlays through interventions in the PD model and uses them to correct the impact of the ongoing effects of the crisis on the PD model. The first adjustment applied is the choice of four equally weighted pessimistic macroeconomic scenarios that are used in the model. The use of scenarios created from 5%, 12.5%, 25% and 50% quantiles of GDP predictions, as well as the corresponding ¼ weights of all these scenarios present, the Group's conservative outlook for future economic development.

A significant management overlay is that the economic/industry sectors of the borrowers were divided based on the expert assessment of the Group's chief economist and the Head of the Credit Risk Dept. The sectors were divided (according to NACE) into two groups. Firstly, sectors with ordinary PD are those where they expect the development in the given sector to correspond to the expected development of GDP. Secondly, sectors with crisis PD, where development is at risk due to current risk factors on the market (mainly the effects of COVID-19, inflation, interest rates, energy crisis, problems in supply-customer chains, etc.). The division of sectors was approved by the relevant Group Committee.

PD for Ukraine and Russia are determined separately, given the increased geopolitical risk. For expositions in Russia and Ukraine, the Group has further used a prudent overlay in the form of creating allowance in the value of 50% of the assessed exposure.

For selected NACE sectors below, the Group sees potential ongoing risks associated with COVID-19 and current geopolitical situation, including inflation, impaired supply chain, rise in commodity prices and other economic factors.

20 – Manufacture of chemicals and chemical products
23 – Manufacture of other non–metallic mineral products
24 – Manufacture of basic metals
25 – Manufacture of fabricated metal products, except machinery and equipment
29 – Manufacture of motor vehicles, trailers and semi–trailers
30 – Manufacture of other transport equipment
41 – Construction of buildings

46 – Wholesale trade, except motor vehicles and motorcycles
47 – Retail trade, except motor vehicles and motorcycles
64 – Financial service activities, except insurance and pension funding
65 – Insurance, reinsurance and pension funding, except compulsory social security
68 – Real estate activities

The impact of the above management overlays was as follows:

31/12/2023

in millions of CZK	Loans	Debt securities at FVOCI
Loss allowances and provisions without management overlays	3 343	48
Impact of management overlays	571	33
Final amount of loss allowances and provisions after management overlays	3 914	81

31/12/2022

in millions of CZK	Loans	Debt securities at FVOCI
Loss allowances and provisions without management overlays	3 824	190
Impact of management overlays	1 384	601
Final amount of loss allowances and provisions after management overlays	5 208	791

4.5. Environmental sustainability, social responsibility and corporate management (ESG)

A significant source of insecurities are insecurities even in the field of environmental risks, social responsibility, and corporate management. All of those are considered when determining accounting estimates, such as business combinations, decrease in asset values, reserve accounting or determining useful life of assets.

The Group concludes loan agreements for projects supporting ESG either directly or through mutual funds or venture capital, to invest in innovative projects. The Group is fully aware of its responsibility in this area and, also due to increasing regulatory requirements, it is gradually incorporating into its core and operational activities and risk management solutions enabling it to collect, process and use ESG data.

Risks associated with climate change are categorized into two categories – risk of transition and physical risk.

Transition risk

Transition risks relate to the changes that companies must make to adapt to a more sustainable and low-carbon economic model. Therefore, there is a risk associated with significant and rapid changes in stakeholder expectations, reflected in politics, changes in laws, regulations and changes in consumer behaviour. Risks associated with transitioning into low-carbon economy are specific for each industry and can even differ in fields inside of one industry. The rate of adaptation to transition to low-carbon economy is directly related to the level of risks faced.

Key aspects of transition risk include:

- Change in the energy mix: Transitioning to renewable energy sources and reducing dependence on fossil fuels can be financially demanding. Companies must invest in new technologies and infrastructure.
- Regulatory risks: Legislators and regulatory bodies may adopt new regulations that affect business.
- Change in consumer behaviour: Customers are increasingly preferring sustainable products and socially responsible companies. Companies must respond to these trends and adapt their strategies.
- Reputation risk: An improper transition could damage a company's reputation. Transparency and communication are key.
- Financial risks: A lack of funding for the transition to a more sustainable model can threaten business.

The Group's exposure to transition risk is low. The Group continuously monitors new legislation, innovations and constantly adapts to new market trends. This assessment is further supported by an appropriate financial strategy.

Assessment of exposure of the Group to transition risk on its own operations is rated low. This assessment is supported by appropriate financial strategy, risk management, solid capitalization and unceasing monitoring of the market and legislation.

Physical risk
Physical risks origin from climate change associated with specific events and long-term climate development. The nature and timing of extreme meteorological events (floods, heat waves, storms, hurricanes etc.) are unsure, yet the number of said events, as well as their power is increasing, therefore their impact on economy is expected to be more significant in the future. Possible impacts can be decreased growth of GDP, shortage of material and products, significant change in prices, increase in operating costs, decrease in asset values, increase in write-offs and amortisation.

Given the Group's geographic focus on Europe, which is less affected by physical risks, we have considered this risk to be insignificant for the group.

Credit risk and impact on ECL
The Group considered the risks arising from environmental sustainability, social responsibility, and corporate governance ("ESG") in measuring ECL and concluded that in 2023 and 2022 they have no impact on the level of ECL, and therefore did not include specific adjustments reflecting ESG risks in the ECL calculation. Given the prudent approach to the current situation, the Group believes that the ECL represents the best estimate of expected credit losses as at 31 December 2023 and 31 December 2022.

Evaluating the rating of new clients or assessing the credit risk of transactions also considers the Group's growing commitments in the field of ESG. The group is aware of the importance of the ESG topic, which is why it is preparing to collect ESG data from clients through a questionnaire, which will then be used for their rating. The group is currently in the phase of implementing ESG risks to the evaluation of client ratings and the approval process for significant exposures in the loan portfolio.

We assessed how climate risks could affect our financial position in the financial statements for the year ended 31 December 2023. As part of the assessment, we considered a number of areas of the statement of financial position, such as ECL, reserves, financial instruments, long-term assets as well as long-term viability and business sustainability. After careful consideration, we have concluded that these risks do not have a material impact on our financial statements ending 31 December 2023.

4.6. Conflict in Ukraine
In February 2024, it has been two years since the Russian Federation invaded Ukraine. In response to the hostile actions of the Russian Federation against Ukraine, many countries, including the United States, the United Kingdom, and the European Union member states, introduced and/or expanded economic sanctions against selected Russian individuals and legal entities. Among the sanctions are, among other things, freezing of assets, restrictions on trade and movement of capital, or travel bans.

Since the beginning of the war, the Group has supported organizations that provide material, food and medical aid and also focus on support through personnel capacities helping all the people affected by the war in Ukraine. Those are presented by social workers, psychologists, Czech language teachers, coordinators, community workers and many other necessary professionals.

The consequence of the ongoing war is a significant deterioration of the political and economic environment in both countries that are directly involved in the conflict. Since the beginning of the conflict, massive destructions were caused, with the most affected sectors such as construction of buildings, transport, industry, trade, energy and agriculture.

The Group regularly analyse exposures allocated in those sectors affected by the conflict and reflect potential threats through higher provisions for them.

In 2023, the Group ended its activities in Russia and sold its subsidiary J&T Bank a.o. The Group also sold its ownership interest in TERC-ES MANAGEMENT LIMITED, which operated in Russia through its subsidiary Interznanie OAO.

In particular, sale of subsidiaries resulted in a significant decrease of the Group's total exposure on the Russian and Ukrainian markets. In 2023, the Group did not provide any new financing with risk in Ukraine and Russia.

The Group 's total exposure to the Russian and Ukrainian markets was insignificant as at 31 December 2023.

The management of the Group has analysed the impact of this event and concluded that, as of the date of approval of these consolidated financial statements, the going concern assumption is still appropriate, and this event does not have a significant impact on the individual financial statements as at 31 December 2023.

5. CASH AND CASH EQUIVALENTS

in millions of CZK	31/12/2023	31/12/2022 (restated)
Loans to central banks – reverse repurchase agreements	131 282	73 091
Term deposits in central bank to 3 months	6 158	2 557
Obligatory minimum reserves in central banks	2 834	756
Current accounts with banks	244	399
Term deposits with banks to 3 months	32	–
Current accounts with central banks	12	702
Cash in hand	209	233
Total	**140 771**	**77 738**

During the year 2023 the Group considered the IFRS Interpretations Committee agenda decision on the classification of a demand deposit arising from a contract with a third party which do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash in IAS 7. Based on that agenda decision, the Group reassessed Obligatory minimum reserves in central banks and concluded them to be a component of "Cash and cash equivalents" in its statement of financial position and statement of cash flows (as in the separate statement above). As a result, the Group reclassified its Obligatory minimum reserves in central banks totalling CZK 756 million at 31 December 2022 (CZK 4 875 million at 1 January 2022) from the line "Due from banks and other financial institution" to the line "Cash and cash equivalents".

The restatement had no impact on the Group's total assets, total liabilities, net profit for the year ended 31 December 2022.

The following tables summarizes the impact of this restatement on the statement of financial position:

in millions of CZK	Note	Originally reported 31/12/2022	Originally reported 01/01/2022	Restated 31/12/2022	Restated 01/01/2022
Cash and cash equivalents	5	76 982	68 011	77 738	72 886
Due from banks and other financial institutions	6	1 173	5 933	417	1 058
Total assets		**227 253**	**203 251**	**227 253**	**203 251**
Total liabilities		**191 397**	**177 028**	**191 397**	**177 028**
Total equity		**35 843**	**24 763**	**35 843**	**24 763**
Total equity and liabilities		**227 253**	**203 251**	**227 253**	**203 251**

In the 2022 statement of cash flows, the change reclassification result in a decrease of operating cash flow and total cash flows by 4 120 million CZK, which adjustments to opening and closing cash and equivalents at the amounts disclosed above.

The obligatory minimum reserves are maintained under regulations of the Czech National Bank, the National Bank of Slovakia and the Deutsche Bundesbank. The obligatory minimum reserves are stated as 2% in the Czech republic, 1% in the Slovak republic and Germany, of primary deposits with maturity of less than two years.

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.

The obligatory minimum reserves are not interest bearing. The Group must maintain the obligatory minimum reserves in accounts with the respective central banks. Compliance with this requirement is measured using the average daily closing balance over the whole month.

6. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

in millions of CZK	31/12/2023	31/12/2022 (restated)
Subordinated loans to banks	198	193
Other receivables due from banks	3	227
Expected credit losses (note 12)	(3)	(3)
Total	**198**	**417**

The Group has a prudent liquidity policy and holds a significant part of its liquidity surplus in highly liquid assets. Highly liquid assets include balances with the central banks, short term deposits in financial institutions and highly liquid corporate and government bonds. The Group decides on placements based on the credibility of the counterparty and the offered conditions.

There were no overdue receivables from banks as at 31 December 2023 and 31 December 2022.

7. DERIVATIVES

in millions of CZK	31/12/2023 Notional amount buy	31/12/2023 Notional amount sell	31/12/2023 Positive fair value	31/12/2023 Negative fair value
FX derivatives	145 023	(142 624)	4 422	(2 241)
Cross currency derivatives	1 697	(1 697)	60	(56)
Other derivatives	29 081	(29 078)	350	(135)
Total	**175 801**	**(173 399)**	**4 832**	**(2 432)**

in millions of CZK	31/12/2022 Notional amount buy	31/12/2022 Notional amount sell	31/12/2022 Positive fair value	31/12/2022 Negative fair value
FX derivatives	189 900	(186 034)	6 021	(3 527)
Cross currency derivatives	6 090	(6 129)	169	(195)
Other derivatives	12 305	(12 302)	699	(213)
Total	**208 295**	**(204 465)**	**6 889**	**(3 935)**

All derivatives held for trading are classified as Level 2 according to the fair value hierarchy.

Currency contracts, generally forward currency contracts, are commitments to either purchase or to sell a designated currency at a specified date for a specified price. Forward currency contracts result in a credit exposure at a specified future date for a specified price. Forward currency contracts also result in exposure to market risk based on changes in quoted market prices relative to the contracted amounts.

Although all these derivatives represent an economic hedge, they are presented as held for trading purposes.

The foreign currency structure of these transactions was as follows:

Long position	CZK	EUR	GBP	USD	Other
31/12/2023	40 %	47 %	6 %	4 %	3 %
31/12/2022	58 %	35 %	2 %	4 %	1 %

The foreign currency structure of the second leg of these transactions was as follows:

Short position	CZK	EUR	GBP	USD	Other
31/12/2023	34 %	50 %	6 %	6 %	4 %
31/12/2022	34 %	51 %	4 %	10 %	1 %

8. SECURITIES

(a) Financial assets for trading

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares		
– domestic	549	738
– foreign	130	205
Bonds		
– domestic	4 103	3 553
– foreign	691	1 311
Allotment certificates		
– domestic	100	816
– foreign	43	4
Total	**5 616**	**6 627**

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares		
– listed	679	943
Bonds		
– listed	4 794	4 864
Allotment certificates		
– listed	100	816
– not listed	43	4
Total	**5 616**	**6 627**

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares		
– financial institutions	196	376
– corporate	482	565
– insurance companies	1	2
Bonds		
– government	2 995	2 554
– financial institutions	1 024	1 378
– corporate	775	932
Allotment certificates		
– financial institutions	143	820
Total	**5 616**	**6 627**

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares		
– Level 1	629	906
– Level 2	49	35
– Level 3	1	2
Bonds		
– Level 1	3 551	3 098
– Level 2	410	466
– Level 3	833	1 300
Allotment certificates		
– Level 1	100	816
– Level 2	43	4
Total	**5 616**	**6 627**

Foreign bonds as at 31 December 2023 mainly include non-government bonds of CZK 660 million (2022: CZK 1 206 million) issued by companies from the following states and in the following amounts: Slovakia of CZK 456 million (2022: CZK 766 million) and Malta of CZK 192 million (2022: CZK 280 million).

(b) Financial assets mandatorily at fair value through profit or loss

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares		
– foreign	798	65
Allotment certificates		
– domestic	7 349	5 154
– foreign	1 868	3 827
Total	**10 015**	**9 046**

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares		
– listed	–	65
– not listed	798	–
Allotment certificates		
– listed	577	472
– not listed	8 640	8 509
Total	**10 015**	**9 046**

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares		
– financial institutions	798	65
Allotment certificates		
– financial institutions	9 217	8 981
Total	**10 015**	**9 046**

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares		
– Level 3	798	65
Allotment certificates		
– Level 1	577	472
– Level 2	1 502	3 114
– Level 3	7 138	5 395
Total	**10 015**	**9 046**

Foreign allotment certificates include mainly Maltese allotment certificates of CZK 1 829 million (2022: CZK 3 055 million).

(c) Financial assets at fair value through other comprehensive income

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares and other equity instruments		
– domestic	701	649
– foreign	250	385
Bonds		
– domestic	6 259	307
– foreign	4 059	5 341
Total	**11 269**	**6 682**

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares and other equity instruments		
– listed	819	754
– not listed	132	280
Bonds		
– listed	10 004	4 842
– not listed	314	806
Total	**11 269**	**6 682**

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares and other equity instruments		
– financial institutions	22	455
– corporate	929	579
Bonds		
– government	6 300	1 151
– financial institutions	1 315	1 328
– corporate	2 703	3 169
Total	**11 269**	**6 682**

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares and other equity instruments		
– Level 1	648	585
– Level 2	171	270
– Level 3	132	179
Bonds		
– Level 1	7 233	1 332
– Level 3	3 085	4 316
Total	**11 269**	**6 682**

Foreign shares and other equity instruments in the portfolio as at 31 December 2023 included mainly the shares of Slovak companies of CZK 117 million (2022: CZK 101 million) and Swiss companies of CZK 62 million (2022: CZK 69 million).

Foreign bonds as at 31 December 2023 included the bonds of Slovak companies of CZK 3 228 million (2022: CZK 3 166 million), Maltese companies of CZK 524 million (2022: CZK 499 million) and Croatian companies of CZK 272 million (2022: CZK 300 million).

The shares and other equity instruments of the following companies in the following segments accounted for a significant share in the Group's total shares and equity instruments at fair value through OCI:

in millions of CZK	2023 Fair value	2023 Dividends received	2022 Fair value	2022 Dividends received
Energy and manufacturing industry	374	(46)	322	(18)
Defence industry	336	(15)	331	(13)
Financial services	109	–	194	–
IS/IT	102	–	85	–
Travel and tourism	29	–	100	–
Other	1	–	2	–
Total	**951**	**(61)**	**1 034**	**(31)**

In 2023, other equity instruments of CZK 2 million (2022: CZK 29 million) from the portfolio of the Group's financial assets were sold. Cumulative gains from this sale were CZK 2 million (2022: losses CZK 37 million).

The Group classifies bonds measured at FVOCI into internal rating groups, taking into account a number of factors. The following table summarises these bonds by stages.

Risk category

in millions of CZK	Very low risk	Low risk	Medium risk	Default	Total
Stage 1	355	5 945	2 941	–	9 241
Stage 2	–	–	1 077	–	1 077
Total as at 31/12/2023	**355**	**5 945**	**4 018**	**–**	**10 318**
Stage 1	378	675	867	–	1 920
Stage 2	–	–	2 384	–	2 384
Stage 3	–	–	–	1 344	1 344
Total as at 31/12/2022	**378**	**675**	**3 251**	**1 344**	**5 648**

More detailed information on bonds as at 31 December 2023 and their classification, expected credit losses and gross carrying amounts are disclosed in note 12 and 11.

(d) Financial assets at amortised cost

in millions of CZK	Gross carrying amount	ECL Stage 1	ECL Stage 2	ECL Stage 3	POCI	Net carrying amount
Bonds						
– domestic/listed/government	4 540	–	–	–	–	4 540
Total as at 31/12/2023	**4 540**	**–**	**–**	**–**	**–**	**4 540**
Bonds						
– domestic/listed/government	4 532	(2)	–	–	–	4 530
– foreign/listed/government	238	–	–	(10)	–	228
Promissory notes						
– foreign/listed/corporate	44	–	–	(1)	–	43
Total as at 31/12/2022	**4 814**	**(2)**	**–**	**(11)**	**–**	**4 801**

(e) Financial assets valued at Level 3

The Group regularly monitors the classification of securities into the fair value hierarchy. The Group always assesses the individual ISIN codes of securities according to the frequency and volume of trades. Thus, a situation may arise that securities of one issuer may be classified under Level 1, whereas securities of another issuer may be classified under Level 2 or 3, based on the criteria shown in an internal decision-making tree.

The following table shows a reconciliation of the opening and closing balances for Level 3 financial assets that are recorded at fair value:

in millions of CZK	01/01/2023	Revaluation to OCI	Revaluation to profit or loss	Transfer from Level 2	Additions	Disposals/ Decrease	FX movement	Interest income	31/12/2023
Financial assets for trading									
shares	2	–	(1)	–	–	–	–	–	1
bonds	1 300	–	15	(108)	229	(595)	(19)	11	833
Financial instruments mandatorily at fair value through profit or loss									
shares	65	–	16	–	748	(43)	12	–	798
allotment certificates	5 395	–	418	828	1 930	(1 638)	205	–	7 138
Financial assets at fair value through other comprehensive income									
shares	179	10	–	87	4	(143)	(5)	–	132
bonds	4 316	31	–	–	–	(1 356)	57	37	3 085
Total	**11 257**	**41**	**448**	**807**	**2 911**	**(3 775)**	**250**	**48**	**11 987**

in millions of CZK	01/01/2022	Revaluation to OCI	Revaluation to profit or loss	Transfer from Level 2	Additions	Disposals/ Decrease	FX movement	Interest income	31/12/2022
Financial assets for trading									
shares	4	–	(2)	–	–	–	–	–	2
bonds	1 033	–	(51)	208	523	(409)	(27)	23	1 300
Financial instruments mandatorily at fair value through profit or loss									
shares	59	–	3	–	–	–	3	–	65
allotment certificates	2 564	–	(319)	2 155	2 349	(1 221)	(133)	–	5 395
Financial assets at fair value through other comprehensive income									
shares and other equity instruments	187	–	–	–	99	(98)	(9)	–	179
bonds	2 370	(117)	–	1 813	1 213	(934)	(86)	57	4 316
Total	**6 217**	**(117)**	**(369)**	**4 176**	**4 184**	**(2 662)**	**(252)**	**80**	**11 257**

The following table sets out information about significant unobservable inputs used as at 31 December 2023 in measuring financial assets categorised as Level 3 in the fair value hierarchy:

Type of financial assets	Valuation technique	Significant unobservable input	FV as at 31/12/2023	Range of estimates	FV sensitivity to unobservable inputs
bonds	discounted CF	Credit spread	3 918	0.7 %–1.7 %	A significant increase may result in lower fair value
		Risk-free rate		2.4 %–6.8 %	
shares	discounted CF/ historical cost	Discount rates	931	9.9 %–20.2 %	A significant increase may result in lower fair value
		EBITDA growth coefficient		2 %–4 %	A significant increase may result in higher fair value
allotment certificates	net asset value	Expected CF from fund	7 138	Investment based	A significant increase may result in higher fair value

The following table sets out information about significant unobservable inputs used as at 31 December 2022 in measuring financial assets categorised as Level 3 in the fair value hierarchy:

Type of financial assets	Valuation technique	Significant unobservable input	FV as at 31/12/2022	Range of estimates	FV sensitivity to unobservable inputs
bonds	discounted CF	Credit spread	5 616	(1.5) %–2.5 %	A significant increase may result in lower fair value
		Risk-free rate		1.5 %–7.5 %	
shares	discounted CF/ historical cost	Discount rates	246	9 %–12.6 %	A significant increase may result in lower fair value
		EBITDA growth coefficient		2 %–4 %	A significant increase may result in higher fair value
allotment certificates	net asset value	Expected CF from fund	5 395	Investment based	A significant increase may result in higher fair value

If fair values were by 10 % higher or lower than the Group management's estimates, the determined carrying amount of financial assets at Level 3 would be by CZK 1 199 million higher or lower than the carrying amount recognised as at 31 December 2023 (2022: CZK 1 126 million).

The following table illustrates the impact of the revaluation of the fair value of financial assets classified at level Level 3 due to an increase or decrease in the interest rate by 1 and 200 basis points used in the calculation of the fair value of financial assets:

in millions of CZK	+ 1 bps	- 1 bps	+ 200 bps	- 200 bps
Fixed bonds	(0.76)	0.76	(147.10)	156.45
Variable bonds	(0.11)	0.11	(22.10)	22.19
Zero-coupon bonds	(0.15)	0.15	(29.04)	30.33
Total bonds	**(1.02)**	**1.02**	**(198.24)**	**208.97**

The effect of the remeasurement of fair values of the Level 3 financial assets as a result of an increase or decrease of some of the inputs used on the calculation of fair values is shown below:

in millions of CZK	Effect on profit or loss Increase	Effect on profit or loss Decrease	Effect on other comprehensive income Increase	Effect on other comprehensive income Decrease
Bonds 2023				
change in risk-free rates by 1%	(38)	40	(96)	100
change in credit markups by 1%	(38)	40	(96)	100
Shares 2023				
change in discount rates by 1%	(1)	2	–	–
change in EBITDA by 5%	1	(1)	–	–
Bonds 2022				
change in risk-free rates by 1%	(45)	47	(161)	184
change in credit markups by 1%	(45)	47	(269)	290
Shares 2022				
change in discount rates by 1%	(1)	2	–	–
change in EBITDA by 5%	–	–	–	–

9. REPURCHASE AND RESALE AGREEMENTS

(a) Resale agreements (reverse repurchase agreements)

The Group purchases financial assets under agreements to resell them at future dates ("reverse repurchase agreements"). The seller commits to repurchase the same or similar instruments at an agreed future date. Ownership title to the securities serving as collateral is transferred from the entity to which a loan is provided. Reverse repurchases are entered into as a facility to provide funds to customers.

As at 31 December 2023 and 31 December 2022, assets purchased pursuant to the agreements to resell them were as follows:

in millions of CZK	Fair value of assets held as collateral	Carrying amount of receivable	Repurchase date	Repurchase price
Loans to central banks (note 5)	125 704	131 282	up to 1 month	131 419
Loans and other advances to customers (note 10)	5 184	2 746	up to 3 months	2 757
Total as at 31 December 2023	**130 888**	**134 028**		**134 176**

in millions of CZK	Fair value of assets held as collateral	Carrying amount of receivable	Repurchase date	Repurchase price
Loans to central banks (note 5)	71 871	73 091	up to 1 month	73 197
Loans and other advances to customers (note 10)	4 297	2 490	up to 3 months	2 513
Total as at 31 December 2022	**76 168**	**75 581**		**75 710**

(b) Repurchase agreements

Transactions where securities are sold under a repurchase agreement (repurchase transaction) at a predetermined price are accounted for as loans collateralised by the securities. Ownership title to securities serving as collateral is transferred to the entity which is a loan provider. Securities transferred under repurchase agreements are reported within the respective items of securities in the Group's statement of financial position. The amount received from the transfer of securities under repurchase agreements is presented under "Deposits and loans from banks" or "Deposits from customers".

in millions of CZK	Fair value of assets provided as collateral	Carrying amount of liability	Repurchase date	Repurchase price
Loans from banks (note 20)	4 338	3 733	up to 3 years	3 780
Total as at 31 December 2023	**4 338**	**3 733**		**3 780**
Loans from banks (note 20)	3 947	3 602	up to 3 years	3 575
Total as at 31 December 2022	**3 947**	**3 602**		**3 575**

Securities provided as collateral are bonds classified as financial assets at amortised cost, note 8d.

10. LOANS AND OTHER ADVANCES TO CUSTOMERS AT AMORTISED COST

31/12/2023

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Gross carrying amount
Loans and advances to customers and overdraft	77 416	7 152	3 995	352	88 645
Receivables from reverse repurchase agreements with customers	2 746	–	–	–	2 746
Margin lending (debits)	12 121	–	16	–	12 137
Receivables from provided finance leases	172	1	215	–	388
Other receivables	1 140	10	55	2	1 207
Gross carrying amount	**93 325**	**7 163**	**4 281**	**354**	**105 123**
ECL	**(837)**	**(304)**	**(2 546)**	**20**	**(3 667)**
Net carrying amount	**92 488**	**6 859**	**1 735**	**374**	**101 456**

31/12/2022

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Gross carrying amount
Loans and advances to customers and overdraft	72 998	9 681	6 167	297	89 143
Receivables from reverse repurchase agreements with customers	2 490	–	–	–	2 490
Margin lending (debits)	16 078	–	–	–	16 078
Receivables from provided finance leases	760	26	321	–	1 107
Other receivables	1 893	2	125	110	2 130
Gross carrying amount	**94 219**	**9 709**	**6 613**	**407**	**110 948**
ECL	**(981)**	**(424)**	**(3 412)**	**18**	**(4 799)**
Net carrying amount	**93 238**	**9 285**	**3 201**	**425**	**106 149**

For further information about loans and advances to customers refer to note 12.

11. GROSS CARRYING AMOUNT OF FINANCIAL ASSETS

Gross carrying amount of loans

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**94 219**	**9 709**	**6 613**	**407**	**110 948**
Transfers:					
- transfers to Stage 1	1 836	(1 836)	–	–	–
- transfers to Stage 2	(3 804)	3 901	(97)	–	–
- transfers to Stage 3	(3 705)	(271)	3 976	–	–
Partial repayment of the principal / drawing of loan during the reporting period (-/+)	3 052	(815)	(1 391)	(11)	835
Movement in interest – accrued less paid (except for full repayment)	1 246	39	2	9	1 296
Increase due to origination and acquisition – gross	31 505	–	–	57	31 562
Financial assets derecognised during the period	(31 832)	(3 705)	(1 599)	(103)	(37 239)
Write-offs and sale of receivables	(29)	–	(1 798)	(8)	(1 835)
Changes due to modification without derecognition (net)	67	5	237	(6)	303
Transfer to IFRS 5	(449)	(8)	(1 374)	–	(1 831)
FX movements	1 219	144	(288)	9	1 084
Total as at 31 December 2023	**93 325**	**7 163**	**4 281**	**354**	**105 123**

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**80 293**	**9 746**	**6 876**	**423**	**97 338**
Transfers:					
- transfers to Stage 1	3 833	(3 833)	–	–	–
- transfers to Stage 2	(6 082)	6 082	–	–	–
- transfers to Stage 3	(4 984)	(942)	5 926	–	–
Partial repayment of the principal / drawing of loan during the reporting period (-/+)	8 377	1 019	11	(129)	9 278
Movement in interest – accrued less paid (except for full repayment)	536	41	131	1	709
Increase due to origination and acquisition – gross	52 056	–	–	123	52 179
Financial assets derecognised during the period	(38 806)	(2 083)	(4 017)	(2)	(44 908)
Write-offs and sale of receivables	–	(43)	(651)	–	(694)
Changes due to modification without derecognition (net)	84	3	83	–	170
Acquisitions through business combinations	17	–	–	–	17
Disposal of subsidiaries	(42)	–	(1 763)	–	(1 805)
FX movements	(1 063)	(281)	17	(9)	(1 336)
Total as at 31 December 2022	**94 219**	**9 709**	**6 613**	**407**	**110 948**

"Increase due to origination and acquisition – gross" for POCI amounting to CZK 57 million (2022: CZK 123 million) represents loans with significant modifications.

Gross carrying amount of debt securities at FVOCI

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**1 920**	**2 384**	**1 344**	**–**	**5 648**
Transfers:					
- transfers to Stage 1	1 306	(1 306)	–	–	–
Fair value adjustment to OCI	(24)	(16)	(369)	–	(409)
Partial repayment of the principal / drawing of loan during the reporting period (-/+)	–	–	267	–	267
Movement in interest – accrued less paid (except for full repayment)	90	(1)	34	–	123
Increase due to origination and acquisition – gross	5 918	–	–	–	5 918
Financial assets derecognised during the period	(31)	(12)	–	–	(43)
Disposal of subsidiaries	–	–	(1 276)	–	(1 276)
FX movements	62	28	–	–	90
Total as at 31 December 2023	**9 241**	**1 077**	**–**	**–**	**10 318**

Gross carrying amount of debt securities at FVOCI

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**4 436**	**1 568**	**–**	**–**	**6 004**
Transfers:					
- transfers to Stage 2	(974)	974	–	–	–
- transfers to Stage 3	(3 072)	–	3 072	–	–
Fair value adjustment to OCI	(67)	(70)	(608)	–	(745)
Movement in interest – accrued less paid (except for full repayment)	53	12	90	–	155
Increase due to origination and acquisition – gross	2 671	–	–	–	2 671
Financial assets derecognised during the period	(1 069)	(50)	(1 524)	–	(2 643)
FX movements	(58)	(50)	314	–	206
Total as at 31 December 2022	**1 920**	**2 384**	**1 344**	**–**	**5 648**

Gross carrying amount of securities at amortised cost

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**4 532**	**–**	**282**	**–**	**4 814**
Partial repayment of the principal / drawing of loan during the reporting period (-/+)	–	–	(4)	–	(4)
Movement in interest – accrued less paid (except for full repayment)	8	–	–	–	8
Financial assets derecognised during the period	–	–	(204)	–	(204)
Transfer to IFRS 5	–	–	(32)	–	(32)
FX movements	–	–	(42)	–	(42)
Total as at 31 December 2023	**4 540**	**–**	**–**	**–**	**4 540**

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**4 761**	**–**	**–**	**–**	**4 761**
Transfers:					
- transfers to Stage 3	(238)	–	238	–	–
Movement in interest – accrued less paid (except for full repayment)	9	–	45	–	54
Financial assets derecognised during the period	–	–	(12)	–	(12)
FX movements	–	–	11	–	11
Total as at 31 December 2022	**4 532**	**–**	**282**	**–**	**4 814**

12. EXPECTED CREDIT LOSSES

a) Cash, cash equivalents and due from banks and other financial institutions

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**3**	**–**	**–**	**–**	**3**
Total as at 31 December 2023	**3**	**–**	**–**	**–**	**3**

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**2**	**–**	**–**	**–**	**2**
Net change in credit risk	3	–	–	–	3
Financial assets derecognised during the period	(2)	–	–	–	(2)
Total as at 31 December 2022	**3**	**–**	**–**	**–**	**3**

b) Loans and advances to customers at amortised cost

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**981**	**424**	**3 412**	**(18)**	**4 799**
Transfers:					
- transfers to Stage 1	67	(67)	–	–	–
- transfers to Stage 2	(159)	170	(11)	–	–
- transfers to Stage 3	(5)	(20)	25	–	–
Net change in credit risk	(217)	(167)	1 983	12	1 611
Changes due to modification without derecognition	67	5	237	(6)	303
New financial assets originated or purchased	194	–	–	1	195
Unwind of discount	–	–	(11)	–	(11)
Financial assets derecognised during the period	(84)	(38)	(368)	(86)	(576)
Use of allowances	–	–	(1 798)	78	(1 720)
Transfer to IFRS 5	(10)	(1)	(734)	–	(745)
FX movements	3	(2)	(189)	(1)	(189)
Total as at 31 December 2023	**837**	**304**	**2 546**	**(20)**	**3 667**

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**371**	**479**	**3 282**	**52**	**4 184**
Transfers:					
- transfers to Stage 1	34	(34)	–	–	–
- transfers to Stage 2	(102)	140	(38)	–	–
- transfers to Stage 3	(113)	(46)	159	–	–
Net change in credit risk	315	(32)	1 899	(70)	2 112
Changes due to modification without derecognition	84	3	83	–	170
New financial assets originated or purchased	426	–	–	–	426
Unwind of discount	–	–	36	–	36
Financial assets derecognised during the period	(20)	(25)	(554)	–	(599)
Use of allowances	–	(42)	(645)	–	(687)
Disposal of subsidiaries	–	–	(646)	–	(646)
FX movements	(14)	(19)	(164)	–	(197)
Total as at 31 December 2022	**981**	**424**	**3 412**	**(18)**	**4 799**

Use of allowances for the year ended 31 December 2023 amounted to CZK 1720 million (2022: CZK 687 million), mainly comprising the use of an allowance for loans of CZK 1750 million (2022: CZK 584 million), to which allowances of CZK 1750 million (2022: CZK 610 million) were established at the time of sale. The remaining part under "Use of allowances" represents the release of derecognition at the date of initial recognition POCI of CZK minus 87 million (2022: CZK 0 million).

c) Financial assets at fair value through other comprehensive income

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**35**	**112**	**631**	**–**	**778**
Transfers:					
- transfers to Stage 1	9	(9)	–	–	–
Net change in credit risk	19	(72)	320	–	267
New financial assets originated or purchased	2	–	–	–	2
Disposal of subsidiaries	–	–	(951)	–	(951)
FX movements	(9)	(6)	–	–	(15)
Total as at 31 December 2023	**56**	**25**	**–**	**–**	**81**

In addition, balance of CZK 81 million is decreased by impact of deferred tax from ECL to bonds in FVOCI of CZK 17 million, note 28.

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**51**	**81**	**–**	**–**	**132**
Transfers:					
- transfers to Stage 2	(75)	75	–	–	–
- transfers to Stage 3	(5)	–	5	–	–
Net change in credit risk	(11)	(41)	627	–	575
New financial assets originated or purchased	77	–	–	–	77
Financial assets derecognised during the period	(1)	–	(2)	–	(3)
FX movements	(1)	(3)	1	–	(3)
Total as at 31 December 2022	**35**	**112**	**631**	**–**	**778**

d) Financial assets at amortised cost

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**2**	**–**	**11**	**–**	**13**
Net change in credit risk	(2)	–	(9)	–	(11)
FX movements	–	–	(2)	–	(2)
Total as at 31 December 2023	**–**	**–**	**–**	**–**	**–**

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**2**	**–**	**–**	**–**	**2**
Transfers:					
- transfers to Stage 3	(1)	–	1	–	–
Net change in credit risk	1	–	11	–	12
FX movements	–	–	(1)	–	(1)
Total as at 31 December 2022	**2**	**–**	**11**	**–**	**13**

e) Financial commitments and guarantees

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**59**	**7**	**92**	**-**	**158**
Transfers					
- transfers to Stage 2	(14)	14	-	-	-
- transfers to Stage 3	(2)	(1)	3	-	-
Net change in credit risk	(29)	(9)	55	3	20
New financial assets originated or purchased	61	-	-	-	61
Financial assets derecognised during the period	(6)	(3)	(12)	-	(21)
FX movements	1	-	2	-	3
Total as at 31 December 2023	**70**	**8**	**140**	**3**	**221**

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**22**	**3**	**79**	**–**	**104**
Transfers					
- transfers to Stage 1	1	(1)	–	–	–
- transfers to Stage 2	(25)	32	(7)	–	–
- transfers to Stage 3	(45)	–	45	–	–
Net change in credit risk	(70)	(27)	(21)	–	(118)
New financial assets originated or purchased	178	–	–	–	178
Financial assets derecognised during the period	(1)	–	(1)	–	(2)
FX movements	(1)	–	(3)	–	(4)
Total as at 31 December 2022	**59**	**7**	**92**	**–**	**158**

f) Other assets

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**-**	**6**	**245**	**-**	**251**
Transfers:					
- transfers to Stage 3	(76)	-	76	-	-
Net change in credit risk	-	18	(87)	-	(69)
New financial assets originated or purchased	76	-	-	-	76
Financial assets derecognised during the period	-	-	(3)	-	(3)
Transfer to IFRS 5	-	(20)	(181)	-	(201)
FX movements	-	(2)	(44)	-	(46)
Total as at 31 December 2023	**-**	**2**	**6**	**-**	**8**

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**–**	**24**	**–**	**–**	**24**
Transfers:					
- transfers to Stage 3	–	(16)	16	–	–
Net change in credit risk	–	1	259	–	260
Financial assets derecognised during the period	–	–	(4)	–	(4)
Write-offs/Use of allowances	–	(4)	(4)	–	(8)
FX movements	–	1	(22)	–	(21)
Total as at 31 December 2022	**–**	**6**	**245**	**–**	**251**

13. INVESTMENT PROPERTY

Investment property as at 31 December 2023 primarily include a building of Rustonka Development II s.r.o. totalling CZK 600 million (2022: mainly Rustonka Development II s.r.o. CZK 481 million, Interznanie OAO CZK 325 million). In 2023, the Group increased the share of investment property in Rustonka Development II s.r.o. reflecting the increase of rent premises outside the Group.

Investment property is classified as Level 3 according to fair value hierarchy. Investment fair value is determined based on the independent expert opinion, assuming expected income and valuation of similar properties that have been analysed using the relevant market parameters available at valuation date (see section 3 (g) – Investment property).

The following overview shows information about significant unobservable inputs used to measure assets classified at Stage 3 as at 31 December 2023:

Type of asset	Valuation technique	Significant unobservable input	FV as at 31/12/2023	Estimated price	FV sensitivity to unobservable inputs
Investment property	The sales comparison approach	Price per sq. m	601	CZK/m² 117 753	A significant movement may increase/decrease the FV of an instrument

As at 31 December 2022:

Type of asset	Valuation technique	Significant unobservable input	FV as at 31/12/2022	Estimated price	FV sensitivity to unobservable inputs
Investment property	The sales comparison approach	Price per sq. m	829	CZK/m² 84 742 – 127 346	A significant movement may increase/decrease the FV of an instrument

in millions of CZK	2023	2022
1 January	**829**	**830**
Transfer to investment property from PPE	146	–
Additions	1	–
Disposals	(22)	–
Disposals of subsidiaries	(192)	–
Revaluation (note 36)	(119)	(6)
FX movements	(42)	5
Total as at 31 December	**601**	**829**

Disposals of investment property CZK 192 million relate especially to sale of the Group subsidiary Interznanie OAO, note 1.

Investment property was fully insured as at 31 December 2023 and as at 31 December 2022.

Rental income from investment property of CZK 27 million (2022: CZK 31 million) was reported in Other operating income. Operating expenses directly attributable to investment property of CZK 121 million (2022: CZK 9 million) were reported in Other operating expenses.

14. PROPERTY, PLANT AND EQUIPMENT

in millions of CZK	Land and buildings	Fixtures, fittings and equipment	Right-of-use assets Land and buildings	Right-of-use assets Equipment - cars	Total
Acquisition cost					
1 January 2022	**2 052**	**256**	**303**	**24**	**2 635**
Additions	1	21	25	4	51
Additions from acquisitions	223	708	–	–	931
Disposals	–	(9)	–	(11)	(20)
Effects of movements in foreign exchange	(50)	(3)	(9)	–	(62)
31/12/2022	**2 226**	**973**	**319**	**17**	**3 535**
Accumulated depreciation					
1 January 2022	**84**	**80**	**104**	**16**	**284**
Additions	68	89	45	5	207
Disposals	(7)	(6)	–	(11)	(24)
Effects of movements in foreign exchange	(1)	(1)	(2)	–	(4)
31/12/2022	**144**	**162**	**147**	**10**	**463**
Acquisition cost					
1 January 2023	**2 226**	**973**	**319**	**17**	**3 535**
Additions	2	50	29	8	89
Disposals	(24)	(26)	(9)	(4)	(63)
Transfer to investment property	(146)	–	–	–	(146)
Modification IFRS 16	–	–	112	1	113
Revaluation to OCI	38	–	–	–	38
Disposal due to sale of subsidiary	(302)	(727)	(26)	–	(1 055)
Effects of movements in foreign exchange	22	(2)	3	–	23
31/12/2023	**1 816**	**268**	**428**	**22**	**2 534**
Accumulated depreciation					
1 January 2023	**144**	**162**	**147**	**10**	**463**
Additions	59	108	44	7	218
Disposals	(10)	(5)	(9)	(4)	(28)
Disposal due to sale of subsidiary	(62)	(144)	(6)	–	(212)
Effects of movements in foreign exchange	(3)	3	2	–	2
31/12/2023	**128**	**124**	**178**	**13**	**443**
Net book value					
31/12/2022	**2 082**	**811**	**172**	**7**	**3 072**
31/12/2023	**1 688**	**144**	**250**	**9**	**2 091**

Property is insured against theft and natural disaster.

15. INTANGIBLE ASSETS AND GOODWILL

in millions of CZK	Software	Other intangible assets	Goodwill	Total
Acquisition cost				
01/01/2022	**777**	**146**	**385**	**1 308**
Additions	178	7	–	185
Additions from acquisitions	4	1	94	99
Disposals	(77)	–	–	(77)
Effects of movements in foreign exchange	(2)	–	12	10
31/12/2022	**880**	**154**	**491**	**1 525**
Amortisation and impairment losses				
01/01/2022	**607**	**134**	**348**	**1 089**
Additions	64	3	–	67
Disposals	(16)	–	–	(16)
Additions from acquisitions	4	1	–	5
Effects of movements in foreign exchange	(1)	–	12	11
31/12/2022	**658**	**138**	**360**	**1 156**
Acquisition cost				
01/01/2023	**880**	**154**	**491**	**1 525**
Additions	103	5	–	108
Disposal due to sale of subsidiary	(12)	(1)	–	(13)
Disposals	(764)	(9)	–	(773)
Write off	–	–	(161)	(161)
Effects of movements in foreign exchange	1	–	(39)	(38)
31/12/2023	**208**	**149**	**291**	**648**
Amortisation and impairment losses				
01/01/2023	**658**	**138**	**360**	**1 156**
Additions	62	6	3	71
Disposal due to sale of subsidiary	(12)	(1)	–	(13)
Disposals	(614)	–	–	(614)
Write off	–	–	(157)	(157)
Effects of movements in foreign exchange	(1)	1	(38)	(38)
31/12/2023	**93**	**144**	**168**	**405**
Carrying amount				
31/12/2022	**222**	**16**	**131**	**369**
31/12/2023	**115**	**5**	**123**	**243**

On 30 September 2023, the Group disposed its whole IT Dept. and services to the subsidiary of J&T FINANCE GROUP SE. The sales price of transaction was determined based on the expert opinion. The impact of the transaction is presented in Other operating income, note 31.

In 2022, the value of goodwill increased due to the purchase of a 80% share in AMISTA, investiční společnost, a.s. in the form of a business combination in accordance with IFRS 3.

16. LEASES

(a) Leases entered into as lessee

The Group accounts for leases pursuant to IFRS 16.

(b) Leases entered into as lessor

Operating lease The Group mainly reports liabilities from leases associated with the Rustonka building, owned by Rustonka Development II s.r.o., member of the Group since December 2020. Rustonka Development II s.r.o. has a lease agreement with its sister company outside the Group that has also entered into a sublease agreement with similar parameters with other companies in the Group. The Group's management believes it is legally permissible for companies included in the consolidation group to offset lease-related receivables and payables as well as related lease income and expenses even though the leases are conducted through a sister company outside the Group. Therefore, at the end of 2023 and 2022, the Group performed an offset within prepaid expenses and deferred revenues in the balance sheet used by individual companies to report expenses / revenues incurred for specific building modifications in accordance with the requirements of the Group's parent company, which were paid at the beginning of the tenancy relationship.

Expected receivables from operating lease payments (excluding the rent in the Rustonka building for the above reasons) are shown in the following table.

in millions of CZK	31/12/2023	31/12/2022
Up to one year	–	41
Total	**–**	**41**

The Group provides to its client's finance leases for various assets (e.g. cars, machinery, equipment, etc.). The expected lease payments are shown in the following table.

in millions of CZK	31/12/2023
Gross amount of a finance lease receivable	
Up to one year	323
1 year to 2 years	55
2 years to 3 years	22
3 years to 4 years	5
Total	**405**
Unrealized revenue	(17)
Present value of future lease payments	**388**
Expected credit losses	(214)

in millions of CZK	31/12/2022
Gross amount of a finance lease receivable	
Up to one year	850
1 year to 2 years	332
2 years to 3 years	70
3 years to 4 years	27
4 years to 5 years	6
Total	**1 285**
Unrealized revenue	(178)
Present value of future lease payments	**1 107**
Expected credit losses	(176)

17. OTHER ASSETS

in millions of CZK	31/12/2023	31/12/2022
Receivables from customers from securities trading	7 825	1 948
Advance payments – other	1 014	79
Prepayments and accrued income	748	664
Other trade receivables	598	399
Other receivables	64	436
Restricted cash (note 1)	27	798
Other tax receivables	1	2
Allowances for impairment of other assets	(9)	(251)
Total	**10 268**	**4 075**

"Receivables from customers from securities trading" increased in 2023 due to higher volume of customer trades around the year-end compared with the end of 2022.

Advance payments were paid especially for IT services of total amount CZK 930 million during the year 2023.

Other assets are measured at amortised cost with the gross carrying amount CZK 10 277 million. The amount of CZK 10 241 million is included in Stage 2 (2022: CZK 3 188 million). The amount of CZK 33 million (2022: CZK 1 043 million) present restricted cash classified in Stage 3.

Changes in allowances for other assets are disclosed in note 12.

18. DISPOSAL GROUPS HELD FOR SALE

in millions of CZK	31/12/2023	31/12/2022
J&T Ostravice Active Life UPF	25	25
Lease and loan receivables, other assets	442	10
Total	**467**	**35**

Majority of total balance represents portfolio of lease and loan receivable in J&T Leasingová společnost, s.r.o. held for sale since December 2023.

J&T Ostravice Active life UPF, is in the last phase of the project. When it's finalised, the fund's activities are planned to be terminated.

19. DEBT SECURITIES ISSUED

in millions of CZK	31/12/2023	31/12/2022
Bonds issued	3 287	301
Total	**3 287**	**301**

On 26 October 2023, the Group issued 120 000 pieces of bonds with nominal value of EUR 1 000 per piece. These unsecured non-convertible financial instruments were issued in EUR, effective interest rate is 7.5%, interest is paid annually. Bonds mature in 2026.

On 13 December 2022, the Group issued 30 pieces of bonds with nominal value of CZK 10 million per piece. These unsecured non-convertible financial instruments were issued in CZK, effective interest rate is 8%, interest is paid annually. Bonds mature in 2027.

For the estimated fair value of issued bonds see note 50.

20. DEPOSITS AND LOANS FROM BANKS

in millions of CZK	31/12/2023	31/12/2022
Deposits from banks	5 458	6 928
Loans from banks – repurchase agreements (note 9)	3 733	3 602
Total	**9 191**	**10 530**

Deposits from banks include current deposits, term deposits and other financial liabilities.

21. DEPOSITS FROM CUSTOMERS

in millions of CZK	31/12/2023	31/12/2022
Term deposits and escrow accounts	174 117	134 261
Current accounts	43 697	29 579
Other liabilities	23	182
Total	**217 837**	**164 022**

22. SUBORDINATED DEBT

in millions of CZK	31/12/2023	31/12/2022
Subordinated debt – term deposits	1 256	256
Total	**1 256**	**256**

in millions of CZK	2023	2022
Interest expense for subordinated debt:	58	6
of which interest paid	51	3

The subordinated debt – term deposits from customers with a maturity up to 2027 bear an interest rate between 6.10% p.a. and 7.50% p.a. for contracts opened till 31 December 2021, for contracts opened after 01 January 2022 is maturity up to 2027 bear an interest rate 7.5%.

The Czech National Bank approved the subordinated debt as a part of the capital for regulatory purposes.

23. OTHER LIABILITIES

Other liabilities

in millions of CZK	31/12/2023	31/12/2022
Payables to clients from securities trading	12 649	8 207
Estimated payables, accruals and deferred income	1 045	404
Trade payables	120	363
Payables to employees	64	65
Social security liabilities	29	28
Lease liabilities	260	183
- up to one year	62	44
- over 1 year	198	139
Other tax liabilities	128	98
Financial liabilities at fair value through profit or loss	38	3
Other liabilities	927	332
Total	**15 260**	**9 683**

Payables to clients from securities trading increased at the end of 2023 due to higher volume of customer trades around the year-end compared with the end of 2022.

Accruals and deferred income primarily consist of estimated payables for outsourcing IT services.

24. PROVISIONS

in millions of CZK	31/12/2023	31/12/2022
Provision for employee bonuses	1 391	1 312
Provision for off-balance sheet items (loan commitments, guarantees)	221	158
- Stage 1	71	59
- Stage 2	6	7
- Stage 3	141	92
- POCI	3	–
Provision for loyalty programmes - customers	27	28
Provision for loyalty programmes - employees	5	8
Other provisions	8	2
Total	**1 652**	**1 508**

A provision for employee bonuses is established in relation to the approval of Group employees' annual bonuses. The annual bonus is defined as variable benefit component of employee remuneration which the company may grant and pay to an employee in proportion to his/her job performance in the evaluated period, most commonly a year. It also comprises bonuses with deferred due payment.

Other provisions are short-term and expected to be utilised within 12 months after the reporting date.

in millions of CZK	Balance as at 01/01/2023	Additions/ Creation	Use/ Release	Foreign exchange differences	Balance as at 31/12/2023
Employee bonuses	1 312	859	(768)	(12)	1 391
Off-balance sheet items	158	61	(21)	23	221
Loyalty programmes – customers	28	–	–	(1)	27
Loyalty programmes – employees	8	6	(7)	(2)	5
Other provisions	2	6	(1)	1	8
Total	**1 508**	**932**	**(797)**	**9**	**1 652**

in millions of CZK	Balance as at 01/01/2022	Additions/ Creation	Use/ Release	Foreign exchange differences	Balance as at 31/12/2022
Employee bonuses	1 261	593	(535)	(7)	1 312
Off-balance sheet items	104	178	(120)	(4)	158
Loyalty programmes – customers	28	–	–	–	28
Loyalty programmes – employees	7	6	(5)	–	8
Other provisions	4	3	(5)	–	2
Total	**1 404**	**780**	**(665)**	**(11)**	**1 508**

25. EQUITY

in millions of CZK	31/12/2023	31/12/2022
The share capital has been fully paid up and consists of:		
10 637 126 ordinary shares with a nominal value of CZK 1 000/share	10 637	10 637
700 000 ordinary shares with a nominal value of CZK 1.43/share	1	1
Total share capital	**10 638**	**10 638**

All of the Bank´s shares are book-entry registered shares and are freely transferable. 1 000 votes are associated with shares with a nominal value of CZK 1 000, 1.43 votes are associated with shares with a nominal value of CZK 1.43.

The rights and obligations of shareholders are regulated in Act No. 90/2012 Coll., the Business Corporations Act and Bank´s Articles of Association. Each of the Bank´s shareholders has a pre-emptive right to subscribe a pro rata portion of the shares in the Bank if the registered share capital of the Bank is increased by cash contributions into the Bank. The shareholder has a pre-emptive right to subscribe for those shares that have not been subscribed for by another shareholder in accordance with the Business Corporations Act.

As the Bank has only a sole shareholder, the General Meeting shall not be held and the shareholder shall act in the capacity of the General Meeting. In this case, the rights and obligations of the sole shareholder are identical to those of the General Meeting, whose powers are regulated in the company´s valid Articles of Association and Act No. 90/2012 Coll., the Business Corporations Act.

Dividends

The Group has not approved any specific dividend policy. The distribution of dividends, if any, is subject, for each accounting period, to assessment in terms of the possibilities and needs of the Group, as well as in terms of the Group´s long-term business objectives. When assessing the payment of dividends, the goals to ensure a sufficient level of capital adequacy and further regulatory requirements, as well as the interests of the owners of shares, are all taken into account.

The owners of ordinary shares are entitled to the payment of approved dividends. The ultimate shareholder decided at the general meeting on 25 May 2023 to pay out dividends from retained earnings in total amount of CZK 1 000 million (2022: CZK 0 million). Dividends were paid out in the amount of CZK 94.0015 per ordinary share of nominal value CZK 1 ths and in the amount of CZK 0.1344 per ordinary share of nominal value CZK 1.43.

The Group does not provide any employee incentive scheme involving the option to buy own shares, or remuneration in the form of equity options.

The allocation of the profit for 2023 will be approved at the General Meeting, and based on the proposal of the Group´s Board of Directors. The Group's management assumes that a relevant part of profit will be transferred to the special-purpose capital fund for the distribution of revenue from certificates that are part of the Group's equity and the remaining part will be used based on a decision and approval by the General Meeting.

Retained earnings

Retained earnings are distributable to the Group's shareholders and are subject to the approval of the shareholders' general meeting. As at 31 December 2023, retained earnings amounted to CZK 18 564 million (2022: CZK 14 810 million). For details related to retained earnings, refer to the Consolidated statement of changes in equity.

Capital funds

Capital funds consist of a special-purpose fund for income distribution from subordinated income certificates. For details related to the special-purpose fund, refer to the last paragraph in Other equity instruments.

On 19 December 2022 the parent company J&T FINANCE GROUP SE contributed the payment to other capital funds amounted to CZK 2 913 million.

As at 31 December 2023, capital funds amounted to CZK 2 910 million (2022: CZK 2 977 million).

Translation and revaluation reserve

Translation and revaluation reserve comprises items arisen from the following:
- changes in the fair value of financial assets measured at FVOCI;
- all foreign exchange differences arising from the translation of the financial statements of foreign operations.

The sum of translation and revaluation reserve was negative as at 31 December 2023, amounting to CZK 353 million (2022: negative CZK 1 631 million).

Other equity instruments and Perpetuity fund

On 19 June 2014, the Czech National Bank approved the issue prospectus for revenue certificates with an expected total nominal amount of CZK 1 000 million and interest revenue of 10% p.a.

On 12 September 2015, the Czech National Bank approved the prospectus for the second issue of revenue certificates with an expected total nominal amount of CZK 1 000 million and interest revenue of 9% p.a.

On 11 December 2015, the Czech National Bank approved the prospectus for the third issue of revenue certificates with an expected total nominal amount of EUR 50 million and interest revenue of 9% p.a.

On 10 August 2021, the Czech National Bank approved the issue prospectus for revenue certificates with an expected total nominal amount of CZK 1 300 million and interest revenue of 6.5% p.a.

On 15 June 2022, the Czech National Bank approved the issue prospectus for revenue certificates with the total nominal amount of EUR 200 million and interest revenue of 7% p.a.

As at 31 December 2023, the volume of issued certificates was CZK 8 868 million (2022: CZK 8 868 million).

On 30 June 2014, the Group's Board of Directors also approved the establishment of a special-purpose capital fund for the payment of revenue from certificates of CZK 100 million (Perpetuity fund). This fund was created from retained earnings. In 2023, the Bank transferred another CZK 772 million (2022: CZK 326 million) within the distribution of profit for 2022. The payment of revenue from certificates depends on a decision of the Group as the issuer and is governed by the conditions defined in the prospectus. In 2023, proceeds of

CZK 632 million (2022: CZK 319 million) was distributed from this fund. As at 31 December 2023, the special-purpose capital fund for the payment of revenue from certificates amounted to CZK 321 million (2022: CZK 181 million).

26. NON-CONTROLLING INTEREST

in millions of CZK	2023	2022
Interznanie, OAO	–	(3)
TERCES MANAGEMENT LIMITED	–	5
AMISTA investiční společnost, a.s.	9	11
Total	**9**	**13**

27. INCOME TAX

Income tax for 2023 was calculated in accordance with Czech tax regulations at the rate of 19% (2022: 19%). The corporate income tax rate for 2024 will be 21%.

The Slovak branch pays tax in accordance with Slovak tax regulations. The income tax rate in Slovakia is 21%. In 2024, the income tax rate in Slovakia will be 21%. The tax paid by the branch in Slovakia is offset against the income tax for the Bank as a whole paid in the Czech Republic.

The German branch pays tax in accordance with German tax regulations. The corporate income tax rate in Germany is 15% plus 5.5% solidarity surcharge thereon, thus combined 15.825%. Corporations in Germany are also subject to trade tax at the rate set forth by the corresponding municipalities (the rate ranges between 8.75% and 20.3%). In 2024, the corporate income tax rates in Germany shall remain unchanged. Revenues and related expenses taxed by the branch in Germany are excluded from taxation in the Czech Republic.

Effects of different tax rates applicable to the individual subsidiaries are taken into account when calculating the total income tax and are presented in line "Effect of tax rates in foreign jurisdictions". The corporate income tax rate in Croatia for 2023 is 18% (2022: 18%).

The Group expects that, considering the total amount of revenues on a consolidated basis of the J&T FINANCE GROUP SE, of which it is a part, the rules for the Pillar 2 top-up tax will apply to it in the future. Under these rules, the ultimate parent entity will be considered J&T FINANCE GROUP SE. The Group has decided to apply the exception from the accounting requirements arising from the Amendment to IAS 12 Income Taxes: International Tax Reform - Model Rules of the Second Pillar and does not account for deferred tax receivables and obligations related to corporate taxes under Pillar 2. The Group monitors and analyses the development of legislation in this area, familiarises itself with the relevant measures, the procedure for calculating the effective tax rate including the requirements for input data and reporting obligations, and prepares for the related duties. The Group currently does not expect a significant impact of Pillar 2 on the financial statements.

The management believes that it has adequately provided for the tax liabilities in the accompanying consolidated financial statements.

Reconciliation of effective tax rate:

in millions of CZK	2023	2022
Profit before tax	7 038	4 759
Income tax using income tax rate (19%)	1 337	904
Reconciliation:		
Effect of tax rates in foreign jurisdictions	(1)	11
Non-taxable income	(1 010)	(123)
Impact of change in tax rate	(65)	
Non-deductible expenses	1 384	596
Other	–	(9)
Total income tax	**1 645**	**1 379**
Effective tax rate	23,4 %	29,0 %
of which:		
- Income tax expense - deferred	228	178
- Income tax (benefit) - current	(1 873)	(1 557)

The increase in non-deductible expenses and non-taxable income in 2023 was caused due to the disposal of sold subsidiaries.

28. DEFERRED TAX ASSET

The following deferred tax assets and liabilities have been recognised:

Deferred tax asset

in millions of CZK	31/12/2023	31/12/2022
Difference between the carrying and tax value of property, plant and equipment and intangible assets	(18)	7
Financial assets at fair value through other comprehensive income	39	41
Investment property	5	(58)
Allowances for credit receivables	337	197
Provision for bonuses and untaken holidays	275	232
Other temporary differences	48	31
Net deferred tax asset	**686**	**450**

Total deferred tax of CZK 686 million (2022: CZK 450 million) comprises a net deferred tax liability of CZK 10 million (2022: CZK 61 million) and a net deferred tax asset of CZK 696 million (2022: CZK 511 million) arising at the level of the Bank and other companies of the Group.

The deferred tax asset or liability is calculated using the 2024 corporate income tax rate, i.e. 21%; 18% for J&T banka d.d., and 21% for the Bank's Slovak branch (2022: 19%, 18% and 21%).

The following table shows the reconciliation between the deferred tax charge and the change in deferred tax assets in 2023.

in millions of CZK	31/12/2023	31/12/2022
Deferred tax liability, net as at 31 December	450	244
Deferred tax expense/revenue in the period (see note 26)	228	178
Deferred tax recognised in equity	(10)	32
Disposal due to sale of subsidiaries	23	5
Deferred tax from ECL to bonds in FVOCI	(17)	
Foreign exchange differences	12	(9)
Deferred tax asset	**686**	**450**

Deferred tax assets were not recognised for:

in millions of CZK	2023	2022
Tax losses carried forward	–	476

Deferred tax asset for tax losses carried forward is only recognised to the extent that it is probable that taxable profit will be available in the future.

29. INTEREST INCOME

in millions of CZK	2023	2022
Interest income from:		
Loans and advances to customers	8 775	5 751
Reverse repurchase transactions	7 714	4 969
Bonds and other fixed income securities	905	729
Due from financial institutions	315	214
Total	**17 709**	**11 663**

Interest income from “Loans and advances to customers” includes fees associated with the provision of loans of CZK 132 million (2022: CZK 130 million) that are part of effective interest rate.

Interest income by asset classes:

in millions of CZK	2023	2022
Interest income from:		
Financial assets at fair value through profit or loss:		
- financial assets held for trading	369	222
- finance lease	112	135
Other interest income	**481**	**357**
Loans and other advances at amortised cost	16 690	10 800
- of which:		
unpaid interest on impaired loans	432	203
unpaid interest on loans with forbearance	5	20
Financial assets at FVOCI	462	391
Financial assets at amortised cost	76	115
Interest income calculated using effective interest rate	**17 228**	**11 306**
Total	**17 709**	**11 663**

30. INTEREST EXPENSE

in millions of CZK	2023	2022
Interest expense on:		
Deposits from customers	(7 741)	(4 305)
Deposits and loans from banks	(305)	(104)
Repurchase transactions	(153)	(203)
Lease liabilities	(7)	(6)
Issued bonds	(69)	(1)
Subordinated debt – term deposits	(58)	(6)
Total	**(8 333)**	**(4 625)**

Interest expense by liability classes:

in millions of CZK	2023	2022
Interest expense on:		
Financial liabilities at amortised cost	(8 333)	(4 625)
Total	**(8 333)**	**(4 625)**

31. FEE AND COMMISSION INCOME

All fee and commission income is recognised in line with IFRS 15 Revenue from Contracts with Customers.

The following overview presents the segmentation of fee and commission income by the Group's business segments from:

31/12/2023

in millions of CZK	Banking ČR	Banking SR	Banking Other	Asset management	Total
trading with financial instruments	176	45	–	–	221
foreign exchange services	42	10	–	–	52
assets administration and custody	93	1	–	25	119
issuance and administration of securities	511	49	–	–	560
assets management	99	–	–	–	99
distribution and other fees from funds	81	5	–	1 293	1 379
lending activities	82	13	1	–	96
others	96	5	7	28	136
Total	**1 180**	**128**	**8**	**1 346**	**2 662**

31/12/2022

in millions of CZK	Banking ČR	Banking SR	Banking Other	Asset management	Total
trading with financial instruments	204	60	–	–	264
foreign exchange services	75	38	–	–	113
assets administration and custody	139	1	–	–	140
issuance and administration of securities	474	39	–	–	513
assets management	72	–	–	–	72
distribution and other fees from funds	110	7	–	764	881
lending activities	162	13	2	–	177
others	34	5	16	–	55
Total	**1 270**	**163**	**18**	**1 346**	**2 215**

32. FEE AND COMMISSION EXPENSE

in millions of CZK	2023	2022
Fee and commission expense on:		
transactions in financial instruments	(191)	(204)
administration, custody and safekeeping of valuables	(49)	(60)
mediation of payment transactions	(28)	(32)
other	(105)	(28)
Total	**(373)**	**(324)**

33. NET INCOME/(LOSS) FROM TRADING AND INVESTMENTS

in millions of CZK	2023	2022
Realised/unrealised gains/(losses) on securities	769	(84)
Net gains on derivative operations	1 094	3 413
Net (losses) from financial liabilities at fair value	(31)	–
Net (losses) from foreign currency translation	(9)	(1 244)
Dividend income	134	69
Total	**1 957**	**2 154**

in millions of CZK	2023	2022
Financial assets and liabilities at fair value through profit or loss:		
- those held for trading	1 546	3 192
- financial assets mandatorily at fair value	382	270
- financial liabilities at fair value	(31)	–
Financial assets at fair value through other comprehensive income	69	(64)
Foreign exchange differences	(9)	(1 244)
Total	**1 957**	**2 154**

34. OTHER OPERATING INCOME

in millions of CZK	2023	2022
Revenues from services and consulting	47	57
Rental income from investment property	27	31
Gains/(losses) from revaluation of investment property (note 33)	1	(6)
Income from rendered operating leases	2	3
Rental income	3	4
Revenue from the sale of electricity	330	249
Other income	205	98
Total	**615**	**436**

Other income comprises a number of items that are separately immaterial, such as revenue from disposal of IT Dept. CZK 80 million (2022: CZK 0 million), penalties of CZK 35 million (2022: CZK 5 million), profit from gold bar of CZK 16 million (2022: CZK 0 million) etc.

35. PERSONNEL EXPENSES

in millions of CZK	2023	2022
Wages and salaries	(1 341)	(1 093)
Remuneration paid to key management personnel	(161)	(169)
Compulsory social security contributions	(387)	(331)
Other social expenses	(99)	(130)
Total	**(1 988)**	**(1 723)**
Average number of employees during the reporting period	**968**	**940**

As at 31 December 2023, the board of directors of the Group's parent company had 6 members (2022: 6).

36. OTHER OPERATING EXPENSES

in millions of CZK	2023	2022
Rental expense	(168)	(154)
of which recognition exemption applied under IFRS 16		
- lease of low-value assets	(62)	(58)
- short-term leases	(38)	(36)
- variable rent payments	(55)	(51)
Contributions to Deposit Insurance Fund	(72)	(64)
Contributions to Crisis Resolution Fund	(143)	(122)
Taxes and charges	(93)	(57)
Operating costs:		
Outsourcing	(724)	(521)
Advertising expenses and promotion	(257)	(243)
Repairs and maintenance - IS, IT	(38)	(45)
Audit, legal and tax consulting	(115)	(76)
Expenses related to rented premises	(13)	(17)
Consulting expenses	(65)	(70)
Sponsorship and gifts	(41)	(58)
Communication expenses	(28)	(26)
Materials	(24)	(22)
Transport and accommodation, travel expenses	(18)	(13)
Expenses related to investment property	(122)	(15)
Other operating expenses	(336)	(261)
Total	**(2 257)**	**(1 764)**

Other operating expenses of CZK 336 million as at 31 December 2023 (2022: CZK 261 million) include many sundry items that are not significant on an individual basis.

While monetary payments of the principal of a lease liability amounted to CZK 40 million (2022: CZK 47 million), monetary payments of the interest part of the lease liability amounted to CZK 7 million (2022: CZK 6 million).

The Crisis Resolution Fund is a source for the use of crisis resolution tools at the Bank as parent company, the use of which may be proposed by the Czech National Bank in situations when it is feasible, credible and in the public interest. This fund does not serve for direct payouts of deposit compensation.

37. ANALYSIS OF CHANGES IN LIABILITIES FROM FINANCIAL CASH FLOWS

in millions of CZK	Subordinated debt	Lease liabilities	Debt securities issued
Balance as at 1 January 2022	**73**	**208**	**–**
Changes in financial cash flows			
Issue of debt	185	–	300
Lease liabilities paid	–	(47)	–
Total changes in financial cash flows	**185**	**(47)**	**300**
Foreign exchange differences	**(3)**	**(6)**	**–**
Other changes	**–**	**28**	**–**
Related changes			
Interest expense	6	6	1
Interest paid	(5)	(6)	–
Total related changes and liabilities	**1**	**–**	**1**
Balance as at 31 December 2022	**256**	**183**	**301**

in millions of CZK	Subordinated debt	Lease liabilities	Debt securities issued
Balance as at 1 January 2023	**256**	**183**	**301**
Changes in financial cash flows			
Repayment of subordinated debt	(1)	–	–
Issue of debt	1 000	–	2 967
Lease liabilities paid	–	(40)	–
Total changes in financial cash flows	**999**	**(40)**	**2 967**
Foreign exchange differences	**1**	**1**	**–**
Other changes	**(2)**	**116**	**(26)**
Related changes			
Interest expense	58	(7)	69
Interest paid	(56)	7	(24)
Total related changes and liabilities	**2**	**–**	**45**
Balance as at 31 December 2023	**1 256**	**260**	**3 287**

Other changes in the lease liability include new lease contracts (note 16) and the effects of lease modification.

38. FINANCIAL COMMITMENTS AND CONTINGENCIES

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total 2023
Unused credit lines	6 838	34	177	15	7 064
Granted guarantees	3 841	142	121	–	4 104

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total 2022
Unused credit lines	4 638	147	608	–	5 393
Granted guarantees	3 058	320	90	–	3 468

39. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

in millions of CZK	31/12/2023	31/12/2022
Assets under management		
Assets in own-managed funds	139 462	97 229
Assets under investment management with right of disposal	6 017	6 961
Assets under administration		
Other administrative assets	222 573	261 414
Total assets under management	**368 052**	**365 605**
Of which Assets under administration entrusted to third parties	61 545	115 017

Assets under management are measured at fair value for quoted financial instruments. If these are not quoted, debt and equity financial instruments are valued at amortised cost or using common valuation techniques (e.g. pricing models with market inputs as available), respectively.

Assets under management
Assets under management represent the total market value of investments that the Group manages on behalf of clients. These assets are actively managed by fund managers and portfolio managers with fiduciary responsibility and authority to make investment decisions on behalf of investors.

Assets under management in own-managed funds represent assets of all investment funds of the Group.

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 the Group companies and of assets deposited with third parties, for which the Group companies hold right of disposal.

Assets under management are charged by a fee combined from a fixed management fee from the volume of managed assets and a performance fee.

Assets under administration
Assets under administration are total assets for which the Group provides only administrative services and consultancy for a fee. Assets are owned and managed by clients who have entered into an agreement with the Group as the provider of assets administration. The Group has no right to make investments decisions on behalf of clients.

Clients' assets are primarily held on the Group's collective clients' accounts e.i. Nominee accounts at domestic central depositories or abroad. Some of these clients' assets might be registered by a selected third-party on a segregated sub-account held on behalf of the client e.i. Individual accounts. Registration is based on a client's request.

The Group reviewed the methodology of presentation assets under administration and concluded to present clients' assets under administration held on Nominee accounts and newly also clients' assets held on Individual accounts.

Assets under administration are charged by a fee for safekeeping investment instruments according to the Group's price list and the Group's reward mechanism.

Assets under administration entrusted to third parties
As a result of methodology review, the Group decided to also disclose clients' assets under administration entrusted to other banks or foreign depositories for administrative services. Those assets are generally foreign securities.

40. SEGMENT INFORMATION

(a) Business segments

Information on business segments is disclosed in note 3(o).

31/12/2023

in millions of CZK	Banking					Asset management	Real estate	Leasing	Other	Total
	CR	SR	RU	HR	DE					
Net interest income	9 830	(519)	156	76	(310)	10	(20)	209	(56)	9 376
– Intersegment	*(1 062)*	*1 228*	*(2)*	*(3)*	–	*2*	*2*	*(158)*	*(7)*	–
Net fee and commission income	889	114	–	2	–	1 313	–	(29)	–	2 289
– Intersegment	*445*	–	–	*5*	–	*(441)*	–	–	–	*9*
Net income/(loss) from trading and investments	1 802	4	171	–	–	12	(39)	3	4	1 957
– Intersegment	*(3)*	*(2)*	–	–	–	–	–	*5*	–	–
Other operating income	(7)	1	31	5	–	(7)	149	54	389	615
– Intersegment	*(564)*	*104*	*(12)*	*1*	*455*	*(8)*	*11*	–	–	*(13)*
Operating income	**12 514**	**(400)**	**358**	**83**	**(310)**	**1 328**	**90**	**237**	**337**	**14 237**
Other significant non-cash items										
Net change in loss allowances for financial instruments	(849)	(219)	(156)	(28)	–	(1)	(25)			(1 723)
Net loss from changes of loans and other receivables	(29)	(13)	–	–	–	–	–	–	–	(42)
Profit from interests in joint ventures and investments in associates	–	–	–	–	–	–	–	–	(1)	(1)
Profit/(loss) before tax	**7 623**	**(1 036)**	**56**	**(38)**	**(443)**	**1 022**	**(152)**	**(276)**	**281**	**7 037**
Asset segment	**277 555**	**7 185**	**–**	**1 820**	**219**	**1 946**	**2 539**	**1 074**	**746**	**293 084**
Liability segment	**189 198**	**38 670**	**–**	**1 471**	**20 952**	**301**	**1 029**	**455**	**51**	**252 127**

31/12/2022

in millions of CZK	Banking CR	Banking SR	Banking RU	Banking HR	Asset management	Real estate	Leasing	Other	Total
Net interest income	6 658	(148)	307	50	62	(13)	134	(12)	7 038
– Intersegment	(626)	768	(7)	(4)	–	5	(75)	(60)	1
Net fee and commission income	976	150	4	2	759	–	–	–	1 891
– Intersegment	*287*	–	–	*12*	*(285)*	–	*(8)*	*(1)*	*5*
Net income/(loss) from trading and investments	1 914	(24)	213	5	1	99	1	(55)	2 154
– Intersegment	*(428)*	*16*	–	*27*	–	*(6)*	*26*	–	*(365)*
Other operating income	(93)	1	30	9	(6)	148	25	322	436
– Intersegment	*(82)*	*89*	*(27)*	–	*(6)*	*27*	–	*7*	*8*
Operating income	**9 445**	**(21)**	**554**	**66**	**816**	**234**	**160**	**255**	**11 519**
Other significant non-cash items									
Net change in loss allowances for financial instruments	(837)	(26)	(2 039)	(47)	(60)	–	(8)	(15)	(3 032)
Net loss from changes of loans and other receivables	(106)	(9)	–	–	–	–	–	–	(115)
Profit from interests in joint ventures and investments in associates	–	–	–	–	–	140	–	2	142
Profit/(loss) before tax	**5 988**	**(461)**	**(1 704)**	**(63)**	**583**	**254**	**99**	**63**	**4 759**
Asset segment	**209 975**	**4 343**	**3 388**	**2 094**	**797**	**3 013**	**2 279**	**1 364**	**227 253**
Liability segment	**158 458**	**25 583**	**3 151**	**1 733**	**156**	**1 070**	**206**	**1 038**	**191 395**

Basic indicators of entities within the Group are as follows:

31/12/2023

in millions of CZK	Average no. of employees	Total assets	Income	Profit/ (loss) before tax	Tax
AMISTA investiční společnost, a.s.	48	89	150	29	(6)
ATLANTIK finanční trhy, a.s.	5	59	29	10	–
J&T BANKA, a.s. (pobočka SR)	178	39 442	1 778	293	(118)
J&T BANKA, a.s. (pobočka DE)	10	20 962	461	12	(2)
J&T banka d.d.	50	1 853	100	(37)	–
J&T IB and Capital Markets, a.s.	6	667	321	270	(3)
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	9	55	92	16	(3)
J&T INVESTIČNÍ SPOLEČNOST, a.s.	40	720	1 101	526	(102)
J&T Leasingová společnost, a.s.	10	1 076	265	(429)	–
J&T ORBIT SICAV, a.s.	1	1 076	1	20	–
J&T RFI I., s.r.o.	–	134	10	–	–
J&T VENTURES I otevřený podílový fond	–	113	1	(7)	–
Rustonka Development II s.r.o.	–	2 545	132	(25)	5

None of the entities within the Group was granted any public aid.

Stated accounting balances are before consolidation adjustments.

For the year 2023, all entities within the Group, excl. J&T RFI I., s.r.o. and J&T BANKA, a.s. (branch DE), are audited (2022: all entities excl. ALTERNATIVE UPRAVLJANJE d.o.o., FVE Čejkovice s.r.o., FVE Holding, s.r.o., FVE Němčice s.r.o. and J&T RFI I., s.r.o.).

31/12/2022

in millions of CZK	Avg no. of employees	Total assets	Income	Profit/ (loss) before tax	Tax
ALTERNATIVE UPRAVLJANJE d.o.o.	–	9	39	9	–
AMISTA investiční společnost, a.s.	44	88	155	29	(6)
ATLANTIK finanční trhy, a.s.	5	48	17	(7)	–
FVE Čejkovice s.r.o.	–	195	43	17	(4)
FVE Holding, s.r.o.	–	1 050	650	577	–
FVE Napajedla s.r.o.	–	520	82	32	1
FVE Němčice s.r.o.	–	325	58	21	(4)
FVE Slušovice s.r.o.	–	421	78	28	(3)
Interznanie OAO	17	477	54	9	(3)
J&T Bank, a.o.	158	3 880	381	(2 294)	(36)
J&T BANKA, a.s. (pobočka SR)	155	26 349	1 163	415	(99)
J&T banka d.d.	50	2 126	88	(57)	–
J&T IB and Capital Markets, a.s.	6	446	282	186	(14)
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	5	33	49	9	(2)
J&T INVESTIČNÍ SPOLEČNOST, a.s.	35	432	707	296	(56)
J&T Leasingová společnost, a.s.	20	2 293	162	42	–
J&T ORBIT SICAV, a.s.	1	17	–	(2)	–
J&T RFI I., s.r.o.	–	64	1	–	–
J&T VENTURES I otevřený podílový fond	–	96	–	(4)	2
Rustonka Development II s.r.o.	–	2 550	123	118	(31)
TERCES MANAGEMENT LIMITED	–	539	(3)	(4)	–

* Figures for XT-card a.s. and Leasing-Medicine Ltd (Lizing-Medicina ooo), i.e. companies that are also part of the Group, are part of the figure for companies exercising direct control over them. A German branch of the Bank (as the organizational unit "J&T BANKA, a.s. Zweigniederlassung Deutschland") was established on 21 September 2022, its business activities starts in 2023. AMISTA investiční společnost, a.s. and J&T ORBIT SICAV, a.s. were included to the consolidation scope from December 2022. Their average number of employees represents average for the whole year 2022 and therefore it was not included into calculation of average number of employees of the Group.

(b) Geographical segments

In presenting information on the basis of geographical areas, revenue/expense is based on the customer/counterparty's country of domicile and assets/liabilities are based on the geographical location of the assets/liabilities.

Financial position 31/12/2023

in millions of CZK	Czech Republic	Slovakia	Other EU countries	Other countries	Total
Cash, cash equivalents and due from banks and other financial institutions	133 888	6 237	839	5	140 969
Securities and positive fair value of derivatives	24 292	3 841	8 009	130	36 272
Loans and other advances to customers	31 303	9 037	51 715	9 400*	101 455
Total	**189 483**	**19 115**	**60 563**	**9 535**	**278 696**
Deposits and loans from banks	1 304	367	7 504	16	9 191
Deposits from customers	138 065	39 401	38 955	1 415	217 836
Negative fair value of derivatives	792	7	1 633	–	2 432
Bonds issued	3 287	–	–	–	3 287
Subordinated debt	1 199	57	–	–	1 256
Total	**144 647**	**39 832**	**48 092**	**1 431**	**234 002**

* The position covers especially expositions in Switzerland, Great Britain and USA.

Financial position 31/12/2022

in millions of CZK	Czech Republic	Slovakia	Other EU countries	Other countries	Total
Cash, cash equivalents and due from banks and other financial institutions	74 040	3 195	911	9	78 155
Securities and positive fair value of derivatives	16 584	4 075	11 459	1 927	34 045
Loans and other advances to customers	28 836	9 754	56 725	10 834*	106 149
Total	**119 460**	**17 024**	**69 095**	**12 770**	**218 349**
Deposits and loans from banks	2 126	343	7 916	145	10 530
Deposits from customers	110 821	24 936	24 535	3 730	164 022
Negative fair value of derivatives	1 546	10	2 297	82	3 935
Bonds issued	301	–	–	–	301
Subordinated debt	205	51	–	–	256
Total	**114 999**	**25 340**	**34 748**	**3 957**	**179 044**

* The position covers especially expositions in Switzerland, Great Britain and USA.

Exposures to Russia and Ukraine mainly represent securities and positive fair value of derivatives in the amount of CZK 1 749 million and loans and other receivables from clients in the amount of CZK 570 million. Among liabilities to these countries, the largest item is deposits from clients in the amount of CZK 2 995 million.

Statement of comprehensive income for the year ended 31 December 2023

in millions of CZK	Czech Republic	Slovakia	Other EU countries	Other countries	Total
Net interest income	4 612	486	3 179*	1 099	9 376
Net fee and commission income	1 601	387	230	71	2 289
Net income/(loss) from trading and investments	566	(727)	1 417**	701	1 957
Other operating income	503	23	20	69	615
Operating income	**7 282**	**169**	**4 846**	**1 940**	**14 237**
Personnel expenses	(1 641)	(159)	(107)	(81)	(1 988)
Other operating expenses and losses from sale of subsidiaries	(2 905)	(227)	153	(161)	(3 140)
Depreciation and amortisation	(235)	(36)	(17)	(18)	(306)
Profit before allowances, provisions and income tax	**2 501**	**(253)**	**4 875**	**1 680**	**8 803**
Net loss from changes of loans and other receivables	90	(27)	(29)	(76)	(42)
Net change in loss allowances for financial instruments	(313)	(269)	(742)	(399)	(1 723)
Profit before tax, excluding profit from equity accounted investees	**2 278**	**(549)**	**4 104**	**1 205**	**7 038**
Profit from equity accounted investees, net of tax	(1)	–	–	–	(1)
Profit before tax	**2 277**	**(549)**	**4 104**	**1 205**	**7 037**

* The item mainly includes a position against the Cyprus and Luxemburg.
** The item mainly includes a position against the Germany, Ireland and Cyprus.

Statement of comprehensive income for the year ended 31 December 2022

in millions of CZK	Czech Republic	Slovakia	Other EU countries	Other countries	Total
Net interest income	3 635	312	2 287*	804	7 038
Net fee and commission income	1 118	348	422	3	1 891
Net income/(loss) from trading and investments	(1 631)	(52)	4 870**	(1 033)	2 154
Other operating income	316	41	27	52	436
Operating income	**3 438**	**649**	**7 606**	**(174)**	**11 519**
Personnel expenses	(1 353)	(166)	(46)	(158)	(1 723)
Other operating expenses and losses from sale of subsidiaries	(1 344)	(236)	(57)	(127)	(1 764)
Depreciation and amortisation	(217)	(28)	(12)	(11)	(268)
Profit before allowances, provisions and income tax	**524**	**219**	**7 491**	**(470)**	**7 764**
Net loss from changes of loans and other receivables	–	(9)	(106)	–	(115)
Net change in loss allowances for financial instruments	(208)	261	(1 091)	(1 994)	(3 032)
Profit before tax, excluding profit from equity accounted investees	**316**	**471**	**6 294**	**(2 464)**	**4 617**
Profit from equity accounted investees, net of tax	142	–	–	–	142
Profit before tax	**458**	**471**	**6 294**	**(2 464)**	**4 759**

* The item mainly includes a position against the Cyprus and Luxemburg.

** The item mainly includes a position against the Germany, Ireland and Cyprus.

41. RELATED PARTIES

The outstanding balances and transactions with related parties of the Group are presented in the following tables. All material transactions with related parties were carried out based on the arm's length principle.

The transactions with the related parties are divided into the following categories

I. Parent company J&T FINANCE GROUP SE.
II. Majority owners of J&T FINANCE GROUP SE and companies they own. These companies do not prepare consolidated financial statements that would include the Group, with the exception of J&T FINANCE GROUP SE.
III. Subsidiaries. This category includes the subsidiaries of J&T FINANCE GROUP SE outside the Group that are included in the Group consolidated financial statements.
IV. Associates and joint-ventures. This category includes associates and joint ventures of the Group and J&T FINANCE GROUP SE.
V. Key management personnel of the Group or its parent and companies controlled or jointly controlled by this key management personnel. This category includes related parties which are connected to the Group through key management personnel of the Group or its parent.

On-balance and off-balance sheet items as at 31/12/2023 (in millions of CZK)	I.	II.	III.	IV.	V.	Total
Receivables	5	69	2 945	262	2 417	5 698
Liabilities	487	163	948	81	537	2 216
Granted guarantees	-	-	-	5	43	48
Received guarantees	427	-	32	-	247	706
Provided loan commitments	1 465	41	102	-	436	2 044
Received collateral	-	-	-	250	474	724
Profit / loss items for period ended 31/12/2023						
Expenses	(2 459)	(4)	(1 926)	(2)	(105)	(4 496)
Income	2 658	16	1 611	22	761	5 068

On-balance and off-balance sheet items as at 31/12/2022 (in millions of CZK)	I.	II.	III.	IV.	V.	Total
Receivables	96	159	1 526	160	1 604	3 545
Liabilities	505	51	1 251	20	759	2 586
Granted guarantees	–	–	–	–	6	6
Received guarantees	–	–	153	–	–	153
Provided loan commitments	1 375	1	97	–	207	1 680
Received collateral	–	95	–	160	70	325
Profit / loss items for period ended 31/12/2022						
Expenses	(2 593)	–	(2 543)	(1)	(143)	(5 280)
Income	2 544	8	1 946	30	468	4 996

Receivables from related parties consist primarily of loans and overdrafts.

Payables to related parties especially include term deposits, deposits payable on demand, savings and tied deposits.

Revenues and expenses consist mainly of gains / losses on currency derivatives, interest income, income from fees and commission and brokering fees.

Receivables/payables from/to key management personnel

in millions of CZK	2023	2022
Provided loans	246	81
Deposits received	10	271

The members of the Board of Directors, Supervisory Board, Loan Committee, Investment Instrument Committee, Risk taker and ultimate shareholders represent the Group's key executives.

The Group's key management 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.

Loans to the Group's employees as at 31 December 2023 amounted to CZK 337 million (2022: CZK 178 million). The loans provided to key management personnel and Group's employees were provided on the arm's length basis.

42. RISK MANAGEMENT POLICIES AND DISCLOSURES

The strategy, main goals and processes
The fundamental goal of risk management is profit maximization with respect to the risk taken, while considering the Group's risk appetite.

In doing so, it must be ensured that the outcome of Group activities is predictable and in compliance with both business goals and risk appetite of the Group.

In order to meet this goal, the risks faced by the Group are managed in a quality and prudential manner within the framework of the Group:
- In terms of the above, risks are monitored, assessed and eventually limited, at least as strictly as required by the Czech National Bank. The internal limits are regularly reviewed (especially in the case of significant changes of market conditions) to ensure their compliance with both the Group's overall strategy and market and credit conditions. The adherence to the limits is monitored and reported daily (on an individual basis). In case of their potential breach, the Group immediately adopts appropriate remedial measures.
- The Group establishes goals for capital adequacy that it wants to attain over a specified time horizon (i.e. the level to which risks should be covered by capital) and threshold limits below which capital adequacy cannot decrease.
- The Group establishes targets for selected indicators of liquidity that it wants to achieve in a specified time horizon, and certain limits, below which the system of liquidity indicators cannot decrease.
- The Group establishes goals for other selected risk indicators (the risk of excessive leverage, the credit risk, the concentration risk, operational risk etc.) and threshold limits below which the system of indicators cannot decrease.

All internal limits have been approved independently of business units of the Group. The key indicators (capital adequacy ratio, liquidity and other risk categories) and their limits are part of the Group's Risk Appetite Statement.

43. CREDIT RISK

The Group's primary exposure to credit risk arises through its loans and advances and financial assets. The amount of credit exposure in this regard is represented by the carrying amounts of the assets in the statement of financial position. In addition, the Group is exposed to off-balance sheet credit risk through commitments and guarantees to extend credit.

Concentrations of credit risk (whether on or off balance sheet) that arise from financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

(a) Forbearance
The Group monitors quality of loan receivables to customers according to categories performing and non-performing exposures forborne and non-forborne. 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 the financial institutions prepared in accordance with International Financial Reporting Standards.
Forbearance is an exposure where the Group decides, due to 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 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 result of debtor's financial problems cannot be interpreted as forbearance. Concessions may result in better interest risk management and mitigation of potential future loan losses.

Performing and non-performing exposures may also be recognised as exposures without concession provided no modification of terms and conditions or refinancing was made in respect to the given receivable.

Performing exposures comprise primarily exposures classified in Stage 1 and 2. Non-performing exposures comprise receivables with debtor's failure classified in Stage 3 Under special conditions defined by EBA, exposures in Stage 2 might also be categorised as non-performing exposures. If more than 20% of total debtor's exposure is overdue more than 90 days, the Group shall include all of the debtor's balance sheet and off-balance sheet exposures as non-performing. The Group also evaluates the classification of debtors from the same group of related parties to verify the condition for being classified as non-performing exposure.

as at 31/12/2023

in millions of CZK	Gross carrying amount	ECL	Net carrying amount
Performing exposures	100 740	(1 104)	99 636
- of which performing exposures forborne	3 045	(35)	3 010
Non-performing exposures	4 383	(2 563)	1 820
- of which non-performing exposures forborne	1 518	(711)	807
Total	**105 123**	**(3 667)**	**101 456**

as at 31/12/2022

in millions of CZK	Gross carrying amount	ECL	Net carrying amount
Performing exposures	104 190	(1 371)	102 819
- of which performing exposures forborne	6 527	(152)	6 375
Non-performing exposures	6 758	(3 428)	3 330
- of which non-performing exposures forborne	2 162	(939)	1 223
Total	**110 948**	**(4 799)**	**106 149**

in millions of CZK	2023	2022
Share of exposures forborne in the total loans provided to customers	4,34 %	7,83 %
Share of non-performing exposures in total loans to customers	4,17 %	6,09 %

(b) Concentration of loans to customers by economic sector

as at 31/12/2023

in millions of CZK	Gross carrying amount	ECL	Net carrying amount
Not forborne			
Non-financial institutions	55 888	(1 949)	53 939
Financial institutions	42 513	(965)	41 548
Households	2 159	(7)	2 152
Total	**100 560**	**(2 921)**	**97 639**
Forborne			
Non-financial institutions	3 875	(415)	3 460
Financial institutions	638	(328)	310
Households	50	(3)	47
Total	**4 563**	**(746)**	**3 817**

as at 31/12/2022

in millions of CZK	Gross carrying amount	ECL	Net carrying amount
Not forborne			
Non-financial institutions	57 688	(2 717)	54 971
Financial institutions	42 639	(796)	41 843
Households	1 933	(195)	1 738
Total	**102 260**	**(3 708)**	**98 552**
Forborne			
Non-financial institutions	5 773	(766)	5 007
Financial institutions	2 808	(248)	2 560
Households	107	(77)	30
Total	**8 688**	**(1 091)**	**7 597**

(c) Concentration of loans to customers by industry

in millions of CZK	2023	2022
Real estate activities	22 156	21 989
Financial activities	15 158	11 135
Production and distribution of electricity, gas and heat	12 034	7 703
Cultural, sports, entertainment and recreation activities	11 258	11 525
Manufacturing	10 146	10 237
Construction	6 989	11 183
Wholesale and retail	5 329	8 498
Accommodation and food service activities	4 459	5 181
Information communication technologies	3 695	3 566
Transportation and storage	3 329	8 461
Administrative and support service activities	1 717	843
Water supply, services relating to water, waste management and redevelopment	1 252	1 170
Private households and employed persons	1 226	1 193
Mining, quarrying and agriculture	875	754
Professional, scientific and technological activities	850	789
Education	240	115
Agriculture, forestry and fishing	226	235
Healthcare and social work	203	804
Other	314	768
Total	**101 456**	**106 149**

(d) Concentration of loans to customers by location

in millions of CZK	2023	2022
Czech Republic	31 303	28 836
Cyprus	28 202	23 374
Luxembourg	13 326	18 402
Slovakia	9 037	9 754
Switzerland	4 612	4 982
Croatia	4 319	4 716
Germany	2 514	4 516
Poland	1 813	2 068
USA	1 757	1 912
Great Britain	1 391	1 659
Cayman Islands	1 219	1 330
France	643	1 040
Malta	293	918
Belgium	264	733
Maldives	262	570
The Netherlands	218	302
Guernsey – Channel Islands	90	287
Austria	–	224
Russia	–	224
Ireland	–	148
Other	193	154
Total	**101 456**	**106 149**

(e) Concentration of loans to customers by location of project implementation and collateral

in millions of CZK	2023	2022
Czech Republic	50 841	48 897
Slovakia	12 382	11 453
Germany	7 662	8 999
Great Britain	5 394	8 784
Romania	4 610	28
Croatia	4 319	6 256
Cyprus	3 451	2 473
Spain	3 288	3 451
USA	2 498	3 503
Poland	1 814	1 659
Slovenia	1 578	1 687
Hungary	1 333	1 142
Tanzania	599	610
France	466	1 199
Belgium	264	287
Maldives	262	302
Ukraine	164	186
Malta	156	–
The Netherlands	76	1 536
Luxembourg	62	338
Austria	9	1 555
Russia	–	669
Moldova	–	990
Other	228	145
Total	**106 149**	**106 149**

The concentration of credit risk arising from repurchase agreements and loans to clients of brokers reflects the counterparty risk associated with securities and cash received as collateral.

(f) Credit risk associated with provided loans and repurchase agreements

As at 31 December 2023

in millions of CZK	Loans to banks	Repurchase agreements – financial institutions	Loans to customers	Debits and repurchase agreements – customers
Stage 1 and 2 - individually				
Gross amount	9 481	131 282	85 621	14 867
Expected credit losses	(3)	–	(1 141)	–
Stage 3 - individually				
Gross amount	–	–	4 265	16
Expected credit losses	–	–	(2 546)	–
POCI - individually				
Gross amount	–	–	354	–
Expected credit losses	–	–	20	–
Total	**9 478**	**131 282**	**86 573**	**14 883**
Stage 1 and 2 - by maturity				
- to maturity date	9 478	131 282	84 405	14 867
- up to 1 month past due	–	–	69	–
- 1–3 months past due	–	–	3	–
- 3–6 months past due	–	–	–	–
- 6–12 months past due	–	–	4	–
Stage 3 - by maturity				
- to maturity date	–	–	994	16
- up to 1 month past due	–	–	261	–
- 1–3 months past due	–	–	–	–
- 3–6 months past due	–	–	95	–
- 6–12 months past due	–	–	356	–
- more than 12 months past due	–	–	12	–
POCI – by maturity				
- to maturity date	–	–	338	–
- 6–12 months past due	–	–	5	–
- more than 12 months past due	–	–	31	–
Total	**9 478**	**131 282**	**86 573**	**14 883**

As at 31 December 2022

in millions of CZK	Loans to banks	Repurchase agreements – financial institutions	Loans to customers	Debits and repurchase agreements – customers
Stage 1 and 2 - individually				
Gross amount	4 826	73 091	85 360	18 568
Expected credit losses	(3)	–	(1 405)	–
Stage 3 - individually				–
Gross amount	9	–	6 613	–
Expected credit losses	–	–	(3 412)	–
POCI - individually	–	–		–
Gross amount	–	–	407	–
Expected credit losses	–	–	18	–
Total	**4 832**	**73 091**	**87 581**	**18 568**
Stage 1 and 2 - by maturity				
- to maturity date	4 823	73 091	83 922	18 568
- up to 1 month past due	–	–	31	–
- 1–3 months past due	–	–	1	–
- 3–6 months past due	–	–	1	–
Stage 3 - by maturity				
- to maturity date	9	–	2 287	–
- up to 1 month past due	–	–	2	–
- 1–3 months past due	–	–	22	–
- 6–12 months past due	–	–	32	–
- more than 12 months past due	–	–	858	–
POCI – by maturity				
- to maturity date	–	–	400	–
- more than 12 months past due	–	–	25	–
Total	**4 832**	**73 091**	**87 581**	**18 568**

The part of the receivables that is not past due is presented in the line "To maturity date" and the Group does not assume any problems with the counterparty's payment behaviour. Receivables past due are reported in the appropriate columns according to their maturity.

The following table summarises receivables by internal rating.

Risk category

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	723	–	–	–	723
Low risk	1 171	–	–	–	1 171
Medium risk	76 332	5 350	–	–	81 682
High risk	230	1 814	248	256	2 548
Default	–	–	4 018	98	4 116
Debits and reverse repurchase agreements - without rating	14 867	–	16	–	14 883
ECL	(837)	(304)	(2 546)	20	(3 667)
Total as at 31 December 2023	**92 486**	**6 860**	**1 736**	**374**	**101 456**

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	1 255	–	–	–	1 255
Low risk	2 051	–	–	–	2 051
Medium risk	69 580	7 564	–	–	77 144
High risk	2 766	2 144	–	–	4 910
Default	–	–	6 613	407	7 020
Debits and reverse repurchase agreements - without rating	18 568	–	–	–	18 568
ECL	(981)	(424)	(3 412)	18	(4 799)
Balance as at 31 December 2022	**93 239**	**9 284**	**3 201**	**425**	**106 149**

(g) Sensitivity analysis for expected credit losses

The Group performs various sensitivity analyses of expected credit losses. One set of sensitivity analysis represents change in ECL by changing in LGD and GDP parameters as follows:

The optimistic and pessimistic scenario reflects the amount of expected credit losses on a change of LGD by a factor of 10% and a change of GDP by 1 percentage point.

in millions of CZK	Optimistic	Base	Pessimistic
Change in LGD			
ECL 2023	(3 352)	(3 667)	(3 979)
ECL 2022	(4 327)	(4 799)	(5 251)
Change in GDP			
ECL 2023	(3 618)	(3 667)	(3 708)
ECL 2022	(4 777)	(4 799)	(4 815)

The Group also pursues sensitivity analysis for expected credit losses for PD change scenarios arising at 5%, 12.5%, 25% and 50% quantiles of GDP predictions, with each set of PDs equally weighted at 25%. The ECL values below represent the amount of expected credit losses as at 31 December 2023 if the Group applied a 100% weighting to the PD set for that quantile, while the PD sets for the other GDP prediction scenarios would have a 0% weighting. For Stage 1 and 2, the impacts are calculated only for loans that are not subject to management adjustments for crisis scenarios, note 4.4.

in millions of CZK	Base ECL 2023	ECL per quantile 5%	ECL per quantile 12,5%	ECL per quantile 25%	ECL per quantile 50%
Loans to customers	(3 667)	(3 614)	(3 641)	(3 674)	(3 739)
from this Stage 1 and 2	(635)	(582)	(609)	(642)	(707)
Bonds FVOCI	(81)	(86)	(83)	(80)	(74)
from this Stage 1 and 2	(48)	(53)	(50)	(47)	(41)

in millions of CZK	Base ECL 2022	ECL per quantile 5%	ECL per quantile 12,5%	ECL per quantile 25%	ECL per quantile 50%
Loans to customers	(4 799)	(4 834)	(4 816)	(4 796)	(4 751)
from this Stage 1 and 2	(789)	(824)	(806)	(786)	(741)
Bonds FVOCI	(778)	(781)	(779)	(778)	(775)
from this Stage 1 and 2	(105)	(108)	(106)	(105)	(102)

(h) Collateral and credit enhancements for provided loans and repurchase agreements

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in millions of CZK	Carrying amount of collateral Stage 1 and 2	Fair value of collateral Stage 1 and 2	Carrying amount of collateral Stage 3	Fair value of collateral Stage 3
To maturity date:	**166 329**	**171 917**	**281**	**1 492**
– Guarantees	2 964	4 037	–	–
– Promissory notes	223	356	–	–
– Real estate	13 093	16 007	260	1 453
– Cash deposits	2 570	2 625	21	39
– Securities	13 808	14 602	–	–
– Other	2 783	3 402	–	–
– Securities received under reverse repurchase agreements	130 888	130 888	–	–
Past due:	**15**	**23**	**400**	**564**
– Real estate	14	22	399	563
– Other	1	1	1	1

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in millions of CZK	Carrying amount of collateral Stage 1 and 2	Fair value of collateral Stage 1 and 2	Carrying amount of collateral Stage 3	Fair value of collateral Stage 3
To maturity date:	**115 688**	**122 037**	**1 755**	**4 571**
– Guarantees	3 347	4 482	–	–
– Promissory notes	360	878	–	–
– Real estate	13 334	17 443	1 136	2 017
– Cash deposits	2 715	2 716	26	26
– Securities	17 852	17 878	175	788
– Other	1 912	2 472	418	1 740
– Securities received under reverse repurchase agreements	76 168	76 168	–	–
Past due:	**23**	**37**	**119**	**305**
– Real estate	23	37	48	69
– Other	–	–	71	236

For the purposes of reporting the collateral value of loans, the Group only values promissory notes with a financial guarantee. The amount of collateral depends on the value of a guarantee provided by a promissory note holder.

The carrying value represents the collateral value adjusted by the collateral stress coefficient. The carrying value is limited by the carrying value of receivable. The fair value is not adjusted by the stress coefficient and is not limited by the carrying amount of a receivable.

Collateral value is monitored and revised on regular basis.

The carrying value of securities received under reverse repurchase agreements is represented in the quoted market price of the securities.

(i) Credit risk processes

Evaluating the risk of failure of a counterparty is based on a credit analysis, processed by the Credit Risk Management department. These analyses provide conclusions for prompt measures when the counterparty's credit situation worsens or if the counterparty fails to comply with contractual conditions.

The results from the credit development analyses are reported to the Board of Directors or respective committee, which decides on adjustments of limits or relations with the counterparty (e.g. in the form of closing or limiting positions or adjustment of limits). Credit risk of trading book is monitored on daily basis, while credit risk of banking book is monitored on regular basis, at least once a month.

The level of risk is assessed by the Credit Risk Management department. If the set internal credit limits (trading portfolio exposure, derivative transactions, margin trading) are breached, the Financial Markets Dept. is informed, in order to ensure the compliance of the risk exposure with the limits. In certain pre-determined cases, the Board of Directors or members of the Investment Instrument Committee also get informed.

(j) Credit risk monitoring

Assessment of the credit risk in respect of counterparty or a debt instrument is based on an internal rating of the Group. The rating is determined using the credit scale of either S&P or Moody's. If the counterparties or their debt are not externally rated, an internal rating is assigned based on the Group's scoring system.

The Group's rating system has thirteen rating levels based on a standardized point evaluation of relevant criteria, which describe the financial position of the contractual party and its ability and willingness to fulfil its credit obligations – in both cases including the expected development, as well as proposed conditions for effecting the transaction.

The Group also evaluates financial and non-financial indicators that may not be monitored within the scoring system.

(k) Credit risk measurement

The Group regularly analyses and monitors credit risk of the trading book. At portfolio level, credit risk of the trading book is managed primarily based on the IRB (Internal Rating Based) methodology.

In order to assess the impact of extremely unfavourable credit conditions, the Group performs credit development analyses. This enables identification of sudden potential changes in the values of open positions of the Group that might arise as a result of events that are improbable, but possible.

For the trading portfolio, an impact of a sudden drop of credit rating by one level on open positions in bonds is evaluated.

in millions of CZK	2023	2022
Decrease of the trading portfolio value due to a rating migration by one credit class	48	24

(in the Standard & Poor's scale)

(l) Risk management of customer trades

The Group prevents the possibility of a credit exposure arising from customer trades, i.e. trades which are transacted on the customer's account and where the Group has the role of a commissioner (customer trades such as spot buy, spot sell, sell / buy or buy / sell) as follows:

1. The amount of the customer collateral is continuously held higher than the amount of the customer loan at least by a pre-specified minimum required haircut. The level of this haircut is assigned to every instrument.
2. Should the current collateralization of the customer portfolio fall below 30% of the minimum required haircut, the Group closes all of the customer's positions immediately.
3. The Group accepts only instruments of specified minimal creditworthiness as collateral for customer trades.

In addition, the Group also restricts the total volume of individual instruments used as collateral.

44. LIQUIDITY RISK

Liquidity risk represents a risk that the Group is not able to meet its liabilities as they become due. The liquidity risk is managed in line with funding risk. Funding risk is the risk that the Group will not be able to renew its commitments under favourable conditions. Banks in the Group takes a highly prudent approach to managing liquidity and funding risk: on the one hand, the banks hold a significant portion of its assets in high-quality liquid assets (e.g. deposits with central banks, other claims on central banks, and government bonds and treasury bills), and on the other hand, their funding comes primarily from customer deposits, which are considered as a highly stable source of funding, and their maturity structure provide a natural hedge of liquidity and funding risk.

The main tools for managing liquidity and funding risk are regulatory indicators of liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), and internal indicators - in the area of liquidity risk, survival indicators in liquidity scenarios (base scenario and stressed scenarios) and, in the area of funding risk, indicators corresponding to the selected funding model of a given bank in the Group.

Overall, the Group's liquidity and refinancing position as of the end of 2023 is very comfortable. The values of the monitored indicators for managing liquidity and funding risk for banks in the Group (including LCR and NSFR) are well above the limits for them.

Banks in the Group have a contingency plan for liquidity management, which sets out the procedure in case of an unpredictable outflow of its primary funding.

Banks in the Group have an obligation to report to their respective supervisory authorities, to which they regularly submit a set of indicators related to liquidity and funding, information on their management, and also on the management of related risks.

The contractual maturities illustrate that, on contractual basis and due to the predominant share of assets of banks, the Group funds its long-term assets with shorter-term liabilities. However, the actual maturity of deposits from customers is much longer than their contractual maturity, and deposits from customers have been and continue to be a stable source of funding. In this respect, the Group's funding model is in line with industry standards.

Liquidity risk as at 31 December 2023

The table shows the liquidity risk based on remaining contractual maturity dates.

in millions of CZK	Gross carrying amount	Total contractual cash inflows/ (outflows	Up to 3 months	3 months to 1 year	From 1 to 5 years	Over 5 years	Undefined maturity
Assets							
Cash, cash equivalents and due from banks and other financial institutions	140 973	141 188	140 916	15	257	–	–
Securities (excl. derivatives)	31 440	39 879	324	910	14 286	12 570	11 789
Loans and advances to customers	105 123	124 738	26 794	22 176	70 923	4 845	–
Total	**277 536**	**305 805**	**168 034**	**23 101**	**85 466**	**17 415**	**11 789**
Off balance							
Bank commitments	7 064	7 064	3 936	739	2 220	169	–
Bank guarantees	4 104	4 104	4 104	–	–	–	–
Liabilities							
Deposits and loans from banks	9 191	9 336	4 503	38	4 795	–	–
Deposits from customers	217 837	228 299	146 508	47 135	33 084	1 572	–
Bonds issued	3 287	3 403	–	64	3 339	–	–
Subordinated debt	1 256	1 637	100	64	1 473	–	–
Lease liabilities	260	286	29	41	156	60	–
Total	**231 831**	**242 961**	**151 140**	**47 342**	**42 847**	**1 632**	**–**
Net liquidity position	**45 705**	**62 844**	**16 894**	**(24 241)**	**42 619**	**15 783**	**11 789**
Cumulative liquidity position			**16 894**	**(7 347)**	**35 272**	**51 055**	**62 844**

Derivatives – non-discounted cash flows as at 31 December 2023

in millions of CZK	Carrying amount	Total contractual cash inflows/(outflows)	Up to 3 months	3 months to 1 year	1 to 5 years
Derivative financial assets					
Foreign exchange					
– inflow	4 422	4 422	1 159	1 563	1 700
Cross currency derivatives					
– inflow	60	958	14	38	906
– outflow	-	(884)	(5)	(25)	(854)
Other derivatives					
– inflow	350	352	9	27	316
Total	**4 832**	**4 848**	**1 177**	**1 603**	**2 068**
Derivative financial liabilities					
Foreign Exchange					
– outflow	2 241	(2 241)	(808)	(741)	(692)
Cross currency derivatives					
- inflow	56	886	5	26	854
- outflow	-	(955)	(14)	(36)	(905)
Other derivatives					
- outflow	135	(135)	1	(2)	(135)
Total	**2 432**	**(2 445)**	**(816)**	**(753)**	**(878)**

Liquidity risk as at 31 December 2022

The table shows the liquidity risk based on remaining contractual maturity dates.

in millions of CZK	Gross carrying amount	Total contractual cash inflows/ (outflows	Up to 3 months	3 months to 1 year	From 1 to 5 years	Over 5 years	Undefined maturity
Assets							
Cash, cash equivalents and due from banks and other financial institutions	78 158	78 342	78 074	12	256	–	–
Securities (excl. derivatives)	27 169	28 987	257	1 098	14 428	1 361	11 843
Loans and advances to customers	110 948	129 494	26 380	25 627	71 297	6 190	–
Total	**216 275**	**236 823**	**104 711**	**26 737**	**85 981**	**7 551**	**11 843**
Off balance							
Bank commitments	5 393	5 393	3 667	283	1 343	100	–
Bank guarantees	3 468	3 468	3 468	–	–	–	–
Liabilities							
Deposits and loans from banks	10 530	10 977	4 940	241	5 336	460	–
Deposits from customers	164 022	169 166	110 511	31 995	25 569	1 091	–
Bonds issued	301	420	–	24	396	–	–
Subordinated debt	256	319	45	9	265	–	–
Lease liabilities	183	222	13	35	114	60	–
Total	**175 292**	**181 104**	**115 509**	**32 304**	**31 680**	**1 611**	**–**
Net liquidity position	**40 983**	**55 719**	**(10 798)**	**(5 567)**	**54 301**	**5 940**	**11 843**
Cumulative liquidity position			**(10 798)**	**(16 365)**	**37 936**	**43 876**	**55 719**

Derivatives – non-discounted cash flows as at 31 December 2022

in millions of CZK	Carrying amount	Total contractual cash inflows/(outflows)	Up to 3 months	3 months to 1 year	1 to 5 years
Derivative financial assets					
Foreign exchange					
– inflow	6 021	6 840	2 308	1 324	3 208
Cross currency derivatives	–	(819)	(819)	–	–
– inflow					
– outflow	169	3 165	–	1 414	1 751
Other derivatives	–	(2 941)	–	(1 287)	(1 654)
– inflow					
– outflow	699	704	4	28	672
Total	**6 889**	**6 949**	**1 493**	**1 479**	**3 977**
Derivative financial liabilities					
Foreign Exchange					
– inflow	–	–	–	–	–
– outflow	(3 527)	(3 527)	(1 071)	(946)	(1 510)
Cross currency derivatives					
– inflow	–	3 556	–	1 900	1 656
– outflow	(195)	(3 814)	–	(2 068)	(1 746)
Other derivatives					
– outflow	(213)	(215)	1	1	(217)
Total	**(3 935)**	**(4 000)**	**(1 070)**	**(1 113)**	**(1 817)**

Expected maturity

In general, contractual cash flows represent expected contractual future cash flows of financial instruments. Occasionally, the expected maturity differs from contractual one as historical experience shows that selected loans and deposits are prolonged. In addition, as outstanding balances on current accounts or deposits nearing its maturity date are usually not withdrawn on a daily basis and accounts are not cancelled at maturity date, the Group regularly monitors the period and percentage of deposits that remain available and those that are prolonged. These ratios are used for managing the liquidity risk.

For loans, in the worst-case scenario, the latest possible repayment date is assumed, which is based on latest expected completion date of each particular project. Loans whose refinancing is already being negotiated are recognised based on the expected refinancing date. The expected maturity of other financial assets and liabilities not disclosed below is similar to their contractual maturity.

For other items, their expected maturity is generally in line with their contractual maturity.

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in millions of CZK	Net carrying amount	Expected cash in-flows/ (outflows)	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undefined maturity
Assets							
Loans and other advances to customers	101 456	121 382	25 214	22 632	68 841	4 695	–
Liabilities							
Deposits from customers	217 837	228 470	139 878	48 350	38 466	1 776	–

31/12/2022

in millions of CZK	Net carrying amount	Expected cash in-flows/ (outflows)	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undefined maturity
Assets							
Loans and other advances to customers	106 149	127 102	24 939	26 626	69 617	5 903	17
Liabilities							
Deposits from customers	164 022	169 821	101 128	30 063	31 627	7 003	–

45. MARKET RISK

Market risk is the risk of loss to the Group arising from market movements in quoted market prices of investment instruments, exchange rates and interest rates. Market risk consists of the trading portfolio market risk and investment portfolio market risk.

Market risk of the trading portfolio includes:
– Interest rate risk;
– Foreign exchange risk;
– Other market risk (equity risk, commodity risk).

Further information on interest rate risk and foreign exchange risk is provided in note 46 and 47, respectively.

The Group uses the Value at Risk ("VaR") methodology to evaluate market risk of its trading portfolio, the foreign currency ("FX") and commodity position using a confidence level of 99% and a horizon of 10 business days.

The risks are evaluated (on an individual basis) and compared to limits set by the Risk Management Dept. on a daily basis. If the limits are breached, the Financial Markets Dept. is informed, in order to ensure the compliance of the risk exposure with the limits.
In pre-determined cases, the information is passed to the Board of Directors.

The decision-making power is given by internal rules to the Board of Directors and the Investment Committee.

The VaR statistics as of 31 December 2023 and 31 December 2022 are as follows:

in millions of CZK	2023	2022
VaR market risk overall	37	179
VaR interest rate risk	25	83
VaR FX risk	10	100
VaR equity risk	32	87
VaR commodity risk	1	1

In order to assess the impact of extremely unfavourable market conditions, the Group performs stress testing. This enables identification of sudden potential changes in the values of open positions of the Group that might arise as a result of events that are improbable, but possible. As part of the stress testing, a short-term, medium-term and long-term historic shock scenario is applied to the trading portfolio, and the foreign currency and commodity positions of the Group as a whole. These scenarios evaluate the deepest drop of the current portfolio value which would have happened in the last two years (short-term scenario), five (medium-term scenario) or fifteen years (long-term scenario). The potential change in the fair value of the portfolio is monitored and assessed.

Change in the fair value of the trading portfolio due to historic shock scenario:

in millions of CZK	2023	2022
Short-term scenario	(107)	(204)
Medium-term scenario	(200)	(468)
Long-term scenario	(269)	(660)

The results of the stress scenarios reach the same values, as the highest drop in the trading portfolio, currency and commodity positions occurs due to the slump in financial markets during the spring of 2020 in connection with the COVID-19 crisis.

The Group performs stress testing of the investment portfolio using a standardised interest rate shock, i.e. an immediate decrease / increase in interest rates by 200 basis points ('bp') along the entire yield curve.

46. INTEREST RATE RISK

Interest rate risk is the risk of fluctuation in the value of a financial asset (liability) due to changes in market interest rates. The period for which the interest rate of a financial asset is fixed indicates the extent to which this instrument is sensitive to interest rate risk.

The yield curves that arise from the input of the interest rates for individual tenors are used to determine the real values of securities, derivatives (including options), and other interest-sensitive instruments for accounting purposes and for internal risk management purposes. These calculations involve curves for both discounting to present value and for determining future floating rates.

For monitoring the general interest rate risk of the banking book, the Group uses, among other measures, the economic value of equity indicator and the net interest income indicator. To monitor the sensitivity of the economic value of equity, an impact of relevant hypothetical scenarios of movements in yield curves is measured in terms of present value changes in interest-sensitive financial instruments held in the Group's investment portfolio. The calculation is not performed with use of cash flow slotting method, but by the full revaluation method at a contract level. The NII indicator (i.e., the net interest income indicator) is used as the indicator of the Group's earnings' sensitivity to market interest rates changes. For the calculation of the net interest income of the bank's investment portfolio, interest income and expenses for the following 12 months for individual financial instruments are aggregated, whereby exposures maturing before the end of the monitored horizon of 12 months are replaced at the assumed maturity. The replacement contracts are assumed to carry the same contractual parameters. The sensitivity of the investment portfolio to interest rate risk is then given as the difference in the results of the above-described metrics for alternative interest rate scenarios as compared to the expected base scenario.

The change in the present value of the investment portfolio in percentage points of equity and net interest income („NII") would be as follows:

in millions of CZK			2023	2022
Increase/decrease in the present value of the investment portfolio due to a sudden change in interest rates by 200 bp	EVE	upward	1 234	843
		downward	(1 818)	(1 274)
	NII	upward	1 529	(992)
		downward	(1 589)	901

The exhibited inter-period development in the net interest income indicator, is due (among other secondary drivers) to a methodological change in measurement, whereby short-term transactions with the central bank have been included as interest-sensitive instruments beginning from 2023 in order to provide a more comprehensive overview of the interest rate position.

Interest rate risk exposure as at 31 December 2023 is as follows:

in millions of CZK	Up to 1 year	1 to 5 years	Over 5 years	Maturity undefined	Total
Assets					
Cash, cash equivalents and due from banks and other financial institutions	137 924	-	3	3 042	140 969
Securities and positive fair value of derivatives	12 185	11 509	263	12 315	36 272
Loans and other advances to customers	94 389	6 463	236	368	101 456
Total	**244 498**	**17 972**	**502**	**15 725**	**278 697**

in millions of CZK	Up to 1 year	1 to 5 years	Over 5 years	Maturity undefined	Total
Liabilities					
Deposits and loans from banks	5 457	3 734	–	–	9 191
Deposits from customers	184 052	31 712	1 622	451	217 837
Negative fair value of derivatives	1 547	885	–	–	2 432
Subordinated debt	73	1 183	–	–	1 256
Bonds issued	20	3 267	–	–	3 287
Total	**191 149**	**40 781**	**1 622**	**451**	**234 003**
Net interest rate risk	**53 349**	**(22 809)**	**(1 120)**	**15 274**	**44 694**
Cumulative interest rate risk	**53 349**	**30 540**	**29 420**	**44 694**	

Interest rate risk exposure as at 31 December 2022 is as follows:

in millions of CZK	Up to 1 year	1 to 5 years	Over 5 years	Maturity undefined	Total
Assets					
Cash, cash equivalents and due from banks and other financial institutions	76 943	–	–	1 212	78 155
Securities and positive fair value of derivatives	4 953	16 031	1 205	11 856	34 045
Loans and other advances to customers	99 445	2 107	229	4 368	106 149
Total	**181 341**	**18 138**	**1 434**	**17 436**	**218 349**

in millions of CZK	Up to 1 year	1 to 5 years	Over 5 years	Maturity undefined	Total
Liabilities					
Deposits and loans from banks	6 881	3 649	–	–	10 530
Deposits from customers	136 866	26 494	662	–	164 022
Negative fair value of derivatives	2 117	1 818	–	–	3 935
Subordinated debt	51	205	–	–	256
Bonds issued	1	300	–	–	301
Total	**145 916**	**32 466**	**662**	**–**	**179 044**
Net interest rate risk	**35 425**	**(14 328)**	**772**	**17 436**	**39 305**
Cumulative interest rate risk	**35 425**	**21 097**	**21 869**	**39 305**	**–**

47. FOREIGN EXCHANGE RISK

Assets and liabilities denominated in foreign currencies, including off-balance sheet exposures, represent the Group's exposure to currency risk. Both realized and unrealized foreign exchange gains and losses are reported directly in the statement of comprehensive income. The main tool used for managing foreign currency risk is the VaR methodology which is applied using a 99% confidence level and a ten-day holding period.

Foreign exchange risk exposure as at 31 December 2023 was as follows:

in millions of CZK	CZK	USD	EUR	Other	Total
Assets					
Cash, cash equivalents and due from banks and other financial institutions	133 692	94	7 158	25	140 969
Securities and positive fair value of derivatives	25 404	10	10 764	94	36 272
Loans and other advances to customers	12 944	7 398	78 390	2 723*	101 455
Total	**172 040**	**7 502**	**96 312**	**2 842**	**278 696**

*The item mainly includes a position in GBP of CZK and other currencies in individually insignificant amounts.

in millions of CZK	CZK	USD	EUR	Other	Total
Liabilities and equity					
Deposits and loans from banks	700	–	8 490	–	9 190
Deposits from customers	128 925	3 132	83 786	1 995	217 838
Negative fair value of derivatives	2 432	–	–	–	2 432
Bonds issued	301	–	2 986	–	3 287
Subordinated debt	1 204	–	52	–	1 256
Total	**133 562**	**3 132**	**95 314**	**1 995**	**234 003**
Long position of off-balance sheet instruments:					
items from derivative transactions	68 094	6 724	54 716	15 781	145 315
items from spot transactions with equity instruments	24	–	7	–	31
Short position of off-balance sheet instruments:					
items from derivative transactions	55 509	11 055	59 285	17 067	142 916
items from spot transactions with equity instruments	4	–	57	–	61
Open position asset/(liability)	**51 083**	**39**	**(3 621)**	**(439)**	**47 062**

Foreign exchange risk exposure as at 31 December 2022 was as follows:

in millions of CZK	CZK	USD	EUR	RUB	Other	Total
Assets						
Cash, cash equivalents and due from banks and other financial institutions	73 943	80	3 570	8	554	78 155
Securities and positive fair value of derivatives	21 709	180	10 174	1 455	527	34 045
Loans and other advances to customers	10 210	12 026	78 888	570	4 455*	106 149
Total	**105 862**	**12 286**	**92 632**	**2 033**	**5 536**	**218 349**

*The item mainly includes a position in GBP of CZK and other currencies in individually insignificant amounts.

in millions of CZK	CZK	USD	EUR	RUB	Other	Total
Liabilities and equity						
Deposits and loans from banks	1 524	–	8 846	145	15	10 530
Deposits from customers	105 552	2 002	52 880	2 663	925	164 022
Negative fair value of derivatives	3 935	–	–	–	–	3 935
Bonds issued	301	–	–	–	–	301
Subordinated debt	205	–	51	–	–	256
Total	**111 517**	**2 002**	**61 777**	**2 808**	**940**	**179 044**
Long position of off-balance sheet instruments:						
items from derivative transactions	118 995	8 142	62 378	–	6 135	195 650
items from spot transactions with equity instruments	3	416	–	–	–	419
Short position of off-balance sheet instruments:						
items from derivative transactions	67 197	19 135	94 263	819	10 408	191 822
items from spot transactions with equity instruments	5	415	–	–	–	420
Open position asset/(liability)	**46 141**	**(708)**	**(1 030)**	**(1 594)**	**323**	**43 132**

48. OPERATIONAL RISK

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal and compliance risk.

The Group's objective of managing the operational risk is to minimize the risk and securing the Group's activities at the required level.

The primary responsibility for the implementation of controls to address operational risk is assigned to the management of the Group and the risk committees. This responsibility is supported by the development of overall standards within the Group for the management of operational risk. The support comes from the Risk Management Dept. and covers the following areas (reflecting the proportionality principle):

- Identification of operational risk within the framework of each subsidiary's control system;
- The evaluation of identified risks;
- Making a decision on acceptance, monitoring or reduction of identified risks (while ensuring the required level of activities);
- Reporting of operational risk events by entering the corresponding information into the Group's database of operational risk events.
- This overview of the Group's operational risk events allows the Group to specify the direction of the steps and processes to take in order to limit these risks, as well as to make decisions with regard to:
  - accepting the individual risks that are faced;
  - initiating processes leading to limitation of possible impacts; or
  - decreasing the scope of the relevant activity or discontinuing it entirely.

49. CAPITAL MANAGEMENT

The Group's strategy is to hold strong capital base in order to maintain the confidence of creditors and the market, while ensuring the future development of the business.

As of 1 January 2014, the consolidated capital adequacy ratios are calculated in accordance with Regulation (EU) no. 575/2013 of the European Parliament and Council Regulation (the "CRR") 26 June 2013.

Own funds (regulatory capital) of the Group are analysed in two parts:
- Tier 1 capital, which consist of:
  - Common Equity Tier 1 capital (CET1), which includes paid-up ordinary share capital, share premium, retained earnings incl. interim profit for the period from 1 January 2023 to 30 June 2023, accumulated other comprehensive income, net of goodwill, intangible assets and additional value adjustments;
  - Additional Tier 1 capital (AT1), which includes instruments (subordinated income certificates) issued in accordance with CRR (note 24).
- Tier 2 capital, which consists of eligible subordinated debt approved by Czech National Bank of CZK 1 051 million (31 December 2022: CZK 208 million).

From 1 January 2014 the capital adequacy ratios are calculated for CET1, Tier 1 capital and total regulatory capital. The value represents the ratio of capital to risk weighted assets (RWA). CNB also requires every institution to hold additional capital conservation buffer of 2.5% and countercyclical buffer on all the levels of regulatory capital.

As at 31 December 2022, the Group decided not to apply article 473a of Regulation (EU) 2017/2395 of the European Parliament and of the Council and therefore no longer includes in Common Equity Tier 1 (CET1) capital the amounts that corresponds to the difference between allowances and provisions under IAS 39 as at 31 December 2017 and expected credit losses under IFRS 9 as at 1 January 2018. At the same time, the Group no longer modified the method of calculating specific adjustments for credit risk, accordingly.

The specific countercyclical capital buffer rate is calculated in accordance with Section 63 CNB decree No. 163/2014 Coll. and is calculated as a weighted average of the countercyclical buffer rates in effect in the jurisdictions to which the Group has relevant risk exposures. It started to be relevant in 2017 when the Czech Republic and the Slovak Republic firstly set their countercyclical buffer rates. These have gradually been also set for other relevant states.

Minimum requirements for capital ratios for 31 December 2023 and 31 December 2022 are as follows:

	Minimum requirement	Capital conservation buffer	Countercyclical buffer	Total requirement
Common Equity Tier 1 capital (CET1)	4.5 %	2.5 %	1.19 %	8.19 %
Tier 1 capital	6 %	2.5 %	1.19 %	9.69 %
Total regulatory capital 2023	**8 %**	**2.5 %**	**1.19 %**	**11.69 %**
Common Equity Tier 1 capital (CET1)	4.5 %	2.5 %	0.68 %	7.68 %
Tier 1 capital	6 %	2.5 %	0.68 %	9.18 %
Total regulatory capital 2022	**8 %**	**2.5 %**	**0.68 %**	**11.18 %**

Regulatory capital

Regulatory capital and equity reconciliation

The tables below summarize the composition of own funds (regulatory capital) and equity and capital ratios for 31 December 2023 and 31 December 2022, providing a complete reconciliation of individual items of regulatory capital to equity items.

As at 31 December 2023

in millions of CZK	Regulatory capital	Equity
Paid-up share capital registered in the Commercial Register	10 638	10 638
Retained earnings	15 619	13 131
Profit for the period	3 112	5 388
Accumulated other comprehensive income	(290)	(308)
Reserve funds	(3)	3 231
Non-controlling interest	–	9
(-) Additional value adjustments (AVA)	(35)	–
(-) Intangible assets other than goodwill	(120)	–
Deferred tax liabilities associated with intangible assets other than goodwill	3	–
(-) Goodwill	(123)	–
(-) Insufficient coverage for defaulted exposures	(48)	–
Paid-in AT1 instruments, share premium	8 868	8 868
Total Tier 1 capital	**37 621**	**n/a**
Total Tier 2 capital	**1 051**	**–**
Total regulatory capital/equity	**38 672**	**40 957**

As at 31 December 2022

in millions of CZK	Regulatory capital	Equity
Paid-up share capital registered in the Commercial Register	10 638	10 638
Retained earnings	13 841	11 430
Profit for the period	–	3 380
Accumulated other comprehensive income	(1 698)	(1 631)
Reserve funds	34	3 158
Non-controlling interest	–	13
(-) Additional value adjustments (AVA)	(33)	–
(-) Intangible assets other than goodwill	(238)	–
Deferred tax liabilities associated with intangible assets other than goodwill	8	–
(-) Goodwill	(131)	–
(-) Insufficient coverage for defaulted exposures	(288)	–
Paid-in AT1 instruments, share premium	8 868	8 868
Total Tier 1 capital	**31 001**	**n/a**
Total Tier 2 capital	208	–
Total regulatory capital/equity	**31 209**	**35 856**

From 30 June 2023 and based on the approval of the Czech National Bank, the Group include profit from the interim financial statements for the half-year ended 30 June 2023. According to the Article 26 point 2 of the CRR Regulation, the auditor performed the review of interim consolidated financials statements and the Group proceeded the analysis of the predictable paid dividends.

Risk weighted assets (RWA) and capital ratios

in millions of CZK	31/12/2023	31/12/2022
Central governments or central banks	1 744	3 132
Institutions	399	2 097
Corporates	69 926	73 860
Retail	96	47
Secured by mortgages on immovable property	11 115	7 690
Exposures in default	3 043	2 607
Items associated with particular high risk	29 903	30 563
Receivables from institutions and companies with short - term credit ratings	70	206
Collective investments undertakings (CIU)	12 861	10 972
Shares	937	1 051
Other exposures	3 442	4 456
Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**133 536**	**136 681**
Traded debt instruments	2 548	3 540
Shares	1 320	1 888
Position risk in collective investment undertakings (CIUs)	773	3 280
Foreign exchange	1 350	2 980
Total risk exposure amount for position, foreign exchange and commodity risks	**5 991**	**11 688**
Operational risk	15 554	12 028
Total risk exposure amount for credit valuation adjustment	173	742
Total risk exposure amount	**155 254**	**161 139**

Capital adequacy ratios

	31/12/2023	31/12/2022
Common Equity Tier 1 capital (CET 1)	18.52 %	13.74 %
Tier 1 capital	24.23 %	19.24 %
Total regulatory capital	**24.91 %**	**19.37 %**

The Czech National Bank, as a local authority for crisis resolution, defines the most appropriate strategies for crisis resolution of institutions and determines the minimum requirement for capital and eligible liabilities of these institutions (MREL). MREL requirements are all set and monitored by the CNB for the Bank individually. The requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are comfortably met by the Bank.

	31/12/2023	31/12/2022
Leverage ratio	11.85 %	13.21 %
Liquidity ratios		
LCR	413.26 %	276.59 %
NSFR	191.91 %	145.88 %

Based on the opinion of the Czech National Bank, retained earnings were reduced by the amount of the anticipated payment from subordinated income certificates (AT1 instruments) in the next four quarters not covered by a special-purpose fund for the payment of the income from those certificates before their inclusion in regulatory capital.

The key goal of capital management of the Group is to ensure that the risks faced do not threaten the solvency of the Group and capital adequacy regulatory limit compliance.

The purpose for setting the minimum value for capital adequacy requirements is to establish a trigger mechanism, which provides a guarantee that the capital adequacy will not decrease to the regulatory minimum.

The compliance of the Group capital with established limits and goals for the capital adequacy is evaluated regularly by the ALCO committee and the Group's management.

The decision-making power with regard to eventual measures that should be implemented to decrease the level of exposed risk (e.g., decreasing the size of risks, acquiring additional capital, etc.) is given to the Board of Directors.

50. FAIR VALUE INFORMATION

Estimation of fair values
The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

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

Financial assets at amortised cost: The fair value is derived from the market price quoted on an active market at the statement of financial position date.

Deposits and loans from banks and customers and Subordinated debt: For demand deposits and deposits with no defined maturity, 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 appropriate yield curve.

The fair value of the issued subordinated bonds does not contain direct transaction costs charged on issuance.

Estimates of the fair value of financial assets measured at amortised cost, analysed according to the hierarchy that reflects the significance of the inputs used in the valuation were as follows:

31/12/2023

in millions of CZK	Level 1	Level 2	Level 3	Total fair value estimate	Carrying amount
Financial assets					
Cash, cash equivalents and due from banks and other financial institutions	–	140 977	–	140 977	140 969
Financial assets at amortised cost	4 333	–	–	4 333	4 540
Loans and other advances to customers	–	–	110 716	110 716	101 456
Financial liabilities					
Deposits and loans from banks	–	9 156	–	9 156	9 191
Deposits from customers	–	217 496	–	217 496	217 837
Bonds issued	2 988	–	320	3 308	3 287
Subordinated debt	–	1 190	–	1 190	1 256

31/12/2022

in millions of CZK	Level 1	Level 2	Level 3	Total fair value estimate	Carrying amount
Financial assets					
Cash, cash equivalents and due from banks and other financial institutions	–	78 152	–	78 152	78 155
Financial assets at amortised cost	4 400	–	–	4 400	4 801
Loans and other advances to customers	–	–	109 769	109 769	106 149
Financial liabilities					
Deposits and loans from banks	–	10 373	–	10 373	10 530
Deposits from customers	–	165 005	–	165 005	164 022
Bonds issued	–	–	305	305	301
Subordinated debt	–	324	–	324	256

51. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

a) Acquisitions of subsidiaries, associates and joint ventures, contributions to subsidiaries' capital

Contributions to subsidiaries' capital in 2023

in millions of CZK	Date of contribution	Acquisition cost
J&T ORBIT SICAV, a.s.	19/01/2023	792
J&T ORBIT SICAV, a.s.	28/02/2023	173
AMISTA investiční společnost, a.s.	27/09/2023	2
J&T Leasingová společnost, a.s.	14/12/2023	200
Total		**1 167**

Contribution to capital of subsidiaries does not represent cash outflow from the Group.

Acquisitions of subsidiaries in 2022

in millions of CZK	Date of contribution	Acquisition cost
FVE Čejkovice s.r.o.	13/04/2022	168
FVE Napajedla s.r.o.	13/04/2022	445
FVE Němčice s.r.o.	13/04/2022	250
FVE Slušovice s.r.o.	13/04/2022	304
J&T RFI I., s.r.o.	03/08/2022	–
J&T ORBIT SICAV, a.s.	14/01/2022	10
AMISTA investiční společnost, a.s.	30/11/2022	137
J&T Leasingová společnost, a.s.	29/09/2022	–
ATLANTIK finanční trhy, a.s.	08/02/2022	–
J&T Banka d.d.	26/04–29/09/2022	–
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	27/06/2022	–
Total		**1 313**

b) Formation/establishment of subsidiaries and joint ventures

The Group did not form, establish any new subsidiary and joint venture in 2023.

31/12/2022	Date of acquisition	Acquisition cost
FVE Holding, s.r.o.	07/04/2022	–
Total		**–**

c) Effect of acquisitions of subsidiaries

The Group did not acquire any new subsidiary in 2023.

The following table shows a break-down of financial statements of subsidiaries acquired in 2022.

in millions of CZK	2022
Cash and cash equivalents	115
Derivative financial instruments	1
Investment securities at fair value through profit or loss	111
Loans and advances to customers	16
Property, plant and equipment	930
Other intangible assets	1
Current tax asset	2
Deferred tax asset	5
Prepayments, accrued income and other assets	150
Total assets	1 330
Amounts owed to financial institutions	25
Amount owed to customers	11
Current tax liabilities	4
Accruals, provisions and other liabilities	61
Total liabilities	102
Fair value of net identifiable assets and liabilities	**1 228**
Non-controlling interest	11
Goodwill on acquisition of new subsidiaries	**94**
Consideration transferred, paid in cash	(1 286)
Contingent consideration	(27)
Cash acquired	**115**
Profit or loss since the date of acquisition	89
Profit or loss of acquired companies per the all year 2022	126
Income of acquired companies per the all year 2022	428

d) Disposals of subsidiaries

Disposal of subsidiaries

in millions of CZK	Date of disposal	Net assets disposed less NCI
ALTERNATIVE UPRAVLJANJE d.o.o.	17/01/2023	22
J&T Bank, a.o.	14/11/2023	–
Interznanie OAO	14/11/2023	432
TERCES MANAGEMENT LIMITED	14/11/2023	–
FVE Holding, s.r.o.	20/12/2023	–
FVE Čejkovice s.r.o.	20/12/2023	–
FVE Napajedla s.r.o.	20/12/2023	73
FVE Němčice s.r.o.	20/12/2023	–
FVE Slušovice s.r.o.	20/12/2023	–
J&T Recycle, s.r.o.	20/12/2023	–
Total		**527**

Effect of disposal of subsidiaries

in millions of CZK	2023
Cash and cash equivalents	(133)
Investment securities at fair value through other comprehensive income	(4)
Property, plant and equipment	(763)
Current tax asset	
Deferred tax asset	(15)
Prepayments, accrued income and other assets	
Disposal group held for sale	
Total assets	(4 084)
Deposits and loans from banks	(864)
Derivative financial instruments	(21)
Accruals, provisions and other liabilities	(19)
Deferred tax liability	(1)
Liabilities associated with assets held for sale	
Total liabilities	(3 557)
Net identifiable assets and liabilities	**527**
Consideration received	1 147
Cumulative income and expense included in other comprehensive income reclassified to profit or loss	(1 503)
Total effect	**(883)**
Consideration received in cash	785
Cash disposed of / deconsolidated	(133)
Net cash inflow	**652**

Disposal of subsidiaries in 2022 (in millions of CZK)	Date of disposal	Net assets disposed less NCI
Colorizo Investment, a.s.	18/11/2022	141
J&T REALITY otevřený podílový fond	27/12/2022	579
Total		**720**

Effect of disposal of subsidiaries

in millions of CZK	2022
Cash and cash equivalents	(19)
Loans and advances to customers	(1 159)
Investment in equity accounted investees	(632)
Prepayments, accrued income and other assets	(363)
Total assets	(2 174)
Accruals, provisions and other liabilities	(578)
Total liabilities	(578)
Net identifiable assets and liabilities	**1 595**
Thereof: Non-controlling interest	876
Subtotal	**719**
Consideration paid, satisfied in cash	720
Cash and cash equivalents disposed of	(19)
Net cash outflow / inflow	**701**

e) Disposals of associates and joint ventures

In 2023, the Group disposed of XT-card a.s.

Disposal of associate in 2023 (in millions of CZK)	Date of disposal	Net assets disposed less NCI
XT-card a.s.	23/08/2023	(10)
Total		**(10)**

In 2022, the Group disposed joint venture from OAMP Holding s.r.o. group, CI Joint Venture s.r.o. and Industrial Center CR 11 s.r.o. through disposal of Colorizo Investment.

52. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The Group has no investments in equity accounted investees as at 31 December 2023.

The following table shows a break-down of individual investments in equity accounted investees as at 31 December 2022.

in millions of CZK	XT-card a.s. Associate
Group's share in the consolidated fair value of equity at the date of acquisition	6
The Group's share of post-acquisition profit / (loss) to year 2021	2
Group's share in the post-acquisition profit / (loss) 2022	2
Total	**10**

Summary financial information for equity accounted investees as at 31 December 2022:

Type	XT-card a.s. Associate	OAMP Group Joint venture	Total
Assets	33	–	33
Liabilities	9	–	9
Net assets	**24**	**–**	**24**
Income	52	–	52
Expenses	(46)	–	(46)
Profit	**6**	**–**	**6**
Group's share	32%	–	
Group's share in profit	**2**	**140**	**142**

OAMP Group includes Group's share in profit for the year 2022 until the sale dates for OAMP Holding s.r.o., OAMP Distribution s.r.o., OAMP Infrastructure s.r.o., CI Joint Venture s.r.o. and Industrial Center CR 11 s.r.o. held as Joint Ventures by Colorizo Investment, a.s.

53. SUBSEQUENT EVENTS

On 19 December 2023, the Act No. 530/2023 Coll., which amends certain Slovak laws in connection with improving the state of public finances, was endorsed. This law also amended Act No. 235/2012 Coll. on a special levy from doing business in regulated industries and on the amendment of certain laws as amended, which introduced with effect from 1 January 2024 the obligation to pay a special levy from doing business in regulated industries to persons who carry out activities on the basis of a permit issued or granted by the National Bank of Slovakia (NBS).

- The levy is calculated as the product of the levy base and the relevant rate.
- The levy is based on the company's economic results reported in the financial statements, which are submitted together with the tax return (§ 5 of Act No. 235/2012 Coll.) multiplied by a coefficient. The coefficient for the purpose of calculating the levy base is calculated as the share of revenues from regulated activity to the total revenues belonging to the accounting period for which the economic result used to calculate the levy base was reported.
- The levy rate is for a regulated person who carries out activities in the field of banking on the basis of a banking license granted by the NBS in accordance with a special regulation or on the basis of an authorization or permit to perform activities in the field of banking issued in another member state of the European Union and a state that is a party to the Agreement on To the European Economic Area 0.025 per month, i.e. 30% per year.

Each year the levy rate will decrease until it reaches 0.00363 for 2028.

The Group is still analysing the calculation of the levy. The Group expects that the levy will not have a significant effect on the financial statements of the Group.

On 26 February 2024, an amendment to the Bank's articles of association was adopted, according to which the Supervisory Board now has 9 members, with 6 members elected by a single shareholder and 3 members elected by the Bank's employees. On the same day, Marc Derydt and Jozef Kollár were appointed as members of the Supervisory board. Subsequently, on 15 March 2023, Radoslav Míšek was elected to the position of member of the Supervisory board elected by the Bank's employees.

On 4 March 2024, Tomáš Klimíček resigned from the position of a member of the Board of Directors and also from the management of the Bank's risk management area.

40.96

billion CZK

THE GROUP’S EQUITY

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

in millions of CZK	Note	31/12/2023	31/12/2022 (restated)*	01/01/2022 (restated)*
Assets				
Cash and cash equivalents	5	139 968	76 804	71 299
Due from banks and other financial institutions	6	271	487	1 321
Positive fair value of derivatives	7	4 777	6 783	1 149
Financial assets for trading	8a	4 940	6 408	3 896
Financial assets mandatorily at fair value through profit or loss	8b	9 214	8 978	8 645
Financial assets at fair value through other comprehensive income	8c	10 783	4 681	3 308
Financial assets at amortised cost	8d	4 540	4 529	4 522
- of which pledged as collateral (repurchase agreements)	*9*	*4 338*	*4 330*	*4 322*
Loans and advances to customers at amortised cost	10	100 270	103 644	88 265
Loans and advances to customers at fair value through profit or loss		–	–	14
Ownership interests	1	2 663	2 636	4 386
Property, plant and equipment	13	1 451	1 653	1 722
Intangible assets	14	88	204	153
Current income tax receivables	24	–	–	164
Deferred tax asset	25	673	481	300
Other assets	16	9 798	2 884	4 990
Total assets		**289 436**	**220 172**	**194 134**
Liabilities				
Deposits and loans from banks	17	8 256	8 520	4 298
Deposits from customers	18	216 733	159 575	149 306
Negative fair value of derivatives	7	2 435	3 940	1 645
Debt securities issued	19	3 287	301	–
Subordinated debt	20	1 256	256	73
Provisions	22	1 562	1 416	1 297
Current income tax liabilities	24	1 142	1 051	–
Other liabilities	21	15 075	10 059	14 038
Total liabilities		**249 746**	**185 118**	**170 657**
Share capital	23	10 638	10 638	10 638
Retained earnings and other reserves	23	20 184	15 548	8 942
Other equity instruments	23	8 868	8 868	3 897
Total equity		**39 690**	**35 054**	**23 477**
Total equity and liabilities		**289 436**	**220 172**	**194 134**

The accompanying notes set out on pages 266 to 345 are an integral part of these financial statements.

* Refer to note 5

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

in millions of CZK	Note	2023	2022
Interest income calculated using effective interest rate method	26	16 914	10 737
Other interest income	26	356	219
Interest expense	27	(8 125)	(4 315)
Net interest income		**9 145**	**6 641**
Fee and commission income	28	1 752	1 727
Fee and commission expense	29	(303)	(313)
Net fee and commission income		**1 449**	**1 414**
Dividends from ownership interests		260	235
Net income from trading and investments	30	2 093	2 294
Other operating income	31	253	40
Operating income		**13 200**	**10 624**
Personnel expenses	32	(1 564)	(1 354)
Other operating expenses	33	(1 791)	(1 441)
Depreciation and amortisation	13,14	(211)	(212)
Operating expenses		**(3 566)**	**(3 007)**
Profit before allowances, provisions and income tax		**9 634**	**7 617**
Net loss from sale/cession of loans and other receivables	12	(42)	(115)
Net change in loss allowances for financial instruments	12, 6	(1 021)	(1 525)
Net change in allowances for ownership interests	1	(742)	(630)
Profit before tax		**7 829**	**5 347**
Income tax	24	(1 508)	(1 227)
Profit for the period		**6 321**	**4 120**
Attributable to:			
Shareholders of the Bank		6 321	4 120
Profit for the period		**6 321**	**4 120**

in millions of CZK	Note	2023	2022
Other comprehensive income - items that are or may be reclassified subsequently to profit or loss:			
Revaluation reserve - financial assets at fair value through other comprehensive income – debt instruments			
Remeasurement to fair value		(40)	(117)
Expected credit losses		(68)	23
Related tax		(6)	22
Foreign currency translation differences		11	–
Other comprehensive income - items that will not be reclassified to profit or loss in subsequent periods:			
Revaluation reserve - financial assets at fair value through other comprehensive income – equity instruments			
Remeasurement to fair value		50	(36)
Other comprehensive income for the period, net of tax		**(53)**	**(108)**
Total comprehensive income for the period		**6 268**	**4 012**

The accompanying notes set out on pages 266 to 345 are an integral part of these financial statements.

The Board of Directors approved these financial statements on 28 March 2024.

Signed on behalf of the Board:

Ing. Igor Kováč
Member of the Board of Directors

Ing. Jan Kotek
Member of the Board of Directors

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

in millions of CZK	Registered capital
Balance as at 1 January 2022	**10 638**
Total comprehensive income for the period	
Profit for the period	–
Issue of investment certificates	–
Contribution to other capital funds	–
Payment of earnings from investment certificates	–
Establishment of special-purpose fund for payment of revenue from investment certificates	–
Other comprehensive income - items that will be reclassified to profit or loss in subsequent periods:	
Revaluation reserve - financial assets at fair value through other comprehensive income – debt instruments	
- Remeasurement to fair value	–
- Expected credit losses	–
- Related tax	–
Other comprehensive income - items that will not be reclassified to profit or loss in subsequent periods:	
Revaluation reserve - financial assets at fair value through other comprehensive income – equity instruments	
- Remeasurement to fair value	–
Balance as at 31 December 2022	**10 638**
Balance as at 1 January 2023	**10 638**
Total comprehensive income for the period	
Profit for the period	–
Payment of earnings from investment certificates	–
Establishment of special-purpose fund for payment of revenue from inv. certificates	–
Dividends	–
Other comprehensive income - items that will be reclassified to profit or loss in subsequent periods:	
Foreign exchange differences	–
Revaluation reserve - financial assets at fair value through other comprehensive income – debt instruments	
- Remeasurement to fair value	–
- Expected credit losses	–
- Related tax	–
Other comprehensive income - items that will not be reclassified to profit or loss in subsequent periods:	
Revaluation reserve - financial assets at fair value through other comprehensive income – equity instruments	
- Remeasurement to fair value	–
Balance as at 31 December 2023	**10 638**

Further information about equity instruments is disclosed in note 23.

The accompanying notes set out on pages 266 to 345 are an integral part of these financial statements.

Retained earnings and capital funds	Perpetuity fund	Other equity instruments	Revaluation reserve	Total
8 667	**174**	**3 897**	**101**	**23 477**
4 120	–	–	–	4 120
–	–	4 971	–	4 971
2 913	–	–	–	2 913
–	(319)	–	–	(319)
(326)	326	–	–	–
–	–	–	(117)	(117)
–	–	–	23	23
–	–	–	22	22
–	–	–	(36)	(36)
15 374	**181**	**8 868**	**(7)**	**35 054**
15 374	**181**	**8 868**	**(7)**	**35 054**
6 321	–	–	–	6 321
	(632)	–	–	(632)
(772)	772	–	–	–
(1 000)	–	–	–	(1 000)
–	–	–	11	11
–	–	–	(40)	(40)
–	–	–	(68)	(68)
–	–	–	(6)	(6)
–	–	–	50	50
19 923	**321**	**8 868**	**(60)**	**39 690**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

in millions of CZK	Note	2023	2022 (restated)
Cash flows from operating activities			
Profit before tax		7 829	5 347
Adjustments for:			
Depreciation and amortisation	13, 14	211	212
Net change in loss allowances for loans	12	1 029	1 437
Loss from changes of loans and other receivables		42	–
Net change in provisions for off-balance sheet items	12	60	61
Foreign exchange differences from losses resulting from impairment of loans	12	27	(85)
Net book value of sold intangible assets and property, plant and equipment	13, 14	182	68
Other changes in property, plant and equipment	13	89	–
Change in other provisions	22	84	71
Change in revaluation of financial assets at fair value through profit or loss		(318)	(49)
Ownership interests – remeasurement of hedged item / FV hedge		(60)	313
Creation of allowances for ownership interests	1	1 207	631
Disposal of carrying value of ownership interests	1	251	58
Securities measured at FVOCI – losses from sale		(6)	4
Securities measured at FVOCI – fair value hedge		50	4
Impairment of financial assets measured at FVOCI	12	(68)	26
Net unrealised foreign exchange gains /(losses)		(447)	362
(Increase) / decrease in operating assets:			
Due from banks and other financial institutions	6	216	257
Loans and other advances to customers		2 275	(16 141)
Financial assets for trading and mandatorily at fair value through profit or loss		1 547	(2 796)
Financial assets at FVOCI		(150)	–
Financial assets at amortised cost	8d	(11)	–
Prepayments, accrued income and other assets		(7 321)	2 106
Increase / (decrease) in operating liabilities:			
Deposits and loans from banks	17	(264)	4 222
Deposits from customers	18	57 158	10 269
Financial liabilities at fair value through profit or loss		–	(456)
Deferred income, accrued expenses and other liabilities (without provisions)		5 164	(3 418)
Income tax paid		(1 626)	(164)
Net increase / (decrease) in fair values of derivatives			
Fair value of derivative instruments	7	501	(3 339)
Net cash flows from operating activities		**67 651**	**(1 000)**

in millions of CZK	Note	2023	2022 (restated)
Cash flows from investing activities			
Acquisition of property plant and equipment and intangible assets	13, 14	(153)	(262)
Ownership interests - contribution to capital		(1 157)	(302)
Proceeds related to ownership interest		360	728
Financial assets at fair value through other comprehensive income - proceeds		12	958
Financial assets at fair value through other comprehensive income - repayments		(5 918)	(2 519)
Net cash flows used in investing activities		**(6 856)**	**(1 397)**
Cash flows from financing activities			
Proceeds from the capital contribution		–	2 913
Issue of other equity instruments		–	4 971
Distribution of income from other equity instruments	23	(632)	(319)
Proceeds from the bond issue	23, 34	2 967	300
Proceeds from subordinated debt issue	34	1 000	185
Dividends paid	23	(1 000)	–
Lease liabilities paid	34	(124)	(105)
Net cash flows from financing activities		**2 211**	**7 945**
Increase in cash and cash equivalents		*63 006*	*5 548*
Cash and cash equivalents at beginning of period	**5**	**76 804**	**71 299**
Effects of exchange rate fluctuations on cash held		158	(43)
Cash and cash equivalents at end of period	**5**	**139 968**	**76 804**
Cash flows from operating activities include:			
Interest received		15 797	10 414
Interest paid		(7 140)	(3 443)
Interest paid / lease liabilities		2	2
Dividends received		391	299

The accompanying notes set out on pages 266 to 345 are an integral part of these financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

J&T BANKA, a.s. ("the Bank") is a joint stock company incorporated on 13 October 1992 in the Czech Republic.

The Bank received a licence to act as securities trader on 25 April 2003 and on 22 December 2003, the Bank's licence was extended to include that activity.

The Bank's activities are focused on private, investment, corporate and retail banking.

The Bank is subject to the regulatory requirements of the Czech National Bank ("CNB"). These requirements include limits and other restrictions concerning capital adequacy, other ratios set by CNB, classification of loans and off-balance sheet liabilities, large exposure, liquidity and the Bank's foreign currency position etc.

Since 2020, the Bank has had its registered office at Sokolovská 700/113a, 186 00 Prague 8.

The Bank (including its branches in the Slovak Republic and Germany) had the average of 698 employees in 2023 (2022: 644). The Bank operates in the Czech Republic, the Slovak Republic and Germany.

A Slovak branch of the Bank was established on 23 November 2005, and was registered in the Commercial Register of the District Court Bratislava I, section Po, file 1320/B as the organizational unit "J&T BANKA, a.s., pobočka zahraniční banky", Dvořákovo nábrežie 8, 811 02 Bratislava, and with the identification number 35 964 693.

A German branch of the Bank was established on 21 September 2022, and was registered in the Commercial Register of the District Court of Frankfurt am Main as the organizational unit "J&T BANKA, a.s. Zweigniederlassung Deutschland", Franklinstraße 56, 60486 Frankfurt am Main, and with the identification number HRB 128706. German branch of the Bank operates under the brand J&T Direktbank, as a fully digital bank since 27 February 2023.

The Bank's ultimate parent is J&T FINANCE GROUP SE owned by Jozef Tkáč (45.05%), Ivan Jakabovič (35.15%), Rainbow Wisdom Investments Limited (9.90%), Štěpán Ašer (4.95%) and Igor Kováč (4.95%).

Ownership interests

In connection with the shareholder's intention to centralise financial services under the Bank, the following companies have become subsidiaries of the Bank. The Bank provides customers with comprehensive banking services, asset management, financial and capital market transactions for the retail segment, as well as support to start-up and restructuring projects. The Bank assumes that all of the subsidiaries lead their business actively and contribute to the Bank's growth of profitability.

Balance at 31/12/2023 in millions of CZK

Company	Net balance	Impairment	Share capital	% Shareholding	Principal activities	Country of incorporation
AMISTA consulting, s.r.o.	1	–	0,70	80	Advisory activities	CR
AMISTA investiční společnost, a.s.	138	–	9	80	Investment act.	CR
ATLANTIK finanční trhy, a.s.	40	(192)	38	100	Investment act.	CR
J&T banka d.d.	303	(652)	1 073	100	Banking activities	Croatia
J&T IB and Capital Markets, a.s.	2	–	2	100	Advisory activities	CR
J&T INVESTIČNÍ SPOLEČNOST, a.s.	149	–	20	100	Investment act.	CR
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	8	–	3	100	Investment act.	SR
J&T Leasingová společnost, a.s.	–	(670)	32	100	Financing activities	CR
J&T ORBIT SICAV, a.s.	975	–	0,10	92,33	Investment act.	Malta
J&T ADVANCED SOLUTION SICAV	–	–	–	99,97	Investment act.	CR
J&T RFI I., s.r.o.	37	–	0,20	100	Advisory activities	CR
J&T VENTURES I otevřený podílový fond	83	–	–	94,05	Investment act.	CR
Rustonka Development II s.r.o.	927	–	0,09	100	Investment property	CR
Total	**2 663**	**(1 514)**				

Croatia adopted the Euro as its currency on 1 January 2023 at a conversion rate of 1 euro for 7.53450 Croatian kuna. As a result, the Bank converged ownership interest in J&T banka d.d. and ALTERNATIVE UPRAVLJANJE d.o.o. from HRK to EUR on 1 January 2023. There was not recorded any profit or loss from this conversion in balances of the Bank.

On 17 January 2023, ALTERNATIVE UPRAVLJANJE d.o.o. was liquidated and deleted from the court register in Croatia. Residual capital reserves of EUR 371 thousand were paid to the the Bank as the sole shareholder on 19 January 2023.

On 19 January 2023, the Bank purchased shares in J&T ORBIT SICAV in total nominal value of EUR 32 million (CZK 792 million). On 28 February 2023, the Bank proceeded additional purchase of its shares in total nominal value of EUR 7 million (CZK 173 million).

On 27 September 2023, the Bank increased its share in AMISTA investiční společnost, a.s. through a contribution with a total nominal value of CZK 1.6 million in excess of contributions made by the shareholders in the registered capital.

On 14 November 2023, the Bank completed the sale of its total share of 99.95% in J&T Bank, a.o. and 99% in TERCES MANAGEMENT LIMITED. The Bank expected to proceed the sale of those subsidiaries since the last years and regularly monitored estimated transaction price of the sale. Those estimations were reflected in the amount of loss allowances held to those ownership interests on a monthly basis during the year 2023. Change of loss allowances to sold subsidiaries during the year 2023 amounted of CZK 62 million. In 2023, foreign exchange difference from the total loss allowances held to those subsidiaries denominated in USD and RUB was positive, CZK 273 million. Usage of loss allowances when the sale was proceeded presented the amount of CZK 1 486 million. Final impact from the sale of both subsidiaries is presented as Operating income of total amount CZK 144 million, note 31.

On 14 December 2023, the Bank increased its share in J&T Leasingová společnost, a.s. through a contribution with a total nominal value of CZK 200 million in excess of contributions made by the shareholders in the registered capital.

During 2023, the Bank recognized net impairment losses to ownership interests of CZK 742 million that primarily includes net change in allowances to J&T Leasingová společnost, a.s. of CZK 670 million and to J&T Bank, a.o. and TERCES MANAGEMENT LIMITED of CZK 62 million. The remaining balance CZK 10 million relates to J&T Banka d.d.

During 2023 and 2022, no restrictions applied to the ownership rights held over subsidiaries in EU.

The Bank operated in the Russian market through its subsidiary J&T Bank, a.o. In reaction to Russian invasion to Ukraine on 24 February 2022, the number of sanctions were expanded to Russian individuals and legal entities. As a result of those restrictions, the Bank presents cash and cash equivalents deposited in J&T Bank, a.o. as restricted cash in the other assets, note 16.

Balance at 31/12/2022 in millions of CZK

Company	Net balance	Impairment	Share capital	% Shareholding	Principal activities	Country of incorporation
ALTERNATIVE UPRAVLJANJE d.o.o.	9	(10)	0.06	100	Investment act.	Croatia
AMISTA consulting, s.r.o.	1	-	0.70	80	Advisory activities	CR
AMISTA investiční společnost, a.s.	110	-	9	80	Investment act.	CR
ATLANTIK finanční trhy, a.s.	40	(192)	38	100	Investment act.	CR
J&T Bank, a.o.	241	(2 358)	1 980	99.95	Banking activities	Russia
J&T banka d.d.	306	(626)	1 047	100	Banking activities	Croatia
J&T IB and Capital Markets, a.s.	2	-	2	100	Advisory activities	CR
J&T INVESTIČNÍ SPOLEČNOST, a.s.	149	-	20	100	Investment act.	CR
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	8	-	3	100	Investment act.	SR
J&T Leasingová společnost, a.s.	470	-	32	100	Financing activities	CR
J&T ADVANCED SOLUTION SICAV	0	-	-	99.97	Investment act.	Malta
J&T ORBIT SICAV, a.s.	10	-	0.10	100	Investment act.	CR
J&T RFI I., s.r.o.	36	-	0.20	100	Advisory activities	CR
J&T VENTURES I otevřený podílový fond	83	-	-	94.05	Investment act.	CR
Rustonka Development II s.r.o.	904	-	0.09	100	Investment property	CR
TERCES MANAGEMENT LIMITED	267	(255)	0.06	99.00	Investment act.	Cyprus
Total	**2 636**	**(3 441)**				

On 14 January 2022, the Bank acquired 100% share in J&T ORBIT SICAV, a.s. On 1 November 2022 the Bank increased its share in the fund through a contribution with a total nominal value of EUR 0.4 million (CZK 9.6 million) in excess of contributions made by the shareholders in the registered capital.

On 8 February 2022, ATLANTIK finanční trhy, a.s. reduced the share capital from the original amount of CZK 81 million to CZK 38 million. The amount of CZK 43 million was paid to the Bank as the only shareholder.

On 27 April 2022, the Bank increased share capital in J&T banka d.d. by HRK 20 million (CZK 65 million) and increased its share in the bank up to 85.15%. On 30 September 2022, the Bank acquired share of 11.12% in J&T banka d.d. from ALTERNATIVE UPRAVLJANJE d.o.o. The Bank squeezed out the minorities interest during the year 2022 and reached 100% share in J&T banka d.d.

On 10 June 2022 and 8 November 2022, J&T VENTURES I otevřený podílový fond proceeded compulsory purchases of its shares and decreased the number of allotment certificates in the fund.

On 3 August 2022, the Bank acquired 100% share in J&T RFI I, s.r.o. On 17 August 2022 the Bank increased its share in the fund through a contribution with a total nominal value of EUR 1.5 million (CZK 36 million) in excess of contributions made by the shareholders in the registered capital.

On 29 September 2022, the Bank increased its share in J&T Leasingová společnost, a.s. through a contribution with a total nominal value of CZK 70 million in excess of contributions made by the shareholders in the registered capital.

On 24 October 2022, Based on Decision on payment of capital reserves of the ALTERNATIVE UPRAVLJANJE d.o.o., the Bank decreased its share on share capital by HRK 8.8 million (CZK 29 million).

On 30 November 2022, the Bank achieved 80% share in AMISTA investiční společnost, a.s.

On 27 December 2022 the Bank proceeded sale of its total share of 53.08% in J&T REALITY o.p.f.

In 2022, the Bank created allowances for ownership interests of CZK 630 million.

A year-on-year change in total loss allowances for ownership interests of CZK 1 560 million was affected by additions to loss allowances in 2022 and by a negative foreign exchange difference of CZK 930 million from the translation of allowances for ownership interests in currencies other than Czech crowns, especially denominated in RUB.

2. BASIS OF PREPARATION

(a) Statement of compliance

The unconsolidated financial statements comprise the accounts of the members of the Bank and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union for the reporting period of 1 January 2023 to 31 December 2023 ("reporting period").

(b) Basis of preparation

The financial statements have been prepared under the historical cost convention except for financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivatives, which are measured at fair value.

The Bank maintains its accounting books and prepare their statements for regulatory purposes in accordance with local statutory accounting principles. The accompanying financial statements are based on the statutory accounting records together with appropriate adjustments and reclassifications necessary for fair presentation in accordance with IFRS.

The below-stated accounting methods have been applied consistently in all periods presented in these financial statements.

In particular, information about significant areas of uncertainty estimation and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements are described in note 4.

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 2023, and have not been applied in preparing these financial statements:

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 2024.

The amendments clarify that when the right to defer settlement is subject to a company complying with conditions (covenants) specified in a loan arrangement, only covenants with which the company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability's classification at that date. However, the amendments require companies to disclose information about these future covenants to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt).

The Bank expects that the Standard will not have a significant effect on the financial statements of the Bank.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction;
- after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

These amendments do not change the accounting for leases other than those arising in a sale and leaseback transaction.

The Bank expects that the Standard will not have a significant effect on the financial statements of the Bank.

Standards and interpretations effective for annual periods beginning after 1 January 2024 but not yet endorsed by the EU

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements
The amendments introduce additional disclosure requirements for a company to provide information about its supplier finance arrangements that would enable users of financial statements to assess the effects of these arrangements on the Bank's liabilities and cash flows, and the Bank's exposure to liquidity risk. The amendments apply to supplier finance arrangements (also referred to as supply chain finance, payables finance or reverse factoring arrangements) that have all of the following characteristics:
- a finance provider (also referred to as the factor) pays amounts a company (the buyer) owes its suppliers;
- a company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid;
- the company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

However, the amendments do not apply to arrangements for financing receivables or inventory.

The Bank expects that the Standard will not have a significant effect on the financial statements of the Bank.

Other new International Financial Reporting Standards and Interpretations not yet effective
The Bank 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 Bank elects to apply the standards prospectively from the date of transition. The management of the Bank does not expect that further new standards will have any significant impact on the financial statements of the Bank.

(c) Functional and presentation currency

The accompanying financial statements are presented in the national currency of the Czech Republic and the functional currency of the Headquarter, the Czech crown ("CZK"), rounded to the nearest million. Functional currency of the Slovak and German branch is the Euro ("EUR").

3. MATERIAL ACCOUNTING POLICIES

The particular accounting policies adopted in preparation of the accompanying financial statements are described below.

(a) Financial assets and liabilities

Classification and measurement of financial assets and liabilities

Financial assets under IFRS 9
The Bank assesses the classification and measurement of a financial asset based on:
- the Bank 's business model for managing the asset such as:
  - the stated policies and objectives for the portfolio and the operation of those policies in practise;
  - how the performance of the portfolio is evaluated and reported;
  - the risks that affect the performance of assets, including the strategy of their management;
  - the frequency, volume and timing of sales in prior periods, including the reasons for such sales and expectations about future sales activity;
- the contractual cash flow characteristics of the asset ("SPPI - solely payments of principal and interest on the principal outstanding").

The Bank defines business models and its classification as follows:
– "Hold and collect" – financial assets at amortised costs (AC);
– "Hold, collect and sell" – financial assets at fair value through other comprehensive income (FVOCI);
– "Trading" – financial assets at fair value through profit and loss (FVTPL);
– "Fair value option" – financial assets at fair value through profit and loss;
– "Mandatorily at fair value" – financial assets at fair value through profit and loss.

For an asset to be classified and measured at amortised cost or at FVOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI). For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. .

The Bank takes into consideration the following criteria when performing an SPPI test:
– non-standard currency characteristics;
– 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.

Financial assets at amortised cost

The "Hold and collect" strategy is aimed at holding financial assets in order to collect contractual cash flows of both principal and interest payments. Examples of such financial assets are loans, securities held to maturity, and trade receivables. Breach of the "Hold and collect" model does not occur even if there is a significant increase in counterparty credit risk during the course of the holding of the financial asset and the Bank decided to proceed with the sale of that asset.

Financial assets in the model "Hold and collect" are measured at amortised cost. Amortised cost is the amount at which the financial asset is measured at initial recognition minus the principal repayments plus or minus the cumulative amortised cost using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any loss allowance – expected credit loss. Expected credit loss is recognised in profit or loss together with foreign currency differences and interest income using the effective interest rate.

Financial assets at fair value through other comprehensive income

In order to be classified as FVOCI, the asset either:
– 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
– the asset is an equity instrument that does not meet the SPPI test but is not held for trading and the Bank 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.

Debt instruments that meet the criteria of SPPI test in the business model 'hold, collect and sell' are measured at fair value through other comprehensive income. When the financial asset is derecognized, gain or loss from remeasurement is reclassified to profit or loss. Expected credit losses are recognized in profit or loss together with foreign exchange differences arising from the amortised cost. Interest income is calculated using the effective interest rate and is presented in Net interest income.

Equity instruments not held for trading where the FVOCI option was elected. d 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.

Financial assets at fair value through profit or loss

Strategy "Trading" is aimed at actively trading with financial asset. The collection of cash flows is only random in relation to the business model objective. Typical assets in this category are trading derivatives and trading financial assets. Changes in fair values of these assets including FX differences are recognised in profit or loss. These assets are not subject to ECL calculation.

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. Debt instruments are measured at FVTPL, although they meet the criteria for a measurement at AC or FVOCI.

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 which have not passed through the SPPI test and cannot be measured at AC or FVOCI.

Reclassification

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets.

Initial recognition

On initial recognition at the date of transaction, the Bank recognizes financial assets and financial liabilities at fair value adjusted for transaction costs directly attributable to the acquisition/issue or disposal of a financial asset/liability. Trade receivables without a significant financial component are recognized at the transaction price.

Transaction costs related to the acquisition of financial assets measured at fair value through profit or loss are directly charged to the statement of comprehensive income.

Financial assets at FVTPL are recognized on the date the Bank commits to purchase the assets. From this date, any gains or losses arising from changes in the fair value of the assets are recognized in the statement of comprehensive income.

Financial assets classified at FVOCI are recognized on the date it commits to purchase the assets. From this date, any gains or losses arising from changes in the fair value of the assets are recognized in equity as differences from revaluation of assets.

Financial assets at AC are recognized on the settlement date.

Measurement

Subsequent to initial recognition, all assets designated at FVTPL and all at FVOCI are measured at fair value according to note 4 (Determining fair values).

All non-trading financial liabilities, originated loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Fair value measurement principles
The fair value of financial assets is based on their quoted market price at the reporting date, without any deduction for transaction costs. If a quoted market price is not available, the fair value of the asset is estimated 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. For more details about level hierarchy see note 4 and 47.

Gains and losses on subsequent measurement
Gains and losses arising from changes in the fair value of financial assets at FVTPL are recognised in profit or loss while gains and losses arising from changes in the fair value of FVOCI assets (except for FX for monetary assets) are recognized directly in equity as differences arising from revaluation of assets and liabilities.

When a debt asset measured at FVOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity instrument designated as measured at FVOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but is transferred to equity.

Interest on debt instruments measured at FVOCI is recorded in the statement of comprehensive income.

Derecognition
A financial asset is derecognised when the Bank's contractual rights to cash flows from financial assets expire or the Bank transfers the rights to receive contractual cash flows within a transaction during which in principle all risks and rewards arising from the ownership of financial assets are transferred or during which the Bank does not transfer or maintain in principle all risks and rewards arising from the ownership of the financial assets nor does it maintain control over the financial assets.

Upon derecognition, the difference between the asset's carrying amount, and the sum of the consideration received and any cumulative gain or loss previously recorded in other comprehensive income is recognised in profit or loss.

Financial assets measured at FVOCI and FVTPL that are sold are derecognised on the date the Bank commits to sell the assets.

Financial securities at amortised costs and provided loans and receivables are derecognised on the date the Bank sold them.

Financial liabilities under IFRS 9
Financial liabilities are classified and measured at amortised 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 - FV Option;
- financial liabilities arising from the transfer of financial assets that do not qualify for derecognition – short sales measured at FVTPL;
- contingent liabilities (if IFRS 9 recognition criteria are met) – measured at FVTPL;
- hybrid financial liabilities when the fair value measurement results in:
  - the elimination or significant limitation of the mismatch between the financial liability that would normally be measured at amortised cost and the related derivative measured at fair value;
  - the measurement of a hybrid contract as a whole, even if it contains an embedded derivative that would otherwise have to be separated.

Impairment
The Bank applies the IFRS 9 model of expected credit losses (ECL), which means that a loss event will no longer need to occur before an impairment allowance is recognised. The impairment model in IFRS 9 shall apply to financial assets measured at amortised cost, debt instruments measured at FVOCI, and loan commitments and financial guarantees measured at amortised cost.

For the purposes of ECL model calculation, the portfolio of financial assets is split into three segments (Stage 1,2,3) or in the group of financial assets that are impaired at the date of the initial recognition - Purchased or originated credit-impaired assets ("POCI"). At the date of the initial recognition, the financial asset is included in Stage 1 or classified as POCI and recorded in Stage 3. Subsequent reclassification to other stages is carried out depending on the rate of increase in credit risk (Stage 2), i.e. the probability of default of a particular asset between the moment of initial recognition and the date of preparation of financial statements.

Stage 1
- initial recognition of a financial asset;
- 12-month ECLs - all discounted cash flows that are not expected to be received until maturity of the financial asset that result from possible default events within the 12 months after the reporting date;
- interest income is calculated using the asset's gross carrying amount ("GCA").

Stage 2
- if the credit risk increases significantly from the initial recognition of the financial asset, the financial asset is reclassified to Stage 2;
- lifetime ECLs that result from all possible default events over the expected life of a financial instrument, i.e. all discounted cash flows that are not expected to be received until maturity of the financial asset as a result of a default;
- interest income is calculated using the asset's gross carrying amount ("GCA").

Stage 3
- the credit quality of the financial asset has significantly deteriorated and resulted in a credit loss or impairment of the asset;
- lifetime ECLs are used to calculate impairment;
- interest income should be calculated from net amortised costs, i.e. from the gross carrying amounts ("GCA") decreased by ECLs.

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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. Hedging does not affect a decision on whether or not an asset is classified as having a low risk of default.

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 reporting period. In this case, the Bank determines whether there has been a significant increase in credit risk.

However, financial assets are not deemed financial assets with low credit risk where collateral influences whether a financial instrument has a low credit risk. In addition, financial assets are not deemed financial assets with low credit risk solely due to the fact that they have a lower risk of default than other financial assets.

At the end of the reporting period the Bank assesses whether individual financial assets with a low credit risk classified in Stage 1 meet the characteristics pertaining to this stage.

Purchased or originated credit-impaired financial assets (POCI)
In addition to purchased defaulted loans, POCI may arise as a result of the restructuring of borrowers in financial difficulties that lead to significant changes in terms of the loan and result to derecognition. Apart from the recognition of losses arising from significant changes to assets, no losses are initially recorded, without distinguishing between 12-month and lifetime ECLs. Initial ECL over the lifetime shall be taken into account in the EIR which takes into account credit risk of counterparty that is subsequently used to record interest revenue. Subsequent changes in the ECL are recorded against the impairment loss/gain and loss allowance. These assets are categorized separately as POCI and remain so for the entire period of the holding.

Significant increase in credit risk
A significant increase in credit risk (SICR) represents a significant increase in the risk of default in respect of a financial asset as at the reporting date compared with the risk as at the date of initial recognition.

When determining SICR, the Bank adheres to the requirements of IFRS 9. These requirements are based on an assumption that the credit risk usually increases significantly before a financial asset becomes past due or other lagging factors (e.g. restructuring) are observed. At each reporting date of a financial asset, the Bank will assess whether the credit risk of a financial assets has increased significantly since its initial recognition or not.

The Bank may assume that the credit risk associated with the financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

When determining SICR on a financial asset since its initial recognition, the Bank uses reasonable and supportable information that is relevant and available without undue cost or effort.

Quantitative factors to be considered in assessment:
- the receivable or its significant portion is overdue for more than 30 days;
- credit risk deterioration will be 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 Bank uses internal rating system with 12 rating grades and the transition matrix which defines movements (rating deterioration) considered as significant, the 13th grade is referred as default: The Bank uses the transition matrix which defines movements (rating deterioration) considered as significant:
  - ratings 1-3 falling under investment grade are considered to be low credit risk, migrations within these ratings are not considered to be SICRs;
  - for other grades, the PD formula is used, after which the exposure will be assigned to Stage 2;
  - in line with the regulatory recommendation, the Bank uses a maximum of three times the increase of PD to determine the transition to Stage 2 in such a way as to guarantee that the threshold value of PD for progressing to Stage 2 is not higher for any rating class than three times the mean value of PD of the given rating class (for this can happen to a specific exposure, but only if the corresponding PD is lower than the median PD of the best rating class at the time of its origination)
  - at the same time, the value of the thresholds increases with higher ratings, so that for high ratings with a high PD mean less than a threefold increase in PD, all significant changes in PD are captured.

Qualitative factors to be considered in assessment:
- the nature of the project 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 6 months etc.;
- the Bank negotiates with the debtor about the restructuring of the debt (based on the request of the debtor or the Bank);
- negative information about the debtor from external sources;
- significant adverse changes in business, financial and/or economic conditions in which the debtor operates;
- significant change in collateral value, which is expected to increase risk of default.

For other products such as debits and repurchase agreements (reverse repurchase agreements with clients), the Bank does not determine ratings, scoring, and PD, and consequently may not compare their development for SICRs purposes over the time as in the case of other credit receivables. In such cases, credit risk deterioration is assessed based on other credit quality factors of an entity from which the Bank reports receivables, e.g. the debt collection process and its proceeding, overdue period of receivable, etc.

Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events defined as the "default of the borrower" that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

To determine whether a financial asset is in default, the Bank assesses the common signs of default that are listed below:
- the situation when the Bank 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 judgement of the court or administrative authority was ordered to enforce the decision by selling the debtor's assets or

executing the debtor's assets,
- the situation when the debtor's liability or its portion is overdue for more than 90 days,
  - an overdue loan should be considered significant if both the limit expressed as an absolute amount and the limit expressed as a percentage are exceeded. In order for the debtor to be classified as defaulted on the basis of days past due, the overdue liability must be significant continuously for 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 an institution, to the parent company of that institution or to any of its subsidiaries. This amount is defined as the equivalent of EUR 100 for a retail client and EUR 500 for other clients.
    - 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 institution towards the relevant debtor, its parent company or any of its subsidiaries, excluding any exposures involving shares. This percentage has been set at 1%.
- a situation where, during forced restructuring, the financial obligation is reduced by more than 1% of the value of the given claim; or in case of forced restructuring, the financial obligation will be reduced by 1% of the value of the given claim or less, while:
  - delay in expected funding from another financial institution for more than 12 months;
  - the situation when payments in the aggregate amount of at least 50% (in the sense of monitoring the repayment from the point of granting the loan) have been reduced, etc.

Financial assets where the debtor's default is proved are classified in Stage 3 or designated as POCI, if the relevant conditions have been met as at the date of the financial asset's initial recognition.

The impairment of a debt instrument carried at fair value through other comprehensive income is estimated in the same way as for financial assets at amortised cost, however, the respective loss allowance is not recognised in assets in the balance sheet as these instruments are recognised at their fair value. The impairment is part of Revaluation reserve and the year-on-year change is recognised in profit or loss.

Determination of expected credit losses (ECL)

The term ECL refers to the multiplication of probability of default (PD), expected loss given default (LGD) and exposure at default (EAD).

Determination of loss given default (LGD)

LGD, which is necessary for the calculation of ECL, is an estimate of the loss arising when default occurs at a given time (expressed as percentage). It is the difference between the contractual cash flows and the amount the Bank expects to receive, including cash flows from the realisation of collateral. For calculation, the Bank applies the method of discounted cash flows.

LGD is determined individually in the form of a scenario analysis. For other exposures, the expected loss given default is calculated on a portfolio basis using available data and knowledge. For exposures above the level determined by the Bank, the loss given default is determined on an individual basis. In other cases, the portfolio basis is used unless the Bank has already used an individual basis for the particular entity, e.g. for a credit analysis or credit rating calculation.

Individual LGD is determined as weighted average of relevant cash flows according to the scenario analysis. The Bank commonly uses scenarios such as: breach of covenants resulting in full repayment request, significant decrease in financial performance (i.e. significantly below the thresholds for immediately full repayment of the contract), realization of collateral or severe drop in performance parameters. In determining the LGD value, the Bank takes into account collateral of the receivable, when the Bank has legal right that in the event of default of the borrower, the collateral can be realized within reasonable time. For collateralized receivables, the calculation of the present value of the expected future cash flows also takes into account expenses associated with the realization of collateral.

For the purposes of LGD calculation, the Bank 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 Bank (i.e. 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 and loans, or in case of lack of data, LGDs may be determined from historical observations, from parameters set in the regulatory framework 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 probability of default (PD)

To derive the PIT and TTC matrices, the Bank uses the migration matrices listed in the publicly available materials of Moody's, mainly due to the insufficient granularity of the portfolio and the length of time of its own observed data. The Bank uses a procedure that is based on Merton's one-factor model. Macroeconomic influence in the model is represented by the Z component. Maximization of the likelihood is used to find the functional relationship between macroeconomic variables and the Z component.

Probability of default is assigned as follows:
- if the exposure is included in Stage 1, maximum one-year 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 procedure for calculating the final PD is divided into two steps:
- calculation of one-year PDs for the previous year, which is based on TTC PD adjusted for macroeconomic developments;
- calculation of multi-annual (cumulative) PDs, within which the multiplication of one-year transition matrices, modified according to the macro forecast for the respective year, is applied.

Probability of default (PD) for the default rating level is calculated over the selected horizon using annualized migration matrices. Migration matrices are square stochastic matrices that describe the Markov process of migration between rating levels. Probability of default (PD) at horizons that do not correspond to whole years are calculated by interpolation that uses the estimate of the stochastic root of the migration matrix for the corresponding year.

For the individual financial statements purposes, the Bank divides the internal ratings into the following risk categories having also its external rating equivalent based on PD intervals from Moody's annual reports.

In case of existence of external rating of the exposure, this rating is used directly and the following mapping matrix is not used.

PD from	mid PD from annual Moodys reports	PD to	Internal rating	External rating equivalent	Risk category
0.0000%	0.0665%	0.1055%	1	A / A2	Very low risk
0.1055%	0.1672%	0.2187%	2	BBB / Baa2	Low risk
0.2187%	0.2859%	0.3922%	3	BBB- / Baa3	Low risk
0.3922%	0.5377%	0.6558%	4	BB+ / Ba1	Medium risk
0.6558%	0.7996%	1.0526%	5	BB / Ba2	Medium risk
1.0526%	1.3844%	1.6687%	6	BB- / Ba3	Medium risk
1.6687%	2.0100%	2.5098%	7	B+ / B1	Medium risk
2.5098%	3.1299%	3.9113%	8	B / B2	Medium risk
3.9113%	4.8780%	5.1379%	9	B- / B3	Medium risk
5.1379%	5.4108%	6.5762%	10	CCC+ / Caa1	High risk
6.5762%	7.9715%	12.4643%	11	CCC / Caa2	High risk
12.4643%	18.9674%	99.9999%	12	CCC- / Caa3	High risk
100.0000%	100.0000%	100.0000%	13	D	Default

For debits and reverse repurchase agreements, the collateral is required to be a security traded on an active liquid market. Therefore:
- for Stage 1, no internal rating is assigned to the counterparty;
- Stage 2 and 3 is assigned to receivables overdue. An internal scoring/external rating must be assigned to an entity.

Probability of default (PD) during the TTC cycle is subsequently adjusted according to macroeconomic developments to reflect the appropriate phases of the economic cycle.

Individual risk management departments are responsible for the calculation and update of relevant PDs. The Bank primarily determines the rating of non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. In addition, the Bank determines the rating of its liabilities, financial guarantees and undrawn limits. Scorecards are used to assign internal PDs to the appropriate exposures.

Scoring models also use external data (i.e. benchmarking models) that were mainly used for portfolios in which the variables applied are identical or very similar for a large number of banks (e.g. operating financing or personal loans).

Determination of Exposure at default (EAD)

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 the conversion factor. If not enough data is available to prepare a statistical model for determining cash flows, the Bank uses historical experience or regulatory parameters according to the type of product as follows:

Type of product	Method of determining CCF
Overdrafts	Internal historical data
Credit cards	Internal historical data
Guarantees	Regulatory values under Basel III

Forward looking indicators

The expected loss model also considers information about future events. This information includes outlooks for industries in which individual counterparties operate, analysis from economic experts, financial analysts reports, data from government institutions, think tanks and other, including also consideration of internal and external sources of information relating to the current and future state of the general economic issues.

The Bank determines four generated PD scenarios generated on 5%, 12.5%, 25% and 50% quantile of GDP forecast for each country. The four PD sets are equally outweighed by 25% weight.

The Bank assigns counterparties relevant internal assessment of credit risk depending on their creditworthiness.

ECL presentation in the statement of financial position:

- for financial assets measured at amortised cost as a deduction from the GCA of the assets;
- for debt instruments measured at fair value through OCI, expected credit losses are not deducted from the carrying amount of a financial asset, as the carrying amount is already measured at fair value. However, an allowance is recorded as a decrease in revaluation reserve in OCI;
- for loan commitments and financial guarantee contracts generally as a provision.

Sensitivity analysis

The sensitivity of expected credit losses is affected by the probability of default (PD) and impairment losses. Therefore, the Bank prepares optimistic and pessimistic scenarios reflecting the amount of expected credit losses on a change of impairment losses by 10% (LGD). The probability of default is influenced by the change in GDP as a key indicator of future developments. Therefore, the Bank also analyses the impact of a change in GDP by +/- 1% on the value of expected credit losses.

Modification of financial assets

If there is a change in the cash flows of a financial asset due to a change in the contractual terms between the Bank and the counterparty (modification not only due to financial difficulties) while the change in the terms of the contract is classified as significant, the financial asset is derecognised and a new financial asset is recognised at fair value, including transaction costs. The present value of cash flows is discounted using a new effective interest rate, which is also used for a calculation of interest revenues.

The change is classified as significant based on the quantitative factor, i.e. if the difference between the net present value of the asset using the original effective interest rate and the present value of the asset using the updated effective interest rate differs by at least 10% compared to the original value or based on the qualitative factor such as the change of the loan currency, change of the interest type from fix to variable and vice-versa, change of the debtor in case of merger etc.

If the change in the terms of the contract is not classified as significant and the financial asset was not derecognized, the Bank recalculates the present value of the modified cash flows from the financial asset, and the difference between the gross carrying amount before the change in the terms and conditions (not considering existing impairment) is recorded as the effect of the modification of assets to the profit or loss. The present value of modified cash flows is discounted using the original effective interest rate also used for the calculation of interest revenues. Costs and fees adjusting the carrying amount of a modified financial asset are amortised over the remaining term of modified financial asset.

Write-off

The gross carrying amount of a financial asset should be written-off directly when there are no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This involves situations in which the Bank determines that the debtor does not have necessary assets or resources of income to repay the debt. The assessment is performed on an item-by-item basis. In the case of write-off, the Bank derecognises the gross carrying amount of a financial asset and the corresponding loss allowance. Write-offs do not affect profit or loss, as the written-off amounts are included in loss allowances. However, derecognised financial assets may still be recovered by the Bank in accordance with its debt recovery policies.

Treasury bills

Treasury bills, comprising bills issued by Czech government agencies, are measured at amortised cost, which includes the amortised discount arising on purchase. The discount is amortised over the term to maturity with the amortisation being included in interest income.

Derivatives

Derivatives including currency forwards, cross currency swaps, interest rate swaps and options are initially recognised in the statement of financial position at fair value. Fair values are obtained from quoted market prices and discounted cash flow models. The positive fair value of derivatives is recognised as an asset while the negative fair value of derivatives is recognized as a liability.

An embedded derivative is accounted for separately from the host instrument if:

- the host contract is not a financial asset under IFRS 9;
- the host contract itself is not carried through profit or loss;
- the terms of the embedded derivative meet the definition of a derivative should these be contained in a separate contract;
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contracts.

Separate embedded derivatives are measured at fair value and changes in their fair value are recognised in profit or loss unless these are not part of a qualified cash flow or a hedging relationship of a net investment. Separate embedded derivatives are recognised in the statement of financial position together with the host contract.

Changes in the fair value of derivatives are recognised in Net income from trading and investments.

Hedge accounting – Fair Value Hedge

The Bank decided to continue to apply hedge accounting under IAS 39 as part of its choice to apply IFRS 9 when recognising hedging derivatives. Hedging derivatives are derivatives that serve the Bank to hedge the currency risk and meet all conditions of the classification of hedging derivatives under International Accounting Standards.

At the inception of a hedging transaction, the relationship between the hedging instrument and the hedged item is documented.

Hedge effectiveness is tested during the inception and duration of the hedging relationship by mutually offsetting changes in fair value or cash flows of the hedging instrument and the hedged item with the result in the range from 80 to 125%.

Changes in the fair value of derivatives to hedge against changes in fair value are recognised in the income statement together with changes in the fair value of hedged assets and liabilities to which a hedging risk can be assigned. Hedge accounting is discontinued when the hedging relationship is terminated by the Bank, the hedging instrument expires, is sold, terminated, or the respective contract is exercised, or the hedging relationship ceases to meet the criteria of hedge accounting.

The positive fair value of hedging derivatives is recognised as Positive fair value of derivatives within assets in the statement of financial position. The negative fair value of hedging derivatives is recognised as Negative fair value of derivatives within liabilities and equity in the statement of financial position. A change in the fair value of hedging derivatives and of the hedged item is recognised as Net trading profit or loss in the statement of comprehensive income.

(b) Sale and repurchase agreements

Where securities are sold under a commitment to repurchase at a predetermined price ("repurchase agreements"), 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 repurchase agreements") are not recorded in the statement of financial position and the consideration paid is recorded as a loan granted. The difference between the acquisition cost and the selling price is treated as interest that accrues over the life of the contract. Repurchase and reverse repurchase transactions are recognised on a settlement date basis.

(c) Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Depreciation is carried out on a straight-line basis over the estimated useful economic lives of assets, ranging from 2 to 21 years.

Software	
Operating applications	3–9 years
Application for management of clients' portfolios	2–10 years
Application for management of banking products	18–21 years
Other intangible assets	2–9 years

(d) Property, plant and equipment

Intangible assets are stated at historical cost less depreciation and impairment losses. Depreciation is provided on a straight-line basis over the estimated useful economic life of the asset.

Buildings	30–50 years
Office equipment, safe deposit boxes	3–10 years
Fixtures and fittings	3–5 years
Right of use	according to the duration of a lease contract

Land is not depreciated. Assets under construction are not depreciated.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset.

(e) Leases

Bank as the lessor

When the Bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within loans and advances.

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

Bank as the lessee

The Bank applies IFRS 16 to all leases. At the commencement date of a contract, the Bank assesses whether the contract has the character of a lease or contains a lease. A contract has the character of a lease or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Bank assesses whether the contract contains a lease for each potential individual lease component.

If a contract contains a lease, the Bank as the lessee recognises the right-of-use asset and the lease liability as at the lease commencement date. The classification of the right-of-use into tangible/intangible assets class is based on the leased asset, i.e. on the underlying asset. The Bank has lease contracts where the leased assets are buildings (the bank's office premises, branches) and cars.

The Bank uses the exception for lease classification under IFRS 16 for:
- short-term leases
  - leases with a lease term of 12 months or less as at the commencement date of the lease
- leases whose underlying asset has a low value (EUR 5 000/CZK 130 000)
  - underlying low-value assets can include for instance tablets and personal computers, small items of office furniture and phones.

The Bank as the lessee recognises lease payments relating to lease contracts in the recognition exemption regime as expenses over the term of the lease.

As at the commencement date, the Bank shall measure the right-of-use asset at acquisition cost. Acquisition cost of a right-of-use asset includes the amount of lease liability initial recognition, all lease payments made at or before the commencement date net of all lease incentives received, all initial direct costs incurred by the Bank, an estimate of costs to be incurred by the Bank in dismantling and removing the underlying asset, and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Bank shall measure the right-of-use asset using the model of measuring at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

As at the commencement date, the Bank shall measure the lease liability as the present value of lease payments that have not been paid at that date. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Bank's incremental borrowing rate, if not.

On initial recognition, the Bank subsequently measures the lease liability by recognising interest on the lease liability, decreasing the carrying amount of the liability to reflect lease payments, remeasuring the carrying amount to reflect any lease revaluation or modifications.

After commencement date, the Bank as the lessee recognises in the statement of comprehensive income interest on a lease liability and a variable lease payment not included in the measurement of a lease liability.

The Bank shall reassess whether the contract has the character of a lease or contains a lease only if the terms and conditions of the contract are changed.

While right-of-use assets are presented under Property, plant and equipment in the statement of financial position, lease liabilities are presented under Other liabilities. The Bank recognises interest expense on a lease liability separately from the right-of-use asset depreciation in the statement of comprehensive income. Lease liability interest expense represents a component of finance expense.

(f) Foreign currency translation
Transactions denominated in foreign currencies are translated into CZK at the official Czech National Bank exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the statement of financial position date. All resulting gains and losses are recorded in the statement of comprehensive income in Net trading income, in the period in which they arise.

(g) Income and expense recognition
Interest income and interest expense are recognised in the statement of comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the

expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability. The calculation of the effective interest rate includes all fees and points paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities.

For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

For purchased or originated credit-impaired financial assets (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest income from debt instruments in FVTPL is recognised as interest income.

Negative income from financial assets is recognized as interest expense, positive income from financial liability as interest income.

The recognised average interest rate is determined as the annual weighted average from open contracts as at the date of the balance sheet date.

Fee and commission is accounted for pursuant to IFRS 15, applying the basic principle according to which revenue is recognised in a manner to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To apply the basic principle of recognising revenue under IFRS 15, the Bank applies the following five-step model:
1. identification of a contract
2. identification of contractual obligations (so called "performance obligation")
3. determination of the transaction price
4. allocation of the transaction price to each performance obligation
5. recognition of revenue when a performance obligation is satisfied.

Fees and commissions are divided based on the nature of the fee and the type of service provided as follows:
- fees and commissions for services provided that are recognized as the services are provided. These are recognised on a continuous basis in Net fee and commission income;
  - fees for keeping accounts, asset management, custody, etc.
- fees and commissions for the execution of the transaction are recognized when the transaction is provided and reported on a one-off basis in the Net fee and commission income;
  - payment fees, fees for the subscription of issued bonds, fees from financial instruments (mediation), clearing fees, etc.

(h) Income tax

Tax paid is calculated in accordance with the provisions of the relevant legislation based on the profit recognized in the statement of comprehensive income prepared pursuant to local statutory accounting standards, after adjustments for tax purposes.

Deferred tax is calculated using the statement of financial position liability method, providing for temporary differences between the accounting and taxation basis of assets and liabilities. Deferred tax liabilities are recognized for taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Currently enacted tax rates are used to determine deferred income taxes.

The Bank has determined that the global minimum top-up tax which it is required to pay under Pilar Two legislation - is an income tax in the scope of IAS 12. The Bank has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The Bank has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e g. leases. For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented

The Bank previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Bank has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Bank relates to disclosure of the deferred tax assets and liabilities, note 25.

(i) Social security and pension schemes

Contributions are made to the government's health, retirement benefit and unemployment schemes at the statutory rates in force during the year based on gross salary payments. The cost of social security payments is charged to the statement of comprehensive income in the same period as the related salary cost. The Bank has no further pension or post-retirement commitments.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash deposited with central banks (including Obligatory minimum reserves) and other banks and short-term highly liquid assets with original maturities within three months.

(k) Provisions

A provision is recognized in the statement of financial position when the Bank has a 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

In provisions, the Bank also reports ECL for off-balance sheet items in form of granted commitments and guarantees.

(l) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when the Bank has a legally enforceable right to offset the recognized amounts and the transactions are intended to be settled on a net basis.

(m) Ownership interests

The subsidiary consists of participation with controlling influence in an entity where the Bank identified control/supervision. Control arises when the Bank receives or is entitled to receive variable returns from its participation in the company and has the ability to affect those returns through its power over the company, regardless of the ownership share.

In the case of control/supervision all following conditions must be met:

- power over the company in which it has been invested;
- the right or authority to acquire rights to obtain variable returns based on the investment in the company;
- the ability to use the power over the company, in order to influence the amount of the Bank's returns from this investment.

An associate enterprise consists of participation with significant influence is an entity where the Bank has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in decisions on the financial and operating policy of the invested subject, but it does not involve control or joint control over those policies.

A joint venture is a joint arrangement where parties that together control the arrangement have rights to the net assets of this arrangement. Joint control is the contractually agreed sharing of control over the arrangement which exists when decisions about the relevant activities require the unanimous consent of the parties that share control.

Ownership interests are measured at cost. The Bank creates allowances to these ownership interests on the reporting date in the amount of the difference between the carrying value of ownership interests recorded in the accounting and the recoverable amount, note 2a.

The Bank applies fair value hedge accounting for ownership interests held in foreign currency that applies only to foreign currency risk.

(n) Disposal groups held for sale

Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. These assets are available for immediate sale in their present condition; they are offered for sale at a price which is appropriate compared to their fair value and a plan of sale leading to finding a buyer has been started, i.e. the sale is highly probable. If the situation in the market allows, the sale is expected to be completed within one year from the date of classification to "Disposal groups held for sale".

Disposal groups held for sale are measured at the lower of:
- Net book value of the asset at the date of classification to "Disposal groups held for sale";
- The fair value less estimated costs to sell.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

(o) Dividends

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

Dividend income is recognised when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

The presentation of dividend income in the statement of profit or loss depends on the classification and measurement of the ownership interests, i.e.:
- for equity instruments which are held for trading, dividend income is presented in net trading income;
- for equity instruments designated at FVOCI, dividend income is presented in net trading income except for those resulting from a decrease in share capital of the invested entity, which is recorded in other comprehensive income.
- for equity instruments that are not designated at FVOCI and are not held for trading, dividend income is presented in dividends from ownership interests in the statement of comprehensive income.

(p) Employee benefits

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.

(q) Other equity instruments

Other equity instruments are issued, subordinated, unsecured and yield certificates with a fixed interest income dependent on the fulfilment of particular conditions (hereinafter "Certificates"). These Certificates have no maturity date.

The Certificates have the character of hybrid financial instruments combining the economic features of equity and debt securities.

The Bank classified Certificates in accordance with IAS 32 and assessed all the conditions for the definition as equity instrument. Certificates meet both of the required conditions:
- the Certificates include no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or liabilities with another entity under conditions that are potentially unfavourable to the issuer;
- if the Certificates are or may be settled in the entity's own equity instruments, the Certificates are non-derivative instruments, which include no contractual obligation for the issuer to deliver a variable number of its own equity instruments.

The Bank may redeem the Certificates with the approval of the Czech National Bank. Holders of Certificates have no right to ask for redemption, except in the event of the Bank's liquidation.

The Bank commits to paying interest income generated from Certificates to the holders, but may also decide not to pay the interests accrued by the Certificates without compensating this in future periods. The Bank will pay interest if there are funds available and if it is approved to be used by the General Meeting of the Bank. When there are not sufficient funds available, the payment is reduced proportionately. Payment of earnings can be drawn from:

- the Bank's net income after allocation to mandatory (reserve) funds ascertained in the Bank's unconsolidated financial statements for the given reporting period;
- retained earnings;
- other equity components that the Bank is authorised to distribute to its shareholders by its decision.

As the Bank has no obligation to deliver cash to the holders of Certificates or to settle the contractual obligation by providing other financial assets, (i.e. Certificate holders do not have right to redemption of the principal amount or the interest income and as the Certificates have no maturity date), they are included in additional Tier 1 capital (AT1). This inclusion is subject to approval by the Czech National Bank.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

These principles supplement the commentary on financial risk management.

4.1. Key sources of estimation uncertainty

Expected credit losses

Expected credit losses are determined for those assets classified at amortised cost, debt instruments at fair value through other comprehensive income, guarantees and commitments. Basis used for its calculation and principles considered are described in note 3(a).

Calculation of expected credit losses and identified future liabilities considers uncertainties about the results of related risks and requires significant Bank's management assessments when estimating the amount of loss, including future economic conditions and credit behaviour. Amounts reported as provisions for off-balance sheet items are based on management's judgement and represent the best estimate of expenditures required to settle the liability with uncertain timing or the uncertain amount of the obligation.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable quoted market price requires the use of valuation techniques as described in accounting policy 3(a). For financial instruments that are traded infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of the market factors, pricing assumptions and other risks affecting the specific amounts.

The Bank determines the fair value hierarchy according to IFRS 13 and establishes fair value using the following hierarchical system that reflects the significance of the inputs used in the valuation:

- Level 1 - entries are (unadjusted) quoted prices in active markets for identical assets or liabilities to which the Bank has access at value date;
- Level 2 - inputs are inputs other than quoted prices included in Level 1 that are directly or indirectly observable for an asset or liability:

   - quoted prices of similar assets or liabilities in active markets,
   - quoted prices of identical assets on markets that are not active,
   - input quantities other than quoted prices that are observable,
   - market-supported inputs;
- Level 3 - inputs are unobservable inputs for an asset or liability.

An active market is the market where transactions for assets or liabilities are carried out frequently and in sufficient volume to ensure regular price information:
a) the items traded on the market are homogeneous;
b) it is possible to find willing buyers and sellers at any time and
c) prices are publicly available.

If there is no active market for the financial asset, the fair value is estimated using valuation techniques. When using valuation techniques, management uses estimates and assumptions based on available information about the estimates and assumptions that market participants would use to determine the price of the financial instrument.

In the vast majority of cases, the fair value of Level 3 investments, debt instruments, provided loans, was estimated using discounted cash flow ("DCF") models, with inputs coming from the specific investment's business plan or cash flow projections. The individual business plans and cash flow projections were critically reviewed by management before inclusion in the models. The discount rates were based on the specifics of the industries and countries in which the investments operate.

The key assumptions used in the valuations were the expected cash flows and discount rates.

The structure of selected assets and liabilities following the hierarchical system is described in note 47. Detailed information on securities classified in Level 3 are disclosed in note 8.

4.2. Changes in PD, LGD, FLI, SICR

In 2023, the Bank performed standard updates relating to LGD, FLI and SICR. This mainly involved the inclusion of the most up-to-date data in models.

FLI model

In order to estimate the forward-looking probability of default based on macroeconomic factors, the Bank uses a model based on transition matrices estimated by the external rating agency Moody's on historical data covering the period 1983-2022, i.e., so-called through-the-cycle (TTC) estimates of default rates (covering the entire economic cycle) as well as point-in-time estimates for a given year.

In accordance with IFRS 9, the TTC estimate of default rates was transformed to so-called point-in-time (PiT) forward-looking estimate, which considers the influence of current and expected macroecenomic development on the default rate.

The PiT PD estimate model consists of two parts: Z-component estimate, which represents the effect of the economic cycle on PD (more generally, on transitions between rating levels), depending on macroeconomic conditions and an estimate of correlation between macroeconomic units and the z-component. The base of the Z-component estimate is Merton's one-factor model, which dissects counterparty credit risk to two parts: idiosyncratic risk and systematic risk.

For the estimation of the correlation between the Z-component and macroeconomic units , the following variables were taken into account - real GDP growth (annual percentage change) and Z-component. Based on historical experience, this is the most reliable variable; other variables are not considered in order to preserve the robustness of the model, which can only be estimated using a limited number of observations.

Based on the estimated development of changes in real GDP and the relationship between the Z-component and this macroeconomic variable, the corresponding point-in-time forward-looking (PiT FL) transition matrices are subsequently calculated based on the estimated development of the Z-component by adjusting the TTC matrix for the Z-component. In addition to the model for the Z-component, a GDP scenario model is also used for these estimates, which takes into account the historical development of real GDP in the given country, the projection of the development of real GDP in this country (from the respective central bank) or the projection of global macroeconomic development (IMF) including their observed predictive capabilities. The PiT FL transition matrices are estimated for a period of 5 years. Beyond this horizon, it is assumed that the Z-component is zero, and the TTC matrix is therefore used.

PD variants
Standard PD: There are now four generated PD scenarios generated on 5%, 12.5%, 25% and 50% quantile of real GDP development forecast for each country. The four PD sets are equally outweighed by 25% weight.

Crisis PD: There are independent PDs generated for exposures found in fields struck by crisis (selected NACE sectors).
Russia/Ukraine: Independent PDs were generated for exposures in Russia and Ukraine, which reflect increased risk.

The Bank's highest share of exposures on its credit portfolio have the Czech Republic (54%) and The Slovak Republic (14%) as at 31 December 2023. We mention GDP growth for those countries only, because shares in other countries are insignificant.

Country	Year	National Bank	Forecast of the National Bank	Estimated values 5% quantile	Estimated values 12,5% quantile	Estimated values 25% quantile	Estimated values 50% quantile
CZE	2023	CNB	(0.39)	(1.42)	(1.01)	(0.63)	(0.04)
CZE	2024	CNB	1.2	(2.54)	(1.44)	(0.42)	1.03
CZE	2025	CNB	2.82	(2.36)	(1.21)	(0.06)	1.54
CZE	2026	CNB		(3.43)	(1.87)	(0.34)	1.85
CZE	2027	CNB		(3.46)	(1.85)	(0.4)	1.75
CZE	2028	CNB		(3.43)	(1.78)	(0.32)	1.85
SVK	2023	NBS	1.2	(0.6)	–	0.58	1.39
SVK	2024	NBS	2.8	(2.2)	(0.87)	0.34	2.06
SVK	2025	NBS	3	(1.38)	(0.3)	0.7	2.12
SVK	2026	NBS	1.8	(3.14)	(1.81)	(0.51)	1.24
SVK	2027	NBS		(3.35)	(1.48)	0.25	2.83
SVK	2028	NBS		(3.35)	(1.48)	0.25	2.86

Data sources:

Country	National Bank	Data Source
CZE	Czech National Bank (CNB)	Monetary Policy Report
SVK	National Bank Slovakia (NBS)	Economic and Monetary Developments

PD curves are updated continuously, whenever forecast of the country's National Bank changes by more than 1 percentage point.

4.3. ECL model („management overlays")
The Bank applies management overlays through interventions in the PD model and uses them to correct the impact of the ongoing effects of the crisis on the PD model. The first adjustment applied is the choice of four equally weighted pessimistic macroeconomic scenarios that are used in the model. The use of scenarios created from 5%, 12.5%, 25% and 50% quantiles of GDP predictions, as well as the corresponding ¼ weights of all these scenarios present, the Bank's conservative outlook for future economic development.

A significant management overlay is that the economic/industry sectors of the borrowers were divided based on the expert assessment of the Bank's chief economist and the Head of the Credit Risk Dept. The sectors were divided (according to NACE) into two groups. Firstly, sectors with ordinary PD are those where they expect the development in the given sector to correspond to the expected development of GDP. Secondly, sectors with crisis PD, where development is at risk due to current risk factors on the market (mainly the effects of COVID-19, inflation, interest rates, energy crisis, problems in supply-customer chains, etc.). The division of sectors was approved by the relevant Bank Committee.

PD for Ukraine and Russia are determined separately, given the increased geopolitical risk. For expositions in Russia and Ukraine, the bank has further used a prudent overlay in the form of creating allowance in the value of 50% of the assessed exposure.

For selected NACE sectors below, the Bank sees potential ongoing risks associated with COVID-19 and current geopolitical situation, including inflation, impaired supply chain, rise in commodity prices and other economic factors.

20 - Manufacture of chemicals and chemical products
23 - Manufacture of other non-metallic mineral products
24 - Manufacture of basic metals
25 - Manufacture of fabricated metal products, except machinery and equipment
29 - Manufacture of motor vehicles, trailers and semi-trailers
30 - Manufacture of other transport equipment
41 - Construction of buildings
46 - Wholesale trade, except motor vehicles and motorcycles
47 - Retail trade, except motor vehicles and motorcycles
64 - Financial service activities, except insurance and pension funding
65 - Insurance, reinsurance and pension funding, except compulsory social security
68 - Real estate activities

The impact of the above management overlays was as follows:

As at 31/12/2023 (in millions of CZK)	Loans	Debt securities at FVOCI
Loss allowances and provisions without management overlays	2 655	48
Impact of management overlays	578	33
Final amount of loss allowances and provisions after management overlays	3 233	81

As at 31/12/2022 (in millions of CZK)	Loans	Debt securities at FVOCI
Loss allowances and provisions without management overlays	3 639	105
Impact of management overlays	623	46
Final amount of loss allowances and provisions after management overlays	4 262	151

4.4. Environmental sustainability, social responsibility and corporate management (ESG)

A significant source of insecurities are insecurities even in the field of environmental risks, social responsibility, and corporate management. All of those are considered when determining accounting estimates, such as business combinations, decrease in asset values, reserve accounting or determining useful life of assets.

The Bank concludes loan agreements for projects supporting ESG either directly or through mutual funds or venture capital, to invest in innovative projects. The Bank is fully aware of its responsibility in this area and, also due to increasing regulatory requirements, it is gradually incorporating into its core and operational activities and risk management solutions enabling it to collect, process and use ESG data.

Risks associated with climate change are categorized into two categories – risk of transition and physical risk.

Transition risk

Transition risks relate to the changes that companies must make to adapt to a more sustainable and low-carbon economic model. Therefore, there is a risk associated with significant and rapid changes in stakeholder expectations, reflected in politics, changes in laws, regulations and changes in consumer behaviour. Risks associated with transitioning into low-carbon economy are specific for each industry and can even differ in fields inside of one industry. The rate of adaptation to transition to low-carbon economy is directly related to the level of risks faced.

Key aspects of transition risk include:
- Change in the energy mix: Transitioning to renewable energy sources and reducing dependence on fossil fuels can be financially demanding. Companies must invest in new technologies and infrastructure.
- Regulatory risks: Legislators and regulatory bodies may adopt new regulations that affect business.
- Change in consumer behaviour: Customers are increasingly preferring sustainable products and socially responsible companies. Companies must respond to these trends and adapt their strategies.
- Reputation risk: An improper transition could damage a company's reputation. Transparency and communication are key.
- Financial risks: A lack of funding for the transition to a more sustainable model can threaten business.

The Bank's exposure to transition risk is low. The Bank continuously monitors new legislation, innovations and constantly adapts to new market trends. This assessment is further supported by an appropriate financial strategy, risk management, and robust capitalization.

Assessment of exposure of the Bank to transition risk on its own operations is rated low. This assessment is supported by appropriate financial strategy, risk management, solid capitalization and unceasing monitoring of the market and legislation.

Physical risk
Physical risks origin from climate change associated with specific events and long-term climate development. The nature and timing of extreme meteorological events (floods, heat waves, storms, hurricanes etc.) are unsure, yet the number of said events, as well as their power is increasing, therefore their impact on economy is expected to be more significant in the future. Possible impacts can be decreased growth of GDP, shortage of material and products, significant change in prices, increase in operating costs, decrease in asset values, increase in write-offs and amortization.

Given the Bank's geographic focus on Europe, which is less affected by physical risks, we have considered this risk to be insignificant for the Bank.

Credit risk and impact on ECL
The Bank considered the risks arising from environmental sustainability, social responsibility, and corporate governance (ESG) in measuring ECL and concluded that in 2023 and 2022 they have no impact on the level of ECL, and therefore did not include specific adjustments reflecting ESG risks in the ECL calculation. Given the prudent approach to the current situation, the Bank believes that the ECL represents the best estimate of expected credit losses as at 31 December 2023 and 31 December 2022.

Evaluating the rating of new clients or assessing the credit risk of transactions also considers the Bank's growing commitments in the field of environmental sustainability, social responsibility, and corporate governance (ESG). The Bank is aware of the importance of the ESG topic, which is why it is preparing to collect ESG data from clients through a questionnaire, which will then be used for their rating. The Bank is currently in the phase of implementing ESG risks to the evaluation of client ratings and the approval process for significant exposures in the loan portfolio.

We assessed how climate risks could affect our financial position in the financial statements for the year ended 31 December 2023. As part of the assessment, we considered a number of areas of the statement of financial position, such as ECL, reserves, financial instruments, long-term assets as well as long-term viability and business sustainability. After careful consideration, we have concluded that these risks do not have a material impact on our financial statements ending 31 December 2023.

4.5. Conflict in Ukraine
In February 2024, it has been two years since the Russian Federation invaded Ukraine. In response to the hostile actions of the Russian Federation against Ukraine, a number of countries, including the United States, the United Kingdom, and the European Union member states, introduced and/or expanded economic sanctions against selected Russian individuals and legal entities. Among the sanctions are, among other things, freezing of assets, restrictions on trade and movement of capital, or travel bans

Since the beginning of the war, the Bank has supported organizations that provide material, food and medical aid and also focus on support through personnel capacities helping all the people affected by the war in Ukraine. Those are presented by social workers, psychologists, Czech language teachers, coordinators, community workers and many other necessary professionals.

The consequence of the ongoing war is a significant deterioration of the political and economic environment in both countries that are directly involved in the conflict. Since the beginning of the conflict, massive destructions were caused, with the most affected sectors such as construction of buildings, transport, industry, trade, energy and agriculture.

The Bank regularly analyse exposures allocated in those sectors affected by the conflict and reflect potential threats through higher provisions for them.

In 2023, the Bank ended its activities in Russia and sold its subsidiary J&T Bank a.o. The Bank also sold its ownership interest in TERCES MANAGEMENT LIMITED, which operated in Russia through its subsidiary Interznanie OAO.

In particular, sale of subsidiaries resulted in a significant decrease of the Bank's total exposure on the Russian and Ukrainian markets. In 2023, the Bank did not provide any new financing with risk in Ukraine and Russia.

The Bank's total exposure to the Russian and Ukrainian markets was insignificant as at 31 December 2023.

The management of the Bank has analysed the impact of this event and concluded that, as of the date of approval of these individual financial statements, the going concern assumption is still appropriate, and this event does not have a significant impact on the individual financial statements as at 31 December 2023.

5. CASH AND CASH EQUIVALENTS

in millions of CZK	31/12/2023	31/12/2022 (restated)
Cash on hand and current accounts with central banks	191	227
Term deposits with central banks within 3 months	5 565	2 556
Loans to central banks – reverse repurchase agreements	131 282	73 091
Current accounts with banks or payable within 3 months	108	182
Obligatory minimum reserves in central banks	2 822	748
Total	**139 968**	**76 804**

During the year 2023 the Bank considered the IFRS Interpretations Committee agenda decision on the classification of a demand deposit arising from a contract with a third party which do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash in IAS 7. Based on that agenda decision, the Bank reassessed Obligatory minimum reserves in central banks and concluded them to be a component of "Cash and cash equivalents" in its statement of financial position and statement of cash flows (as in the separate statement above). As a result, the Bank reclassified its Obligatory minimum reserves in central banks totalling CZK 748 million at 31 December 2022 (CZK 4 720 million at 1 January 2022) from the line "Due from banks and other financial institution" to the line "Cash and cash equivalents".

The restatement had no impact on the Bank's total assets, total liabilities, net profit for the year ended 31 December 2022.

The following tables summarizes the impact of this restatement on the statement of financial position:

	Note	Originally reported 31/12/2022	Originally reported 01/01/2022	Restated 31/12/2022	Restated 01/01/2022
Cash and cash equivalents	5	76 056	66 579	76 804	71 299
Due from banks and other financial institutions	6	1 235	6 041	487	1 321
Total assets		**220 172**	**194 134**	**220 172**	**194 134**
Total liabilities		**185 118**	**170 657**	**185 118**	**170 657**
Total equity		**35 054**	**23 477**	**35 054**	**23 477**
Total equity and liabilities		**220 172**	**194 134**	**220 172**	**194 134**

As for 2022, in the statement of cash flows, the reclassification of obligatory minimum reserves resulted in a decrease of operating cash flows by CZK 3 972 million. The decrease is adjusted to opening and closing balance of cash and cash equivalents disclosed above.

The obligatory minimum reserves are maintained under regulations of the Czech National Bank, the National Bank of Slovakia and the Deutsche Bundesbank. The obligatory minimum reserves are stated as 2% in the Czech republic, 1% in the Slovak republic and Germany, of primary deposits with maturity of less than two years. The obligatory minimum reserves are not interest bearing. The Bank must maintain the obligatory minimum reserves in accounts with the respective central banks. Compliance with this requirement is measured using the average daily closing balance over the whole month.

Exposures classified as cash and cash equivalents, balances with central banks are classified at amortised cost, generally Stage 1, financial assets with low credit risk.

6. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

in millions of CZK	31/12/2023	31/12/2022 (restated)
Subordinated loans to banks	3	798
Other receivables due from banks	273	266
Expected credit losses for loans	(5)	(577)
Total	**271**	**487**

The Bank has a prudent liquidity policy and holds a part of its liquidity surplus in highly liquid assets.

Highly liquid assets include balances with central banks, short term deposits in financial institutions and highly liquid corporate and government bonds. The Bank decides on placements based on the credibility of the counterparty and the offered conditions.

Subordinated loans to banks are provided to related parties. All of them are classified in Stage 1. Expected credit losses to subordinated loans are in the amount of CZK 5 million as at 31 December 2023 (2022: CZK 5 million).

Other receivables due from banks include cash collaterals of repurchase agreements of CZK 3 million, classified in Stage 1. In 2022, out of the closing balance CZK 798 million, CZK 572 million was due from the bank J&T Bank a.o., classified in Stage 3 and fully impaired. During the year 2023, the whole receivable was ceded to the third party.

There were no overdue receivables from banks as at 31 December 2023 and 31 December 2022.

7. DERIVATIVES

(a) Derivatives held for trading

in millions of CZK	31/12/2023 Notional amount buy	31/12/2023 Notional amount sell	31/12/2023 Positive fair value	31/12/2023 Negative fair value
FX derivatives	145 016	(142 617)	4 213	(2 241)
Cross currency derivatives	1 697	(1 697)	60	(56)
Other derivatives	31 260	(31 260)	295	(138)
Total	**177 973**	**(175 574)**	**4 568**	**(2 435)**

in millions of CZK	31/12/2022 Notional amount buy	31/12/2022 Notional amount sell	31/12/2022 Positive fair value	31/12/2022 Negative fair value
FX derivatives	186 793	(183 111)	5 867	(3 527)
Cross currency derivatives	6 090	(6 129)	169	(195)
Other derivatives	13 258	(13 258)	608	(218)
Total	**206 142**	**(202 498)**	**6 644**	**(3 940)**

All derivatives held for trading are classified as Level 2 according to the fair value hierarchy that reflects the significance of the inputs used in the valuation.

FX derivatives, generally forward currency contracts, are commitments to either purchase or to sell a designated currency at a specified date for a specified price. These contracts result in a credit exposure at a specified future date for a specified price. Forward currency contracts also result in exposure to market risk based on changes in quoted market prices relative to the contracted amounts.

Although all these derivatives represent economic hedges, they are reported as held for trading as the Bank did not classify them as derivatives held for risk management purposes (hedging derivatives).

The foreign currency structure of these transactions was as follows:

Long position	CZK	EUR	USD	Other
31/12/2023	60 %	36 %	3 %	1 %
31/12/2022	58 %	35 %	4 %	3 %

The foreign currency structure of the second leg of these transactions was as follows:

Short position	CZK	EUR	USD	Other
31/12/2023	56 %	41 %	2 %	1 %
31/12/2022	34 %	51 %	10 %	5 %

Derivatives held for hedging

in millions of CZK	Notional amount Long position	Notional amount Short position	Fair value Positive	Fair value Negative
Currency derivatives - hedging for ownership interests				
– Payable between 3 months and 1 year	1 357	(1 236)	104	–
– Payable from 1 to 5 years	1 383	(1 236)	105	–
Total as at 31 December 2023	**2 740**	**(2 472)**	**209**	**–**
Currency derivatives - hedging for ownership interests				
– Payable between 3 months and 1 year	2 273	(2 103)	139	–
Total as at 31 December 2022	**2 273**	**(2 103)**	**139**	**–**

All derivatives held for risk management are classified as Level 2 according to the fair value hierarchy that reflects the significance of the inputs used in the valuation.

As at 31 December 2023, the carrying amount of hedged ownership interests in foreign currency was CZK 2 258 million (2022: CZK 1 592 million).

The objective of this hedge is to cover the foreign currency ownership interests. The Bank uses currency forwards and foreign currency fixed-term deposits to achieve hedge effectiveness. The set hedges are in all cases effective.

8. SECURITIES

(a) Financial assets for trading

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares		
– domestic	549	737
– foreign	130	206
Bonds		
– domestic	3 442	3 397
– foreign	675	1 248
Allotment certificates		
– domestic	101	816
– foreign	43	4
Total	**4 940**	**6 408**
Shares		
– listed	679	943
Bonds		
– listed	4 117	4 645
Allotment certificates		
– listed	101	816
– not listed	43	4
Total	**4 940**	**6 408**
Shares		
– financial institutions	196	376
– corporate	482	565
– insurance companies	1	2
Bonds		
– government	2 995	2 554
– financial institutions	705	1 194
– corporate	417	897
Allotment certificates		
– financial institutions	144	820
Total	**4 940**	**6 408**
Shares		
– Level 1	629	906
– Level 2	49	35
– Level 3	1	2
Bonds		
– Level 1	3 206	3 097
– Level 2	348	416
– Level 3	563	1 132
Allotment certificates		
– Level 1	101	816
– Level 2	43	4
Total	**4 940**	**6 408**

Foreign bonds as at 31 December 2023 mainly include non-government bonds of CZK 644 million (2022: CZK 1 143 million) issued by companies from the following states and in the following amounts: Slovakia of CZK 456 million (2022: CZK 721 million), Malta of CZK 176 million (2022: CZK 262 million), Luxembourg of CZK 7 million (2022: CZK 12 million) and Cyprus of CZK 5 million (2022: CZK 89 million).

Foreign government bonds of CZK 31 million (2022: CZK 105 million) include Polish government bonds of CZK 28 million (2022: CZK 49 million) and Turkish government bonds of CZK 3 million (2022: CZK 5 million).

(b) Financial instruments mandatorily at fair value through profit or loss

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Allotment certificates		
– domestic	7 355	5 163
– foreign	1 859	3 815
Total	**9 214**	**8 978**
Allotment certificates		
– listed	577	472
– not listed	8 637	8 506
Total	**9 214**	**8 978**
Allotment certificates		
– financial institutions	9 214	8 978
Total	**9 214**	**8 978**
Allotment certificates		
– Level 1	577	472
– Level 2	1 502	3 111
– Level 3	7 135	5 395
Total	**9 214**	**8 978**

Foreign allotment certificates include the Malta certificates of CZK 1 820 million (2022: CZK 3 043 million) and Luxembourg allotment certificates of CZK 39 million (2022: CZK 772 million).

(c) Financial assets at fair value through other comprehensive income

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares		
– domestic	649	585
– foreign	171	169
Bonds		
– domestic	6 259	308
– foreign	3 704	3 619
Total	**10 783**	**4 681**
Shares		
– listed	820	754
Bonds		
– listed	9 649	3 619
– not listed	314	308
Total	**10 783**	**4 681**

in millions of CZK	31/12/2023 Fair value	31/12/2022 Fair value
Shares		
– financial institutions	–	331
– corporate	820	423
Bonds		
– government	5 945	–
– financial institutions	1 315	1 235
– corporate	2 703	2 692
Total	**10 783**	**4 681**
Shares		
– Level 1	649	585
– Level 2	171	169
Bonds		
– Level 1	6 878	955
– Level 3	3 085	2 972
Total	**10 783**	**4 681**

Foreign shares comprise Slovak shares of CZK 109 million (2022: CZK 100 million) and Swiss shares of CZK 62 million (2022: CZK 69 million).

Foreign bonds comprise Slovak bonds of CZK 3 180 million (2022: CZK 3 120 million) and Maltese bonds of CZK 524 million (2022: CZK 499 million).

In 2023 and 2022, no shares from the Bank's portfolio were sold. Shares at fair value through other comprehensive income comprise shares of companies in the following sectors:

in millions of CZK	2023 Fair value	2023 Dividends received	2022 Fair value	2022 Dividends received
Energy and manufacturing industry	375	(46)	323	(18)
Defence industry	336	(15)	331	(13)
Travel and tourism	109	–	100	–
Total	**820**	**(61)**	**754**	**(31)**

The Bank classifies bonds measured at FVOCI into internal rating groups, taking into account a number of factors. The following table summarises these bonds by stages.

Risk category

in millions of CZK	Very low risk	Low risk	Medium risk	Total
Stage 1	–	5 945	2 941	8 886
Stage 2	–	–	1 077	1 077
Total 2023	**–**	**5 945**	**4 018**	**9 963**
Stage 1	–	676	867	1 543
Stage 2	–	–	2 384	2 384
Total 2022	**–**	**676**	**3 251**	**3 927**

More detailed information on bonds as at 31 December 2023 including expected credit losses and gross carrying amounts are disclosed in note 11 and 12.

(d) Financial assets at amortised cost

in millions of CZK	31/12/2023	31/12/2022
Bonds		
– domestic/listed/government	4 540	4 529
Total	**4 540**	**4 529**

Financial assets carried at amortised cost comprise Czech government bonds of CZK 4 540 million gross. Bonds are classified as Stage 1; expected credit losses on these bonds amount to CZK 0 million (2022: CZK 2 million). Bonds mature in 2025. For the estimated fair value of bonds at amortised cost see note 47.

(e) Fair value measurement of financial assets at Level 3

The Bank regularly monitors the classification of securities into the fair value hierarchy. The Bank always assesses the individual ISIN codes of securities according to the frequency and volume of trades. Thus, a situation may arise that securities of one issuer may be classified under Level 1, whereas securities of another issuer may be classified under Level 2 or 3, based on the criteria shown in an internal decision-making tree.

The following table shows a reconciliation of the opening and closing balances for Level 3 financial assets that are recorded at fair value:

in millions of CZK	01/01/ 2023	Revaluation to OCI	Revaluation to profit or loss	Transfer from/(to) Level 2	Additions	Disposals	FX movement	Interest income	31/12/2023
Financial assets for trading				2023					
shares	2	–	(1)	–	–	–	–	–	1
bonds	1 132	–	12	(108)	118	(582)	(20)	11	563
Financial instruments mandatorily at fair value through profit or loss									
allotment certificates	5 395	–	418	828	1 927	(1 638)	205	–	7 135
Financial assets at fair value through other comprehensive income									
bonds	2 972	31	–	–	–	(12)	57	37	3 085
Total	**9 501**	**31**	**429**	**720**	**2 045**	**(2 232)**	**242**	**48**	**10 784**

in millions of CZK	01/01/ 2022	Revaluation to OCI	Revaluation to profit or loss	Transfer from/(to) Level 2	Additions	Disposals	FX movement	Interest income	31/12/2022
Financial assets for trading									
shares	4	–	(2)	–	–	–	–	–	2
bonds	985	–	(56)	173	389	(353)	(28)	22	1 132
Financial instruments mandatorily at fair value through profit or loss									
allotment certificates	2 556	–	(319)	2 155	2 349	(1 221)	(125)	–	5 395
Financial assets at fair value through other comprehensive income									
bonds	2 370	(117)	–	469	1 213	(934)	(86)	57	2 972
Total	**5 915**	**(117)**	**(377)**	**2 797**	**3 951**	**(2 508)**	**(239)**	**79**	**9 501**

The following table sets out information about significant unobservable inputs used as at 31 December 2023 in measuring financial assets categorised as Level 3 in the fair value hierarchy:

Type of financial assets	Valuation technique	Significant unobservable input	Fair value as at 31/12/2023	Range of estimates	Fair value measurement sensitivity to unobservable inputs
bonds	discounted CF	Credit Spread	3 648	0.7%–1.7%	A significant increase may result in lower fair value
		Risk-free rate		2.4%–6.8%	
shares	discounted CF	Discount rates	1	9.9%–20.2%	A significant increase may result in lower fair value
		EBITDA growth coefficient		2%–4%	A significant increase may result in higher fair value
allotment certificates	net asset value	Expected CF from fund	7 135	Investment based	A significant increase may result in higher fair value

The following table sets out information about significant unobservable inputs used as at 31 December 2022 in measuring financial assets categorised as Level 3 in the fair value hierarchy:

Type of financial assets	Valuation technique	Significant unobservable input	Fair value as at 31/12/2023	Range of estimates	Fair value measurement sensitivity to unobservable inputs
bonds	discounted CF	Credit Spread	4 104	(1.5 %)–2.5 %	A significant increase may result in lower fair value
		Risk-free rate		1.5 %–7.5 %	
shares	discounted CF	Discount rates	2	9 %–12.6 %	A significant increase may result in lower fair value
		EBITDA growth coefficient		2 %–4 %	A significant increase may result in higher fair value
allotment certificates	net asset value	Expected CF from fund	5 395	Investment based	A significant increase may result in higher fair value

If fair values were by 10% higher or lower than the Bank management's estimates, the determined carrying amount of financial assets at Level 3 would be by CZK 1 078 million higher or lower than the carrying amount recognised as at 31 December 2023 (2022: CZK 950 million).

The following table illustrates the impact of the revaluation of the fair value of financial assets classified at Level 3 due to an increase or decrease in the interest rate by 1 and 200 basis points used in the calculation of the fair value of financial assets:

in millions of CZK	+ 1 bps	- 1 bps	+ 200 bps	- 200 bps
Fixed bonds	(0.76)	0.76	(147.10)	156.45
Variable bonds	(0.11)	0.11	(22.10)	22.19
Zero-coupon bonds	(0.15)	0.15	(29.04)	30.33
Total bonds	**(1.02)**	**1.02**	**(198.24)**	**208.97**

The effect of the remeasurement of fair values of the Level 3 financial assets as a result of an increase or decrease of some of the inputs used on the calculation of fair values is shown below:

in millions of CZK	Effect on profit or loss Increase	Effect on profit or loss Decrease	Effect on other comprehensive income Increase	Effect on other comprehensive income Decrease
Bonds 2023				
change in risk-free rates by 1%	(26)	27	(96)	100
change in credit markups by 1%	(26)	27	(96)	100
Shares 2023				
change in discount rates by 1%	(1)	2	–	–
change in EBITDA by 5%	1	(1)	–	–
Bonds 2022				
change in risk-free rates by 1%	(39)	41	(111)	127
change in credit markups by 1%	(39)	41	(185)	199
Shares 2022				
change in discount rates by 1%	(1)	2	–	–
change in EBITDA by 5%	–	–	–	–

9. REPURCHASE AND RESALE AGREEMENTS

(a) Resale agreements (reverse repurchase agreements)

The Bank purchases financial assets under agreements to resell them at future dates ("reverse repurchase agreements"). The seller commits to repurchase the same or similar instruments at an agreed future date. Ownership title to the securities serving as collateral is transferred from the entity to which a loan is provided. Reverse repurchases are entered into as a facility to provide funds to customers. As at 31 December 2023 and 31 December 2022 assets purchased pursuant to the agreements to resell them were as follows:

in millions of CZK	Fair value of assets held as collateral	Carrying amount of receivable	Repurchase date	Repurchase price
Loans to central banks (note 5)	125 704	131 282	up to 1 month	131 419
Loans and other advances to customers (note 10)	5 184	2 746	up to 1 month	2 757
Total as at 31 December 2023	**130 888**	**134 028**		**134 176**
Loans to central banks (note 5)	71 871	73 091	up to 1 month	73 197
Loans and other advances to customers (note 10)	2 572	1 450	up to 1 month	1 456
Loans and other advances to customers (note 10)	1 725	1 040	up to 3 months	1 057
Total as at 31 December 2022	**76 168**	**75 581**		**75 710**

(b) Repurchase agreements

Transactions where securities are sold under a repurchase agreement (repurchase transaction) at a predetermined price are accounted for as loans collateralised by the securities. Ownership title to securities serving as collateral is transferred to the entity which is a loan provider. Securities transferred under repurchase agreements are reported within the respective items of securities in the Group's statement of financial position. The amount received from the transfer of securities under repurchase agreements is presented under "Deposits and loans from banks" or "Deposits from customers".

in millions of CZK	Fair value of assets provided as collateral	Carrying amount of liability	Repurchase date	Repurchase price
Loans from banks (note 20)	4 338	3 733	up to 3 years	3 780
Total as at 31 December 2023	**4 338**	**3 733**		**3 780**
Loans from banks (note 20)	3 947	3 602	up to 3 years	3 575
Total as at 31 December 2022	**3 947**	**3 602**		**3 575**

Securities provided as collateral are bonds classified as financial assets at amortised cost, note 8d.

10. LOANS AND OTHER ADVANCES TO CUSTOMERS AT AMORTISED COST

31/12/2023 (in millions of CZK)	Stage 1	Stage 2	Stage 3	POCI	Gross carrying amount
Loans and advances to customers and overdraft	75 873	7 558	3 380	352	87 163
Receivables from reverse repurchase agreements with customers	2 746	–	–	–	2 746
Margin lending (debits)	12 121	–	16	–	12 137
Other receivables	1 140	10	54	2	1 206
Gross carrying amount	**91 880**	**7 568**	**3 450**	**354**	**103 252**
ECL	**(809)**	**(318)**	**(1 875)**	**20**	**(2 982)**
Net carrying amount	**91 071**	**7 250**	**1 575**	**374**	**100 270**

31/12/2022 (in millions of CZK)	Stage 1	Stage 2	Stage 3	POCI	Gross carrying amount
Loans and advances to customers and overdraft	72 272	9 584	4 318	297	86 471
Receivables from reverse repurchase agreements with customers	2 490	–	–	–	2 490
Margin lending (debits)	16 078	–	–	–	16 078
Other receivables	1 893	1	124	111	2 129
Gross carrying amount	**92 732**	**9 585**	**4 442**	**409**	**107 168**
ECL	**(985)**	**(413)**	**(2 144)**	**18**	**(3 524)**
Net carrying amount	**91 747**	**9 172**	**2 298**	**427**	**103 644**

Details of changes in gross carrying amounts of loans, including movements in ECLs for 2023 are disclosed in note 11 a 12.

For further information about loans and advances to customers refer to note 40.

11. GROSS CARRYING AMOUNT OF FINANCIAL ASSETS

Gross carrying amount of loans

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**92 732**	**9 585**	**4 442**	**409**	**107 168**
Transfers:					
– transfers to Stage 1	1 797	(1 813)	16	–	–
– transfers to Stage 2	(4 201)	4 298	(97)	–	–
– transfers to Stage 3	(2 178)	(265)	2 443	–	–
Increase due to origination and acquisition – gross	30 684	–	–	57	30 741
Movement in interest – accrued less paid (except for full repayment)	1 246	39	2	9	1 296
Partial repayment of the principal / drawing of loan during the reporting period	2 171	(793)	(233)	(12)	1 133
Financial assets derecognised during the period	(31 618)	(3 716)	(1 599)	(103)	(37 036)
Changes due to modification without derecognition (net)	68	88	238	(7)	387
Write-off and sale of receivables	(29)	–	(1 798)	(8)	(1 835)
Foreign exchange rate movements	1 208	145	36	9	1 398
Total as at 31 December 2023	**91 880**	**7 568**	**3 450**	**354**	**103 252**

"Increase due to origination and acquisition - gross" comprises an increase CZK 14 883 million in receivables from reverse repurchase agreements with customers and debits; "financial assets derecognized during the period" of CZK 18 568 million comprise a decrease in receivables from reverse repurchase agreements and debits. The remaining movements represent the newly provided loans or repayment of previously provided loans. "Increase due to origination and acquisition – gross" for POCI amounting to CZK 57 million represents loans with significant modifications. "Write-off and sale of receivables" as at 31 December 2023 totalling CZK 1 835 million (2022: CZK 600 million) mainly represents the sale of receivables in the gross amount of CZK 1 779 million (2022: CZK 536 million).

Gross carrying amount of loans

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**76 897**	**9 447**	**4 752**	**425**	**91 521**
Transfers:					
– transfers to Stage 1	3 813	(3 813)	–	–	–
– transfers to Stage 2	(6 035)	6 035	–	–	–
– transfers to Stage 3	(988)	(855)	1 843	–	–
Increase due to origination and acquisition – gross	48 436	–	–	123	48 559
Movement in interest – accrued less paid (except for full repayment)	559	40	73	1	673
Partial repayment of the principal / drawing of loan during the reporting period	9 430	1 028	13	(129)	10 342
Financial assets derecognised during the period	(38 470)	(1 983)	(1 685)	(2)	(42 140)
Changes due to modification without derecognition (net)	131	3	83	–	217
Write-off and sale of receivables	–	(40)	(560)	–	(600)
Foreign exchange rate movements	(1 041)	(277)	(77)	(9)	(1 404)
Total as at 31 December 2022	**92 732**	**9 585**	**4 442**	**409**	**107 168**

"Increase due to origination and acquisition - gross" comprises an increase CZK 18 568 million in receivables from reverse repurchase agreements with customers and debits; "financial assets derecognized during the period" of CZK 20 302 million comprise a decrease in receivables from reverse repurchase agreements and debits. The remaining movements represent the newly provided loans or repayment of previously provided loans. "Increase due to origination and acquisition – gross" for POCI amounting to CZK 123 million represents loans with significant modifications. "Write-off and sale of receivables" as at 31 December 2022 totalling CZK 600 million (2021: CZK 151 million) mainly represents the sale of receivables in the gross amount of CZK 536 million (2021: CZK 0 million).

Gross carrying amount of debt securities at FVOCI

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**1 543**	**2 384**	**–**	**–**	**3 927**
Transfers:					
– transfers to Stage 1	1 306	(1 306)	–	–	–
Movement in interest – accrued less paid (except for full repayment)	89	(1)	–	–	88
Increase due to origination and acquisition – gross	5 918	–	–	–	5 918
Financial assets derecognised during the period	–	(12)	–	–	(12)
Fair value revaluation to OCI	(24)	(16)	–	–	(40)
Foreign exchange rate movements	54	28	–	–	82
Total as at 31 December 2023	**8 886**	**1 077**	**–**	**–**	**9 963**

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**1 270**	**1 568**	**–**	**–**	**2 838**
Transfers:					
– transfers to Stage 2	(974)	974	–	–	–
Movement in interest – accrued less paid (except for full repayment)	53	12	–	–	65
Increase due to origination and acquisition – gross	2 186	–	–	–	2 186
Financial assets derecognised during the period	(884)	(50)	–	–	(934)
Fair value revaluation to OCI	(67)	(70)	–	–	(137)
Foreign exchange rate movements	(41)	(50)	–	–	(92)
Total as at 31 December 2022	**1 543**	**2 384**	**–**	**–**	**3 927**

12. EXPECTED CREDIT LOSSES TO FINANCIAL INSTRUMENTS, INCLUDING GUARANTEES AND COMMITMENTS

ECL to loans

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**985**	**413**	**2 144**	**(18)**	**3 524**
Transfers:					
– transfers to Stage 1	64	(64)	–	–	–
– transfers to Stage 2	(196)	207	(11)	–	–
– transfers to Stage 3	(14)	(19)	33	–	–
Net change in credit risk	(231)	(272)	1 598	12	1 107
Changes due to modification without derecognition	68	88	238	(7)	387
New financial assets originated or purchased	200	–	–	1	201
Unwind of discount	–	–	(13)	–	(13)
Financial assets derecognised during the period	(70)	(33)	(343)	(85)	(531)
Use of allowances	–	–	(1 798)	78	(1 720)
Foreign exchange rate movements	3	(2)	27	(1)	27
Total as at 31 December 2023	**809**	**318**	**1 875**	**(20)**	**2 982**

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**319**	**459**	**2 426**	**52**	**3 256**
Transfers:					
– transfers to Stage 1	33	(33)	–	–	–
– transfers to Stage 2	(100)	135	(35)	–	–
– transfers to Stage 3	(82)	(38)	120	–	–
Net change in credit risk	332	(32)	665	(70)	895
Changes due to modification without derecognition	131	3	83	–	217
New financial assets originated or purchased	380	–	–	–	380
Unwind of discount	–	–	34	–	34
Financial assets derecognised during the period	(15)	(24)	(538)	–	(577)
Use of allowances	–	(39)	(557)	–	(596)
Foreign exchange rate movements	(13)	(18)	(54)	–	(85)
Total as at 31 December 2022	**985**	**413**	**2 144**	**(18)**	**3 524**

Use of allowances for the year ended 31 December 2023 amounted to CZK 1 720 million (2022: CZK 596 million), mainly comprising the use of an allowance to loss coverage from sold receivables of CZK 1 750 million (2022: CZK 532 million) and the release of credit impairment recorded at the date of initial recognition POCI of CZK minus 87 million (2022: CZK 0 million).

ECL to financial guarantees and commitments

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**62**	**7**	**92**	**–**	**161**
Transfers					
– transfers to Stage 2	(14)	14	–	–	–
– transfers to Stage 3	–	(1)	1	–	–
Net change in credit risk	(30)	(8)	55	3	20
New financial assets originated or purchased	59	–	–	–	59
Financial assets derecognised during the period	(6)	(3)	(12)	–	(21)
Foreign exchange rate movements	2	–	2	–	4
Total as at 31 December 2023	**73**	**9**	**138**	**3**	**223**

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**22**	**3**	**79**	**–**	**104**
Transfers					
– transfers to Stage 1	1	(1)	–	–	–
– transfers to Stage 2	(25)	32	(7)	–	–
– transfers to Stage 3	(45)	–	45	–	–
Net change in credit risk	(69)	(27)	(21)	–	(117)
New financial assets originated or purchased	179	–	–	–	179
Financial assets derecognised during the period	–	–	(1)	–	(1)
Foreign exchange rate movements	(1)	–	(3)	–	(4)
Total as at 31 December 2022	**62**	**7**	**92**	**–**	**161**

ECL to debt securities at FVOCI

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**37**	**112**	**–**	**–**	**149**
Transfers					
– transfers to Stage 1	9	(9)	–	–	–
Net change in credit risk	19	(72)	–	–	(53)
New financial assets originated or purchased	2	–	–	–	2
Foreign exchange rate movements	(9)	(8)	–	–	(17)
Total as at 31 December 2023	**58**	**23**	**–**	**–**	**81**

In addition, balance of CZK 81 million is decreased by impact of deferred tax from ECL to bonds in FVOCI of CZK 17 million, note 25.

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**45**	**81**	**–**	**–**	**126**
Transfers					
– transfers to Stage 2	(74)	74	–	–	–
Net change in credit risk	(11)	(41)	–	–	(52)
New financial assets originated or purchased	77	–	–	–	77
Foreign exchange rate movements	–	(2)	–	–	(2)
Total as at 31 December 2022	**37**	**112**	**–**	**–**	**149**

ECL to financial assets at amortised cost

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	**2**	**–**	**–**	**–**	**2**
Net change in credit risk	(2)	–	–	–	(2)
Total as at 31 December 2023	**–**	**–**	**–**	**–**	**–**

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2022	**1**	**–**	**–**	**–**	**1**
Net change in credit risk	1	–	–	–	1
Total as at 31 December 2022	**2**	**–**	**–**	**–**	**2**

13. PROPERTY, PLANT AND EQUIPMENT

in millions of CZK	Land and buildings	Fixtures, fittings and equipment	Right-of-use assets Land and buildings	Right-of-use assets Equipment - cars	Total
Acquisition cost					
1 January 2022	28	71	1 911	23	2 033
Additions	–	15	75	3	93
Disposals	–	(4)	–	(10)	(14)
Foreign exchange differences	–	–	(5)	–	(5)
31/12/2022	**28**	**82**	**1 981**	**16**	**2 107**
Accumulated depreciation					
1 January 2022	19	38	240	14	311
Depreciation	3	2	147	5	157
Disposals	–	(4)	–	(10)	(14)
31/12/2022	**22**	**36**	**387**	**9**	**454**
Acquisition cost					
1 January 2023	28	82	1 981	16	2 107
Additions	–	42	16	2	60
Disposals	–	(26)	–	(5)	(31)
Change due to modification of IFRS 16	–	–	(90)	1	(89)
Foreign exchange differences	–	1	8	–	9
31/12/2023	**28**	**99**	**1 915**	**14**	**2 056**
Accumulated depreciation					
1 January 2023	22	36	387	9	454
Depreciation	1	7	147	4	159
Disposals	–	(4)	–	(4)	(8)
31/12/2023	**23**	**39**	**534**	**9**	**605**
Net book value					
31/12/2022	**6**	**46**	**1 594**	**7**	**1 653**
31/12/2023	**5**	**60**	**1 381**	**5**	**1 451**

The Bank did not record any property, plant and equipment under construction as at the end of 2023 and 2022.

Property is insured against theft and natural disaster.

14. INTANGIBLE ASSETS

in millions of CZK	Software	Other	Total
Acquisition cost			
01/01/2022	695	6	701
Additions	164	5	169
Disposals	(79)	(1)	(80)
31/12/2022	**780**	**10**	**790**
Amortisation and impairment losses			
01/01/2022	547	1	548
Amortisation for the year	55	–	55
Disposals	(17)	–	(17)
31/12/2022	**585**	**1**	**586**
Acquisition cost			
01/01/2023	780	10	790
Additions	93	–	93
Disposals	(764)	(9)	(773)
Foreign exchange differences	1	1	2
31/12/2023	**110**	**2**	**112**
Amortisation and impairment losses			
01/01/2023	585	1	586
Amortisation for the year	51	1	52
Disposals	(614)	–	(614)
31/12/2023	**22**	**2**	**24**
Carrying amount			
31/12/2022	**195**	**9**	**204**
31/12/2023	**88**	**–**	**88**

On 30 September 2023, the Bank disposed its whole IT Dept. and services to the subsidiary of J&T FINANCE GROUP SE. The sales price of the transaction was determined based on the expert opinion. The impact of the transaction is presented in Other operating income, note 31.

The Bank did not record any intangible assets under construction as at the end of 2023 and 2022.

15. LEASES

(a) Leases entered into as lessee

The Bank as lessee accounts for lease contracts pursuant to IFRS 16.

(b) Leases entered into as lessor

The Bank does not report any significant receivables from non-cancellable operating leases at the end of 2023 and 2022.

16. OTHER ASSETS

in millions of CZK	31/12/2023	31/12/2022
Receivables from customers from securities trading	7 817	1 936
Advance payments – other	1 011	59
Other trade receivables	482	291
Prepayments and accrued income	292	260
Receivables from fees for portfolio management	91	81
Other receivables	52	198
Restricted cash (note 1)	28	34
Other assets	25	25
Total	**9 798**	**2 884**

Receivables from customers from securities trading increased in 2023 due to higher volume of customer trades around the year-end.

Advance payments were paid especially for IT services of total amount CZK 930 million during the year 2023.

Most assets are carried at acquisition cost and categorised in Stage 2. Expected credit losses were insignificant at the end of 2023 (2022: CZK 0 million).

17. DEPOSITS AND LOANS FROM BANKS

in millions of CZK	31/12/2023	31/12/2022
Deposits from banks	4 523	4 918
Loans from banks – repurchase agreements (note 9)	3 733	3 602
Total	**8 256**	**8 520**

Deposits from banks include current deposits, term deposits and other financial liabilities.

18. DEPOSITS FROM CUSTOMERS

in millions of CZK	31/12/2023	31/12/2022
Current accounts	43 345	28 371
Term deposits and escrow accounts	173 388	131 204
Total	**216 733**	**159 575**

19. DEBT SECURITIES ISSUED

in millions of CZK	31/12/2023	31/12/2022
Bonds issued	3 287	301
Total	**3 287**	**301**

On 26 October 2023, the Bank issued 120 000 pieces of bonds with nominal value of EUR 1 000 per piece. These unsecured non-convertible financial instruments were issued in EUR, effective interest rate is 7.5%, interest is paid annually. Bonds mature in 2026.

On 13 December 2022, the Bank issued 30 pieces of bonds with nominal value of CZK 10 million per piece. These unsecured non-convertible financial instruments were issued in CZK, effective interest rate is 8%, interest is paid annually. Bonds mature in 2027.

For the estimated fair value of issued bonds see note 47.

20. SUBORDINATED DEBT

in millions of CZK	31/12/2023	31/12/2022
Subordinated debt – term deposits	1 256	256
Total	**1 256**	**256**

in millions of CZK	2023	2022
Interest expense for subordinated debt:	58	6
– of which interest paid	51	3

The subordinated debt – term deposits from customers with a maturity up to 2028 bear an interest rate between 6.10% p.a. and 7.50% p.a. for contracts opened before 31 December 2022. For contracts opened after 1 January 2023 is maturity up to 2028 and bear an interest rate 7.5%. The Czech National Bank approved the subordinated debt as a part of the capital for regulatory purposes.

21. OTHER LIABILITIES

in millions of CZK	31/12/2023	31/12/2022
Payables to clients from securities trading	12 654	8 205
Accruals and deferred income	947	335
Lease liabilities	780	898
– Up to 1 year	91	94
– Over 1 year	689	804
Other tax liabilities	122	75
Trade payables	96	155
Payables to employees	50	49
Social security liabilities	22	22
Financial liabilities at fair value through profit or loss	39	3
Other liabilities	365	317
Total	**15 075**	**10 059**

Payables to clients from securities trading increased in 2023 due to higher volume of customer trades around the year-end.

Accruals and deferred income primarily consist of estimated payables for outsourcing IT services.

22. PROVISIONS

in millions of CZK	31/12/2023	31/12/2022
Provision for employee bonuses	1 272	1 192
Provision for off-balance sheet items	223	161
– Stage 1	72	62
– Stage 2	8	7
– Stage 3	139	92
– POCI	4	–
Provision for untaken holiday	35	29
Provision for loyalty programmes - customers	27	27
Provision for loyalty programmes - employees	5	6
Total	**1 562**	**1 416**

A provision for employee bonuses is established in relation to the approval of Bank employees' annual bonuses. The annual bonus is defined as variable benefit component of employee remuneration which the Bank may grant and pay to an employee in proportion to the job performance in the evaluated period, most commonly a year. It also comprises bonuses with deferred due payment. The Bank's remuneration policy is in accordance with the policies of risk management and remuneration in accordance with Decree 163/2014 Coll., on the performance of the activities of banks, credit unions and investment firms.

A provision for off-balance sheet items comprises in particular the provision for loan commitments and guarantees of CZK 223 million (2022: CZK 161 million).

Other provisions are short-term and expected to be utilised within 12 months after the reporting date.

in millions of CZK	Balance as at 01/01/2023	Additions/ Creation	Use/Release	Foreign exchange difference	Balance as at 31/12/2023
Provision for employee bonuses	1 192	788	(711)	3	1 272
Provision for off-balance sheet items – financing activities	161	60	(21)	23	223
Provision for loyalty programmes – customers	27	–	–	–	27
Provision for untaken holiday	29	15	(9)	–	35
Provision for loyalty programmes – employees	6	5	(6)	–	5
Other provisions	1	–	(1)	–	–
Total	**1 416**	**868**	**(748)**	**26**	**1 562**

in millions of CZK	Balance as at 01/01/2022	Additions/ Creation	Use/Release	Foreign exchange difference	Balance as at 31/12/2022
Provision for employee bonuses	1 127	529	(456)	(8)	1 192
Provision for off-balance sheet items – financing activities	104	179	(118)	(4)	161
Provision for loyalty programmes – customers	27	–	–	–	27
Provision for untaken holiday	30	26	(27)	–	29
Provision for loyalty programmes – employees	6	5	(5)	–	6
Other provisions	3	3	(5)	–	1
Total	**1 297**	**742**	**(611)**	**(12)**	**1 416**

23. EQUITY

in millions of CZK	2023	2022
The share capital has been fully paid up and consists of:		
10 637 126 ordinary shares with a nominal value of CZK 1 000 per share	10 637	10 637
700 000 ordinary shares with a nominal value of CZK 1.43 per share	1	1
Total share capital	**10 638**	**10 638**

All of the Bank´s shares are book-entry registered shares and are freely transferable. 1 000 votes are associated with shares with a nominal value of CZK 1 000, 1.43 votes are associated with shares with a nominal value of CZK 1.43.

The rights and obligations of shareholders are regulated in Act No. 90/2012 Coll., the Business Corporations Act and Bank´s Articles of Association. Each of the Bank´s shareholders has a pre-emptive right to subscribe a pro rata portion of the shares in the Bank if the registered share capital of the Bank is increased by cash contributions into the Bank. The shareholder has a pre-emptive right to subscribe for those shares that have not been subscribed for by another shareholder in accordance with the Business Corporations Act.

As the Bank has only a sole shareholder, the General Meeting shall not be held and the shareholder shall act in the capacity of the General Meeting. In this case, the rights and obligations of the sole shareholder are identical to those of the General Meeting, whose powers are regulated in the company´s valid Articles of Association and Act No. 90/2012 Coll., the Business Corporations Act.

Dividends

The Bank has not approved any specific dividend policy. The distribution of dividends, if any, is subject, for each accounting period, to assessment in terms of the possibilities and needs of the Bank, as well as in terms of the Bank´s long-term business objectives. When assessing the payment of dividends, the goals to ensure a sufficient level of capital adequacy and further regulatory requirements, as well as the interests of the owners of shares, are all taken into account.

The owners of ordinary shares are entitled to the payment of approved dividends. The ultimate shareholder decided at the general meeting on 25 May 2023 to pay out dividends from retained earnings in total amount of CZK 1 000 million (2022: CZK 0 million). Dividends were paid out in the amount of CZK 94.0015 per ordinary share of nominal value CZK 1 ths and in the amount of CZK 0.1344 per ordinary share of nominal value CZK 1.43.

The allocation of the profit for 2023 will be approved at the General Meeting, and based on the proposal of the Bank´s Board of Directors. The Bank's management assumes that a relevant part of profit will be transferred to the special-purpose capital fund for the distribution of revenue from certificates that are part of the Bank's equity and the remaining part will be used based on a decision and approval by the General Meeting.

The Bank does not provide any employee incentive scheme involving the option to buy own shares, or remuneration in the form of equity options.

Retained earnings

Retained earnings are distributable to the Bank's shareholders and are subject to the approval of the shareholders' general meeting. As at 31 December 2023, retained earnings amounted to CZK 17 010 million (2022: CZK 12 461 million). For details related to retained earnings, refer to the Statement of changes in equity.

Capital funds

Capital funds consist of a special-purpose fund for income distribution from subordinated income certificates. For details related to the special-purpose fund, refer to the last paragraph in Other equity instruments.

On 19 December 2022 the parent company J&T FINANCE GROUP SE contributed the payment to other capital funds amounted to CZK 2 913 million.

Revaluation reserve

a) Revaluation reserve from financial assets at fair value through other comprehensive income
Gains and losses on revaluation of financial assets at fair value through other comprehensive income are recognised in equity as revaluation of assets and liabilities. As at 31 December 2023, a provision for the revaluation of these financial assets was negative, amounting to CZK 71 million (2022: negative CZK 7 million).

b) Other revaluation reserves
Other revaluation reserves present FX differences from the translation of the Slovak and the German branch's statements, as at 31 December 2023 equalled CZK 11 million (2022: CZK 0 million).

Assets and liabilities of the Bank's branches are translated to Czech crowns using a rate of exchange valid as at the reporting date. Income and expenses of the Bank's branches are translated to Czech crowns using the average rate of exchange for the relevant period.

Other equity instruments
On 19 June 2014, the Czech National Bank approved the issue prospectus for revenue certificates with an expected total nominal amount of CZK 1 000 million and interest revenue of 10% p.a.

On 12 September 2015, the Czech National Bank approved the prospectus for the second issue of revenue certificates with an expected total nominal amount of CZK 1 000 million and interest revenue of 9% p.a.

On 11 December 2015, the Czech National Bank approved the prospectus for the third issue of revenue certificates with an expected total nominal amount of EUR 50 million and interest revenue of 9% p.a.

On 10 August 2021, the Czech National Bank approved the issue prospectus for revenue certificates with an expected total nominal amount of CZK 1 300 million and interest revenue of 6.5% p.a.

On 15 June 2022, the Czech National Bank approved the issue prospectus for revenue certificates with an expected total nominal amount of EUR 200 million and interest revenue of 7% p.a.

As at 31 December 2023, the volume of issued certificates was CZK 8 868 million (2022: CZK 8 868 million).

On 30 June 2014, the Bank's Board of Directors also approved the establishment of a special-purpose capital fund for the payment of revenue from certificates of CZK 100 million. This fund was created from retained earnings. In 2023, the Bank transferred another CZK 772 million (2022: CZK 326 million) within the distribution of profit for 2022. The payment of revenue from certificates depends on a decision of the Bank as the issuer and is governed by the conditions defined in the prospectus. In 2023, revenue of CZK 632 million (2022: CZK 319 million) was distributed from this fund. As at 31 December 2023, the special-purpose capital fund for the payment of revenue from certificates amounted to CZK 321 million (2022: CZK 181 million).

24. INCOME TAX

Income tax for 2023 was calculated in accordance with Czech tax regulations at the rate of 19% (2022: 19%). The corporate income tax rate for 2024 will be 21%.

The Slovak branch pays tax in accordance with Slovak tax regulations. The income tax rate in Slovakia is 21% In 2024, the income tax rate in Slovakia will be 21%. The tax paid by the branch in Slovakia is offset against the income tax for the Bank as a whole paid in the Czech Republic.

The German branch pays tax in accordance with German tax regulations. The corporate income tax rate in Germany is 15% plus 5.5% solidarity surcharge thereon, thus combined 15.825%. Corporations in Germany are also subject to trade tax at the rate set forth by the corresponding municipalities (the rate ranges between 8.75% and 20.3%). In 2024, the corporate income tax rates in Germany shall remain unchanged. Revenues and related expenses taxed by the branch in Germany are excluded from taxation in the Czech Republic.

The Czech Republic currently has a number of laws regulating various taxes and charges imposed by the state. These include namely value-added tax, corporate income tax, employment tax, social security and health insurance charges etc. Tax returns, together with other legal compliance areas (such as customs and currency control matters) are subject to inspection by a number of authorities, who are authorised by law to impose fines, penalties and interest charges. This results in tax risks in the Czech Republic being substantially higher than the ones typically found in countries with more developed tax systems.

The Bank expects that, considering the total amount of revenues on a consolidated basis of the J&T FINANCE GROUP SE, of which it is a part, the rules for the Pillar 2 top-up tax will apply to it in the future. Under these rules, the highest parent entity will be considered J&T FINANCE GROUP SE. The Bank has decided to apply the exception from the accounting requirements arising from the Amendment to IAS 12 Income Taxes: International Tax Reform - Model Rules of the Second Pillar and does not account for deferred tax receivables and obligations related to corporate taxes under Pillar 2. The Bank monitors and analyses the development of legislation in this area, familiarises itself with the relevant measures, the procedure for calculating the effective tax rate including the requirements for input data and reporting obligations, and prepares for the related duties. The Bank currently does not expect a significant impact of Pillar 2 on the financial statements.

The management believes that it has adequately provided for the tax liabilities in the accompanying financial statements.

Reconciliation of the expected income tax expense is as follows:

in millions of CZK	2023	2022
Profit before tax	7 829	5 347
Statutory income tax rate	19 %	19 %
Income tax calculated	1 488	1 016
Non-taxable income	(90)	(62)
Impact of change in tax rate	(65)	-
Non-deductible expenses	175	273
Total income tax	**1 508**	**1 227**
Effective tax rate	19.24 %	22.9 %
of which:		
Income tax expense/(benefit) – deferred	(210)	(151)
Income tax expense – current	1 718	1 378

The main adjustments when calculating the taxable profit from the accounting profit relate to tax exempt income to be deducted from, and tax non-deductible expenses to be added to the tax base. The main non-deductible expenses are tax non-deductible provisions to receivables, creation of provisions and representation expenses. Main non-deductible expenses are dividend income from ownership interests, release/use of allowances for receivables and release/use of provisions. Current income tax is calculated in accordance with the Czech Accounting Standards from profit adjusted according to the Czech Act on Income Tax, as amended.

25. DEFERRED TAX ASSET

The Bank has the following deferred tax assets and liabilities:

Deferred tax asset

in millions of CZK	31/12/2023	31/12/2022
Difference between the carrying and tax value of property, plant and equipment and intangible assets	118	158
Financial assets at fair value through other comprehensive income	35	36
Lease Liability	(131)	(156)
Provision for off-balance sheet items	33	20
Allowances for loan receivables	337	200
Provision for bonuses and untaken holidays	275	232
Other	6	(9)
Net deferred tax asset	**673**	**481**

The deferred tax asset or liability is calculated using the applicable 2024 corporate income tax rate.

The following table shows the reconciliation between the deferred tax charge and the change in deferred tax assets in 2023.

in millions of CZK	31/12/2023	31/12/2022
Net deferred tax asset/(liability) as at 31 December	481	300
Deferred tax recognised in profit or loss (note 24)	210	151
Change in deferred tax recognised in equity	(1)	31
Deferred tax from ECL to bonds in FVOCI	(17)	–
FX difference	–	(1)
Deferred tax asset at the end of the period	**673**	**481**

26. INTEREST INCOME

in millions of CZK	2023	2022
Interest income from:		
Loans and advances to customers	8 484	5 307
Reverse repurchase transactions	7 706	4 957
Bonds and other fixed income securities	782	473
Due from financial institutions	298	219
Total	**17 270**	**10 956**

Interest income from “Loans and advances to customers” includes accrued fees associated with the provision of loans of CZK 132 million (2022: CZK 130 million) that are part of effective interest rate.

Interest income by asset classes:

in millions of CZK	2023	2022
Interest income from:		
Financial instruments at fair value through profit or loss:		
– financial assets held for trading	356	219
Other interest income	**356**	**219**
Financial assets at FVOCI	362	189
Financial assets (securities) at amortised cost	65	65
Loans and other advances at amortised cost	16 487	10 483
of which:		
– unpaid interest on impaired loans	310	144
– forbearance	5	20
Interest income calculated using effective interest rate	**16 914**	**10 737**
Total	**17 270**	**10 956**

27. INTEREST EXPENSE

in millions of CZK	2023	2022
Interest expense on:		
Deposits from customers	(7 625)	(4 056)
Deposits and loans from banks	(195)	(45)
Repurchase transactions	(151)	(194)
Lease liabilities	(27)	(13)
Issued bonds	(69)	(1)
Subordinated debt – term deposits	(58)	(6)
Total	**(8 125)**	**(4 315)**

Interest expense by liability classes:

in millions of CZK	2023	2022
Interest expense on:		
Financial liabilities at amortised cost	(8 125)	(4 315)
Total	**(8 125)**	**(4 315)**

28. FEE AND COMMISSION INCOME

in millions of CZK	2023	2022
Fee and commission income from:		
trading with financial instruments	221	264
foreign exchange services	52	113
assets administration and custody	94	140
issuance and administration of securities	560	513
assets management	99	72
distribution and other fees from funds	530	403
lending activities	95	182
others	101	40
Total	**1 752**	**1 727**

All fee and commission income is recognised in compliance with IFRS 15 Revenue from Contracts with Customers.

29. FEE AND COMMISSION EXPENSE

in millions of CZK	2023	2022
Fee and commission expense on:		
transactions in financial instruments	(191)	(214)
administration, custody and safekeeping of valuables	(45)	(51)
processing of payment transactions	(23)	(24)
other	(44)	(24)
Total	**(303)**	**(313)**

30. NET INCOME/(LOSS) FROM TRADING AND INVESTMENTS

in millions of CZK	2023	2022
Net income/(loss) from trading and investments includes:		
Net income on securities – from revaluation and settlement	709	17
Net (loss) from financial liabilities at fair value	(11)	–
Net income on derivative operations	1 194	3 481
Net income/(loss) from foreign currency translation	63	(1 267)
Net income/(loss) on hedging derivative operations	7	(1)
Dividend income – financial assets	131	64
Total	**2 093**	**2 294**

in millions of CZK	2023	2022
Net income/(loss) from trading and investments includes:		
Financial assets and liabilities at FVTPL:		
– those held for trading	1 643	3 258
– financial liabilities at fair value	(11)	–
– financial assets mandatorily at fair value	337	270
Financial assets at FVOCI	61	33
Foreign exchange differences	63	(1 267)
Total	**2 093**	**2 294**

31. OTHER OPERATING INCOME

in millions of CZK	2023	2022
Outsourcing income	11	10
Profit from sale of tangible and intangible assets	1	-
Rental income	1	1
Gain on the disposal of subsidiaries and assets held for sale	144	22
Other income	96	7
Total	**253**	**40**

Gain on the disposal of subsidiaries of CZK 144 million presents total impact from the sale of J&T Bank a.o. and TERCES MANAGEMENT LIMITED, note 1.

Other income comprises mainly revenue from disposal of IT Dept. and services (note 14) in the amount of CZK 80 million (2022: CZK 0 million) and a number of items that are separately immaterial.

32. PERSONNEL EXPENSES

in millions of CZK	2023	2022
Wages and salaries	(1 014)	(807)
Remuneration paid to key management personnel	(161)	(169)
Compulsory social security contributions	(302)	(258)
Other social expenses	(87)	(120)
Total	**(1 564)**	**(1 354)**
Average number of employees during the reporting period	**698**	**644**

There were 6 members of the Bank's Board of Directors as at 31 December 2023 (2022: 6).

33. OTHER OPERATING EXPENSES

in millions of CZK	2023	2022
Rental expense	(148)	(136)
of which recognition exemption applied under IFRS 16		
– lease of low-value assets	(57)	(52)
– short-term leases	(12)	(11)
– variable rent payments	(55)	(51)
Contributions to Deposit Insurance Fund	(63)	(49)
Contributions to Crisis Resolution Fund	(143)	(122)
Taxes and fees	(1)	–
Operating costs:		
Outsourcing	(714)	(516)
Advertising expenses and promotion	(236)	(206)
Repairs and maintenance – IS, IT	(34)	(42)
Sponsorship and gifts	(41)	(58)
Expenses associated with leased premises	(8)	(9)
Audit, legal and tax consulting	(57)	(38)
Consulting expenses	(59)	(57)
Communication expenses	(23)	(20)
Transport and accommodation, travel expenses	(15)	(11)
Materials	(22)	(14)
Repairs and maintenance – other	(4)	(4)
Other operating expenses	(223)	(159)
Total	**(1 791)**	**(1 441)**

Other operating expenses of CZK 223 million as at 31 December 2023 (2022: CZK 159 million) include many sundry items that are not significant on an individual basis.

The Crisis Resolution Fund is a source for the use of crisis resolution tools at an institution, the use of which may be proposed by the Czech National Bank in situations when it is feasible, credible and in the public interest. This fund does not serve for direct payouts of deposit compensation.

34. ANALYSIS OF CHANGES IN LIABILITIES FROM FINANCIAL CASH FLOWS

in millions of CZK	Subordinated debt	Lease liabilities	Bonds issued
Balance as at 1 January 2022	**73**	**942**	**–**
Changes in financial cash flows			
Repayment of subordinated debt	185	–	300
Lease liabilities paid	–	(105)	–
Total changes in financial cash flows	**185**	**(105)**	**300**
Foreign exchange differences	**(3)**	**(26)**	**–**
Other changes	**–**	**87**	**–**
Related changes			
Interest expense	6	13	1
Interest paid	(5)	(13)	–
Total related changes and liabilities	**1**	**–**	**1**
Balance as at 31 December 2022	**256**	**898**	**301**

in millions of CZK	Subordinated debt	Lease liabilities	Bonds issued
Balance as at 1 January 2023	**256**	**898**	**301**
Changes in financial cash flows			
Repayment of subordinated debt	(1)	–	–
Issue of debt	1 000	–	2 967
Lease liabilities paid	–	(124)	–
Total changes in financial cash flows	**999**	**(124)**	**2 967**
Foreign exchange differences	**1**	**17**	**–**
Other changes	**(2)**	**(11)**	**(26)**
Related changes			
Interest expense	58	27	69
Interest paid	(56)	(27)	(24)
Total related changes and liabilities	**2**	**–**	**45**
Balance as at 31 December 2023	**1 256**	**780**	**3 287**

35. FINANCIAL COMMITMENTS AND CONTINGENCIES

Financial commitments and contingencies comprise:

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total 2023
Unused credit lines	7 089	121	177	15	7 402
Granted guarantees	3 839	141	115	–	4 095

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total 2022
Unused credit lines	4 996	147	206	–	5 349
Granted guarantees	3 056	141	60	–	3 257

36. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

in millions of CZK	31/12/2023	31/12/2022
Assets under management		
Assets under investment management with right of disposal	8 109	8 518
Assets under administration		
Other administrative assets	312 264	321 454
Total	**320 373**	**329 972**
Of which Assets under administration entrusted to third parties	61 545	115 017

Assets under management are measured at fair value for quoted financial instruments. If these are not quoted, debt and equity financial instruments are valued at amortised cost or using common valuation techniques (e.g. pricing models with market inputs as available), respectively.

Assets under management
Assets under management represent the total market value of investments that the Bank manages on behalf of clients. These assets are actively managed by fund managers and portfolio managers with fiduciary responsibility and authority to make investment decisions on behalf of investors.

Securities, value rights, precious metals and other fiduciary investments from third parties under investment management, where the Bank has right of disposal. The amount comprises of both assets deposited with the Bank companies and of assets deposited with third parties, for which the Bank companies hold right of disposal.

Assets under management are charged by a fee combined from a fixed management fee from the volume of managed assets and a performance fee.

Assets under administration
Assets under administration are total clients' assets provided by additional investment services of administration and safekeeping of investment instruments. Assets are owned and managed by clients who have entered into an agreement with the Bank as the provider of assets administration and safekeeping services. The Bank has no right to make investments decisions on behalf of clients.

Clients' assets are primarily held on the Bank's collective clients' accounts e.i. Nominee accounts at domestic central depositories or abroad. Some of these clients' assets might be registered by a selected third-party on a segregated sub-account held on behalf of the client e.i. Individual accounts. Registration is based on a client's request.

The Bank reviewed the methodology of presentation assets under administration and concluded to present clients' assets under administration held on Nominee accounts and newly also clients' assets held on Individual accounts.

Assets under administration are charged by a fee for safekeeping investment instruments according to the Bank's price list and the Bank's reward mechanism.

Assets under administration entrusted to third parties
As a result of methodology review, the Bank decided to disclose also clients' assets transferred to other banks or foreign depositories for administrative services. Transferred assets are generally foreign securities.

37. GEOGRAPHIC SEGMENTATION OF ASSETS, LIABILITIES, INCOME AND EXPENSES

In presenting information on the basis of geographical areas, revenue/expense is based on the customer/counterparty's country of domicile and assets/liabilities are based on the geographical location of the assets/liabilities. More details about splitting the credit risk for loans according to the actual loan purpose and location are comprised in note 40d.

Statement of financial position as at 31 December 2023

in millions of CZK	Czech Republic	Slovakia	Other EU countries	Other countries	Total
Cash, cash equivalents and due from banks and other financial institutions	133 753	6 205	275	6	140 239
Securities and positive fair value of derivatives	23 530	3 786	6 862	76	34 254
Ownership interests	2 352	8	303	–	2 663
Loans and other advances to customers	31 110	9 014	50 768	9 378*	100 270
Total	**190 745**	**19 013**	**58 208**	**9 460**	**277 426**
Negative fair value of derivatives	795	7	1 633	–	2 435
Deposits and loans from banks	336	367	7 537	16	8 256
Deposits from customers	138 355	39 401	37 562	1 415	216 733
Subordinated debt	1 199	57	–	–	1 256
Issued bonds	3 287	–	–	–	3 287
Total	**140 685**	**39 832**	**46 732**	**1 431**	**228 680**

* The position covers especially expositions in Switzerland, Great Britain and USA.

Statement of financial position as at 31 December 2022

in millions of CZK	Czech Republic	Slovakia	Other EU countries	Other countries	Total
Cash, cash equivalents and due from banks and other financial institutions	73 867	3 181	243	–	77 291
Securities and positive fair value of derivatives	16 282	3 977	10 978	142	31 379
Ownership interests	1 805	8	582	241	2 636
Loans and other advances to customers	28 121	9 667	55 592	10 264*	103 644
Total	**120 075**	**16 833**	**67 395**	**10 647**	**214 950**
Negative fair value of derivatives	1 552	10	2 297	81	3 940
Deposits and loans from banks	226	343	7 934	17	8 520
Deposits from customers	110 966	24 887	22 885	837	159 575
Subordinated debt	205	51	–	–	256
Issued bonds	301	–	–	–	301
Total	**113 250**	**25 291**	**33 116**	**935**	**172 592**

* The position covers especially expositions in Switzerland, Great Britain and USA.

Statement of comprehensive income for the year ended 31 December 2023

in millions of CZK	Czech Republic	Slovakia	Other EU countries	Other countries	Total
Net interest income	4 631	479	3 093	942	9 145
Net fee and commission income	847	341	192	69	1 449
Dividends from ownership interests	260	–	–	–	260
Net income/(loss) from trading and investments	802	(729)	1 415	605	2 093
Other operating income	247	2	3	1	253
Operating income	**6 787**	**93**	**4 703**	**1 617**	**13 200**
Personnel expenses	(1 368)	(137)	(59)	–	(1 564)
Other operating expenses	(1 477)	(215)	(84)	(15)	(1 791)
Depreciation and amortisation	(176)	(34)	(1)	–	(211)
Profit before allowances, provisions and income tax	**3 766**	**(293)**	**4 559**	**1 602**	**9 634**
Net loss from changes of loans and other receivables	–	(13)	(29)	–	(42)
Net change in loss allowances for financial instruments	244	(271)	(647)	(347)	(1 021)
Net change in loss allowances for ownership interests	(668)	–	(55)	(19)	(742)
Profit before tax	**3 342**	**(577)**	**3 828**	**1 236**	**7 829**

Statement of comprehensive income for the year ended 31 December 2022

in millions of CZK	Czech Republic	Slovakia	Other EU countries	Other countries	Total
Net interest income	3 591	314	2 201	535	6 641
Net fee and commission income	729	323	363	(1)	1 414
Dividends from ownership interests	235	–	–	–	235
Net income/(loss) from trading and investments	(2 340)	(51)	4 854	(169)	2 294
Other operating income	29	116	(106)	1	40
Operating income	**2 244**	**702**	**7 312**	**366**	**10 624**
Personnel expenses	(1 198)	(156)	–	–	(1 354)
Other operating expenses	(1 167)	(337)	78	(15)	(1 441)
Depreciation and amortisation	(184)	(28)	–	–	(212)
Profit before allowances, provisions and income tax	**(305)**	**181**	**7 390**	**351**	**7 617**
Net loss from changes of loans and other receivables	–	(9)	(106)	–	(115)
Net change in loss allowances for financial instruments	(193)	272	(941)	(663)	(1 525)
Net change in loss allowances for ownership interests	–	–	(95)	(535)	(630)
Profit before tax	**(498)**	**444**	**6 248**	**(847)**	**5 347**

38. RELATED PARTIES

The outstanding balances and transactions with related parties of the Bank are presented in the following tables. All material transactions with related parties were carried out based on the arm's length principle.

The transactions with the related parties are divided into the following categories:

I. Parent company J&T FINANCE GROUP SE.
II. Owners of J&T FINANCE GROUP SE and companies they own. These companies do not prepare consolidated financial statements that would include the Bank, with the exception of J&T FINANCE GROUP SE.
III. Subsidiaries. This category includes subsidiaries of J&T FINANCE GROUP SE which are included in its consolidated financial statements and the subsidiaries of the Bank.
IV. Associates and joint-ventures. This category includes associates and joint ventures of the Bank and J&T FINANCE GROUP SE.
V. Key management personnel of the Bank or its parent and companies controlled or jointly controlled by this key management personnel. This category includes related parties which are connected to the Bank through key management personnel of the Bank or its parent.

Balance and off–balance sheet items as at 31 December 2023 (in millions of CZK)	I.	II.	III.	IV.	V.	Total
Receivables	5	69	2 840	262	2 417	**5 593**
Liabilities	487	162	401	81	531	**1 662**
Granted guarantees	–	–	–	5	43	**48**
Received guarantees	427	–	32	–	247	**706**
Provided loan commitments	1 465	41	102	–	436	**2 044**
Received collaterals	–	–	–	250	474	**724**
Profit/loss items for period ended 31/12/2023						
Expenses	(2 430)	(4)	(1 916)	(2)	(105)	**(4 457)**
Income	2 658	15	1 475	22	224	**4 394**

Balance and off–balance sheet items as at 31 December 2022 (in millions of CZK)	I.	II.	III.	IV.	V.	Total
Receivables	96	159	1 438	160	1 503	**3 356**
Liabilities	505	51	1 246	20	759	**2 581**
Granted guarantees	–	–	–	–	6	**6**
Received guarantees	–	–	153	–	–	**153**
Provided loan commitments	1 375	1	97	–	207	**1 680**
Received collaterals	–	95	–	160	70	**325**
Profit/loss items for period ended 31/12/2022						
Expenses	(2 593)	–	(2 524)	(1)	(143)	**(5 261)**
Income	2 544	8	1 903	30	167	**4 652**

Receivables from related parties consist primarily of loans and overdrafts.

Payables to related parties especially include term deposits, deposits payable on demand, savings and tied deposits.

Revenues and expenses consist mainly of gains/losses on currency derivatives, interest income, income from fees and commission and brokering fees.

Receivables/payables from/to the Bank's key management personnel

in millions of CZK	31/12/2023	31/12/2022
Provided loans	246	81
Deposits received	10	271

The members of the Board of Directors, Supervisory Board, Loan Committee, Investment Instrument Committee, Risk taker and ultimate shareholders represent the Bank's key executives.

The Bank's key management 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.

Loans to the Bank's employees as at 31 December 2023 amounted to CZK 337 million (2022: CZK 160 million).

The loans provided to key management personnel and Bank's employees were provided on the arm's length basis.

39. RISK MANAGEMENT POLICIES

The strategy, main goals and processes
The fundamental goal of risk management is profit maximization with respect to the risk taken, while considering the Bank's risk appetite.

In doing so, it must be ensured that the outcome of Bank activities is predictable and in compliance with both business goals and risk appetite of the Bank.

In order to meet this goal, the risks faced by the Bank are managed in a quality and prudential manner within the framework of the Bank:
- In terms of the above, risks are monitored, assessed and eventually limited, at least as strictly as required by the Czech National Bank. The internal limits are regularly reviewed (especially in the case of significant changes of market conditions) to ensure their compliance with both the Bank's overall strategy and market and credit conditions. The adherence to the limits is monitored and reported daily (on an individual basis). In case of their potential breach, the Bank immediately adopts appropriate remedial measures.
- The Bank establishes goals for capital adequacy that it wants to attain over a specified time horizon (i.e. the level to which risks should be covered by capital) and threshold limits below which capital adequacy cannot decrease.
- The Bank establishes targets for selected indicators of liquidity that it wants to achieve in a specified time horizon, and certain limits, below which the system of liquidity indicators cannot decrease.
- The Bank establishes goals for other selected risk indicators (the risk of excessive leverage, the credit risk, the concentration risk, operational risk etc.) and threshold limits below which the system of indicators cannot decrease.

All internal limits have been approved independently of business units of the Bank. The key indicators (capital adequacy ratio, liquidity and other risk categories) and their limits are part of the Bank's Risk Appetite Statement.

40. CREDIT RISK

The Bank's primary exposure to credit risk arises through its loans and advances and investment in securities. The amount of credit exposure in this regard is represented by the carrying amounts of the assets in the statement of financial position. In addition, the Bank is exposed to off-balance sheet credit risk through commitments and guarantees to extend credit.

Concentrations of credit risk (whether on or off balance sheet) that arise from financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

(a) Forbearance

The Bank monitors quality of loan receivables to customers according to categories performing and non-performing exposures forborne and non-forborne. The Bank 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 the financial institutions prepared in accordance with International Financial Reporting Standards.

Forbearance is an exposure where the Bank 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 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 result of debtor's financial problems cannot be interpreted as forbearance. Concessions may result in better interest risk management and mitigation of potential future loan losses.

Performing and non-performing exposures may also be recognised as exposures without concession provided no modification of terms and conditions or refinancing was made in respect to the given receivable.

Performing exposures comprise primarily exposures classified in Stage 1 and 2. Non-performing exposures comprise receivables with debtor's failure classified in Stage 3. Under special conditions defined by EBA, exposures in Stage 2 might also be categorised as non-performing exposures. If more than 20% of total debtor's exposure is overdue more than 90 days the Bank shall include all of the debtor's balance sheet and off-balance sheet exposures as non-performing. The Bank also evaluates the classification of debtors from the same group of related parties to verify the condition for being classified as non-performing exposure.

as at 31/12/2023

in millions of CZK	Gross carrying amount	ECL	Net carrying amount
Performing exposures	99 704	(1 091)	98 613
– of which performing exposures forborne	3 045	(35)	3 010
Non-performing exposures	3 548	(1 891)	1 657
– of which non-performing exposures forborne	1 299	(571)	728
Total	**103 252**	**(2 982)**	**100 270**

as at 31/12/2022

in millions of CZK	Gross carrying amount	ECL	Net carrying amount
Performing exposures	102 579	(1 364)	101 215
– of which performing exposures forborne	6 504	(149)	6 356
Non-performing exposures	4 589	(2 160)	2 429
– of which non-performing exposures forborne	1 992	(822)	1 171
Total	**107 168**	**(3 524)**	**103 644**

in millions of CZK	2023	2022
Share of exposures forborne in the total loans provided to customers	4.21 %	7.93 %
Share of non-performing exposures in total loans to customers	3.44 %	4.28 %

(b) Concentration of loans to customers by economic sector

as at 31/12/2023

in millions of CZK	Gross carrying amount	ECL	Net carrying amount
Not forborne			
Non-financial institutions	54 135	(1 448)	52 687
Financial institutions	42 627	(925)	41 702
Households	2 146	(3)	2 143
Total	**98 908**	**(2 376)**	**96 532**
Forborne			
Non-financial institutions	3 716	(305)	3 411
Financial institutions	578	(298)	280
Households	50	(3)	47
Total	**4 344**	**(606)**	**3 738**

as at 31/12/2022

in millions of CZK	Gross carrying amount	ECL	Net carrying amount
Not forborne			
Non-financial institutions	53 577	(2 096)	51 481
Financial institutions	43 388	(453)	42 935
Households	1 705	(4)	1 701
Others	1	–	1
Total	**98 671**	**(2 553)**	**96 118**
Forborne			
Non-financial institutions	5 649	(679)	4 970
Financial institutions	2 741	(216)	2 525
Households	106	(76)	30
Total	**8 496**	**(971)**	**7 525**

(c) Concentration of loans to customers by industry

in millions of CZK	2023	2022
Real estate activities	22 436	21 576
Financial services	14 932	12 094
Production and distribution of electricity, gas and heat	11 972	7 703
Culture, sports, entertainment and recreation activities	11 127	11 514
Manufacturing	9 990	9 962
Construction	6 907	11 007
Wholesale and retail	5 108	8 219
Accommodation and food service activities	4 354	5 102
Transportation and storage	3 329	8 460
Information and Communication Technologies	3 314	2 053
Administrative and support service activities	1 717	843
Water supply, services relating to water, waste management and redevelopment	1 252	1 170
Private households and employed persons	1 216	1 185
Mining and quarrying	875	754
Professional, scientific and technological activities	840	781
Agriculture, forestry and fishing	224	225
Healthcare and social work	202	191
Other	475	805
Total	**100 270**	**103 644**

(d) Concentration of loans to customers by location

in millions of CZK	2023	2022
Czech Republic	31 110	28 121
Cyprus	28 035	22 956
Luxembourg	13 264	18 334
Slovakia	9 014	9 667
Switzerland	4 590	4 716
Croatia	3 915	4 121
Germany	2 389	4 899
Poland	1 813	1 660
USA	1 757	2 068
Great Britain	1 391	1 912
Cayman Islands	1 219	1 040
France	643	918
Malta	293	733
Belgium	264	287
Maldives	262	302
The Netherlands	150	160
Guernsey – Channel Islands	90	224
Austria	–	1 262
Ireland	–	148
Other	71	116
Total	**100 270**	**103 644**

(e) Concentration of loans to customers by location of project implementation and collateral

in millions of CZK	2023	2022
Czech Republic	50 553	48 156
Slovakia	12 358	11 363
Germany	7 537	8 944
Great Britain	5 394	8 784
Romania	4 610	28
Croatia	3 915	5 861
Spain	3 288	3 451
Cyprus	3 284	2 055
USA	2 498	3 503
Poland	1 814	1 659
Slovenia	1 578	1 687
Hungary	1 333	1 142
Tanzania	599	610
France	466	1 199
Belgium	264	287
Maldives	262	302
Ukraine	164	186
Austria	9	1 487
The Netherlands	8	1 472
Moldova	-	990
Other	336	478
Total	**100 270**	**103 644**

The concentration of credit risk arising from repurchase agreements and loans to clients of brokers reflects the counterparty risk associated with securities and cash received as collateral.

(f) Credit risk associated with provided loans and repurchase agreements

As at 31 December 2023

in millions of CZK	Loans to banks	Repurchase agreements – financial institutions	Loans to customers	Debits and repurchase agreements – customers
Stage 1 and 2				
Gross amount	8 779	131 282	84 581	14 867
Expected credit losses	(5)	–	(1 127)	–
Stage 3				
Gross amount	–	–	3 434	16
Expected credit losses	–	–	(1 875)	–
POCI				
Gross amount	–	–	354	–
Expected credit losses	–	–	20	–
Total	**8 774**	**131 282**	**85 387**	**14 883**
Stage 1 and 2 – by maturity				
to maturity date	8 774	131 282	83 451	14 867
up to 1 month past due	–	–	1	–
1 to 2 moths past due	–	–	2	–
Stage 3 – by maturity				
to maturity date	–	–	863	16
up to 1 month past due	–	–	235	–
3 to 6 months past due	–	–	95	–
6 to 12 months past due	–	–	354	–
more than 12 months past due	–	–	12	–
POCI – by maturity				
to maturity date	–	–	338	–
6 to 12 months past due	–	–	5	–
more than 12 months past due	–	–	31	–
Total	**8 774**	**131 282**	**85 387**	**14 883**

As at 31 December 2022

in millions of CZK	Loans to banks	Repurchase agreements – financial institutions	Loans to customers	Debits and repurchase agreements – customers
Stage 1 and 2				
Gross amount	3 993	73 091	83 749	18 568
Expected credit losses	(5)	–	(1 398)	–
Stage 3				
Gross amount	572	–	4 442	–
Expected credit losses	(572)	–	(2 144)	–
POCI				
Gross amount	–	–	409	–
Expected credit losses	–	–	18	–
Total	**3 988**	**73 091**	**85 076**	**18 568**
Stage 1 and 2 – by maturity				
to maturity date	3 988	73 091	82 325	18 568
up to 1 month past due	–	–	26	–
Stage 3 – by maturity				
to maturity date	–	–	1 301	–
6 to 12 months past due	–	–	34	–
more than 12 months past due	–	–	963	–
POCI – by maturity				
to maturity date	–	–	402	–
more than 12 months past	–	–	25	–
Total	**3 988**	**73 091**	**85 076**	**18 568**

Receivables not past due are reported in the "To maturity date" line and the Bank does not anticipate any problems with the financial discipline of the counterparty. Receivables past due are reported in the appropriate columns according to their maturity.

The following table summarises receivables by internal rating.

Risk category

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Low risk	980	–	–	–	980
Medium risk	75 823	5 316	–	–	81 139
High risk	210	2 252	–	256	2 718
Default	–	–	3 434	98	3 532
Debits and reverse repurchase agreements - without rating	14 867	–	16	–	14 883
ECL	(809)	(318)	(1 875)	20	(2 982)
Total as at 31 December 2023	**91 071**	**7 250**	**1 575**	**374**	**100 270**

Risk category

in millions of CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	559	–	–	–	559
Low risk	1 972	–	–	–	1 972
Medium risk	68 947	7 441	–	–	76 388
High risk	2 687	2 144	–	262	5 093
Default	–	–	4 442	147	4 589
Debits and reverse repurchase agreements - without rating	18 567	–	–	–	18 567
ECL	(985)	(413)	(2 144)	18	(3 524)
Total as at 31 December 2022	**91 747**	**9 172**	**2 298**	**427**	**103 644**

(g) Sensitivity analysis for expected credit losses

The Bank performs various sensitivity analyses of expected credit losses. One set of sensitivity analysis represents change in ECL by changing in LGD and GDP parameters as follows:

The optimistic and pessimistic scenario reflects the amount of expected credit losses on a change of LGD by a factor of 10% and a change of GDP by 1%.

in millions of CZK		Optimistic	Base	Pessimistic
Change in LGD	ECL 2023	(2 684)	(2 982)	(3 280)
	ECL 2022	(3 164)	(3 524)	(3 854)
Change in GDP	ECL 2023	(2 952)	(2 982)	(3 007)
	ECL 2022	(3 502)	(3 524)	(3 541)

The Bank also pursues sensitivity analysis for expected credit losses for PD change scenarios arising at 5%, 12.5%, 25% and 50% quantiles of GDP predictions, with each set of PDs equally weighted at 25%. The ECL values below represent the amount of expected credit losses as at 31 December 2023 if the Bank applied a 100% weighting to the PD set for that quantile, while the PD sets for the other GDP prediction scenarios would have a 0% weighting. For Stage 1 and 2, the impacts are calculated only for loans and bonds that are not subject to management adjustments for crisis scenarios (see point 4.3).

in millions of CZK	Base ECL 2023	ECL per quantile 5%	ECL per quantile 12,5%	ECL per quantile 25%	ECL per quantile 50%
Loans to customers	(2 982)	(3 035)	(3 008)	(2 975)	(2 910)
from this Stage 1 and 2	(610)	(663)	(636)	(603)	(538)
Bonds FVOCI and AC	(81)	(86)	(83)	(80)	(74)
from this Stage 1 and 2	(48)	(53)	(50)	(47)	(41)

in millions of CZK	Base ECL 2022	ECL per quantile 5%	ECL per quantile 12,5%	ECL per quantile 25%	ECL per quantile 50%
Loans to customers	(3 524)	(3 549)	(3 536)	(3 520)	(3 489)
from this Stage 1 and 2	(738)	(763)	(750)	(734)	(703)
Bonds FVOCI	(151)	(154)	(152)	(151)	(148)
from this Stage 1 and 2	(105)	(108)	(106)	(105)	(102)

(h) Collateral and credit enhancements for provided loans and repurchase agreements

The amounts in the table below represent the maximum accounting loss that would be recognized in the statement of financial position if counterparties completely failed to fulfil their obligations and if any potential collateral had no value. These amounts are therefore considerably higher than expected losses that are included in the allowance for the loan losses. The Bank's policy is to require collateral from certain customers before loans can be drawn.

31/12/2023

in millions of CZK	Carrying amount of collateral Stage 1 and 2	Fair value of collateral Stage 1 and 2	Carrying amount of collateral Stage 3	Fair value of collateral Stage 3
To maturity date:	**165 818**	**171 402**	**281**	**1 492**
– Guarantees	2 751	3 825	–	–
– Promissory notes	223	356	–	–
– Real estate	12 964	15 879	260	1 453
– Cash deposits	2 502	2 557	21	39
– Securities	13 808	14 602	–	–
– Other	2 682	3 295	–	–
– Securities received under reverse repurchase agreements	130 888	130 888	–	–
Past due:	**14**	**22**	**399**	**563**
– Real estate	14	22	399	563

31/12/2022

in millions of CZK	Carrying amount of collateral Stage 1 and 2	Fair value of collateral Stage 1 and 2	Carrying amount of collateral Stage 3	Fair value of collateral Stage 3
To maturity date:	**115 471**	**121 820**	**668**	**717**
– Guarantees	3 250	4 385	–	–
– Promissory notes	360	878	–	–
– Real estate	13 282	17 391	611	660
– Cash deposits	2 647	2 648	26	26
– Securities	17 852	17 878	–	–
– Other	1 912	2 472	31	31
– Securities received under reverse repurchase agreements	76 168	76 168	–	–
Po splatnosti:	**23**	**37**	**93**	**107**
– Real estate	23	37	44	58
– Other	–	–	49	49

Other is mainly represented by movable assets and receivables.

For the purposes of reporting the collateral value of loans, the Bank only values promissory notes with a financial guarantee. The amount of collateral depends on the value of a guarantee provided by a promissory note holder.

The Bank did not receive any financial assets from indemnity claims based on loans in default.

The carrying value represents the collateral value adjusted by the collateral stress coefficient. The carrying value is limited by the carrying value of receivable. The fair value is adjusted by stress coefficient and it is not limited by the carrying value of a receivable. Collateral value is monitored and revised on regular basis.

The carrying value of securities received under reverse repurchase agreements is represented in the quoted market price of the securities.

(i) Credit risk processes

Evaluating the risk of failure of a counterparty is based on a credit analysis, processed by the Credit Risk Management department. These analyses provide conclusions for prompt measures when the counterparty's credit situation worsens or if the counterparty fails to comply with contractual conditions.

The results from the credit development analyses are reported to the Board of Directors or respective committee, which decides on adjustments of limits or relations with the counterparty (e.g. in the form of closing or limiting positions or adjustment of limits).

Credit risk of trading book is monitored on daily basis, while credit risk of banking book is monitored on regular basis, at least once a month by the Credit Risk Management department. The risk is calculated in accordance with ICAAP.

(j) Credit risk monitoring

Assessment of the credit risk in respect of counterparty or an issued debt instrument is based on an internal rating of the Bank. The rating is determined using the credit scale of either S&P or Moody's. If the counterparties or their debt are not externally rated, an internal rating is assigned based on the Bank scoring system.

The Bank's scoring system has thirteen rating levels based on a standardized point evaluation of relevant criteria, which describe the financial position of the contractual party and its ability and willingness to fulfil its credit obligations – in both cases including the expected development, as well as proposed conditions for effecting the transaction.

The Bank also evaluates financial and non-financial indicators that may not be monitored within the scoring system.

(k) Credit risk measurement

The Bank regularly analyses and monitors credit risk of the trading book. At portfolio level, credit risk of the trading book is managed primarily based on the IRB (Internal Rating Based) methodology. Credit risk of the investment book is quantified on the Standardized approach basis. Concentration risk is calculated for both of the books (for the level of Client, ECG, sector).

In order to assess the impact of extremely unfavourable credit conditions, the Bank performs credit development analyses. This enables identification of sudden potential changes in the values of open positions of the Bank that might arise as a result of events that are improbable, but possible.

For the trading portfolio, an impact of a sudden drop of credit rating by one level on open positions in bonds is evaluated.

The decrease in fair value at the end of the corresponding reporting period:

	31/12/2023	31/12/2022
Decrease of the trading portfolio value due to a rating migration by one credit class*	46	24

* in the Standard & Poor's scale

(l) Risk management of customer trades

The Bank prevents the possibility of a credit exposure arising from customer trades, i.e. trades which are transacted on the customer's account and where the Bank has the role of a commissioner (customer trades such as spot buy, spot sell, sell/buy or buy/sell) as follows:

1. The amount of the customer collateral is continuously held higher than the amount of the customer loan at least by a pre-specified minimum required haircut. The level of this haircut is assigned to every instrument.
2. Should the current collateralization of the customer portfolio fall below 30% of the minimum required haircut, the Bank closes all of the customer's positions immediately.
3. The Bank accepts only instruments of specified minimal creditworthiness as collateral for customer trades.

In addition, the Bank also restricts the total volume of individual instruments used as collateral.

41. LIQUIDITY RISK

Liquidity risk represents a risk that the Bank is not able to meet its liabilities as they become due. The liquidity risk is managed in line with funding risk. Funding risk is the risk that the Bank will not be able to renew its commitments under favourable conditions. The Bank takes a highly prudent approach to managing liquidity and funding risk: on the one hand, the Bank holds a significant portion of its assets in high-quality liquid assets (e.g. deposits with central banks, other claims on central banks, and government bonds and treasury bills), and on the other hand, the Bank's funding comes primarily from customer deposits, which are considered as a highly stable source of funding, and their maturity structure provide a natural hedge of liquidity and funding risk.

The main tools for managing liquidity and funding risk are regulatory indicators of liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), and internal indicators - in the area of liquidity risk, survival indicators in liquidity scenarios and in the area of funding risk, indicators of the ratio of loans to customer deposits and the ratio of retail deposits to total customer deposits, and a set of indicators related to the portfolio of term deposits from customers.

From the liquidity risk management perspective, the main objective is to ensure that the Bank has sufficient high-quality liquid assets to meet all liabilities as they become due even in the event of a very adverse scenario. For liquidity risk management purposes, the Bank uses three groups of scenarios:

1. expected (base) scenario,
2. risk scenarios (idiosyncratic, systemic, and combined),
3. stress scenarios (outflow scenario for all payables and outflow scenario for all selected payables).

In the expected and risk scenarios, the realization of the Bank's planned asset transactions (such as disbursement of new loans or purchase of securities) is considered, but growth in deposit volumes is not assumed. In stress scenarios, the realization of planned asset transactions is not considered, but on the contrary, incoming cash flows other than transactions with other banks (primarily the settlement of repo trades with central banks) are not considered.

For the purposes of use in scenarios, the Bank generally assumes that outgoing cash flows from liabilities without a specified maturity will be made at the earliest possible date, and that for obligations with a maturity date, the related cash flows will be made in full at the maturity date. The most significant exceptions in this regard are non-maturity deposits from customers (deposits in current accounts, savings accounts, and deposits with a notice period) and selected term deposits from customers. To determine cash outflows from non-maturing deposits from customers in the expected scenario and in risk scenarios, the Bank uses behavioural modelling and expert approaches. For selected term deposits, it is assumed in the expected scenario and in risk scenarios that, based on historical experience and current observation, they will be renewed at maturity at a rate that depends on the level of stress assumed in the given scenario.

The Bank takes a cautious approach to incoming cash flows in liquidity scenarios, generally only including incoming cash flows that the Bank has no information to suggest will not occur, and at the earliest at the maturity date. The Bank also does not consider incoming cash flows from assets whose renewal is expected at maturity, or from newly realized asset transactions in liquidity scenarios.

The Bank evaluates survival in liquidity scenarios and liquidity gaps on a daily basis, both overall and for individual major currencies (CZK and EUR) and collectively for other currencies. For selected liquidity scenarios, the Bank sets survival limits, which are monitored daily. The Bank also monitors the outlook for meeting survival limits in scenarios unde the assumption that its balance sheet develops in line with the expected scenario. If actual or potential breaches of the set internal liquidity limits are identified, the Asset and Liability Management Committee (ALCO) is informed in order to ensure compliance with the set limits. In specified cases, the Board of Directors is also informed.

The Bank has a contingency plan for liquidity management, which sets out the procedure in case of an unpredictable outflow of its primary funding. The decision-making authority is entrusted to the Board of Directors or ALCO based on internal rules.

From the funding risk perspective, the Bank needs to have sufficient stable funding for its long-term assets. To this end, the Bank regularly monitors its need for stable funding and estimates its development, and also monitors the state of its stable funding from customer deposits. For term deposits that it considers a source of stable funding the Bank monitors their volume, volume-weighted residual maturity, and sets a system of limits and the volume of these deposits with a residual maturity over 1 year. As of the end of 2023, the Bank has set a lower limit on the volume of these term deposits, and it also requires that the volume-weighted residual maturity of these term deposits be at least 1 year

- both of these limits are met. The Bank also monitors the development of non-maturing deposits from customers, which it considers stable funding. For these deposits, the Bank primarily monitors the historical stability of these deposits at the level of individual customers.

Overall, the Bank's liquidity and refinancing position as of the end of 2023 is very comfortable. The values of the monitored indicators for managing liquidity and funding risk are well above the limits for them. The overview of contractual maturities illustrates that the Bank finances its long-term assets on a contractual basis with shorter liabilities, resulting in maturity transformation. However, the actual maturity of customer deposits is much longer than their contractual maturity, and customer deposits have been and are a stable source of funding. In this respect, the Bank's funding model is in line with industry standards.

The Bank has an obligation to report to the Czech National Bank, to which it regularly submits a set of indicators related to liquidity and funding, information on their management, and also on the management of related risks.

The table shows the liquidity risk based on remaining contractual maturity dates 31 December 2023.

in millions of CZK	Gross carrying amount	Contractual cash inflows/ (outflows)	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undefined maturity
Assets							
Cash, cash equivalents and due from banks and other financial institutions	140 244	140 460	140 113	90	257	–	–
Securities (excl. derivatives)	29 476	37 874	321	631	13 686	12 380	10 856
Loans and other advances to customers	103 252	122 507	25 923	22 287	69 766	4 531	–
Total	**272 972**	**300 841**	**166 357**	**23 008**	**83 709**	**16 911**	**10 856**
Off balance							
Bank commitments	7 402	7 402	4 201	718	2 220	263	–
Bank guarantees	4 095	4 095	4 095	–	–	–	–
Liabilities							
Deposits and loans from banks	8 256	8 303	4 523	–	3 780	–	–
Deposits from customers	216 733	227 183	146 248	46 364	32 999	1 572	–
Lease liabilities	780	978	38	82	397	461	–
Issued bonds	3 287	3 403	–	64	3 339	–	–
Subordinated debt	1 256	1 637	100	64	1 473	–	–
Total	**230 312**	**241 504**	**150 909**	**46 574**	**41 988**	**2 033**	**–**
Net liquidity position	**42 660**	**59 337**	**15 448**	**(23 566)**	**41 721**	**14 878**	**10 856**
Cumulative liquidity position			**15 448**	**(8 118)**	**33 603**	**48 481**	**59 337**

The contractual maturities illustrate that, on contractual basis, the Bank funds its long-term assets with shorter-term liabilities. However, the actual maturity of deposits from customers is much longer than their contractual maturity, and deposits from customers have been and continue to be a stable source of funding. In this respect, the Bank's funding model is in line with industry standards.

Expected maturity

In general, contractual cash flows represent expected contractual future cash flows of financial instruments. Occasionally, the expected maturity differs from contractual one as historical experience shows that selected loans and deposits are prolonged. In addition, as outstanding balances on current accounts or deposits nearing its maturity date are usually not withdrawn on a daily basis and accounts are not cancelled at maturity date, the Bank regularly monitors the period and percentage of deposits that remain available and those that are prolonged. These ratios are used for managing the liquidity risk.

For loans, in the worst-case scenario, the latest possible repayment date is assumed, which is based on latest expected completion date of each particular project.

Loans whose refinancing is already being negotiated are recognised based on the expected refinancing date. The expected maturity of other financial assets and liabilities not disclosed below is similar to their contractual maturity.

31/12/2023

in millions of CZK	Net carrying amount	Expected cash inflows/ (outflows	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undefined maturity
Assets							
Loans and other advances to customers	100 270	119 588	24 964	22 216	67 955	4 453	–
Liabilities							
Deposits from customers	216 733	227 058	139 311	47 587	38 384	1 776	–

Derivatives – non-discounted cash flows

31/12/2023

in millions of CZK	Carrying amount	Contractual cash inflows/ (outflows)	Up to 3 months	3 months to 1 year	1 to 5 years
Derivative financial assets					
FX derivatives – inflow	4 422	4 422	1 159	1 563	1 700
Cross currency derivatives	60				
– inflow	-	958	14	38	906
– outflow	-	(884)	(5)	(25)	(854)
Other – inflow	295	295	1	2	293
Total	**4 777**	**4 791**	**1 183**	**1 616**	**2 951**
Derivative financial liabilities					
FX derivatives – outflow	2 241	2 241	808	741	692
Cross currency derivatives	56				
– inflow	-	886	5	26	854
– outflow	-	(955)	(14)	(36)	(905)
Other – outflow	138	138	1	2	135
Total	**2 435**	**2 310**	**800**	**733**	**776**

31/12/2022

in millions of CZK	Gross carrying amount	Contractual cash inflows/ (outflows)	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undefined maturity
Assets							
Cash, cash equivalents and due from banks and other financial institutions	77 868	78 055	77 140	14	329	–	572
Securities (excl. derivatives)	24 598	25 919	222	577	13 463	162	11 495
Loans and advances to customers	107 168	124 905	25 343	25 105	68 549	5 908	–
Total	**209 634**	**228 879**	**102 705**	**25 696**	**82 341**	**6 070**	**12 067**
Off balance							
Bank commitments	5 349	5 349	3 640	270	1 338	101	–
Bank guarantees	3 257	3 257	3 257	–	–	–	–
Liabilities							
Deposits and loans from banks	8 520	8 493	4 918	–	3 575	–	–
Deposits from customers	159 575	164 566	107 853	30 203	25 419	1 091	–
Lease liabilities	898	966	27	79	360	500	–
Issued bonds	301	420	–	24	396	–	–
Subordinated debt	256	319	45	9	265	–	–
Total	**169 550**	**174 764**	**112 843**	**30 315**	**30 315**	**1 591**	**–**
Net liquidity position	**40 084**	**54 115**	**(10 138)**	**(4 619)**	**52 326**	**4 479**	**12 067**
Cumulative liquidity position			**(10 138)**	**(14 757)**	**37 569**	**42 048**	**54 115**

31/12/2022

in millions of CZK	Net carrying amount	Expected cash inflows/ (outflows)	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undefined maturity
Assets							
Loans and other advances to customers	103 644	121 381	24 064	24 466	67 145	5 689	17
Liabilities							
Deposits from customers	159 575	165 053	98 295	28 273	31 481	7 004	–

Derivatives – non-discounted cash flows

31/12/2022

Derivative financial assets (in millions of CZK)	Carrying amount	Contractual cash inflows/ (outflows)	Up to 3 months	3 months to 1 year	1 to 5 years
FX derivatives - inflow	6 006	6 006	1 474	1 324	3 208
Cross currency derivatives	169	–	–	–	–
– inflow	–	3 165	–	1 414	1 751
– outflow	–	(2 941)	–	(1 287)	(1 654)
Other - inflow	608	608	0	3	605
Total	**6 783**	**6 838**	**1 474**	**1 454**	**3 910**
Derivative financial liabilities					
FX derivatives - outflow	3 527	3 527	1 070	947	1 510
Cross currency derivatives	195	–	–	–	–
– inflow	–	3 556	–	1 900	1 656
– outflow	–	(3 814)	–	(2 068)	(1 746)
Other – outflow	218	218	–	2	216
Total	**3 940**	**3 487**	**1 070**	**781**	**1 636**

42. MARKET RISK

Market risk is the risk of loss to the Bank arising from market movements in quoted market prices of investment instruments, exchange rates and interest rates. Market risk consists of the trading portfolio market risk and investment portfolio market risk.

Market risk of the trading portfolio includes:
– Interest rate risk;
– Foreign exchange risk;
– Other market risk (equity risk, commodity risk).

Further information on interest rate risk and foreign exchange risk is provided in note 43 and 44, respectively.

The Bank uses the Value at Risk (“VaR”) methodology to evaluate market risk of its trading portfolio, the foreign currency (“FX”) and commodity position using a confidence level of 99% and a horizon of 10 business days.

The risks are evaluated (on an individual basis) and compared to limits set by the Risk Management Dept. on a daily basis. If the limits are breached, the Financial Markets Dept. is informed, in order to ensure the compliance of the risk exposure with the limits. In pre-determined cases, the information is passed to the Board of Directors and Investment Committee.

The decision-making power is given by internal rules to the Board of Directors and Investment Committee.

The VaR statistics as of 31 December 2023 and 31 December 2022 are as follows:

in millions of CZK	31/12/2023	31/12/2022
VaR market risk overall	49	153
VaR interest rate risk	21	83
VaR FX risk	42	39
VaR equity risk	32	87
VaR commodity risk	1	1

In order to assess the impact of extremely unfavourable market conditions, the Bank performs stress testing. This enables identification of sudden potential changes in the values of open positions of the Bank that might arise as a result of events that are improbable, but possible. As part of the stress testing, a short-term, medium-term and long-term historic shock scenario is applied to the trading portfolio, and the foreign currency and commodity positions of the Bank as a whole. These scenarios evaluate the deepest drop of the current portfolio value which would have happened in the previous two, five or fifteen years. The potential change in the fair value of the portfolio is monitored and assessed.

Change in the fair value of the trading portfolio including currency and commodity positions due to historic shock scenario:

in millions of CZK	31/12/2023	31/12/2022
Short-term scenario	(197)	(416)
Medium-term scenario	(403)	(411)
Long-term scenario	(403)	(278)

The results of the stress scenarios reach the same values, as the highest drop in the trading portfolio, currency and commodity position occurs due to the slump in the financial markets during the spring of 2020 in connection with the COVID-19 crisis.

The market risk of the investment portfolio consists mainly of interest rate risk.

The Bank performs stress testing of the investment portfolio using a standardised interest rate shock, i.e. an immediate decrease / increase in interest rates by 200 basis points ('bp') as for CZK, EUR, USD yield curve. The Bank distinguishes between internal and stress scenarios, within which various parallel and non-parallel movements are made.

43. INTEREST RATE RISK

Interest rate risk is the risk of fluctuation in the value of a financial asset, liability, due to changes in market interest rates. The period for which the interest rate of a financial asset is fixed indicates the extent to which this instrument is sensitive to interest rate risk. The table below expresses the degree of sensitivity for each product class in the time until the current interest rate fixation expires, i.e. the shorter of the times to expected maturity or to the first re-fixing of the rate. The tables contain the main interest-sensitive items on both sides of the balance sheet.

Assets		Liabilities	
Product class	**maturity (years)**	**Product class**	**maturity (years)**
Term loans	0.21	Term deposits	1.18
Overdrafts	0.03	Savings deposits	0.67
Bonds	1.04	Current deposits	0.32
Reverse repo operations	0.02	Repo operations	1.13
Margin trading	0.25	Terminated savings deposits	0.09
Credit cards	1.88	Terminated TD	0.10
Provided IB deposits	0.01	Received IB deposits	0.03
	0.15		**0.82**

The yield curves that arise from the input of the above-mentioned rates are used to determine the real values of securities, derivatives (including options), and other interest-sensitive instruments for accounting purposes and for internal risk management purposes. These calculations involve curves for both discounting to present value and for determining future floating rates.

For monitoring the general interest rate risk of the banking book, the Bank uses, among other measures, the economic value of equity indicator and the net interest income indicator. To monitor the sensitivity of the economic value of equity, an impact of relevant hypothetical scenarios of movements in yield curves is measured in terms of present value changes in interest-sensitive financial instruments held in the Bank's investment portfolio. The calculation is not performed with use of cash flow slotting method, but by the full revaluation method at a contract level. The NII indicator (i.e., the net interest income indicator) is used as the indicator of the Bank's earnings' sensitivity to market interest rates changes. For the calculation of the net interest income of the bank's investment portfolio, interest income and expenses for the following 12 months for individual financial instruments are aggregated, whereby exposures maturing before the end of the monitored horizon of 12 months are replaced at the assumed maturity. The replacement contracts are assumed to carry the same contractual parameters. The sensitivity of the investment portfolio to interest rate risk is then given as the difference in the results of the above-described metrics for alternative interest rate scenarios as compared to the expected base scenario.

The change in the present value of the investment portfolio in percentage points of equity and net interest income („NII") would be as follows:

			2023	2022
Increase/(decrease) in present value of the investment portfolio due to a sudden change in interest rates by 200 bp	Equity	upward	2 668	3 434
		downward	(1 793)	(2 414)
	NII	upward	1 526	(241)
		downward	(1 585)	122

The exhibited inter-period development in the net interest income indicator, is due (among other secondary drivers) to a methodological change in measurement, whereby short-term transactions with the central bank have been included as interest-sensitive instruments beginning from 2023 in order to provide a more comprehensive overview of the interest rate position.

Interest rate risk exposure as at 31 December 2023 is as follows:

in millions of CZK	Up to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	Total
Assets					
Cash, cash equivalents and due from banks and other financial institutions	137 231	–	3	3 005	140 239
Securities and positive fair value of derivatives	11 879	10 913	81	11 381	34 254
Ownership interests	–	–	–	2 663	2 663
Loans and other advances to customers	94 273	5 609	20	368	100 270
Total	**243 383**	**16 522**	**104**	**17 417**	**277 426**
Liabilities					
Deposits and loans from banks	4 522	3 734	–	–	8 256
Deposits from customers	183 481	31 630	1 622	–	216 733
Negative fair value of derivatives	1 547	888	–	–	2 435
Subordinated debt	73	1 183	–	–	1 256
Issued bonds	20	3 267	–	–	3 287
Total	**189 643**	**40 702**	**1 622**	**–**	**231 967**
Net interest rate risk	53 740	(24 180)	(1 518)	17 417	45 459
Cumulative interest rate risk	53 740	29 560	28 042	45 459	

Interest rate risk exposure as at 31 December 2022 is as follows:

in millions of CZK	Up to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	Total
Assets					
Cash, cash equivalents and due from banks and other financial institutions	76 096	–	–	1 195	77 291
Securities and positive fair value of derivatives	4 380	15 350	156	11 493	31 379
Ownership interests	–	–	–	2 636	2 636
Loans and other advances to customers	98 551	678	45	4 370	103 644
Total	**179 027**	**16 028**	**201**	**19 694**	**214 950**
Liabilities					
Deposits and loans from banks	4 918	3 602	–	–	8 520
Deposits from customers	132 496	26 417	662	–	159 575
Negative fair value of derivatives	2 108	1 832	–	–	3 940
Subordinated debt	51	205	–	–	256
Issued bonds	1	300	–	–	301
Total	**139 574**	**32 356**	**662**	**–**	**172 592**
Net interest rate risk	39 453	(16 328)	(461)	19 694	42 358
Cumulative interest rate risk	39 453	23 125	22 664	42 358	–

44. FOREIGN EXCHANGE RISK

Assets and liabilities denominated in foreign currencies, including off-balance sheet exposures, represent the Bank's exposure to currency risk. Both realized and unrealized foreign exchange gains and losses are reported directly in the statement of comprehensive income. The main tool used for managing foreign currency risk is the VaR methodology which is applied using a 99% confidence level and a ten-day holding period.

Foreign exchange risk exposure as at 31 December 2023 was as follows:

in millions of CZK	CZK	USD	EUR	Other	Total
Assets					
Cash, cash equivalents and due from banks and other financial institutions	133 666	87	6 462	24	140 239
Securities and positive fair value	24 051	10	10 099	94	34 254
Ownership interests	413	0	2 250	–	2 663
Loans and other advances to customers	12 515	7 398	77 633	2 724*	100 270
Total	**170 645**	**7 495**	**96 444**	**2 842**	**277 426**

* The item mainly includes a position in GBP and other currencies in individually insignificant amounts.

in millions of CZK	CZK	USD	EUR	Other	Total
Liabilities					
Deposits and loans from banks	700	15	7 525	16	8 256
Deposits from customers	129 001	3 112	82 641	1 979	216 733
Negative fair value of derivatives	2 434	–	1	–	2 435
Subordinated debt	1 204	–	52	–	1 256
Issued bonds	301	–	2 986	–	3 287
Total	**133 640**	**3 127**	**93 205**	**1 995**	**231 967**
Long position of off-balance sheet instruments:					
items from derivative transactions	68 094	6 724	54 716	15 780	145 314
items from spot transactions with equity instruments	23	–	7	–	30
Short position of off-balance sheet instruments:					
items from derivative transactions	55 509	11 055	59 285	17 067	142 916
items from spot transactions with equity instruments	4	–	57	–	61
Open position asset/(liability)	**49 609**	**37**	**(1 380)**	**(440)**	**47 826**

Foreign exchange risk exposure as at 31 December 2022 was as follows:

in millions of CZK	CZK	USD	EUR	RUB	Other	Total
Assets						
Cash, cash equivalents and due from banks and other financial institutions	73 822	73	3 350	–	46	77 291
Securities and positive fair value	22 637	8	8 560	–	174	31 379
Ownership interests	854	267	959	241	315	2 636
Loans and other advances to customers	9 348	12 026	78 038	–	4 232*	103 644
Total	**106 661**	**12 374**	**90 907**	**241**	**4 767**	**214 950**

* The item mainly includes a position in GBP of CZK and other currencies in individually insignificant amounts.

in millions of CZK	CZK	USD	EUR	RUB	Other	Total
Liabilities						
Deposits and loans from banks	567	15	7 920	–	18	8 520
Deposits from customers	105 592	1 653	51 786	206	338	159 575
Negative fair value of derivatives	3 940	–	–	–	–	3 940
Subordinated debt	205	–	51	–	–	256
Issued bonds	301	–	–	–	–	301
Total	**110 605**	**1 668**	**59 757**	**206**	**356**	**172 592**
Long position of off-balance sheet instruments:						
items from derivative transactions	118 995	7 744	61 942	–	6 135	194 816
items from spot transactions with equity instruments	3	416	–	–	–	419
Short position of off-balance sheet instruments:						
items from derivative transactions	67 197	19 135	94 263	–	10 408	191 003
items from spot transactions with equity instruments	4	416	–	–	–	420
Open position asset/(liability)	**47 853**	**(685)**	**(1 171)**	**35**	**138**	**46 170**

45. OPERATIONAL RISK

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events, including information technology risk, legal and compliance risk.

The Bank's objective of managing the operational risk is to minimize the risk and securing the Bank's activities at the required level.

The primary responsibility for the implementation of controls to address operational risk is assigned to the management of the Bank or the established Operational Risk and Damage Committee. This responsibility is supported by the development of overall standards within the Bank for the management of operational risk which is done by the Risk Management Dept. and which cover the following areas (reflecting the proportionality principle):

- identification of operational risk for all processes within the Bank's control system;
- evaluation of identified risks;
- adoption of a decision to accept or reduce the identified risks (while the required level of activities is secured);
- reporting of operational risk events by entering the corresponding information into the Bank's database of operational risk events;
- this overview of the Bank's operational risk events allows the Bank to specify the direction of the steps and processes to take in order to limit these risks, as well as to make decisions with regard to:
  - accepting the individual risks that are faced;
  - initiating processes leading to limitation of possible impacts; or
  - decreasing the scope of the relevant activity or discontinuing it entirely;
  - setting and monitoring of KRI (Key Risk Indicators) for early indication of increasing operational risk.

46. CAPITAL MANAGEMENT

The Bank's strategy is to hold strong capital base in order to maintain the confidence of creditors and the market, while ensuring the future development of the business.

As of 1 January 2014, the capital adequacy ratios are calculated in accordance with Regulation (EU) no. 575/2013 of the European Parliament and Council Regulation (the "CRR").

Own funds (regulatory capital) of the Bank are analysed in two parts:

- Tier 1 capital, which consist of:
  - Common Equity Tier 1 capital (CET1), which includes paid-up ordinary share capital, share premium, retained earnings incl. interim profit for the period from 1 January 2023 to 30 June 2023, accumulated other comprehensive income, net of goodwill, intangible assets and additional value adjustments;
  - Additional Tier 1 capital (AT1), which includes instruments (subordinated income certificates) issued in accordance with CRR.
- Tier 2 capital, which consists of eligible subordinated debt approved by Czech National Bank of CZK 1 051 million (31 December 2022: CZK 208 million).

From 1 January 2014 the capital adequacy ratios are calculated for CET1, Tier 1 capital and total regulatory capital. The value represents the ratio of capital to risk weighted assets (RWA). CNB also requires every institution to hold additional capital conservation buffer of 2.5% and countercyclical buffer on all the levels of regulatory capital.

As at 31 December 2022, the Bank decided not to apply Article 473a of Regulation (EU) 2017/2395 of the European Parliament and of the Council, and do not include an amount equal to the difference between allowances and provisions under IAS 39 as at 31 December 2017 and expected credit losses under IFRS 9 as at 1 January 2018 in Common Equity Tier 1 (CET1) capital. Respectively, the Bank also did not modify the method of calculating specific adjustments for credit risk.

The specific countercyclical capital buffer rate is calculated in accordance with Section 63 CNB decree No. 163/2014 Coll. and is calculated as a weighted average of the countercyclical buffer rates in effect in the jurisdictions to which the Bank has relevant risk exposures. It started to be relevant in 2017 when the Czech Republic and the Slovak Republic firstly set their countercyclical buffer rates. These have gradually been also set for other relevant states.

Minimum requirements for capital ratios for 31 December 2023 and 31 December 2022 are as follows:

	Minimum requirement	Capital conservation buffer	Countercyclical buffer	Total requirement
Common Equity Tier 1 capital (CET1)	4.5 %	2.5 %	1.25 %	8.25 %
Tier 1 capital	6 %	2.5 %	1.25 %	9.75 %
Total regulatory capital 2023	**8 %**	**2.5 %**	**1.25 %**	**11.75 %**
Common Equity Tier 1 capital (CET1)	4.5 %	2.5 %	0.72 %	7.72 %
Tier 1 capital	6 %	2.5 %	0.72 %	9.22 %
Total regulatory capital 2022	**8 %**	**2.5 %**	**0.72 %**	**11.22 %**

Regulatory capital

Regulatory capital and equity reconciliation

The tables below summarize the composition of own funds (regulatory capital) and equity and capital ratios for 31 December 2023 and 31 December 2022, providing a complete reconciliation of individual items of regulatory capital to equity items.

As at 31 December 2023

in millions of CZK	Regulatory capital	Equity
Paid-up share capital registered in the Commercial Register	10 638	10 638
Retained earnings	13 253	13 602
Profit for the period	3 067	6 321
Accumulated other comprehensive income	(61)	(60)
Reserve funds	–	321
(-) Additional value adjustments (AVA)	(32)	–
(-) Intangible assets	(87)	–
(-) Insufficient coverage for non-performing exposures	(48)	–
Paid-in AT1 instruments, share premium	8 868	8 868
Total Tier 1 capital	**35 598**	**n/a**
Total Tier 2 capital	1 051	–
Total regulatory capital/equity	**36 649**	**39 690**

As at 31 December 2022

in millions of CZK	Regulatory capital	Equity
Paid-up share capital registered in the Commercial Register	10 638	10 638
Retained earnings	10 766	20 122
Profit for the period	–	4 120
Accumulated other comprehensive income	(9)	(7)
Reserve funds	–	181
(-) Additional value adjustments (AVA)	(31)	–
(-) Intangible assets	(196)	–
(-) Insufficient coverage for non-performing exposures	(288)	–
Paid-in AT1 instruments, share premium	8 868	8 868
Total Tier 1 capital	**29 748**	**n/a**
Total Tier 2 capital	208	–
Total regulatory capital/equity	**29 956**	**35 054**

Since 30 June 2023 and based on the approval of the Czech National Bank, the Group include profit for the half-year ended 30 June 2023 to the regulatory capital. According to the Article 26 point 2 of the CRR Regulation, the auditor performed the review of interim financial statements and the Group proceeded the analysis of the predictable paid dividends.

Based on the opinion of the Czech National Bank, retained earnings are reduced by the amount of the anticipated payment from subordinated income certificates (AT1 instruments) in the next four quarters not covered by a special-purpose fund for the payment of the income from those certificates before their inclusion in regulatory capital.

Risk weighted assets (RWA) and capital ratios

in millions of CZK	31/12/2023	31/12/2022
Central governments or central banks	1 688	1 222
Institutions	361	1 744
Corporates	68 197	66 134
Retail	96	47
Secured by mortgages on immovable property	10 870	7 467
Exposures in default	2 723	3 203
Items associated with particular high risk	28 435	31 046
Deposits from institutions and corporates with short-term credit rating	70	206
Collective investments undertakings (CIU)	12 822	10 964
Shares	1 442	1 826
Other exposures	1 725	2 042
Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**128 429**	**125 901**
Traded debt instruments	1 938	3 334
Shares	1 320	1 888
Position risk in collective investment undertakings (CIUs)	773	3 280
Foreign exchange	1 935	2 111
Total risk exposure amount for position, foreign exchange and commodity risks	**5 966**	**10 613**
Operational risk	13 028	9 914
Total risk exposure amount for credit valuation adjustment	147	682
Total risk exposure amount	**147 570**	**147 110**

Capital adequacy ratios

	31/12/2023	31/12/2022
Common Equity Tier 1 capital (CET 1)	18,11 %	14,19%
Tier 1 capital	24,12 %	20,22%
Total regulatory capital	**24,84 %**	**20,36%**

The Czech National Bank, as a local authority for crisis resolution, defines the most appropriate strategies for crisis resolution of institutions and determines the minimum requirement for capital and eligible liabilities of these institutions (MREL). MREL requirements are all set and monitored by the CNB for the Bank individually. The requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are comfortably met by the Bank.

	31/12/2023	31/12/2022
Leverage ratio	11.85 %	13.21 %
Liquidity ratios		
LCR	413.26 %	276.59 %
NSFR	191.91 %	145.88 %

The key goal of capital management of the Bank is to ensure that the risks faced do not threaten the solvency of the Bank and capital adequacy regulatory limit and internal limit compliance.

The purpose for setting the minimum value for capital adequacy requirements is to establish a trigger mechanism, which provides a guarantee that the capital adequacy will not decrease to the regulatory minimum.

The compliance of the Bank capital with established limits and goals for the capital adequacy is evaluated regularly by the ALCO committee and the Bank 's management.

The decision-making power with regard to eventual measures that should be implemented to decrease the level of exposed risk (e.g. decreasing the size of risks, acquiring additional capital, etc.) is given to the Board of Directors.

47. FAIR VALUE INFORMATION

Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

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

Financial assets at amortised cost: The fair value is derived from the market price quoted on an active market at the statement of financial position date.

Deposits and loans from banks and customers and Subordinated debt: For demand deposits and deposits with no defined maturity, 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 appropriate yield curve.

The fair value of the issued subordinated bonds does not contain direct transaction costs, which were expensed on issue.

Estimates of the fair value of financial assets measured at amortised cost, analysed according to the hierarchy that reflects the significance of the inputs used in the valuation were as follows:

31/12/2023

in millions of CZK	Level 1	Level 2	Level 3	Total fair value estimate	Carrying amount
Financial assets					
Cash, cash equivalents and due from banks and other financial institutions	–	140 248	–	140 248	140 239
Loans and other advances to customers	–	–	109 631	109 631	100 270
Financial assets (securities) at amortised costs	4 333	–	–	4 333	4 540
Financial liabilities					
Deposits and loans from banks	–	8 227	–	8 227	8 256
Deposits from customers	–	216 393	–	216 393	216 733
Debt securities issued	2 988	–	320	3 308	3 287
Subordinated debt	–	1 190	–	1 190	1 256

31/12/2022

in millions of CZK	Level 1	Level 2	Level 3	Total fair value estimate	Carrying amount
Financial assets					
Cash, cash equivalents and due from banks and other financial institutions	–	77 287	–	77 287	77 291
Loans and other advances to customers	–	–	107 445	107 445	103 644
Financial assets (securities) at amortised costs	4 128	–	–	4 128	4 529
Financial liabilities					
Deposits and loans from banks	–	8 412	–	8 412	8 520
Deposits from customers	–	160 560	–	160 560	159 575
Debt securities issued	–	–	305	305	301
Subordinated debt	–	324	–	324	256

48. SUBSEQUENT EVENTS

On 19 December 2023, the Act No. 530/2023 Coll., which amends certain Slovak laws in connection with improving the state of public finances, was endorsed. This law also amended Act No. 235/2012 Coll. on a special levy from doing business in regulated industries and on the amendment of certain laws as amended, which introduced with effect from 1 January 2024 the obligation to pay a special levy from doing business in regulated industries to persons who carry out activities on the basis of a permit issued or granted by the National Bank of Slovakia (NBS).

- The levy is calculated as the product of the levy base and the relevant rate.
- The levy is based on the company's economic results reported in the financial statements, which are submitted together with the tax return (§ 5 of Act No. 235/2012 Coll.) multiplied by a coefficient. The coefficient for the purpose of calculating the levy base is calculated as the share of revenues from regulated activity to the total revenues belonging to the accounting period for which the economic result used to calculate the levy base was reported.
- The levy rate is for a regulated person who carries out activities in the field of banking on the basis of a banking license granted by the NBS in accordance with a special regulation or on the basis of an authorization or permit to perform activities in the field of banking issued in another member state of the European Union and a state that is a party to the Agreement on To the European Economic Area 0.025 per month, i.e. 30% per year.

Each year the levy rate will decrease until it reaches 0.00363 for 2028.

The Bank is still analysing the calculation of the levy. The Bank expects that the levy will not have a significant effect on the financial statements of the Bank.

On 26 February 2024, an amendment to the Bank's Articles of Association was adopted, according to which the Supervisory Board now has 9 members, with 6 members elected by a single shareholder and 3 members elected by the Bank's employees. On the same day, Marc Derydt and Jozef Kollár were appointed as members of the Supervisory board. Subsequently, on 15 March 2024, Radoslav Míšek was elected to the position of member of the Supervisory board elected by the Bank's employees.

On 4 March 2024, Tomáš Klimíček resigned from the position of a member of the Board of Directors and also from the management of the Bank's risk management area.

293.08
billion CZK

THE GROUP'S ASSETS

REPORT ON RELATIONS FOR THE ACCOUNTING PERIOD OF 2023

Report on relations between the controlling entities and the controlled entity and between the controlled entity and entities controlled by the same controlling entity for the accounting period of 2023 of J&T BANKA, a.s.prepared in compliance with Section 82 of Act No. 90/2012 Coll., on Corporations and Cooperatives (Act on Corporations)

This report has been prepared by the Board of Directors of J&T BANKA, a.s., with its registered office at Prague 8, Sokolovská 700/113a, postcode 186 00, ID# 47115378 ("the Bank")

I. Structure of relations between the controlling entities and the controlled entity and between the controlled entity and entities controlled by the same controlling entity, the role of the controlled entity in the structure, and manner and means of control.

The Board of Directors of J&T BANKA, a.s. is aware that during the period from 1 January 2023 to 31 December 2023, J&T BANKA, a.s. was directly controlled by the following persons and entities:

J&T FINANCE GROUP SE
ID# 27592502, with its registered office at Prague 8, Sokolovská 700/113a, postcode 186 00, Czech Republic

The Board of Directors of J&T BANKA, a.s. is aware that during the period from 1 January 2023 to 31 December 2023, J&T BANKA, a.s. was indirectly controlled by the following persons and entities:

Ing. Ivan Jakabovič,
Residing at 98000 MONACO, 32 rue COMTE FELIX GASTALDI, Monaco, who, along with Ing. Jozef Tkáč (see below) controls J&T FINANCE GROUP SE.

In addition, Ing. Ivan Jakabovič owns shares in the following companies:

LEONARDO III MARINE LIMITED
0000C68484, se sídlem Ground Floor, Palace Court, Church Street, St. Julian's STJ 3049, Malta

LEONARDO III YACHT LIMITED
0000C79912, se sídlem Ground Floor, Palace Court, Church Street, St. Julian's STJ 3049, Malta

SERTENA INVESTMENT LIMITED
00HE375099 Klimentos, 41-43 KLIMENTOS TOWER, 2nd floor, Flat/Office 23, Nicosia, Cyprus

Ing. Jozef Tkáč,
Residing at Bratislava, Júlová 10941/32, postcode 831 01, Slovakia, who, along with Ing. Ivan Jakabovič (see above) controls J&T FINANCE GROUP SE.

In addition, Ing. Jozef Tkáč owns shares in the following companies:

MARLEK LIMITED
ID# 00HE375126, with its registered office at Klimentos, 41-43, KLIMENTOS TOWER, Floor 2, Flat 23, 1061 Nicosia, Cyprus

The Board of Directors of J&T BANKA, a.s. is aware that during the period from 1 January 2023 to 31 December 2023, J&T BANKA, a.s. was controlled by the same entities as the following other controlled entities, through J&T FINANCE GROUP SE

365.bank, a.s. (formerly Poštová banka, a.s.)
ID# 31340890, with its registered office at Dvořákovo nábrežie 4, Bratislava 811 02, Slovakia, controlled by J&T FINANCE GROUP SE

365.invest, správ.spol., a.s. (formerly PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a. s.)
ID# 31621317, with its registered office at Dvořákovo nábrežie 4, Bratislava 811 02, Slovakia, controlled by 365.bank, a.s.

PB Servis, a. s.
ID# 47234571, with its registered office at Karloveská 34, Bratislava 841 04, Slovakia, controlled by 365.bank, a.s.

PB Finančné služby, a. s.
ID# 35817453, with its registered office at Hattalova 12, Bratislava 831 03, Slovakia, controlled by 365.bank, a.s.

365.fintech, a.s.
ID# 51301547, with its registered office at Dvořákovo nábrežie 4, Bratislava 811 02, Slovakia, controlled by 365.bank, a.s.

Ahoj, a.s. (formerly Amico Finance a. s.)
ID# 48113671, with its registered office at Dvořákovo nábrežie 4, Bratislava 811 02, Slovakia, controlled by 365.bank, a.s.

ART FOND – Stredoeurópsky fond súčasného umenia, a.s.
ID# 47979160, with its registered office at Dvořákovo nábrežie 8, Bratislava 811 02, Slovakia, controlled by 365.bank, a.s.

Cards&Co, a. s.
ID# 51 960 761, with its registered office at Dvořákovo nábrežie 8, Bratislava 811 02, Slovakia, controlled by 365.bank, a.s.

DanubePay, a. s.
ID# 46 775 111, with its registered office at Miletičova 21, Bratislava 821 08, Slovakia, controlled by Cards&Co, a. s.

Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.
ID# 03451488, with its registered office at Na příkopě 393/11, Staré Město, 110 00 Prague 1, Czech Republic, controlled by J&T FINANCE GROUP SE

FORESPO SOLISKO a. s.
ID# 47232935, with its registered office at Karloveská 34, Bratislava 841 04, Slovakia, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.

FORESPO HELIOS 1 a. s
ID# 47234032, with its registered office at Karloveská 34, Bratislava 841 04, Slovakia, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.

FORESPO HELIOS 2 a. s.
ID# 47234024, with its registered office at Karloveská 34, Bratislava 841 04, Slovakia, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.

FORESPO HOREC A SASANKA a. s.
ID# 47232994, with its registered office at Karloveská 34, Bratislava 841 04, Slovakia, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.

FORESPO PÁLENICA a. s.
ID# 47232978, with its registered office at Karloveská 34, Bratislava 841 04, Slovakia, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.

INVEST-GROUND a. s.
ID# 36858137, with its registered office at Karloveská 34, Bratislava 841 04, Slovakia, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.

FORESPO - RENTAL 1 a.s.
ID# 36782653, with its registered office at Karloveská 34, Bratislava 841 04, Slovakia, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.

FORESPO - RENTAL 2 a. s.
ID# 36781487, with its registered office at Karloveská 34, Bratislava 841 04, Slovakia, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.

OSCAR GROUP s.r.o.
ID# 50 333 160 with its registered office at Karloveská 34, Bratislava – Karlova Ves 841 04, Slovakia, controlled by FORESPO - RENTAL 2 a. s. (since 11 December2023)

FORESPO BDS a.s.
ID# 27209938, with its registered office at Janáčkovo nábřeží 478/39, Smíchov, 150 00 Prague 5, Czech Republic, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.

Devel Passage s. r. o.
ID# 43853765, with its registered office at Karloveská 34, Bratislava 841 04, Slovakia, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.

FORESPO DUNAJ 6 a. s.
ID# 47235608, with its registered office at Karloveská 34, Bratislava 841 04, Slovakia, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.

RDF International, spol. s r.o.
ID# 31375898, with its registered office at Dvořákovo nábrežie 8, Bratislava 811 02, Slovakia, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.

OSTRAVICE HOTEL a.s.
ID# 27574911, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.

Hotel SASANKA s.r.o.
ID# 36 834 092, with its registered office at Dvořákovo nábrežie 8, Bratislava – Staré mesto 811 02, Slovakia, controlled by Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s. (since 7 December 2023)

J&T SERVICES ČR, a.s.
ID# 28168305, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T FINANCE GROUP SE

J&T SERVICES SR, s.r.o.
ID# 46293329, with its registered office at Dvořákovo nábrežie 8, Bratislava 811 02, Slovakia, controlled by J&T SERVICES ČR, a.s.

J&T Bank (Schweiz) AG in Liquidation
ID# CH02030069721, with its registered office in Zürich, Talacker 50, 12th floor, P.C. 8001, Switzerland, controlled by J&T FINANCE GROUP SE

J&T Wine Holding SE
ID# 06377149, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, controlled by J&T FINANCE GROUP SE

Wine Resort Pouzdřany, s.r.o.,
ID# 09988891, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, controlled by J&T Wine Holding SE

Reisten, s.r.o.
ID# 25533924, with its registered office at Zahradní 288, 692 01 Pavlov, Czech Republic, controlled by J&T Wine Holding SE

KOLBY a.s.
ID# 25512919, with its registered office at Česká č.ev. 51, 691 26 Pouzdřany, Czech Republic, controlled by J&T Wine Holding SE

SAXONWOLD LIMITED
ID# 508611, with its registered office at Cam Lodge Kilquaide, The Russian Village, Co.Wicklow, A63 FK24, Ireland, controlled by J&T Wine Holding SE

World's End LLC
ID# 200807010154, with its registered office at 5 Financial Plaza 116, Napa CA 94558, USA, controlled by Chateau Teyssier (until 30 June 2023 controlled by SAXONWOLD LIMITED)

OUTSIDER LIMITED
ID# HE 372202, with its registered office at Klimentos, 41- 43; KLIMENTOS TOWER, Floor 2, Flat 21; 1061, Nicosia, Cyprus, controlled by J&T Wine Holding SE
(since 29 December 2023 in liquidation)

CHATEAU TEYSSIER (formerly STE CIVILE D'EXPLOITATION DU CHATEAU TEYSSIER)
ID# 316 809 391, with its registered office at 33330 VIGNONET, Saint Emilion, France, controlled by J&T Wine Holding SE

JCP MALTUS DOMAINES & CHATEAUX (formerly CT DOMAINES)
ID# 507 402 386, with its registered office at 33330 VIGNONET, Saint Emilion, France, controlled by STE CIVILE D'EXPLOITATION DU CHATEAU TEYSSIER

J&T INTEGRIS GROUP LIMITED
ID# HE207436, with its registered office at Klimentos, Kyriakou Matsi, 11, NIKIS CENTER, Floor 3, Flat 301 1082, Nicosia, Cyprus, controlled by J&T FINANCE GROUP SE

Bayshore Merchant Services Inc.
ID# 01005740, with its registered office at TMF Place, Road Town, Tortola, British Virgin Islands, controlled by J&T INTEGRIS GROUP LIMITED

J&T Trust Inc.
ID# 00011908, with its registered office at Lauriston House, Lower Collymore Rock, St. Michael, Barbados, controlled by Bayshore Merchant Services Inc.

J&T MINORITIES PORTFOLIO LTD
ID# HE260754, with its registered office at Kyriakou Matsi, 11, NIKIS CENTER, Floor 3, Flat 301 1082, Nicosia, Cyprus, controlled by J&T INTEGRIS GROUP LIMITED

Equity Holding, a.s.
ID# 10005005, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T MINORITIES PORTFOLIO LTD.

J&T FINANCE LLC
ID# 1067746577326, with its registered office at Rossolimo 17, Moscow, Russia, controlled by J&T MINORITIES PORTFOLIO LTD.

Hotel Kadashevskaya, LLC
ID# 1087746708642, with its registered office at Kadashevskaya Nabereznaya 26, Moscow 115035, Russia, controlled by J&T FINANCE LLC.

J&T Global Finance VIII., s.r.o. in liquidation
ID# 06062831, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, controlled by J&T INTEGRIS GROUP LIMITED
(until 30 June 2023)

J&T Global Finance IX., s.r.o.
ID# 51836301, with its registered office at Dvořákovo nábrežie 8, Bratislava 811 02, Slovakia, controlled by J&T INTEGRIS GROUP LIMITED

J&T Global Finance X., s.r.o.
ID# 07402520, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, controlled by J&T INTEGRIS GROUP LIMITED

J&T Global Finance XI., s.r.o.
ID# 09920021, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, controlled by J&T INTEGRIS GROUP LIMITED

J&T Global Finance XII., s.r.o.
ID# 53546 229, with its registered office at Dvořákovo nábrežie 8, Bratislava 811 02, Slovakia, controlled by J&T INTEGRIS GROUP LIMITED

J&T Global Finance XIII., s.r.o. (formerly J&T Credit Participation, s.r.o.)
ID# 09919821, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, controlled by J&T INTEGRIS GROUP LIMITED

J&T Global Finance XIV., s.r.o.
ID# 54 627 753, with its registered office Dvořákovo nábrežie 8, Bratislava 811 02, Slovakia, controlled by J&T FINANCE GROUP SE

J&T Mezzanine, a.s.
ID# 06605991, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, controlled by J&T FINANCE GROUP SE

JTH Vision s. r. o.
ID# 05941750, with its registered office at Krupská 33/20, 415 01 Teplice, Czech Republic, jointly controlled by J&T Mezzanine, a.s.

JTH Letňany, s.r.o.
ID# 04919211, with its registered office at Krupská 33/20, 415 01 Teplice, Czech Republic, jointly controlled by J&T Mezzanine, a.s.

J&T RFI I., s. r. o.
ID# 17164028, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T BANKA, a.s.

J&T Global Finance XV., s.r.o. (formerly J&T RFI III., s. r. o.)
ID# 17591287, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T FINANCE GROUP SE
(renamed 19 January 2023)

J&T RFI IV., s. r. o.
ID# 17843791, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T FINANCE GROUP SE

J&T RFI V., s. r. o. (formerly ATENOM, s.r.o.)
ID# 17259380, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T FINANCE GROUP SE

Colorizo Investment, a.s.
ID# 07901241, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T MINORITIES PORTFOLIO LTD

CI Joint Venture, s. r. o.
ID# 07899327, with its registered office at 28. října 3346/91, Moravská Ostrava, 702 00 Ostrava, Czech Republic, controlled by Colorizo Investment, a.s.

OAMP Distribution, s. r. o.
ID# 09381333, with its registered office at 28. října 3346/91, Moravská Ostrava, 702 00 Ostrava, Czech Republic, controlled by Colorizo Investment, a.s.

OAMP Infrastructure, s. r. o.
ID# 09381325, with its registered office at 28. října 3346/91, Moravská Ostrava, 702 00 Ostrava, Czech Republic, controlled by Colorizo Investment, a.s.

OAMP Holding s. r. o.
ID# 09381341, with its registered office at 28. října 3346/91, Moravská Ostrava, 702 00 Ostrava, Czech Republic, controlled by Colorizo Investment, a.s.

OAMP Hall 5, s. r. o.
ID# 07899726, with its registered office at 28. října. 3346/91, Moravská Ostrava, 702 00 Ostrava, Czech Republic, controlled by OAMP Holding, s. r. o.

OAMP Hall 6, s. r. o.
ID# 07899751, with its registered office at 28. října. 3346/91, Moravská Ostrava, 702 00 Ostrava, Czech Republic, controlled by OAMP Holding, s. r. o.

Industrial Center CR 11 s. r. o.
ID# 05649765, with its registered office at V Celnici 1031/4, Nové mesto, 110 00 Prague 1, controlled by Colorizo Investment, a.s.

J&T NOVA Hotels SICAV, a.s.
ID# 09641173, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by 365.bank, a.s.

DIAMOND HOTELS SLOVAKIA, s. r. o.
ID# 35 838 833, with its registered office at Hodžovo nám. 2, Bratislava 816 25, Slovakia, controlled by J&T NOVA Hotels SICAV, a.s.

BHP Tatry, s. r. o.
ID# 45 948 879, with its registered office at Dvořákovo nábrežie 6, Bratislava 811 02, Slovakia, controlled by J&T NOVA Hotels SICAV, a.s.

JTFG FUND I SICAV, a.s.,
ID# 09903089, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T FINANCE GROUP SE

J&T AGRICULTURE SICAV, a.s.
ID# 17856400, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T FINANCE GROUP SE

ATLANTIK finanční trhy, a.s.
ID# 26218062, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T BANKA, a.s.

J&T INVESTIČNÍ SPOLEČNOST, a.s.
ID# 47672684, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T BANKA, a.s.

Fond Fondů NLS SICAV, a.s.
ID# 19232721, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T FINANCE GROUP SE (since 6 April 2023)

J&T ORBIT SICAV, a.s.
ID# 14151898, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T BANKA, a.s.

J&T IB and Capital Markets, a.s.
ID# 24766259, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic controlled by J&T BANKA, a.s.

XT-card a.s.
ID# 27408256, with its registered office at Seifertova 327/85, 13000 Prague 3, Czech Republic, controlled by J&T IB and Capital Markets, a.s. (until 29 August 2023)

J&T SME Finance s.r.o.
ID# 10730834, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T IB and Capital Markets, a.s.

FVE Holding, s.r.o.
ID# 14427711, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T IB and Capital Markets, a.s. (until 20 December2023)

FVE Čejkovice s.r.o.
ID# 28913698, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by FVE Holding, s.r.o. (until 20 December 2023)

FVE Napajedla s.r.o.
ID# 28964896, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by FVE Holding, s.r.o. (until 20 December 2023)

FVE Němčice s.r.o.
ID# 28966970, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by FVE Holding, s.r.o. (until 20 December 2023)

FVE Slušovice s.r.o.
ID# 28964837, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by FVE Holding, s.r.o. (until 20 December 2023)

J&T Recycle, s.r.o.
ID# 02944588, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by FVE Holding, s.r.o. (until 20 December 2023)

J&T Bank, a.o. (formerly J&T Bank ZAO)
ID# 1027739121651, with its registered office at Naberezhnaya Kadashevskaya, 26, Moscow; 115035, Russia, controlled by J&T BANKA, a.s. (until 14 November 2023)

Interznanie OAO
ID# 1037700110414, with its registered office at Kadashevskaya embankment 26, 115035 Moscow, Russia, controlled by J&T Bank, a.o. (J&T Bank ZAO) with TERCES MANAGEMENT LTD. (until 14 November 2023)

Leasing-Medicine Ltd (formerly Lizing-Medicina ooo)
ID# 1027733018610, with its registered office at Office 6, Entrance 1, Bldg. 2, 10, Korovinskoe Shosse, Moscow, Russia, controlled by J&T Bank, a.o. (until 14 November 2023)

TERCES MANAGEMENT LIMITED
ID# HE201003, with its registered office at Klimentos, 41-43, KLIMENTOS TOWER, 2nd floor, Flat/Office 24B, 1061, Nicosia, Cyprus, controlled by J&T BANKA, a.s. (until 14 November 2023)

J&T Banka d.d. (formerly VABA d.d. banka Varaždin)
ID# 0675539, OIB: 38182927268, with its registered office at Međimurska ulica 28, 42000 Varaždin, Croatia, controlled by J&T BANKA, a.s.

J&T Leasingová společnost, a.s. (formerly Health Care Financing, a.s.)
ID# 28427980, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T BANKA, a.s.

Rentalit s.r.o.
ID# 08806594, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T Leasingová společnost, a.s.

ALTERNATIVE UPRAVLJANJE d.o.o.
ID# 30770704700, with its registered office at Prilaz Fausta Vrancica 10, 42000 Varazdin, Croatia, controlled by J&T BANKA, a.s. (until 17 January 2023)

J&T ARCH INVESTMENTS SICAV, a.s. (formerly J&T INVESTMENTS SICAV, a.s.)
ID# 08800693, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T FINANCE GROUP SE

J&T ALLIANCE SICAV, a.s.
ID# 11634677, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T FINANCE GROUP SE

J&T MS 1 SICAV a.s.
ID# 17110459, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T FINANCE GROUP SE

Rustonka Development II s.r.o.
ID# 05585571, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T BANKA, a.s

J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.
ID# 53859111, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovakia, controlled by J&T BANKA, a.s

AMISTA investiční společnost, a.s.
ID# 27437558, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T BANKA, a.s

AMISTA consulting, s.r.o.
ID# 17590345, with its registered office at Sokolovská 700/113a, 186 00 Prague 8, Czech Republic, controlled by J&T BANKA, a.s

J&T Real Estate Vostok, LLC
ID# 1077762703809, with its registered office at Moscow, Kadashevskaya 26, 115 035, Russia, controlled by J&T Finance, LLC

J&T Funds Inc. (formerly INTEGRIS FUNDS LIMITED)
ID# 0000100415, with its registered office at Klimentos, Kyriakou Matsi, 11, NIKIS CENTER, Floor 3, Flat 301 1082, Nicosia, Cyprus, controlled by J&T INTEGRIS GROUP LIMITED

EpoPay, s.r.o.
ID# 54522323, with its registered office at Miletičova 21, Bratislava - Ružinov 821 08, Slovakia, controlled by DanubePay, a. s.

J&T BANKA, a.s. is a member of the consolidation unit of the financial holding company of J&T FINANCE GROUP SE in compliance with Act No. 21/1992 Coll., on Banks. The manner and means of control described in this report ensue from control effected through a share in the company's share capital and voting rights.

II.
Overview of acts made in the accounting period of 2023 at the instigation or in the interest of the controlling entity or entities controlled by the controlling entity where such acts concern assets with a value exceeding 10% of the controlled entity's equity identified from the last financial statements

During the accounting period, no acts concerning assets the value of which exceeds 10% of the Bank's equity identified from the last financial statements were made in the interest or at the instigation of the controlling entity and entities controlled by the controlling entity.

III.
Overview of contracts entered into between the controlled entity and the controlling entity or between controlled entities.

All contracts below were based on the arm's length principle, which refers to situation when contracts are agreed between two non-related parties in their best interests.

With J&T FINANCE GROUP SE:

Contracts in force entered into between related parties:
- Bond placement agreement dated 14 September 2020, along with a Special arrangement to this agreement.
- Personal Data Processing Agreement dated 1 June 2022.
- Share transfer agreement dated 3 August 2022.
- Contract on the consideration and method of payment of the consideration for the transfer of share dated 3 August 2022.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract for the custody of investment instruments dated 1 January 2014
- Financial settlement agreement dated 3 January 2012
- General commission agreement for the brokerage of purchase and sale of securities dated 10 April 2008, as further amended.
- Contract for business lease of movable assets dated 22 September 2010, as further amended with J&T BANKA, a.s. pobočka zahraničnej banky.
- Contract for lease of movable assets and financial settlement dated 30 May 2011, as further amended with J&T BANKA, a.s. pobočka zahraničnej banky.
- Contract for lease of movable assets and financial settlement dated 1 December 2014, as further amended.
- General agreement on the provision of services for legal entities dated 25 April 2019, with J&T BANKA, a.s. pobočka zahraničnej banky.

- General agreement on trading in financial markets dated 30 November 2015.
- Overdraft facility agreement No. EUR 61/KTK/2016 dated 11 November 2016, as further amended.
- Contract on the provision of services (outsourcing) - Control Functions dated 26 June 2018.
- Contract on the provision of services (outsourcing) - Risk Management dated 26 June 2018.
- Administrator contract dated 17 March 2016, along with a Special arrangement to the Agreement with the Administrator.
- Administrator contract dated 14 September 2020, along with a Special arrangement to the Agreement with the Administrator.
- Cooperation agreement in the field of personnel and payroll administration dated 1 June 2022, with J&T BANKA, a.s. pobočka zahraničnej banky.
- Contract on the provision of services dated 1 July 2022 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Agreement on provision of collateral dated 4 February 2021.
- Agreement on participation in the JT60 employee program dated 28.6.2022 and Agreement on accession to the JT60 contract dated 28.6.2023.
- Assignment agreement of the contract dated 31.3.2023.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Safety deposit box maintenance in accordance with the Bank's business terms and conditions.
- Issue of a debit card in accordance with the Bank's business terms and conditions.
- Forward currency transactions in accordance with the Bank's business terms and conditions.

With Ing. Ivan Jakabovič:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Commission agreement No. 17726 for the brokerage of purchase and sale of securities, dated 13 March 2009.
- Agreement on private banking services dated 24 November 2015, with J&T BANKA, a.s. pobočka zahraničnej banky.
- Agreement on exercising the office of the Supervisory Board member dated 30 December 2014, concluded under Act No. 90/2012 Coll., on Corporations and Cooperatives ("the Act on Corporations").
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Issue of a debit card in accordance with the Bank's business terms and conditions.

With LEONARDO III MARINE LIMITED:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Current account maintenance in accordance with the Bank's business terms and conditions.

With LEONARDO III YACHT LIMITED:

Contracts in force entered into between related parties:
- Internet banking service agreement dated 20 April 2022.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Loan agreement No. EUR 45/OAO/2017 dated 16 November 2017 as amended later.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Issue of a debit card in accordance with the Bank's business terms and conditions.

With SERTENA INVESTMENT LIMITED:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Commission agreement dated 10 December 2020.
- General on trading in financial markets dated 10 December 2020.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With Ing. Jozef Tkáč:

Contracts in force entered into between related parties:
- General agreement on custody of financial instruments having the form of share certificates dated 10 December 2009.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Agreement on private banking services dated 15 March 2012 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Agreement on exercising the office of the Supervisory Board member dated 30 December 2014, concluded under Act No. 90/2012 Coll., on Corporations and Cooperatives ("the Act on Corporations").
- Framework Agreement on the Provision of Services for Individuals - non-entrepreneurs of the Private Banking segment dated 6 March 2023 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Current account maintenance in accordance with the Bank's business terms and conditions.

- Issue of a debit card in accordance with the Bank's business terms and conditions.
- Notice deposit account.

With MARLEK LIMITED:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- General agreement on the provision of services for legal entities and individuals – entrepreneurs of the private banking segment dated 21 December 2021, with J&T BANKA, a.s. pobočka zahraničnej banky.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- ssue of a debit card in accordance with the Bank's business terms and conditions.

With 365.bank, a.s. (formerly Poštová banka, a.s.):

Contracts in force entered into between related parties:
- Agreement on cooperation dated 19 March 2019.
- Agreement on billing and recharging of expenses dated 25 November 2019.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Commission agreement dated 18 December 2008.
- Subordinated loan agreement dated 21 September 2011, as further amended.
- Contract for support of membership in the card company MasterCard dated 24 June 2014.
- Contract for a loro account dated 27 May 2014.
- Contract for a loro account dated 27 May 2014.
- 2002 Master Agreement dated 10 June 2015, as further amended.
- Loan Facilities agreements, as further amended.
- Framework Agreement for the Custody and/or Management of Securities dated 17 January 2018.
- Master Funded Participation Agreement dated 24 September 2018.
- Contract for cooperation in providing the J&T Family and Friends banking services and in participating in the Magnus loyalty scheme dated 1 January 2019.
- Agreement dated 2 July 2021.
- Contract for the assignment of a receivable dated 30 August 2022.
- Contract for the assignment of a receivable dated 24 November 2023.
- Loro account maintenance in accordance with the Bank's business terms and conditions.

With 365.invest, správ.spol., a.s.
(formerly PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a.s.):

Contracts in force entered into between related parties:
- Commission agreement dated 29 May 2014.
- Contract for cooperation in providing investment services dated 28 December 2018

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract for cooperation dated 13 July 2009, as further amended

With PB Servis, a. s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- General agreement on the provision of the services for legal entities dated 29 July 2020 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Notice deposit account.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With 365.fintech, a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- General agreement on the provision of services for legal entities dated 26 January 2018 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Notice deposit account.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Issue of a debit card in accordance with the Bank's business terms and conditions.

With ART – FOND – Stredoeurópsky fond súčasného umenia, a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- General agreement on the provision of services for legal entities dated 11 December 2015 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Issue of a debit card in accordance with the Bank's business terms and conditions.

With Compact Property Fund, investiční fond s proměnným základním kapitálem, a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract for the custody of securities dated 2 March 2023.

With J&T NOVA Hotels SICAV, a.s.

Contracts in force entered into between related parties:
- Contract for account for shared capital 26 October 2020.
- Agreement on internet banking services dated 29 October 2020, as further amended.
- Agreement on the provision of banking services for legal entities and entrepreneurs (self-employed) dated 19 November 2020.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract for the custody of securities dated 20 December 2022.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With DIAMOND HOTELS SLOVAKIA, s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Bank guarantee agreement No. Z 08/OAO_SR/2014 dated 3 April 2014 with J&T BANKA, a.s. pobočka zahraničnej banky.

With BHP Tatry, s. r. o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Corporate agreement 2023 dated 5 January 2023 with J&T BANKA, a.s. pobočka zahraničnej banky.

Se společností RDF International, spol. s r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Agreement on provision of banking services dated 6 September 2013 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With OSTRAVICE HOTEL a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Current account maintenance in accordance with the Bank's business terms and conditions.

With Hotel SASANKA s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Framework Agreement on Providing Services for Legal Entities and Natural Persons - Entrepreneurs of the Private Banking Segment
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T SERVICES ČR, a.s.:

Contracts in force entered into between related parties:
- Personal Data Processing Agreement dated 6 August 2014.
- Personal Data Processing Agreement dated 25 May 2018 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Personal Data Processing Agreement dated 1 September 2020.
- General agreement on provision of banking services for legal entities dated 1 August 2017 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Agreement on the issue of Mastercard international debit payment card dated 26 August 2020.
- Agreement on the terms and conditions of provision of outsourcing services dated 4 January 2021.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract for provision of expert support dated 6 August 2014 (payroll and personnel agenda activities), as further amended.
- Overdraft facility agreement No. CZK95/KTK/2013 dated 11 December 2013, as further amended.
- Contract for sublease of business premises (Prosek Point) dated 1 October 2019.
- Financial settlement agreement dated 1 January 2009.
- Contract for provision of services (outsourcing) - Consolidated Statements dated 1 September 2014, as further amended.
- Contract for provision of services (outsourcing) - Reporting dated 5 January 2015.
- Contract for provision of services dated 31 January 2013.
- Contract for cooperation in arranging social events dated 1 January 2014, as further amended.
- Contract for sublease of a motor vehicle dated 2 January 2014 with J&T BANKA, a.s. pobočka zahraničnej banky, as further amended.
- Agreement on termination of the Sublease Agreement of a vehicle dated 31 March 2023 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Contract for sublease of a motor vehicle dated 23 January 2015, as further amended.
- Contract on the provision of services dated 31 December 2014, as further amended.

- Agreement on termination of the Service Provision Contract dated 31 March 2023.
- Contract on the provision of services dated 31 December 2014 with J&T BANKA, a.s. pobočka zahraničnej banky, as amended.
- Agreement on termination of the Service Provision Contract dated 31 March 2023 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Service Level Agreement dated 18 December 2014.
- Contract for delegation of activities and provision of expert support dated 1 January 2015, as amended.
- Contract for provision of services (concierge) dated 1 January 2016, as further amended.
- Contract for provision of expert tax assistance and advice dated 1 January 2018, as further amended.
- Loan agreement No. CZK 50/OAO/2020 dated 11 November 2020.
- Contract for cooperation in providing employee benefit services dated 27 April 2020.
- Contract for business lease of movable assets dated 1 September 2020, as further amended.
- Contract for sublease of business premises (Rustonka) dated 1 September 2020, as further amended.
- Cooperation Agreement (concierge) dated 1 September 2022 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Cooperation Agreement in securing employee benefit services dated 30 June 2022.
- Contract for the assignment of contracts dated 31 March 2023.
- Contract for the provision of services (administrative and management activities) dated 1 April 2023.
- Contract for the purchase of part of the business dated 30 August 2023. Record of transfer of part of the business dated 29 September 2023 and Updated record of transfer of part of the business dated 12 December 2023.
- Contract for providing operation dated 27 July 2023.
- Contract for the provision of digital content services and the provision of other services dated 30 September 2023.
- Contract for the provision of digital content services and the provision of other services dated 1 September 2023 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Issue of a debit card in accordance with the Bank's business terms and conditions.

With J&T SERVICES SR, s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:

- Brokerage contract dated 3 April 2013 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Contract for delegation of activities and provision of expert support dated 1 January 2015, as further amended.
- Overdraft facility agreement No. EUR 15/KTK_SR/2014 dated 31 December 2014 with J&T BANKA, a.s. pobočka zahraničnej banky, as amended.
- Contract for cooperation in providing the J&T Family and Friends banking services and in participating in the Magnus loyalty scheme dated 27 December 2011 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Service Legal Agreement for providing services dated 18 December 2014 with J&T BANKA, a.s. pobočka zahraničnej banky, as further amended.
- General agreement on provision of banking services dated 7 January 2013 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Contract for cooperation in the field of payroll and personnel services dated 1 June 2022 with J&T BANKA, a.s. pobočka zahraničnej banky, as further amended.
- Personal Data Processing Agreement dated 1 July 2022 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Contract for the provision of services dated 1 July 2022 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Contract for the assignment of the contract dated 31 March 2023.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Issue of a debit card in accordance with the Bank's business terms and conditions.

With OUTSIDER LIMITED:

Contracts in force entered into between related parties based on which performance was provided in 2023:

- General agreement on the provision of the services for legal entities dated 22 November 2017 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With CHATEAU TEYSSIER (formerly STE CIVILE D'EXPLOITATION DU CHATEAU TEYSSIER):

Contracts in force entered into between related parties:

- Maintenance of the Bank's internal account for the purpose of settling a contractual receivable.

Contracts in force entered into between related parties based on which performance was provided in 2023:

- Facilities Agreement dated 9 December 2016, as further amended.

With J&T Wine Holding SE:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Current account maintenance in accordance with the Bank's business terms and conditions.

With Wine Resort Pouzdřany, s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Agreement on the provision of banking services for legal entities and entrepreneurs (self-employed) dated 24 March 2021.
- Current account maintenance in accordance with the Bank's business terms and conditions.

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With Reisten, s.r.o.:

Contracts in force entered into between related parties:
- Contract for subordination of receivables dated 4 February 2019.
- Agreement granting the right to fill in a blank bill of exchange dated 4 February 2019.
- Agreement on the provision of banking services for legal entities and entrepreneurs (self-employed) dated 7 January 2019.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Overdraft facility agreement No. CZK 03/KTK/2019 dated 4 February 2019, as further amended.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Issue of a debit card in accordance with the Bank's business terms and conditions.

With KOLBY a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Agreement on assignment of the right to performance dated 15 November 2023.
- Overdraft Loan Agreement No. CZK 13/KTK/2023 dated 21 June 2023.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Issue of a debit card in accordance with the Bank's business terms and conditions.

With J&T INTEGRIS GROUP LIMITED:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Issue of a debit card in accordance with the Bank's business terms and conditions.

With J&T Trust Inc.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T MINORITIES PORTFOLIO LTD:

Contracts in force entered into between related parties based on which performance was provided in 2023:

Commission Contract No. 19181 for the procurement of purchase and sale of securities dated 20 August 2010.

Agreement on provision of banking services dated 5 February 2015 with J&T BANKA, a.s. pobočka zahraničnej banky.

Current account maintenance in accordance with the Bank's business terms and conditions.

Issue of a debit card in accordance with the Bank's business terms and conditions.

With Equity Holding, a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract for the assignment of the contract dated 31 March 2023.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T Global Finance VIII., s.r.o. in liquidation:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T Global Finance IX., s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- General agreement on the provision of services for legal entities dated 16 July 2018 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T Global Finance X., s.r.o.:

Contracts in force entered into between related parties:
- Bond placement agreement dated 14 November 2018, along with a Special arrangement to this agreement.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Administrator contract dated 14 November 2018, along with a Special arrangement to this contract with the Administrator.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T Global Finance XI., s.r.o.:

Contracts in force entered into between related parties:
- Bond placement agreement dated 30 June 2021.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Administrator contract dated 30 June 2021, along with a Special arrangement to this contract with the Administrator.
- Agreement on the provision of banking services for legal entities and entrepreneurs (self-employed) dated 2 March 2021.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T Global Finance XII., s.r.o.:

Contracts in force entered into between related parties:
- Bond placement agreement dated 7 July 2021.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Administrator contract dated 8 July 2021, along with a Special arrangement to this contract with the Administrator J&T BANKA, a.s. pobočka zahraničnej banky.
- General agreement on the provision of services for legal entities and natural persons – entrepreneurs (self-employed) in the private banking sector, dated 8 March 2021 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T Global Finance XIII., s.r.o.
(formerly J&T Credit Participation, s.r.o.):

Contracts in force entered into between related parties:
- Bond placement agreement dated 9 June 2022.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- General agreement on the provision of services for legal entities and natural persons – entrepreneurs (self-employed) in the private banking sector, dated 17 February 2021.
- Administrator contract dated 9 June 2022, along with a Special arrangement to this contract with the Administrator.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T Global Finance XIV., s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Bond placement agreement dated 3 August 2022.
- Agreement with the Administrator dated 3 August 2022, together with the Special Arrangement to the Agreement with the Administrator with J&T BANKA, a.s. pobočka zahraničnej banky.
- General agreement on the provision of services for legal entities and natural persons – entrepreneurs (self-employed) in the private banking sector, dated 27 May 2022 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T Global Finance XV., s.r.o. (formerly J&T RFI III., s.r.o.):

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Bond Placement Agreement dated 9 May 2023.
- Administrator Agreement dated 9 May 2023, together with the Special Arrangement to the Administrator Agreement.
- Agreement on the provision of banking services for legal entities and entrepreneurs dated 13 October 2022.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T Mezzanine, a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- General agreement on trading in financial markets dated 28 June 2018.
- Contract on the provision of services (outsourcing) – Risk Management dated 26 June 2018.
- Contract on the provision of services (outsourcing) - Control Functions dated 26 June 2018.
- Master Funded Participation Agreement dated 26 February 2020.
- Facilities Agreement dated 21 September 2020 as amended - syndicated loans.
- Facilities Agreement dated 22 December 2021 as amended - syndicated loans.

- Facilities Agreement dated 8 November 2022 - syndicated loans.
- Commission agreement dated 14 April 2022.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Safety deposit box maintenance in accordance with the Bank's business terms and conditions.

With JTH Vision s. r. o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract for the provision of bank guarantee No. Z 08/OAO/2023 dated 10 November 2023.

With JTH Letňany, s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Agreement on the provision of banking services for legal entities and entrepreneurs (self-employed) dated 20 July 2021.
- Loan agreement No. CZK 20/OAO/2021 dated 20 July 2021, as further amended.
- Pledge agreement on account receivables dated 20 July 2021, Contract for subordination of receivables dated 20 July 2021, Immovable property mortgage contract dated 24 September 2021, Pledge agreement on a share dated 20 July 2021 and Pledge agreement on shares dated 20 July 2021 related to the above Loan agreement No. CZK/OAO/2021.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T RFI I., s.r.o.:

Contracts in force entered into between related parties:
- Agreement on the provision of additional payment outside the company's share capital dated 17 August 2022.
- Contract for the provision of services for legal entities and natural persons – entrepreneurs (self-employed) in the private banking sector, dated 7 June 2022.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Overdraft facility agreement No. EUR18/KTK/2022 dated 24 August 2022, as further amended.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T RFI IV., s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Agreement on the provision of banking services for legal entities and entrepreneurs dated 3 January 2023.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T RFI V., s.r.o.:

Contracts in force entered into between related parties:
- General agreement on trading in financial market dated 27 June 2022.
- Commission agreement dated 27 June 2022.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract on the provision of banking services for legal entities and entrepreneurs dated 27 June 2022.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With Colorizo Investment, a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Current account maintenance in accordance with the Bank's business terms and conditions.

With CI Joint Venture, s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Current account maintenance in accordance with the Bank's business terms and conditions.

With OAMP Holding, s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Current account maintenance in accordance with the Bank's business terms and conditions.

With OAMP Hall 5, s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract on the provision of banking services for legal entities and entrepreneurs dated 20 October 2020.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With JTFG FUND I SICAV, a.s.:

Contracts in force entered into between related parties:
- Contract on the provision of banking services for legal entities and entrepreneurs dated 11 February 2021
- Contract for the provision of banking services for financial institutions dated 8 October 2021.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract for the custody of securities dated 28 April 2022.
- Framework Agreement on Trading on the Financial Market dated 21 February 2023 as amended.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Cooperation Agreement in the area of personnel and payroll agenda dated 1 June 2022 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Personal Data Processing Agreement dated 1 July 2022 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Cooperation Agreement for the provision of J&T Family and Friends banking services and participation in the Magnus Loyalty System dated 9 December 2022 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Contract for the provision of services (olas) dated 1 July 2022 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Agreement for the provision of contact details of affected persons for marketing purposes dated 16 November 2023 with J&T BANKA, a.s. pobočka zahraničnej banky.
- Contract for the provision of banking services for financial institutions dated 24 May 2022.
- Contract for cooperation in providing investment service.

With J&T AGRICULTURE SICAV a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract for account for shared capital 19 December 2022.
- Contract for the custody of securities dated 2 March 2023.
- Contract for the provision of banking services for legal entities and entrepreneurs dated 4 January 2023.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T SME Finance s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract for the provision of banking services for legal entities and entrepreneurs dated 14 April 2021.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With FVE Holding, s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract for the provision of banking services for legal entities and entrepreneurs dated 12 April 2022
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T Recycle, s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Current account maintenance in accordance with the Bank's business terms and conditions.

With ATLANTIK finanční trhy, a.s.:

Contracts in force entered into between related parties:
- Contract for the conditions of providing outsourcing services dated 14 October 2022.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Commission Contract.
- Business Cooperation Agreement dated 4 May 2011.
- Professional Cooperation Agreement dated 1 September 2022.
- Service Level Agreement dated 15 December 2014 as amended.
- Overdraft Loan Agreement No. CZK 22/KTK/2021 dated 27 July 2021 as amended.
- Contract for the provision of professional assistance dated 1 July 2023.
- Contract for the assignment of the contract dated 31 March 2023.
- Custody contracts for securities in which ATLANTIK financial markets, a.s. acts as a third party - depositary.
- Contract to entrust the performance of individual activities of a collective investment fund depository dated 1 April 2023.
- Safety deposit box maintenance in accordance with the Bank's business terms and conditions.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T INVESTIČNÍ SPOLEČNOST, a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Financial Settlement Agreement dated 2 January 2012.
- Framework Agreement on Business Cooperation, Issuance and Redemption of Units and Management of Investment Instruments dated 2 January 2017 as amended.
- Investor Agreement dated 4 November 2020.
- Contract for the assignment of the contract dated 31 March 2023.
- Commission Contract dated 27 March 2023.
- Framework Agreement on Trading on the Financial Market dated 22 May 2023 as amended.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With Fond Fondů NLS SICAV, a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract for the provision of banking services for financial institutions dated 11 April 2023.
- Commission Contract dated 12 April 2023.
- Framework Agreement on Trading on the Financial Market dated 12 April 2023.
- Framework Agreement on Trading on the Financial Market dated 4 September 2023.
- Account Contract for depositing share capital dated 3 April 2023.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Maintenance of a term deposit in accordance with the Bank's business terms and conditions.

With J&T ORBIT SICAV, a.s:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Contract for the provision of banking services for legal entities and entrepreneurs dated 10 February 2022.
- Contract for the provision of banking services for financial institutions dated 13 June 2023.
- Transfer Agreement dated 19 January 2023 as amended.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Maintenance of a term deposit in accordance with the Bank's business terms and conditions.

With J&T IB and Capital Markets, a.s.:

Contracts in force entered into between related parties:
- Contract for securing the issuance of an investment certificate offering program dated 10 June 2013.
- Contract for securing the issuance of perpetual investment certificate emission dated 10 June 2013.
- Contract for outsourcing in the preparation of bond issuance dated 30 May 2019.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Cooperation Agreement for the provision of J&T Family and Friends banking services and participation in the Magnus Loyalty System dated 30 April 2012.
- Financial Settlement Agreement dated 2 January 2014.
- Commission Contract dated 3 March 2014.
- Contract for the provision of J&T internet banking services as amended.
- Contract for the assignment of the contract dated 31 March 2023.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Issuance of a debit card in accordance with the Bank's business terms and conditions.

With J&T Bank, a.o. (formerly J&T Bank ZAO):

Contracts in force entered into between related parties:
- Master Agreement of Financial Market Trading dated 17 September 2015.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Loro account maintenance in accordance with the Bank's business terms and conditions.

With TERCES MANAGEMENT LIMITED:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T Banka d.d. (formerly VABA d.d. banka Varaždin):

Contracts in force entered into between related parties:
- Framework Agreement on Loan Secured by Transfer of Investment Instruments dated 24 July 2014.

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Brokerage Agreement dated 28 November 2016.
- Master Funded Participation Agreement dated 3 January 2019 as per Funded Participation Tickets.
- Master Funded Participation Agreement dated 5 March 2020 as per Funded Participation Tickets.
- Loan Facilities Agreements - syndicated loans.
- Agreement on the Provision of Professional Assistance.
- Loro account maintenance in accordance with the Bank's business terms and conditions.

With J&T Leasingová společnost, a.s. (formerly Health Care Financing, a.s.):

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Overdraft Loan Agreement No. CZK 52/KTK/2017 dated 21 November 2017 as amended.
- Framework Agreement on Financial Market Trading dated 4 January 2018 as amended.
- Safety deposit box maintenance in accordance with the Bank's business terms and conditions.
- Current account maintenance in accordance with the Bank's business terms and conditions.
- Issuance of a debit card in accordance with the Bank's business terms and conditions.

With Rentalit s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Agreement on the Provision of Banking Services for Legal Entities and Entrepreneurs dated 3 March 2020.
- Overdraft Loan Agreement No. CZK 31/KTK/2021 dated 15 September 2021 as amended.
- Agreement on the Right to Fill Out Promissory Notes dated 15 September 2021 as amended.
- Cooperation Agreement on the provision of J&T Family and Friends banking services and participation in the Magnus Loyalty System dated 16 January 2023.
- Framework Agreement on the Provision of Leases with On-going Acquisition of Items No. 1000001/23 dated 1 September 2023.
- Future Partial Agreement on Operational Leasing No. 112400001 dated 1 September 2023.
- Confirmation of the Content of the Partial Agreement on Operational Leasing No. 112400001 dated 1 December 2023.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T ARCH INVESTMENTS SICAV, a.s. (formerly J&T INVESTMENTS SICAV, a.s.):

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Securities Custody Agreement dated 28 April 2022.
- Agreement on the Provision of Banking Services for Legal Entities and Entrepreneurs dated 26 April 2022.
- Framework Agreement on Financial Market Trading dated 19 May 2023.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T ALLIANCE SICAV, a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Agreement on the Provision of Banking Services for Legal Entities and Entrepreneurs dated 17 February 2022.
- Securities Custody Agreement dated 28 April 2022.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With J&T MS 1 SICAV a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Agreement on the Provision of Banking Services for Financial Institutions dated 9 May 2022.
- Commission contract dated 20 February 2023.
- Current account maintenance in accordance with the Bank's business terms and conditions.

With Rustonka Development II s.r.o.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Agreement on Delegation of Activities and Provision of Professional Assistance dated 15 January 2024 (effective from 1 April 2023).

With AMISTA investiční společnost, a.s.:

Contracts in force entered into between related parties based on which performance was provided in 2023:
- Agreement on Offering Investments into the Investment Fund dated 29 October 2019.
- Framework Agreement on the Distribution of Qualified Investor Fund Securities dated 1 July 2021.
- Investment Agreement dated 18 January 2022.
- Agreement on the Provision of Banking Services for Financial Institutions dated 7 October 2022.

- Framework Agreement on the Issue and Repurchase of Securities dated 25 October 2023.
- Maintenance of a term deposit in accordance with the Bank's business terms and conditions.

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. Indication of whether, in what manner and in what period any damage has been or will be settled according to Section 71 or 72 Act on Corporations.

The Bank provides related parties with standard banking services, and the other relationships are entered into primarily to optimise the services used/provided and to utilise group synergies. As a result, the Bank is able to make its operations more effective and to provide its clients with comprehensive banking services and asset management, and to effect transactions in financial and capital markets also for retail clients. All transactions between the controlled entity and the Bank, or between the entities controlled by the same controlling entity and the Bank, were affected based on the arm´s length principle.

The Bank has no advantages or disadvantages from and faces no other additional risks in respect of the above relations. The Bank was not harmed according to Section 71 and 72 of the Act on Corporations.

V.
We declare that we have included in the Report on relations between related parties of J&T BANKA, a.s., prepared in accordance with Section 82 of the Act on Corporations for the period from 1 January 2023 to 31 December 2023, all information known as of the date of its signing.

Prague, 28 March 2024
Board of Directors
J&T BANKA, a.s.

J&T BANKA

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