J & T BANKA, a.s.

Consolidated Financial Statements for the year ended 31 December 2013

prepared in accordance with International Financial Reporting Standards as adopted by the European Union

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This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Shareholder of J & T BANKA, a.s.

We have audited the accompanying consolidated financial statements of J & T BANKA, a.s., which comprise the consolidated statement of financial position as of 31 December 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes to these consolidated financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these consolidated financial statements.

Statutory Body's Responsibility for the Consolidated Financial Statements

The statutory body of J & T BANKA, a.s. is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as the statutory body determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

KPMG

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of J & T BANKA, a.s. as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Prague
31 March 2014

KPMG Česká republika Audit

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

Jindřich Vašina
Partner
Licence number 2059

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Consolidated statement of financial position as at 31 December 2013

(in millions of Czech crowns)

	Note	2013	2012
Assets			
Cash and balances with central banks	6	8 408	6 978
Due from financial institutions	7	3 556	6 865
Positive fair value of derivatives	8	336	118
Loans and advances to customers	11a	60 004	41 150
Investment securities at fair value through profit or loss	9a	7 408	5 292
Investment securities available for sale	9b	20 393	23 045
Investment securities held to maturity	9c	1 846	2 125
Disposal groups held for sale	18	261	1 596
Investment in joint ventures and associates	49	5 939	-
Current tax asset		30	7
Deferred tax asset		35	-
Investment property	13	646	-
Property and equipment	14	211	73
Intangible assets	15	165	147
Goodwill	15	405	190
Prepayments, accrued income and other assets	17	594	815
Total Assets		***110 237***	***88 401***
Liabilities and shareholder's equity			
Amounts owed to financial institutions	19	5 083	11 248
Amounts owed to customers	20	85 823	64 032
Negative fair value of derivatives	8	541	82
Subordinated liabilities	21	1 508	996
Disposal groups held for sale	18	-	698
Current tax liability		52	135
Deferred tax liability	26	133	141
Accruals, provisions and other liabilities	22	3 051	3 652
Total Liabilities		***96 191***	***80 984***
Share capital	23	9 558	3 858
Retained earnings, capital funds and other reserves	23	3 868	3 554
Total shareholder's equity		***13 426***	***7 412***
Non-controlling interest	24	620	5
Total equity		***14 046***	***7 417***
Total liabilities, non-controlling interest and shareholders' equity		***110 237***	***88 401***

The accompanying notes, set out on pages 8 to 84, are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 December 2013
(in millions of Czech crowns)

	Note	2013	2012
Interest income	27	4 305	3 980
Interest expense	28	(2 473)	(2 129)
Net interest income		***1 832***	***1 851***
Fee and commission income	29	603	677
Fee and commission expense	30	(155)	(177)
Net fee and commission income		***448***	***500***
Dividends from investment securities available for sale		42	58
Net trading income	31	493	726
Other operating income	32	172	80
Operating income		***2 987***	***3 215***
Personnel expenses	33	(698)	(752)
Other operating expenses	34	(937)	(699)
Depreciation and amortisation	14, 15	(85)	(92)
Impairment of goodwill	15	(50)	-
Operating expenses		***(1 770)***	***(1 543)***
Profit before provisions, allowances and income taxes		***1 217***	***1 672***
Net change in provisions from financial activities		(17)	7
Net change in allowances for loan losses	12	(515)	(486)
Profit before income tax, excluding profit from joint ventures and associates		***685***	***1 193***
Profit/(loss) from joint ventures and associates, net of tax	49	321	-
Profit before income tax		***1 006***	***1 193***
Income tax	25	(151)	(272)
Profit from continuing operations		***855***	***921***
Profit from discontinued operations, net of tax	18	***214***	***95***
Profit for the reporting period		***1 069***	***1 016***

Consolidated statement of comprehensive income for the year ended 31 December 2013 (continued)

(in millions of Czech crowns)

Profit attributable to shareholders:		
Profit from continuing operations	763	920
Profit from discontinued operations	214	95
Total profit attributable to shareholders	***977***	***1 015***
Profit attributable to non-controlling interest:		
Profit from continuing operations	45	1
Profit from discontinued operations	47	-
Total profit attributable to non-controlling interest	***92***	***1***
Profit for the reporting period	***1 069***	***1 016***
Other comprehensive income, net of income tax:		
Revaluation reserve - financial assets available for sale		
Net change in fair value	*14*	*639*
Net amount reclassified to profit or loss	*(407)*	*34*
Foreign exchange translation differences	(109)	(7)
Total comprehensive income for the reporting period	***567***	***1 682***
Attributable to:		
Shareholders	476	1 681
Non-controlling interest	91	1
Total comprehensive income for the reporting period	***567***	***1 682***

The accompanying notes, set out on pages 8 to 84, are an integral part of these consolidated financial statements.

The Board of Directors approved these consolidated financial statements on 31 March 2014.

Signed on behalf of the Board:

Štěpán Ašer, MBA
Member of the Board of Directors

Ing. Igor Kováč
Member of the Board of Directors

Consolidated statement of changes in equity for the year ended 31 December 2013

(in millions of Czech crowns)

	Share capital	Capital funds	Other reserves	Retained earnings	*Total*	Non-controlling interest	*Total equity*
Balance at 1 January 2013	***3 858***	***110***	***501***	***2 943***	*7 412*	***5***	*7 417*
Total comprehensive income for the year							
Profit for the year	-	-	-	977	***977***	92	***1 069***
Other comprehensive income, net of tax							
Foreign exchange translation differences	-	-	(108)	-	***(108)***	(1)	***(109)***
Fair value reserve (available-for-sale financial assets):							
Net change in fair value	-	-	*14*	-	***14***	-	***14***
Net amount reclassified to profit or loss	-	-	*(407)*	-	***(407)***	-	***(407)***
Total comprehensive income for the period	-	-	***(501)***	***977***	***476***	***91***	***567***
Total transactions with owners, recognized directly in equity							
Issue of share capital	5 700	-	-	-	***5 700***	-	***5 700***
Dividends	-	-	-	(251)	***(251)***	-	***(251)***
Pricing differences	-	-	-	53	***53***		***53***
Effect of acquisition of subsidiaries	-	-	-	4	***4***	*571*	***575***
Effect of disposals of subsidiaries	-	-	-	*32*	***32***	*(47)*	***(15)***
Transfer to legal reserve fund	-	47	-	(47)	-	-	-
Capital contribution to other capital funds	-	28	-	(28)	-	-	-
Balance at 31 December 2013	***9 558***	***185***	-	***3 683***	***13 426***	***620***	***14 046***

On 21 December 2013 the sole shareholder of the Bank, J&T FINANCE, a.s., increased the Bank's share capital by CZK 5 700 million subscription of new shares.

Consolidated statement of changes in equity for the year ended 31 December 2012

(in millions of Czech crowns)

	Share capital	Capital funds	Other reserves	Retained earnings	*Total*	Non-controlling interest	*Total equity*
Balance at 1 January 2012	***3 358***	***94***	***(165)***	***1 944***	***5 231***	***4***	***5 235***
Total comprehensive income for the year							
Profit for the year	-	-	-	1 015	***1 015***	1	***1 016***
Other comprehensive income, net of tax							
Foreign exchange translation differences	-	-	(7)	-	***(7)***	-	***(7)***
Fair value reserve (available-for-sale financial assets):							
Net change in fair value	-	-	*638*	-	***638***	-	***638***
Net amount reclassified to profit or loss	-	-	*35*	-	***35***	-	***35***
Total comprehensive income for the period	-	-	*666*	*1 015*	***1 681***	***1***	***1 682***
Total transactions with owners, recognized directly in equity							
Issue of share capital	500	-	-	-	***500***	-	***500***
Transfer to legal reserve fund	-	16	-	(16)	-	-	-
Balance at 31 December 2012	***3 858***	***110***	***501***	***2 943***	***7 412***	***5***	***7 417***

On 21 December 2012 the sole shareholder of the Bank, J&T FINANCE, a.s., increased the Bank's share capital by CZK 500 million through subscription of new shares.

The accompanying notes, set out on pages 8 to 84, are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2013
(in millions of Czech crowns)

	Note	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		1 006	1 193
Profit after tax from discontinued operations		214	95
Adjustments for:			
Depreciation and amortisation	14, 15	85	92
Impairment of goodwill	15	50	-
Allowances for loan losses	12	515	486
Foreign currency difference from allowances for loan losses	12	37	(11)
Gain on sale of intangible and tangible fixed assets	32	44	51
Change in other provisions, deferred tax and other assets		153	182
Revaluation - financial assets available for sale		(393)	673
Profit/(loss) from joint ventures and associate		(321)	-
Unrealised foreign exchange gains / losses		189	(7)
(Increase) / decrease in operating assets:			
Compulsory minimum reserves in central banks		1 486	(853)
Due from financial institutions		(850)	5
Loans and advances to customers		(19 033)	(5 041)
Investment securities held to maturity, AFS and FVTPL		815	(6 316)
Prepayments, accrued income and other assets		238	(169)
Disposal groups held for sale		(69)	-
Increase / (decrease) in operating liabilities:			
Amounts owed to financial institutions		(6 674)	2 138
Amounts owed to customers		20 988	9 009
Accruals, provisions and other liabilities		(956)	1 767
Net increase / (decrease) in fair values of derivatives			
Fair value of derivative instruments		241	(246)
Tax effect			
Income tax paid		(257)	(98)
Net cash flows from operating activities		***(2 492)***	***2 950***
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of and proceeds from sale of intangible and tangible fixed assets, net		(97)	(126)
Acquisition of subsidiary, net of cash acquired		1	(190)
Acquisition of associate		(5 194)	-
Formation of equity accounted investee		(103)	-
Proceeds from sale of subsidiary, net of cash disposed of		667	225
Acquisition of groups held for sale		-	(898)
Net cash flows used in investing activities		***(4 726)***	***(989)***

CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in share capital – subscription of new shares		5 700	500
Dividends paid		(251)	-
Subordinated liabilities		446	4
Foreign currency difference from subordinated liabilities		66	(18)
Net cash flows from financing activities		***5 961***	***486***
INCREASE IN CASH AND CASH EQUIVALENTS		***(1 257)***	***2 447***
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5, 33	11 889	9 442
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5, 33	10 632	11 889
Cash flows from operating activities include:			
Interest received		3 235	4 149
Interest paid		1 951	1 557
Dividends received		107	59

The accompanying notes, set out on pages 8 to 84, are an integral part of these consolidated financial statements.

(in millions of Czech crowns)

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 Czech National Bank ("CNB"). These requirements include limits and other restrictions concerning capital adequacy, the classification of loans and off-balance sheet liabilities, credit exposure with clients of the Bank, liquidity and the Bank's foreign currency position.

The registered office of the Bank is at Pobřežní 14, Prague 8, Czech Republic. The Bank, its subsidiaries, associate and joint venture mentioned in the table below ("the Group") had on average 487 employees in 2013 (2012: 499). The Group operates in the Czech Republic, Slovakia and Russia.

A 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 35964693.

On 15 December 2006, J&T FINANCE GROUP, a.s. contributed its 100% interest in the Bank to the capital of J&T FINANCE, a.s., Pobřežní 297/14, 186 00 Praha 8, which became the Bank's sole shareholder.

On 1 January 2009, Slovakia joined the Euro Area and adopted Euro to replace Slovak crown. With effect from that date, the Branch prepares financial statements and maintains its accounting records in Euro.

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

The companies included in the consolidation Group as at 31 December 2013 are as follows:

Company	Country of incorporation	Share capital in mil. CZK	% shareholding	Consolidation method	Principal activities
J & T BANKA, a.s. (parent company)	Czech Republic	9 558	parent company		Banking activities
J&T INVESTIČNÍ SPOLEČNOST, a.s.	Czech Republic	20	100	Full	Asset management
ATLANTIK finanční trhy, a.s.	Czech Republic	81	100	Full	Investment activities
J&T IB and Capital Markets, a.s.	Czech Republic	2	100	Full	Advisory activities
J&T Bank, zao	Russia	266	99.125	Full	Banking activities
TERCES MANAGEMENT LIMITED	Cyprus	0.05	99	Full	Investment activities
- Interznanie OAO	Russia	121	100	Full	Real estate
PGJT B.V.	Netherlands	219	50	Equity	Financial activities
- PROFIREAL OOO	Russia	121	100	Equity	
Poštová banka, a.s.	Slovakia	8 400	36.36	Equity	Banking activities
- Poštová banka, a.s., pobočka Česká republika	Czech Republic	-	100	Equity	Banking activities
- Poisťovňa Poštovej banky, a. s.	Slovakia	317	100	Equity	Insurance activities
- Dôchodková správcovská spoločnosť Poštovej banky, d.s.s., a. s.	Slovakia	328	100	Equity	Management of pension funds

(in millions of Czech crowns)

1. General information (continued)

Company	Country of incorporation	Share capital in mil. CZK	% shareholding	Consolidation method	Principal activities
- PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a. s.	Slovakia	47	100	Equity	Asset management
- POBA Servis, a. s.	Slovakia	1	100	Equity	Facility management
- PB PARTNER, a. s.	Slovakia	22	100	Equity	Financial intermediation
- PB Finančné služby, a. s.	Slovakia	3	100	Equity	Operational and financial leasing
- SPPS, a. s.	Slovakia	-	40	Equity	Payment services
- FOND DLHODOBÝCH VÝNOSOV o.p.f.	Slovakia	-	49.94	Equity	Collective investment fund
- FORESPO BDS a.s.	Czech Republic	216	100	Equity	Real estate
- FORESPO - RENTAL 1 a.s.	Slovakia	59	100	Equity	Real estate
- FORESPO - RENTAL 2 a. s.	Slovakia	602	100	Equity	Real estate
- INVEST-GROUND a. s.	Slovakia	78	100	Equity	Real estate
- NÁŠ DRUHÝ REALITNÝ o.p.f.	Slovakia	-	48.77	Equity	Collective investment fund
- FORESPO PÁLENICA a. s.	Slovakia	53	100	Equity	Real estate
- FORESPO SMREK a. s.	Slovakia	114	100	Equity	Real estate
- FORESPO HOREC a SASANKA a. s.	Slovakia	83	100	Equity	Real estate
- FORESPO HELIOS 1 a. s.	Slovakia	149	100	Equity	Real estate
- FORESPO HELIOS 2 a. s.	Slovakia	160	100	Equity	Real estate
- FORESPO SOLISKO, a. s.	Slovakia	78	100	Equity	Real estate
J&T REALITY, o.p.f.	Czech Republic	-	43.66	Full	Collective investment fund

(in millions of Czech crowns)

1. General information (continued)

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 Russian market seems to be a growth source for the balance sheet position of J&T Bank, zao.

On 8 February, 2013, the Bank acquired 99% interest in the company TERCES MANAGEMENT LIMITED and subsequently the Bank increased capital this company by CZK 435 million. TERCES MANAGEMENT LIMITED society holds a 100% interest in the Russian company Interznanie OAO, which deals with the operation and rental of real estate in Moscow.

On 20 March 2013 the Bank repaid the capital in the amount of EUR 4 million in the newly founded company PGJT B.V., in which the Bank holds a 50% market share.

On 1 July 2013 the Bank acquired from ISTROKAPITAL SE 36.36% shares in the company Poštová banka, a.s. Parent company of the Bank, J&T Finance, a.s., also acquired 46.052% shares in the company Poštová banka, a.s. on the same day. Therefore, the Group acquired majority ownership interest of 88.055% in Poštová banka, a.s. with the registered office at Dvořákovo nábrežie 4, Bratislava, Slovak Republic.

On 30 July 2013 the Bank paid up capital in the amount of EUR 17 million in the newly founded company J&T Reality, o.p.f., in which the Bank holds a 43.66% interest. The Bank fully controls the company through its subsidiary J&T Investiční společnost, a.s., which manages this fund.

During the year 2013 the Bank sold its controlling interest in the investment fund J&T FVE UPF, which was presented under Disposal groups held for sale according to IFRS 5 as at 31 December 2012.

Acquisitions and disposals of subsidiaries made in 2013 are further presented in Note 48.

The Bank's ultimate parent is TECHNO PLUS, a.s., a joint-stock company owned by Jozef Tkáč (50%) and Ivan Jakabovič (50%).

The companies included in the consolidation Group as at 31 December 2012 are as follows:

Company	Country of incorporation	Share capital in MCZK	% shareholding	Consolidation method	Principal activities
J & T BANKA, a.s. (parent company)	Czech Republic	3 858	parent company		Banking activities
J&T INVESTIČNÍ SPOLEČNOST, a.s.	Czech Republic	20	100	Full	Asset management
ATLANTIK finanční trhy, a.s.	Czech Republic	141	100	Full	Investment activities
J&T IB and Capital Markets, a.s.	Czech Republic	2	100	Full	Advisory activities
J&T Bank, zao	Russia	245	99.125	Full	Banking activities
J&T FVE UPF	Czech Republic	-	99.61	Full	Collective investment fund
- FVE Napajedla s.r.o.	Czech Republic	0.2	100	Full	Production and distribution of electricity
- FVE Slušovice s.r.o.	Czech Republic	0.2	100	Full	
- FVE Němčice s.r.o.	Czech Republic	0.2	100	Full	

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 2013 - 31 December 2013 ("reporting period").

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, available-for-sale assets 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.

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

Impact of standards that are not yet effective

The Group has evaluated the impact of the standards, interpretations and amendments to valid standards mentioned below, which are not yet in force, but which are already approved and will have an impact on the Group's financial statements in the future. The Group plans to implement these standards as at the date they become effective.

IFRS 10 - Consolidated Financial Statements -The standard replaces the requirements of IAS 27 Consolidated and Separate Financial Statements that address the accounting for consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. What remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group is currently assessing the impact of adopting IFRS 10. However, as the impact of adoption depends on the nature of relationships between the Group and other entities at the date of adoption, it is not practical to quantify the effects. The standard becomes effective for reporting periods beginning on or after 1 January 2014.

IFRS 11 - Joint Arrangements - The standard supersedes and replaces IAS 31, Interest in Joint Ventures. IFRS 11 does not introduce substantive changes to the overall definition of an arrangement subject to joint control, although the definition of control, and therefore indirectly of joint control, has changed due to IFRS 10. The Group does not expect the new standard to have any impact on the financial statements, since the assessment of the joint arrangements under the new standard is not expected to result in a change in the accounting treatment of existing joint arrangements. The standard becomes effective for reporting periods beginning on or after 1 January 2014.

IFRS 12 - Disclosure of Interests in Other Entities - The standard requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities. The Group does not expect the new standard to have a material impact on the financial statements. The standard becomes effective for reporting periods beginning on or after 1 January 2014.

Amendments to IAS 28 - Investments in Associates and Joint Ventures (as revised in 2011). As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Group does not expect the amendments to the IAS 28 to have material impact on the financial statements. The amendments become effective for the reporting periods beginning on or after 1 January 2014.

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities - The amendments do not introduce new rules for offsetting financial assets and liabilities; rather, they clarify the offsetting criteria to address inconsistencies in their application. The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is: not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The Group does not expect the amendments to have any impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements. The amendments become effective for the reporting periods beginning on or after 1 January 2014.

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets - The Amendments clarify that recoverable amount should be disclosed only for individual assets (including goodwill) or cash-generated units for which an impairment loss was recognised or reversed during the period. The Amendments also require the following additional disclosures when impairment for individual assets (including goodwill) or cash-generated units has been recognised or reversed in the period and recoverable amount is based on fair value less costs to disposal. The Group does not expect the amendments to the IAS 36 to have material impact on the financial statements. The amendments become effective for the reporting periods beginning on or after 1 January 2014.

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting - The Amendments allows hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations. The Group does not expect the amendments to the IAS 39 to have material impact on the financial statements. The amendments become effective for the reporting periods beginning on or after 1 January 2014.

(b) Functional and presentation currency

The accompanying consolidated financial statements are presented in the national currency of the Czech Republic, the Czech crown ("CZK"), rounded to the nearest million.

3. Accounting policies

The particular accounting policies adopted in preparation of the accompanying consolidated financial statements are described below.

(a) Principles of consolidation

(i) Subsidiaries

Subsidiaries are those entities which are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The consolidated financial statements include the Group´s interests in other entities based on the Group´s ability to control such entities regardless of whether control is actually exercised or not. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

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

(iii) Jointly controlled entities (joint ventures)

Jointly controlled entities are those enterprises over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group´s share of the total recognised gains and losses of joint ventures on an equity accounted basis, from the date that joint control commences until the date that joint control ceases.

(iv) 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, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Unification of accounting principles

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

3. Accounting policies (continued)

(b) Financial instruments

Classification

Financial instruments at fair value through profit or loss are those that the Group principally holds for the purpose of short-term profit taking. These include investments and derivative contracts that are not designated as effective hedging instruments and liabilities from short sales of financial instruments.

Originated loans and receivables comprise loans, advances to banks and customers other than purchased loans and bills of exchange.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and ability to hold to maturity.

Available-for-sale assets are financial assets that are not measured at fair value through profit or loss or held to maturity.

The Group's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as "trading", management has determined that the Group meets the description of trading assets and liabilities;
- The Group regularly evaluates the liquidity of particular financial instrument with respect to market conditions;
- In classifying financial assets as held-to-maturity, management has determined that the Group has both the positive intention and the ability to hold the assets until their maturity date as required.

Recognition

Financial assets at fair value through profit or loss 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.

The Group recognizes available-for-sale assets 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.

Held-to-maturity assets are accounted for at trade date.

Measurement

Financial instruments are measured initially at fair value, including transaction costs, with the exception of transaction costs related to financial instruments designated at fair value through profit or loss which are recognized directly in the statement of comprehensive income.

Subsequent to initial recognition, all instruments designated at fair value through profit or loss and all available-for-sale assets are measured at fair value, except any instrument that does not have a quoted market price on an active market and whose fair value cannot be reliably measured, which is stated at cost, including transaction costs, less impairment losses.

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.

3. Accounting policies (continued)

(b) Financial instruments (continued)

Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the statement of financial position date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated 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.

Gains and losses on subsequent measurement

Gains and losses arising from changes in the fair value of financial instruments at fair value through profit or loss are recognised in the statement of comprehensive income while gains and losses arising from changes in the fair value of available-for-sale assets are recognized directly in equity as differences arising from revaluation of assets and liabilities. Changes in fair value are derecognised from equity through profit or loss at the moment of sale. Interest from available-for-sale securities is recorded in the statement of comprehensive income.

Derecognition

A financial asset is derecognised when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

Available-for-sale assets and financial assets at fair value through profit or loss that are sold are derecognised and the corresponding receivables from the buyer are recognised on the day the Group commits to sell the assets.

Held-to-maturity instruments and originated loans and receivables are derecognised on the day they are sold by the Group.

Impairment

Financial assets are reviewed at each statement of financial position date to determine whether there is objective evidence of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

The Group assesses at the end of each quarter, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. Accounting policies (continued)

(b) Financial instruments (continued)

Loans and advances to customers and deposits with banks

Loans and advances to customers and deposits with banks are carried at the amount of principal outstanding including accrued interest, net of impairment. The impairment is booked as specific allowance for loan losses.

Individually assessed allowances

Based on regular reviews of the outstanding balances, specific allowances for loan losses are made for the carrying amount of loans and advances that are identified as being impaired to reduce these loans and advances to the amounts recoverable.

The Group mainly uses the financial statements of the client and the Group's own analysis as the basis for assessment of the loan's collectability.

Allowances made, less amounts released during the reporting period, are charged to statement of comprehensive income. Outstanding loan exposures are written off only when there is no realistic prospect of recovery. If in a subsequent period the amount of an allowance for loan losses decreases and the decrease can be linked objectively to an event occurring after the allowance was booked, the allowance is reversed through the statement of comprehensive income.

Collectively assessed allowances

Allowances are assessed collectively for losses on loans that are not individually significant and for individually significant loans and advances that have been assessed individually and found not to be impaired.

Allowances are evaluated separately on regularly basis with each portfolio. The collective assessment is made for groups of assets with similar risk characteristics, in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in the individual loans assessments.

In estimating the amount of allowances necessary, management evaluates the likelihood of repayment of individual loans and takes into account the value of collateral and the ability of the Group to realize the collateral.

Treasury bills

Treasury bills, comprising bills issued by Czech government agencies, are stated at 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.

3. Accounting policies (continued)

Derivatives

Derivatives including currency forwards and options are initially recognized in the statement of financial position at cost (including transaction costs) and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices and discounted cash flow models. The positive fair value of derivatives is recognized as an asset while the negative fair value of derivatives is recognized as a liability.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss.

Changes in the fair value of derivatives are included in net trading income.

Hedge accounting – Fair Value Hedge

When a derivative is designated as a hedge of the change in fair value of a recognised asset or liability or a commitment, changes in the fair value of the derivative are recognised immediately in the statement of comprehensive income together with changes in the fair value of the hedged item that are attributable to the hedged risk (in the same line as the hedged item).

Hedge accounting is discontinued if the derivative expire or is sold, terminated, or exercised, no longer meets the criteria for fair value hedge accounting, or the designation is revoked. Any adjustment to a hedged item for which the effective interest rate method is used is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

(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 on the statement of financial position and the consideration paid is recorded as a loan. The difference between the sale price and repurchase price is treated as interest and accrued evenly over the life of the transaction. Repos and reverse repos are recognised on a settlement date basis.

(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.

3. Accounting policies (continued)

(d) Intangible assets (continued)

Intangible assets

Intangible assets are stated at historical cost less accumulated amortization and impairment losses. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets other than goodwill, form the date the asset is available for use. The estimated amortization rates per a year are as follows:

Software	25%
Other intangible assets	11% - 50%
Customers relationships	5% - 33%

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Any other expenditure is expensed as incurred.

(e) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis over the estimated useful economic life of the asset. Assets under construction are not depreciated. The average depreciation rates used are as follows:

Buildings	2.5%
Office equipment	12.5% – 33%
Fixtures and fittings	12.5% – 33%

Land is not depreciated.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset.

(f) 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 stated at fair value, as determined by an independent registered 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 where 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.

(g) Leasing

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total expense, over the term of the lease.

When the Group 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.

3. Accounting policies (continued)

(h) Foreign currency

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.

(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 (or, where appropriate, a shorter period) 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 and is not revised subsequently. 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. Fees and commissions are recognized on an accrual basis.

(j) Taxation

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 deductible 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.

(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 in hand, cash deposited with central banks and other banks and short-term highly liquid investments with original maturities of three months or less.

(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.

(n) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to offset the recognized amounts and the transactions are intended to be settled on a net basis.

3. Accounting policies (continued)

(o) Segment reporting

Segment analysis is based on type of clients and provided services. The management of the entity is provided with the information that allows evaluating the performance of individual segments.

The Group's reportable segments according to IFRS 8 are as follows:

- Financial markets
- Corporate banking
- Private banking
- Retail banking
- Overhead / ALCO

Accounting policies applied to operating segments comply with those described in Note 3. The profits of the segments represent profits before tax achieved by each segment excluding overhead costs and salaries of management. This segment analysis is basis for review and strategic and operational decision making of the management.

For operating segment analysis, all assets and liabilities are allocated to the individual reportable segments except for "other" financial assets and liabilities and current and deferred income tax asset / liability.

IFRS 8 requires that operating segments are identified based on internal reporting about the business units of the Group which are regularly reviewed by CEO and allow proper allocation of resources and evaluation of the performance.

(in millions of Czech crowns)

3. Accounting policies (continued)

(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.

Fair value adjustments resulting from business combinations in 2013 are presented in the following table:

Companies	Property and equipment	Investment Property	Deferred tax asset/(liability)	Total net balance sheet effect
TERCES Group	25	100	(25)	**100**

TERCES Group contains TERCES MANAGEMENT LIMITED and its subsidiary Interznanie OAO. The company TERCES MANAGEMENT LIMITED was acquired from the member of J&T Group company J&T FINANCE GROUP, a.s. as a common control transaction in accordance with IFRS 3. The Bank presents both subsidiaries in its consolidated financial statements at the same value as they were presented by the parent company at the date of original acquisition. The difference between the net book value at the original and the Bank's date of acquisition is presented as a pricing difference within equity.

Fair value adjustments resulting from business combinations in 2012 are presented in the following table:

Companies	Property and equipment	Deferred tax asset/(liability)	Total net balance sheet effect
FVE Napajedla s.r.o.	97	(18)	**79**
FVE Němčice s.r.o.	120	(23)	**97**
FVE Slušovice s.r.o.	107	(20)	**87**

The Group acquired three companies that own and operate four solar power plants in the Czech Republic: FVE Slušovice s.r.o. on 18 January 2012, and FVE Němčice s.r.o. and FVE Napajedla s.r.o. on 29 February 2012. These companies were acquired by the Group with the intention of further sale to individual investors and were presented as Disposal groups held for sale.

The above companies were acquired by the subsidiary J&T IB and Capital Markets, a.s., and subsequently transferred to J&T FVE UPF.

The majority of the result is owned by the Group in the year 2012.

The Group sold these companies in 2013 (refer Note 48 Acquisitions and disposals of subsidiaries and joint ventures).

(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 will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when 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.

3. Accounting policies (continued)

(q) Disposal groups held for sale (continued)

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.

4. Use of estimates and judgements

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 on-going 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.

Key sources of estimation uncertainty

Allowances for loan losses
Assets accounted for at amortised cost are evaluated for impairment on the basis described in accounting policy 3(b).

The specific counterparty component of the total allowances for loan losses applies to claims evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash-flows, management makes judgements about the counterparty's financial situation and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits and the workout strategy. All estimates of cash flows for the calculation of the allowances are independently approved by Credit Risk Management.

The allowances are created on an on-going basis as a difference between the nominal value of the receivable and the amount recoverable.

Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable 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 measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

If the fair values had been higher or lower by 10% than management's estimates, the net carrying amount of Level 3 financial instruments would have been estimated to be CZK 452 million higher or lower than as disclosed as at 31 December 2013 (2012: CZK 510 million).

(in millions of Czech crowns)

5. Cash and cash equivalents

	2013	2012
Cash in hand (note 6)	176	135
Nostro balances with central banks (note 6)	109	175
Term deposits in central banks up to 3 months (note 6)	7 855	4 915
Receivables from banks on demand (note 7)	2 126	2 049
Term deposits due from fin. institutions up to 3 months (note 7)	366	2 726
Loans due from banks - repurchase agreements (note 7)	-	1 889
Total	***10 632***	***11 889***

6. Cash and balances with central banks

	2013	2012
Balances with central banks (including obligatory minimum reserves)	268	1 753
Nostro balances with central banks	109	175
Term deposits in central banks up to 3 months	7 855	4 915
Total balance with central banks	***8 232***	***6 843***
Cash in hand	176	135
Total	***8 408***	***6 978***

Balances with central banks represent the obligatory minimum reserves maintained under Czech National Bank, National Bank of Slovakia and Central Bank of the Russian Federation regulations. The obligatory minimum reserve is stated as 2% of primary deposits with maturity of less than two years and is interest bearing except for Central Bank of the Russian Federation where the obligatory minimum reserve is stated as 4.25% of primary deposits and is non-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.

With regard to the current uncertain situation on the financial markets, 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.

7. Due from financial institutions

	2013	2012
Receivables from banks on demand	2 126	2 049
Term deposits and loans up to 3 months	366	2 726
Term deposits and loans over 3 months	53	201
Subordinated loans to banks	220	-
Loans due from banks - repurchase agreements	-	1 889
Other receivables	791	-
Total	***3 556***	***6 865***

There were no overdue receivables from banks as of 31 December 2013 and 31 December 2012.

The weighted average interest rate on deposits and loans with other banks was 0.55% p.a. (2012: 1.64% p.a.).

(in millions of Czech crowns)

8. Derivatives

(a) Derivatives held for trading:

	2013 Notional amount buy	2013 Notional amount sell	2013 Fair value Positive	2013 Fair value Negative
Currency derivatives	28 849	(28 598)	286	(31)
Equity derivatives	604	(566)	39	-
Commodity derivatives	795	(798)	3	-
Total as at 31 December 2013	***30 248***	***(29 962)***	***328***	***(31)***

	2012 Notional amount buy	2012 Notional amount sell	2012 Fair value Positive	2012 Fair value Negative
Currency derivatives	25 983	(25 922)	107	(48)
Equity derivatives	9	(8)	-	-
Commodity derivatives	609	(611)	6	(1)
Total as at 31 December 2012	***26 601***	***(26 541)***	***113***	***(49)***

All derivatives held for trading are classified as level 2 according to the fair value hierarchy.

Purchased and written options are recognized in the trading portfolio. Written options comprise derivatives embedded in structured client deposits. The Group has purchased matching options (with the same underlying assets, maturity and strike prices) from third parties in order to hedge the exposures. Accordingly, the fair value of the purchased options portfolio equals to the fair value of the sum of the written options. Although these options represent an economic hedge, they are presented as trading.

FX forward contracts are commitments to either purchase or to sell a designated currency at a specified date for a specified price. Forward contracts result in a credit exposure at a specified future date for a specified price. Forward contracts also result in exposure to market risk based on changes in market prices relative to the contracted amounts.

The foreign currency structure of these transactions was as follows:

Long position	CZK	EUR	USD	RUB	other
31 December 2013	86%	10%	1%	3%	-
31 December 2012	81%	14%	3%	2%	-

The foreign currency structure of the second leg of these transactions was as follows:

Short position	CZK	EUR	USD	RUB	Other
31 December 2013	9%	70%	19%	-	2%
31 December 2012	14%	66%	16%	1%	3%

(in millions of Czech crowns)

8. Derivatives (continued)

(b) Derivatives held for risk management:

Fair value hedging

	2013 Notional amount buy	2013 Notional amount sell	2013 Fair value Positive	2013 Fair value Negative
Currency derivatives	8 962	(9 459)	8	(510)
Total as at 31 December 2013	***8 962***	***(9 459)***	***8***	***(510)***

	2012 Notional amount buy	2012 Notional amount sell	2012 Fair value Positive	2012 Fair value Negative
Currency derivatives	2 659	(2 673)	5	(33)
Total as at 31 December 2012	***2 659***	***(2 673)***	***5***	***(33)***

All derivatives held for risk management are classified as level 2 according to fair value hierarchy.

The objective of this hedge is to cover the foreign currency exposure to changes in fair value of investment securities available for sale and investment in joint ventures and associates denominated in foreign currency over the hedging period. The Group uses currency forwards to reach effectiveness within the hedging relationship.

9. Investment securities at fair value through profit or loss, investment securities available for sale and investment securities held to maturity

(a) Investment securities at fair value through profit or loss:

	2013 Fair value	2012 Fair value
Shares		
- domestic	14	2
- foreign	42	84
Allotment certificates		
- domestic	29	-
- foreign	-	4
Bonds		
- domestic	4 179	2 754
- foreign	3 144	2 448
Total	***7 408***	***5 292***

	2013 Fair value	2012 Fair value
Shares		
- listed	56	86
Allotment certificates		
- not listed	29	4
Bonds		
- listed	7 323	5 202
Total	***7 408***	***5 292***

(in millions of Czech crowns)

9. Investment securities at fair value through profit or loss, investment securities available for sale, investment held for sale and investment securities held to maturity (continued)

(a) Investment securities at fair value through profit or loss (continued):

	2013 Fair value	2012 Fair value
Shares		
- corporate	14	74
- financial institutions	42	12
Allotment certificates		
- financial institutions	29	4
Bonds		
- government	3 288	1 844
- financial institutions	2 840	866
- international institutions	9	-
- corporate	1 186	2 492
Total	***7 408***	***5 292***

	2013 Fair value	2012 Fair value
Shares		
- Level 1 - market price	31	64
- Level 3 - unobservable inputs	25	22
Allotment certificates		
- Level 1 - market price	29	4
Bonds		
- Level 1 - market price	5 452	4 059
- Level 3 - unobservable inputs	1 871	1 143
Total	***7 408***	***5 292***

No movements from level 1 to level 2 occurred in 2013 and in 2012.

The weighted average interest rate on bonds was 4.72% p.a. (2012: 5.43% p.a.).

The following table shows a reconciliation of the opening and closing balances of Level 3 investment securities that are recorded at fair value:

	Shares	Bonds	Total
Balance as at 1 January 2013	***22***	***1 143***	***1 165***
Total gains / (losses) recognised in profit or loss	-	(2)	(2)
Addition	2	794	796
Disposal	(1)	(285)	(286)
Transfer from Level 1	-	191	191
Effects of movements in foreign exchange	2	11	13
Interest income	-	19	19
Balance as at 31 December 2013	***25***	***1 871***	***1 896***

During the reporting period, due to changes in market conditions for certain investment securities, quoted prices in active market were no longer available for these securities. The Group transferred from Level 1 to Level 3 bonds amounting to CZK 191 million.

In 2012 the Group transferred from Level 1 to Level 3 shares amounting to CZK 18 million and bonds amounting to CZK 942 million.

(in millions of Czech crowns)

9. Investment securities at fair value through profit or loss, investment securities available for sale, investment held for sale and investment securities held to maturity (continued)

(b) Investment securities available for sale:

	2013 Fair value	2012 Fair value
Shares		
- domestic	362	456
- foreign	183	2 173
Allotment certificates		
- domestic	265	204
- foreign	3 015	1 094
Bonds		
- domestic	11 983	12 096
- foreign	4 585	7 022
Total	***20 393***	***23 045***

	2013 Fair value	2012 Fair value
Shares		
- listed	415	2 402
- not listed	130	227
Allotment certificates		
- not listed	3 280	1 298
Bonds		
- listed	15 416	18 729
- not listed	1 152	389
Total	***20 393***	***23 045***

	2013 Fair value	2012 Fair value
Shares		
- financial institution	21	262
- corporate	524	2 367
Allotment certificates		
- financial institution	3 278	1 298
- corporate	2	-
Bonds		
- government	10 211	15 735
- financial institution	1 272	423
- corporate	5 085	2 960
Total	***20 393***	***23 045***

(in millions of Czech crowns)

9. Investment securities at fair value through profit or loss, investment securities available for sale, investment held for sale and investment securities held to maturity (continued)

(b) Investment securities available for sale (continued):

	2013	2012
	Fair value	**Fair value**
Shares		
- Level 1 - market price	278	613
- Level 2 – observable market data	20	-
- Level 3 - unobservable inputs	247	2 016
Allotment certificates		
- Level 1 - market price	3 274	1 298
- Level 2 – observable market data	6	-
Bonds		
- Level 1 - market price	14 243	17 165
- Level 3 - unobservable inputs	2 325	1 953
Total	***20 393***	***23 045***

No movements from level 1 to level 2 occurred in 2013 and in 2012.

The weighted average interest rate on bonds was 3.17% p.a. (2012: 3.22% p.a.).

The following table shows a reconciliation of the opening and closing balances of Level 3 investment securities that are recorded at fair value:

	Shares	Bonds	Total
Balance as at 1 January 2013	***2 016***	***1 953***	***3 969***
Total gains / (losses) recognised in profit or loss	122	-	122
Total gains / (losses) recognised in equity	-	6	6
Addition	48	646	694
Disposal	(1 817)	(284)	(2 101)
Effects of movements in foreign exchange	(122)	(27)	(149)
Interest income	-	31	31
Balance as at 31 December 2013	***247***	***2 325***	***2 572***

During the current reporting period, due to changes in market conditions for certain investment securities, quoted prices in active market were no longer available for these securities.

(in millions of Czech crowns)

9. Investment securities at fair value through profit or loss, investment securities available for sale, investment held for sale and investment securities held to maturity (continued)

(c) Investment securities held to maturity:

	2013 Amortised cost	2012 Amortised cost
Bonds		
- domestic	-	1 308
- foreign	1 846	817
Total	***1 846***	***2 125***

	2013 Amortised cost	2012 Amortised cost
Bonds		
- listed	1 846	2 125
Total	***1 846***	***2 125***

	2013 Amortised cost	31.12.2012 Amortised cost
Bonds		
- financial institution	1 418	1 339
- corporate	428	786
Total	***1 846***	***2 125***

The weighted average interest rate on bonds was 6.19% p.a. (2012: 6.26% p.a.).

(in millions of Czech crowns)

10. Repurchase and resale agreements

(a) Resale agreements

The Group purchases investment securities 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. Legal right to investment securities is transferred to the Bank, respectively entity which is a loan provider. Reverse repurchases are entered into as a facility to provide funds to customers. As of 31 December 2013 and 31 December 2012, assets purchased pursuant to the agreements to resell them were as follows:

	Fair value of assets held as collateral	Carrying amount of receivable	Repurchase date	Repurchase price
Loans and advances to customers	11 507	9 383	To 1 Year	9 429
Total as at 31 December 2013	***11 507***	***9 383***		***9 429***

	Fair value of assets held as collateral	Carrying amount of receivable	Repurchase date	Repurchase price
Loans to banks	2 046	1 889	To 3 Months	1 891
Loans and advances to customers	9 099	6 807	To 3 Months	6 821
Total as at 31 December 2012	***11 145***	***8 696***		***8 712***

The Group did not use the acquired collateral for subsequent sale or for hedging of its trading activities.

(b) Repurchase agreements

Transactions where securities are sold under a repurchase agreement (repo transaction) at a predetermined price are accounted for as loans collateralised by the securities. The legal title to the respective securities is transferred to the lender. However, the securities transferred under a repo transaction are still recognised in the statement of financial position. The price for the sold securities are recognised as a liability and presented under "Amounts owed to financial institutions" or "Amounts owed to customers".

	Fair value of assets held as collateral	Carrying amount of receivable	Repurchase date	Repurchase price
Loans from banks	2 198	2 024	To 1 Month	2 024
Loans and advances from customers	23	23	To 3 Months	23
Total as at 31 December 2013	***2 221***	***2 047***		***2 047***

	Fair value of assets held as collateral	Carrying amount of receivable	Repurchase date	Repurchase price
Loans from banks	22	22	To 1 Month	22
Loans and advances from customers	91	89	To 3 Months	89
Total as at 31 December 2012	***113***	***111***		***111***

(in millions of Czech crowns)

10. Repurchase and resale agreements (continued)

(b) Repurchase agreements (continued)

As at 31 December 2013, the Group sold securities under repurchase agreements at CZK 2 198 million (2012: CZK 0 million), which are recognized in the statement of financial position, and securities under repurchase agreements at CZK 23 million (2012: CZK 113 million) which were purchased under reverse repurchase operations before.

11. Loans and advances to customers, contingent assets

(a) Loans and advances to customers

	2013	2012
Loans and advances to customers	48 328	32 578
Loans and advances to customers - repurchase agreements	9 383	6 807
Bank overdraft	3 230	2 151
Debt securities - bills of exchange	225	280
Other receivables	62	149
Less allowances for loan losses (note 12)	(1 224)	(815)
Total net loans and advances to customers	***60 004***	***41 150***

Loans and advances to customers as at 31 December 2013 include loans amounting to CZK 9 327 million (2012: CZK 12 901 million) where the repayment of the loans is dependent upon the successful realization of the assets whose acquisition was financed by the relevant loans. These assets are pledged in favour of the Group.

Allowances for loan losses and advances to customers are determined and created based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realizable value of any underlying collateral as well as guarantees from third parties.

The amount of non-interest bearing loans as at 31 December 2013 totalled to CZK 101 million (2012: CZK 81 million). These loans were mostly acquired from the former Podnikatelská banka. Receivables from these loans are fully provisioned.

The weighted average interest rate on loans to customers was 6.91% p.a. (2012: 7.55% p.a.).

The weighted average interest rate on bills of exchange was 7.19% p.a. (2012: 7.94% p.a.).

(b) Contingent assets

Some of the loan agreements entitle the Group to a share of the profits earned from projects that are financed by the Group. These rights may generate additional revenues in the future. The current value of these rights, however, cannot be reliably measured or estimated. The Group is not exposed to any additional risk that would arise from such agreements.

12. Allowances for loan losses

	2013	2012
1 January	**815**	**1 233**
Charge / (reversal) in the reporting period	515	486
Use / write-offs	(143)	(893)
Currency difference	37	(11)
At the end of period	***1 224***	***815***

13. Investment property

	2013
1 January	-
Acquisition through business combination	667
Effect of movement in foreign exchange	(21)
At the end of period	***646***

The Group acquired investment property in 2013 through the acquisition of Interznanie OAO (refer Note 3(p) - Business combinations and purchase price allocations and the Note 48 Acquisitions and disposals of subsidiaries and joint ventures). Investment property is insured in full as at 31 December 2013.

All investment property is classified as Level 3 according to fair value hierarchy.

(in millions of Czech crowns)

14. Property and equipment

The movements during the period were as follows:

	Land and buildings	Fixtures, fittings and equipment	Under construction	Total
Cost				
1 January 2012	***3***	***127***	***8***	***138***
Additions	13	36	-	49
Disposals	-	(19)	(2)	(21)
31 December 2012	***16***	***144***	***6***	***166***
Accumulated depreciation				
1 January 2012	-	***80***	-	***80***
Depreciation	1	30	-	31
Disposals	-	(18)	-	(18)
31 December 2012	***1***	***92***	-	***93***
Cost				
1 January 2013	***16***	***144***	***6***	***166***
Additions	-	11	-	11
Additions from acquisition	167	20	-	187
Disposals	-	(91)	(6)	(97)
Other and foreign exchange	-	2	-	2
31 December 2013	***183***	***86***	-	***269***
Accumulated depreciation				
1 January 2013	***1***	***92***	-	***93***
Depreciation	7	23	-	30
Depreciation from acquisition	2	5	-	7
Disposals	-	(72)	-	(72)
31 December 2013	***10***	***48***	-	***58***
Net book value				
31 December 2012	***15***	***52***	***6***	***73***
31 December 2013	***173***	***38***	-	***211***

Property is insured against theft and natural disaster.

The additions from acquisition in 2013 are represented by the property owned by the newly acquired subsidiary Interznanie OAO.

Disposal of Fixtures, fittings and equipment in 2013 mainly relates to the fact that since 1 January 2013 the Bank has transferred all IT services including related equipment to the company within J&T group.

(in millions of Czech crowns)

15. Intangible assets

The movements during the period were as follows:

	Software	Other intan-gible assets	Goodwill	Assets under construction	Total
Cost					
1 January 2012	***265***	***130***	***309***	***1***	***705***
Additions	37	-	-	40	77
Disposals	(59)	-	-	(35)	(94)
Other	(1)	-	1	-	-
31 December 2012	***242***	***130***	***310***	***6***	***688***
Accumulated amortisation					
1 January 2012	***184***	***32***	***119***	-	***335***
Amortisation	40	21	-	-	61
Disposals	(45)	-	-	-	(45)
Other	(1)	-	1	-	-
31 December 2012	***178***	***53***	***120***	-	***351***
Cost					
1 January 2013	***242***	***130***	***310***	***6***	***688***
Additions	29	-	-	50	79
Additions from acquisition	-	-	273	-	273
Disposals	(31)	-	-	-	(31)
Other and foreign exchange	2	-	(12)	-	(10)
31 December 2013	***242***	***130***	***571***	***56***	***999***
Accumulated amortisation					
1 January 2013	***178***	***53***	***120***	-	***351***
Amortisation	37	18	-	-	55
Impairment	-	-	50	-	50
Disposals	(25)	-	-	-	(25)
Other and foreign exchange	2	-	(4)	-	(2)
31 December 2013	***192***	***71***	***166***	-	***429***
Net book value					
31 December 2012	***64***	***77***	***190***	***6***	***337***
31 December 2013	***50***	***59***	***405***	***56***	***570***

The increase in goodwill by CZK 273 million in 2013 is represented by the goodwill arisen from the acquisition of 99% ownership interest in TERCES MANAGEMENT LIMITED (see the note 48). Entire goodwill was allocated to TERCES MANAGEMENT LIMITED subsidiary Interznanie OAO.

(in millions of Czech crowns)

16. Operating leases

(a) Leases entered into as lessee

The Group has non-cancellable operating lease payables as follows:

	2013	2012
Less than one year	108	89
Between one and five years	301	307
More than five years	163	217
Total	***572***	***613***

(b) Leases entered into as lessor

The Group leases out its headquarters to other companies under operating leases. The Group has non-cancellable operating lease receivables as follows:

	2013	2012
Less than one year	5	1
Between one and five years	2	2
More than five years	1	1
Total	***8***	***4***

17. Prepayments, accrued income and other assets

	2013	2012
Prepayments and accrued income	90	116
Receivables from customers from securities trading	141	350
Other trading receivables	269	263
Other tax assets	1	-
Receivables from fees for portfolio management	25	22
Other receivables	53	48
Advance payments - other	23	24
Allowances for impairment of other assets	(8)	(8)
Total	***594***	***815***

Other trading receivables as at 31 December 2013 include reward for the issue of bonds and bills of CZK 12 million (2012: CZK 157 million) and large number of sundry items that are not significant on an individual basis.

(in millions of Czech crowns)

17. Prepayments, accrued income and other assets (continued)

Allowances for impairment of other assets:

	2013	2012
1 January	8	7
Charged / (reversed) in the period	2	1
Use / write-offs	(2)	-
At the end of period	***8***	***8***

18. Disposal groups held for sale

The structure of the assets and liabilities of the disposal group held for sale as at 31 December 2013 is as follows:

	Other assets
Disposal groups held for sale	261
Liabilities associated with assets held for sale	-
Net amount of disposal group held for sale	**261**
Profit from discontinued operations	**214**

The structure of the assets and liabilities of the disposal group held for sale as at 31 December 2012 is as follows:

	FVE solar power plants
Disposal groups held for sale	1 596
Liabilities associated with assets held for sale	698
Net amount of disposal group held for sale	**898**
Profit from discontinued operations	**95**

(in millions of Czech crowns)

19. Amounts owed to financial institutions

Amounts owed to financial institutions comprise:

	2013	2012
Amounts owed to banks	3 059	3 751
Loans from banks - repurchase agreements	2 024	22
Amounts owed to central banks	-	7 475
Total amounts owed to financial institutions	***5 083***	***11 248***

The weighted average interest rate on amounts owed to banks was 0.92% p.a. as at 31 December 2013 (2012: 1.62% p.a.).

The branch of the Bank prematurely repaid the loan amounting to CZK 7 099 million to National Bank of Slovakia on 27 February 2013 under the terms announced and published by the European Central Bank. This loan was granted on 1 March 2012 at the rate of 1% p.a. There are no financial obligations relating to the early repayment by the Group.

20. Amounts owed to customers

Amounts owed to customers comprise:

	2013	2012
Current accounts	11 726	8 024
Term deposits	74 030	55 814
Depository notes	42	100
Loans from customers - repurchase agreements	23	89
Other	2	5
Total	***85 823***	***64 032***

The weighted average interest rate on amounts owed to customers was 2.77% p.a. as at 31 December 2013 (2012: 2.81% p.a.).

21. Subordinated liabilities

Subordinated liabilities at amortised cost:

	2013	2012
Issued subordinated bonds	680	622
Subordinated liabilities - term deposit from customers	828	374
Total	***1 508***	***996***

On 28 February 2007, the Bank issued subordinated bonds with a notional amount of EUR 25 million maturing in 2022. The interest rate was 5.15% p.a. as at 31 December 2013 (2012: 4.93% p.a.).

The subordinated liabilities - term deposit from customers with a maturity up to 2021 bear an interest rate between 5% and 8% p.a.

Czech National Bank approved the subordinated liabilities as a part of the capital for regulatory purposes.

(in millions of Czech crowns)

22. Accruals, provisions and other liabilities

Accruals, provisions and other liabilities:

	2013	2012
Trade payables	93	102
Other liabilities	117	121
Provision for employee benefits	308	22
Provision for off-balance sheet items	29	10
Provision for loyalty programmes - customers	59	29
Provision for loyalty programmes - employees	3	2
Other current provisions	16	-
Payables to employees	23	93
Payables related to social costs	10	11
Payables from securities of clients at trader´s disposal	2 199	2 922
Estimated payables, accruals and deferred income	156	293
Other tax liabilities	38	47
Total	***3 051***	***3 652***

Other liabilities primarily include payables from clearing of CZK 45 million (2012: CZK 10 million) and incoming and outgoing payments from nostro accounts of CZK 6 million (2012: CZK 95 million).

Provisions:

	Balance as at 1 January 2013	Additions / Creations	Use	Movement	Foreign exchange difference	Balance as at 31 December 2013
Employee benefits	22	209	(12)	84	5	308
Off-balance sheet items	10	47	(30)	-	2	29
Loyalty programmes – customers	29	32	(2)	-	-	59
Loyalty programmes - employees	2	5	(4)	-	-	3
Other current provisions	-	16	-	-	-	16
Total	***63***	***309***	***(48)***	***84***	***7***	***415***

Amount CZK 84 million relating to provision for employee benefits presented in column „Movement" was disclosed as estimated payable as at 31 December 2012.

(in millions of Czech crowns)

23. Share capital, retained earnings and capital funds

Share capital is fully paid and consists of:

	2013
9 557 126 ordinary shares with a nominal value of CZK 1 000 per share	9 557
700 000 ordinary shares with a nominal value of CZK 1.43 per share	1
Total share capital	***9 558***

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 will be approved at the General Meeting. The Group's Management assumes that the part of the profit will be paid as a dividend to shareholders.

Retained earnings

Retained earnings are distributable to the Group's shareholders and are subject to the shareholders meeting resolution. As at 31 December 2013, retained earnings amounted to CZK 3 683 million (2012: CZK 2 943 million).

Capital funds

Capital funds consist of a statutory reserve fund and other non-distributable capital funds.

The use of the statutory reserve fund is limited by legislation and the articles of association of the Group. The Group is obliged to contribute an amount to the fund each year, which is not less than 5% of its annual net profit until the aggregate amount reaches a minimum level equal to 20% of the issued share capital. The legal reserve fund is not distributable to shareholders.

The statutory reserve fund amounted to CZK 185 million as at 31 December 2013 (2012: CZK 110 million).

Other reserves

The Other reserves comprise the items arisen from the following:
- changes in the fair value of investment securities available for sale;
- translation reserve – comprises all foreign exchange difference arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Group.

The revaluation reserve amounted to CZK 0 million as at 31 December 2013 (2012: CZK 501 million).

24. Non-controlling interest

	2013	2012
J&T BANK ZAO	5	5
Interznanie OAO	(1)	-
Terces Management Limited	5	-
J&T REALITY, o.p.f.	611	-
Total	***620***	***5***

(in millions of Czech crowns)

25. Corporate income tax

Corporate income tax was calculated in accordance with Czech tax regulations at the rate of 19% in 2013 (2012: 19%). The corporate income tax rate for 2014 will be 19%.

The Slovak branch pays tax in accordance with Slovak tax law. 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 corporate income tax rate in Slovakia for 2013 is 23% (2012: 19%). As from 1 January 2014 the tax rate in Slovakia is 22%.

The Czech Republic currently has a number of laws related to various taxes imposed by governmental authorities. Applicable taxes include value-added tax, corporate tax, and payroll (social) taxes and various others. Tax declarations, together with other legal compliance areas (such as customs and currency control matters) are subject to review and investigation by a number of authorities, who are enabled by law to impose fines, penalties and interest charges. This results in tax risks in the Czech Republic which are substantially more significant than typically found in countries with more developed tax systems.

Effects of different tax rates of subsidiaries are taken into account when calculating income tax in total and are represented by row "Effect of tax rates in foreign jurisdictions". The corporate income tax rate in Russia for 2013 is 20% (2012: 20%).

Management believes that it has adequately provided for the tax liabilities in the accompanying consolidated financial statements.

The reconciliation of the expected income tax expense is as follows:

	2013	**2012**
Profit before income tax	685	1 193
Tax non-deductible expenses	375	480
Non-taxable revenues and tax refund for the last period	(322)	(258)
Statutory income tax rate	19%	19%
Income tax	***(140)***	***(269)***
Effect of tax rates in foreign jurisdictions	(11)	(3)
Income tax Total	**(151)**	**(272)**
of which:		
Deferred tax (expense) / revenue	*54*	*1*
Current tax (expense)	*(205)*	(273)
Effective tax rate	22.1%	22.8%

The main adjustments when calculating the taxable profit from the accounting profit relate to tax exempt income and expenses to be added to the tax base. The main non-deductible expenses are tax non-deductible provisions to receivables, gifts and representation expenses.

(in millions of Czech crowns)

26. Deferred tax

The Group has the following deferred tax assets and liabilities:

	Deferred tax asset / (liability)	
	2013	**2012**
Difference between accounting and tax values of property and equipment	(13)	(17)
Unpaid penalty interest	-	(4)
Investment securities at fair value at through profit or loss	2	1
Available-for-sale financial assets	(24)	(116)
Investment property	(119)	-
Other items/Provisions	56	(5)
Net deferred tax liability	***(98)***	***(141)***

The deferred tax asset and liability is calculated using the 2013 corporate income tax rate of 19%, for J&T Bank, zao 20% and for J&T Banka Slovak Branch 23% (2012: 19%, 20% and 23%).

The following table shows the reconciliation between the deferred tax charge and the change in deferred tax liabilities in 2013.

	2013	**2012**
Deferred tax liability, net as at 1 January	(141)	16
Incoming from business combination	(120)	-
Deferred tax expense in the period	54	1
Deferred tax recognized in equity	102	(158)
Currency difference	7	-
Net deferred tax liability as at the end of the period	***(98)***	***(141)***

The following table shows the net deferred tax by company as at 31 December 2013:

	Deferred tax		
	Asset	**Liability**	**Net**
J & T BANKA, a.s. (parent company)	35	-	35
J&T INVESTIČNÍ SPOLEČNOST, a.s.	-	(2)	(2)
ATLANTIK finanční trhy, a.s.	-	(4)	(4)
Interznanie OAO	-	(119)	(119)
J&T Bank, zao	-	(8)	(8)
Net deferred tax asset liability	***35***	***(133)***	***(98)***

(in millions of Czech crowns)

26. Deferred tax (continued)

The following table shows the net deferred tax by company as at 31 December 2012:

	Deferred tax		
	Asset	**Liability**	**Net**
J & T BANKA, a.s. (parent company)	-	(122)	(122)
J&T INVESTIČNÍ SPOLEČNOST, a.s.	-	(3)	(3)
ATLANTIK finanční trhy, a.s.	-	(6)	(6)
J&T Bank, zao	-	(10)	(10)
Net deferred tax asset liability	-	***(141)***	***(141)***

27. Interest income

	2013	**2012**
Interest income from:		
Due from financial institutions	49	111
Loans and advances to customers	2 946	2 597
Repo transactions	416	357
Bonds and other fixed income securities	870	910
Other operations	24	5
Total	***4 305***	***3 980***

Item "Loans and advances to customers" includes commissions for origination of loans of CZK 30 million (2012: CZK 29 million), which are part of effective interest rate.

Interest income according to classes of assets:

	2013	**2012**
Interest income from:		
Financial assets at fair value through profit or loss:		
- those held for trading	200	268
- those designated at initial recognition	130	76
Investment securities available for sale	438	423
Investment securities held to maturity	126	148
Loans and other receivables	3 411	3 065
- *of which: Impaired loans and receivables*	*39*	*167*
Total	***4 305***	***3 980***

28. Interest expense

	2013	**2012**
Interest expense on:		
Amounts owed to financial institutions	(103)	(217)
Amounts owed to customers	(2 306)	(1 864)
Repo transactions	(1)	(7)
Bonds and other fixed income securities	(40)	(40)
Other operations	(23)	(1)
Total	***(2 473)***	***(2 129)***

(in millions of Czech crowns)

28. Interest expense (continued)

Interest expense according to classes of liabilities:

	2013	2012
Interest expense on:		
Financial liabilities at amortised cost	(2 450)	(2 128)
Financial liabilities at fair value through profit or loss	(23)	(1)
Total	***(2 473)***	***(2 129)***

29. Fee and commission income

	2013	2012
Fee and commission income from:		
Securities and derivatives for customers	476	576
Loan activities	50	29
Payment transactions	44	42
Other	33	30
Total	***603***	***677***

30. Fee and commission expense

	2013	2012
Fee and commission expense on:		
Transactions with securities	(128)	(149)
Payment transactions	(13)	(12)
Other	(14)	(16)
Total	***(155)***	***(177)***

31. Net trading income

	2013	2012
Realised and unrealised gains on securities	460	335
Net gains / (losses) on derivative operations	(1 329)	726
Profit from ceded receivables	2	4
Net profit / (loss) from foreign currency translation	1 361	(343)
Net gains / (losses) on hedging derivative operations	(4)	2
Revenue from dividends	3	2
Total net trading income	***493***	***726***

Net trading income comprises of:

	2013	2012
Financial assets and liabilities at fair value through profit or loss:		
- those held for trading	(1 345)	967
- those designated at initial recognition	7	54
Financial assets available for sale	468	44
Profit or loss from loans and other receivables	2	4
Exchange rate differences	1 361	(343)
Total	***493***	***726***

(in millions of Czech crowns)

32. Other operating income

	2013	2012
Rental from investment property	78	-
Profit from disposal of fixed assets	12	8
Income from advisory services	53	46
Income from re-invoicing of services	6	11
Other income	23	15
Total	***172***	***80***

Other income of CZK 23 million at 31 December 2013 (2012: CZK 15 million) includes a large number of sundry items that are not significant on an individual basis.

33. Personnel expenses

	2013	2012
Wages and salaries	(452)	(514)
Directors' and Supervisory Board members' remuneration	(129)	(72)
Social costs	(102)	(149)
Other social costs	(15)	(17)
Total personnel expenses	***(698)***	***(752)***
Average number of employees during the reporting period	***487***	***499***

There were 20 members of the Group's Board of Directors at 31 December 2013 (2012: 18).

34. Other operating expenses

	2013	2012
Rent expense	(113)	(104)
Contributions to Deposit Insurance Fund	(113)	(89)
Taxes and fees	(118)	(69)
Operating costs:		
Repairs and maintenance – other	(5)	(4)
Advisory services	(12)	(9)
Communication fees	(13)	(14)
Consumption of material	(18)	(20)
Marketing and representation	(148)	(124)
Audit, legal and tax consulting	(51)	(42)
Travel costs	(17)	(19)
Expenses form re-invoicing	(6)	(12)
Repairs and maintenance - IS, IT	(25)	(25)
Gifts	(16)	-
Services related to rent	(28)	(26)
Outsourcing	(110)	(11)
Expenses related to investment property	(6)	-
Other operating costs	(138)	(131)
Total	***(937)***	***(699)***

(in millions of Czech crowns)

34. Other operating expenses (continued)

The increase in the cost of outsourcing in the amount of CZK 99 million (2012: CZK 0 million) represents mainly transfer of activities relating to the consolidation of information technology services and logistics to the company belonging to the J&T Group, from which the Group outsources it.

Other operating costs of CZK 138 million at 31 December 2013 (2012: CZK 131 million) include a large number of sundry items that are not significant on an individual basis.

In the previous year, the government of the Slovak Republic introduced a bank levy ("the levy"). The levy is calculated based on the sum of a bank's total liabilities and equity, as reported in the balance sheet, less equity (if positive), long-term funds provided to a foreign bank's branch (applicable to branches), and subordinated debt. The levy is applied at a rate of 0.4% and is not deductible for corporative tax purposes. The levy does not fall within the scope of IAS 12 Income Taxes. The Group considers the levy to be operational in nature and has accrued the respective cost within "Other operating expenses". Taxes and fees in 2013 include a special levy to the Slovak Tax Authority of CZK 90 million (2012: CZK 65 million).

35. Analysis of the balances of cash and cash equivalents as shown in the Statement of Financial Position

	Cash and balances with central bank	Term deposits in central banks up to 3 months	Loans to banks – repurchase agreements	Receivables from bank on demand or up to 3 months	Total
31 December 2011	**197**	**361**	**800**	**8 084**	**9 442**
Change in 2012	113	4 554	1 089	(3 309)	2 447
31 December 2012	**310**	**4 915**	**1 889**	**4 775**	**11 889**
Change 2013	(25)	2 940	(1 889)	(2 283)	(1 257)
31 December 2013	**285**	**7 855**	**-**	**2 492**	**10 632**

"Obligatory minimum reserves with central banks" is not included in "Cash and cash equivalents" for Statement of Financial Position purposes.

36. Financial commitments and contingencies

Financial commitments and contingencies comprise:

	2013	**2012**
Granted guarantees	1 836	1 717
Unused credit lines	3 336	2 971
Securities held on behalf of clients	22 805	12 401
Total	***27 977***	***17 089***

37. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

(a) Business segments

The Group comprises the following main business segments:

- Financial markets
  - Includes the trading and corporate finance activities, mainly activities within financial markets department regardless of level of service and client business segment
- Corporate Banking
  - Includes loans, deposits and other transactions and balances with corporate customers (including business segment: corporations, non-profit organisations, financial institutions)
- Private Banking
  - Includes loans, deposits and other transactions and balances with private banking and premium banking customers
- Retail Banking
  - Includes loans, deposits and other transactions and balances with retail customers
- Overhead / ALCO
  - Includes balance sheet items of strategic importance that are managed by the Asset and Liability Committee

The Group also has a central Shared Services operation that manages the Group's premises and certain corporate costs. Cost-sharing agreements are used to allocate central costs to business segments on a reasonable basis.

Overhead includes balance sheet items of strategic importance that are managed by the Asset and Liability Committee. The most important items are:

- Investment securities available for sale and held to maturity
- Due from financial institutions
- Amount owed to financial institutions
- Cash and balances with central banks
- Equity

Personnel costs, operating expenses and depreciation charges that are not allocated to business segments are also included in this segment.

(in millions of Czech crowns)

37. Segment reporting (continued)

(a) Business segments (continued)

Consolidated statement of financial position as at 31 December 2013:

	Financial markets	Corporate banking	Private banking	Retail banking	Overhead / ALCO	Total
Cash in hand and balances with central banks	-	-	-	-	8 408	8 408
Due from financial institutions	-	-	-	-	3 556	3 556
Investment securities	6 908	-	-	-	23 075	29 983
Investment in joint ventures and associates	-	-	-	-	5 939	5 939
Investment property	-	-	-	-	646	646
Loans and advances to customers	14 475	35 912	8 997	620	-	60 004
Current tax assets	-	-	-	-	30	30
Deferred tax assets	-	-	-	-	35	35
Prepayments, accrued income and other assets	-	-	-	-	1 375	1 375
Disposal groups held for sale	-	-	-	-	261	261
Total Assets	***21 383***	***35 912***	***8 997***	***620***	***43 325***	***110 237***
Negative fair value of derivatives	31	-	-	-	510	541
Amounts owed to financial institutions	-	-	-	-	5 083	5 083
Amounts owed to customers	-	38 325	15 210	32 288	-	85 823
Subordinated liabilities	-	1 050	361	97	-	1 508
Current tax liabilities	-	-	-	-	52	52
Deferred tax liabilities	-	-	-	-	133	133
Accruals, provisions and other liabilities	-	-	-	-	3 051	3 051
Disposal groups held for sale	-	-	-	-	-	-
Shareholder's equity	-	-	-	-	14 046	14 046
Total Liabilities and Equity	***31***	***39 375***	***15 571***	***32 385***	***22 875***	***110 237***

(in millions of Czech crowns)

37. Segment reporting (continued)

(a) Business segments (continued)

Consolidated statement of financial position as at 31 December 2012:

	Financial markets	Corporate banking	Private banking	Retail banking	Overhead / ALCO	Total
Cash in hand and balances with central banks	-	-	-	-	6 978	6 978
Due from financial institutions	22	-	-	-	6 843	6 865
Investment securities	4 814	-	-	-	25 766	30 580
Loans and advances to customers	10 554	23 940	6 208	360	88	41 150
Current tax assets	-	-	-	-	7	7
Prepayments, accrued income and other assets	350	-	-	-	875	1 225
Disposal groups held for sale	-	-	-	-	1 596	1 596
Total Assets	***15 740***	***23 940***	***6 208***	***360***	***42 153***	***88 401***
Negative fair value of derivatives	82	-	-	-	-	82
Amounts owed to financial institutions	50	762	-	-	10 436	11 248
Amounts owed to customers	6	32 653	10 222	21 144	7	64 032
Subordinated liabilities	-	996	-	-	-	996
Current tax liabilities	-	-	-	-	135	135
Deferred tax liabilities	-	-	-	-	141	141
Accruals, provisions and other liabilities	-	-	-	-	3 652	3 652
Disposal groups held for sale	-	-	-	-	698	698
Shareholder's equity	-	-	-	-	7 417	7 417
Total Liabilities and Equity	***3 063***	***34 411***	***10 222***	***21 144***	***19 561***	***88 401***

(in millions of Czech crowns)

37. Segment reporting (continued)

(a) Business segments (continued)

Consolidated statement of comprehensive income for the period ended 31 December 2013:

	Financial markets	Corporate banking	Private banking	Retail banking	Overhead / ALCO	Total
Net interest income	***180***	***989***	***298***	***150***	***215***	***1 832***
Fee and commission income	492	93	8	10	-	603
Fee and commission expense	(118)	(37)	-	-	-	(155)
Dividends from investments in AFS	-	-	-	-	42	42
Net trading income / (expense)	493	-	-	-	-	493
Other operating income	132	-	-	-	40	172
Operating profit						***2 987***
Personnel expenses	(122)	(97)	(73)	(16)	(390)	(698)
Other operating expenses	(116)	(36)	(16)	(6)	(763)	(937)
Depreciation	(27)	(2)	(1)	-	(55)	(85)
Impairment of goodwill	(50)	-	-	-	-	(50)
Profit before provisions, allowances and income taxes						***1 217***
Net change in provisions from financial activities	-	(17)	-	-	-	(17)
Net change in allowances for loan losses	3	(473)	(43)	(2)	-	(515)
Profit before income tax, excluding profit from joint ventures and associates						***685***
Profit/(loss) from joint ventures and associates	-	-	-	-	321	321
Profit before income tax						**1 006**
Income tax	(191)	(72)	(34)	(39)	185	(151)
Profit from continuing operations						***855***
Profit from discontinued operations						***214***
Profit for the reporting period						***1 069***

(in millions of Czech crowns)

37. Segment reporting (continued)

(a) Business segments (continued)

Consolidated statement of comprehensive income for the period ended 31 December 2012:

	Financial markets	Corporate banking	Private banking	Retail banking	Overhead / ALCO	Total
Net interest income	***112***	***946***	***283***	***229***	***281***	***1 851***
Fee and commission income	591	77	4	5	-	677
Fee and commission expense	(133)	(38)	(1)	(5)	-	(177)
Dividends from investments in AFS	-	-	-	-	58	58
Net trading income / (expense)	726	-	-	-	-	726
Other operating income	(30)	-	-	-	110	80
Operating profit						***3 215***
Personnel expenses	(107)	(58)	(86)	(21)	(480)	(752)
Other operating expenses	(69)	(21)	(32)	(26)	(551)	(699)
Depreciation	(28)	(2)	(1)	-	(61)	(92)
Profit before provisions, allowances and income taxes						***1 672***
Net change in provisions from financial activities	-	-	-	-	7	7
Net change in allowances for loan losses	-	(486)	-	-	-	(486)
Profit before income tax						***1 193***
Income tax	(225)	(66)	(39)	(42)	100	(272)
Profit from continuing operations						***921***
Profit from discontinued operations						***95***
Profit for the reporting period						***1 016***

(in millions of Czech crowns)

37. Segment reporting (continued)

(b) Geographical segments

In presenting information on the basis of geographical areas, revenue is based on the customer's country of domicile and assets/liabilities are based on the geographical location of the assets/liabilities. Operating expense and income tax are unallocated.

Consolidated statement of financial position as at 31 December 2013:

	Czech Republic	Slovakia	Other European Union	Other countries	Unallocated	Total
Cash in hand and balances with central banks	7 821	421	-	166	-	**8 408**
Due from financial institutions	1 128	444	1 489	495	-	**3 556**
Investment securities	17 030	7 505	3 020	2 428	-	**29 983**
Investment in joint ventures and associates	-	5 930	9	-	-	**5 939**
Loans and advances to customers	9 626	12 852	34 589	2 937	-	**60 004**
Current tax assets	-	-	-	-	30	**30**
Deferred tax assets	-	-	-	-	35	**35**
Investment property	-	-	-	-	646	**646**
Prepayments, accrued income and other assets	-	-	-	-	1 375	**1 375**
Disposal groups held for sale	113	-	-	148	-	**261**
Total Assets	***35 718***	***27 152***	***39 107***	***6 174***	***2 086***	***110 237***
Negative fair value of derivatives	26	-	513	2	-	**541**
Amounts owed to financial institutions	2 074	328	2 681	-	-	**5 083**
Amounts owed to customers	54 535	23 363	3 648	4 277	-	**85 823**
Subordinated liabilities	506	322	687	(7)	-	**1 508**
Current tax liabilities	-	-	-	-	52	**52**
Deferred tax liabilities	-	-	-	-	133	**133**
Accruals, provisions and other liabilities	-	-	-	-	3 051	**3 051**
Shareholder's equity	-	-	-	-	14 046	**14 046**
Total Liabilities and Equity	***57 141***	***24 013***	***7 529***	***4 272***	***17 282***	***110 237***

(in millions of Czech crowns)

37. Segment reporting (continued)

(b) Geographical segments (continued)

Consolidated statement of financial position as at 31 December 2012:

	Czech Republic	Slovakia	Other European Union	Other countries	Unallocated	Total
Cash in hand and balances with central banks	5 183	1 590	-	205	-	6 978
Due from financial institutions	1 118	3 607	368	1 772		6 865
Investment securities	16 863	9 892	3 016	809	-	30 580
Loans and advances to customers	8 921	10 018	20 478	1 733	-	41 150
Current tax assets	-	-	-	-	7	7
Prepayments, accrued income and other assets	-	-	-	-	1 225	1 225
Disposal groups held for sale	1 596	-	-	-	-	1 596
Total Assets	***33 681***	***25 107***	***23 862***	***4 519***	***1 232***	***88 401***
Negative fair value of derivatives	5	4	73	-	-	82
Amounts owed to financial institutions	3 161	7 100	75	912	-	11 248
Amounts owed to customers	42 494	17 168	1 655	2 715	-	64 032
Subordinated liabilities	70	304	630	(8)	-	996
Current tax liabilities	-	-	-	-	135	135
Deferred tax liabilities	-	-	-	-	141	141
Accruals, provisions and other liabilities	-	-	-	-	3 652	3 652
Disposal groups held for sale	698	-	-	-	-	698
Shareholder's equity	-	-	-	-	7 417	7 417
Total Liabilities and Equity	***46 428***	***24 576***	***2 433***	***3 619***	***11 345***	***88 401***

(in millions of Czech crowns)

37. Segment reporting (continued)

(b) Geographical segments (continued)

Consolidated statement of comprehensive income for the year ended 31 December 2013:

	Czech Republic	Slovakia	Other European Union	Other countries	Unallocated	Total
Interest income	1 197	1 038	1 558	512	-	4 305
Interest expense	(1 555)	(615)	(48)	(255)	-	(2 473)
Net interest income	***(358)***	***423***	***1 510***	***257***	**-**	***1 832***
Fee and commission income	300	151	116	36	-	603
Fee and commission expense	(133)	(18)	-	(4)	-	(155)
Dividends from investments in AFS	16	18	7	1	-	42
Net trading income / (expense)	1 362	309	(1 201)	23	-	493
Other operating income	-	-	-	-	172	172
Operating profit						***2 987***
Personnel expenses	-	-	-	-	(698)	(698)
Other operating expenses	-	-	-	-	(937)	(937)
Depreciation	-	-	-	-	(85)	(85)
Impairment of goodwill	-	-	-	-	(50)	(50)
Profit before provisions, allowances and income taxes						**1 217**
Net change in provisions from financial activities	-	-	-	-	(17)	(17)
Net change in allowances for loan losses	-	-	-	-	(515)	(515)
Profit before income tax, excluding profit from joint ventures and associates						**685**
Profit/(loss) from joint ventures and associates	-	-	-	-	321	321
Profit before income tax						**1 006**
Income tax	-	-	-	-	(151)	(151)
Profit from continued operations						***855***
Profit from discontinued operations						***214***
Profit for the reporting period						***1 069***

(in millions of Czech crowns)

37. Segment reporting (continued)

(b) Geographical segments (continued)

Consolidated statement of comprehensive income for the year ended 31 December 2012:

	Czech Republic	Slovakia	Other European Union	Other countries	Unallocated	Total
Interest income	1 406	757	1 368	449	-	3 980
Interest expense	(1 347)	(580)	(50)	(152)	-	(2 129)
Net interest income	***59***	***177***	***1 318***	***297***	-	***1 851***
Fee and commission income	420	46	191	20	-	677
Fee and commission expense	(157)	(15)	(1)	(4)	-	(177)
Dividends from investments in AFS	22	33	3	-	-	58
Net trading income / (expense)	(577)	166	1 090	47	-	726
Other operating income	-	-	-	-	80	80
Operating profit						***3 215***
Personnel expenses	-	-	-	-	(752)	(752)
Other operating expenses	-	-	-	-	(699)	(699)
Depreciation	-	-	-	-	(92)	(92)
Profit before provisions, allowances and income taxes						***1 672***
Net change in provisions from financial activities	-	-	-	-	7	7
Net change in allowances for loan losses	-	-	-	-	(486)	(486)
Profit before income tax						***1 193***
Income tax	-	-	-	-	(272)	(272)
Profit from continuing operations						***921***
Profit from discontinued operations						***95***
Profit for the reporting period						***1 016***

(in millions of Czech crowns)

38. Related parties - General

The outstanding balances and transactions with related parties of the Group are with general related parties and entities with a special relationship, as presented in the following tables. All transactions with such entities took place under standard market conditions.

The companies disclosed as general related parties are connected through:

I) Parent and Subsidiaries. This category includes J&T Finance Group, a.s., its shareholders, and those of its subsidiaries which are included in its consolidated financial statements by reason of majority ownership.
II) Key management personnel of the entity or its parent.

The entities with a special relationship include clients with whom the J&T Finance Group has signed an agreement on profit participation (i.e. the J&T Finance Group, a.s. would be entitled to a share in any profit arising from a project of the client that was financed by the Group). The nature of the relationship with these entities is described in note 38, which also sets out a summary of their balances and transactions.

(I) Parent and Subsidiaries

The related parties which fall into the category *Parent and Subsidiaries* are individually listed below. The outstanding transactions above CZK 5 million are individually listed; others are included in the *Others* category. If a company met the criteria in at least one period, it is listed individually.

(a) Receivables

	2013	2012
Poštová banka, a.s.	439	-
KPRHT 3, s.r.o.	169	191
ABS Property Limited	112	175
J&T SERVICES ČR, a.s.	76	39
J&T SERVICES SR, s.r.o.	64	-
KPRHT 19, s.r.o.	41	-
KPRHT 14, s.r.o.	17	-
Others	20	11
Total	***938***	***416***

The above mentioned receivables consist mainly of loans together with accrued interest.

31.12.2013:
Companies included in the group "Others":
J&T Global Finance III., s.r.o., J&T Cafe, s.r.o., J&T Global Finance I., B.V., Jakabovič, Ivan Ing., J&T Concierge, s.r.o., J&T FINANCE, LLC, J&T FINANCE, a.s., J&T FINANCE GROUP, a.s., Tkáč, Jozef Ing., J&T FINANCE GROUP, a.s., organizační složka, Prvá penzijná správcovská spoločnosť Poštovej banky, správ.spol. a.s., J&T MINORITIES PORTFOLIO LIMITED, J&T GLOBAL SERVICES LIMITED, TECHNO PLUS a.s., J&T Bank & Trust Inc., J&T Concierge SR, s.r.o., v likvidácií

31.12.2012:
Companies included in the group "Others":
Jakabovič, Ivan Ing., Tkáč, Jozef Ing., J&T Cafe, s.r.o., J&T FINANCE GROUP, a.s., J&T MINORITIES PORTFOLIO LIMITED, J&T GLOBAL MANAGEMENT, s.r.o., J&T FINANCIAL INVESTMENTS LIMITED, J&T Concierge, s.r.o.

(in millions of Czech crowns)

38. Related parties - General (continued)

(I) Parent and Subsidiaries (continued)

(b) Payables

	2013	2012
J&T FINANCE GROUP, a.s.	1 005	-
J&T Bank & Trust Inc.	938	675
J&T FINANCE, a.s.	394	-
Prvá penzijná správcovská spoločnosť Poštovej banky, správ.spol. a.s.	220	-
J&T MINORITIES PORTFOLIO LIMITED	36	-
Poisťovňa Poštovej banky, a.s.	27	-
Jakabovič, Ivan Ing.	27	25
J&T SERVICES ČR, a.s.	22	15
JTG Services Anstalt	19	-
Poštová banka, a.s.	14	-
J&T GLOBAL SERVICES LIMITED	10	5
J&T SERVICES SR, s.r.o.	1	10
J&T FINANCE GROUP, a.s.	-	18
Others	18	26
Total	***2 731***	***774***

The above mentioned liabilities consist mainly of term deposits and balances of current accounts with J & T BANKA, a.s.

31.12.2013:
Companies included in the group "Others":
KPRHT 3, s.r.o., J&T Global Finance I., B.V., J&T Concierge, s.r.o., PGJT B.V., J&T Global Finance III., s.r.o., KOLIBA REAL s.r.o., J&T Cafe, s.r.o., KPRHT 19, s.r.o., J&T Global Finance II., B.V., Tkáč, Jozef Ing., Equity Holding, a.s., J&T Capital Management Anstalt, J&T INTEGRIS GROUP LIMITED, KPRHT 14, s.r.o., TECHNO PLUS a.s., ABS Property Limited, KHASOMIA LIMITED, BRUBESCO LIMITED, J&T FINANCE GROUP, a.s., organizační složka, J&T Securities, s.r.o., DANILLA EQUITY LIMITED, První zpravodajská a.s., J&T Concierge SR, s.r.o., v likvidácií, Bresco Financing S.àr.l.

31.12.2012:
Companies included in the group "Others":
KPRHT 3, s.r.o., J&T Global Finance I., B.V., KHASOMIA LIMITED, J&T Investment Pool - I - SKK, a.s., J&T Concierge, s.r.o., J&T FINANCIAL INVESTMENTS LIMITED, Tkáč, Jozef Ing., J&T Cafe, s.r.o., J&T Investment Pool - I - CZK, a.s., TECHNO PLUS, a.s., J&T INTEGRIS GROUP LIMITED, J&T Sport Team ČR, s.r.o., J&T Securities, s.r.o., BRUBESCO LIMITED, J&T Global Finance II., B.V., J&T Private Investments B.V., J&T BFL Anstalt, ABS Property Limited, Bresco Financing S.àr.l, J&T Concierge SR, s.r.o., Equity Holding, a.s., J&T Capital Management Anstalt, První zpravodajská a.s.

(in millions of Czech crowns)

38. Related parties - General (continued)

(I) Parent and Subsidiaries (continued)

(c) Income and expenses

Period ended as at 31 December	Income 2013	Income 2012	Expenses 2013	Expenses 2012
J&T Private Equity B.V.	184	102	25	63
Poštová banka, a.s.	71	-	188	-
J&T SECURITIES MANAGEMENT LIMITED	59	92	40	94
J&T Global Finance III., s.r.o.	54	-	-	-
PGJT B.V.	27	-	29	-
J&T Bank & Trust Inc.	15	-	41	-
J&T Global Finance I., B.V.	12	11	-	-
KPRHT 3, s.r.o.	8	-	-	-
ABS Property Limited	7	7	-	-
J&T SERVICES SR, s.r.o.	5	-	29	-
J&T Global Finance II., B.V.	3	41	-	-
J&T SERVICES ČR, a.s.	2	-	108	25
J&T FINANCE GROUP, a.s.	1	-	24	25
J&T FINANCE, a.s.	1	1	11	-
J&T Cafe, s.r.o.	-	-	6	-
Poisťovňa Poštovej banky, a.s.	-	5	-	1
Others	1	11	7	19
Total	*450*	*270*	*508*	*227*

2013:
Companies included in the group "Others":
KPRHT 19, s.r.o., KPRHT 14, s.r.o., J&T MINORITIES PORTFOLIO LIMITED, JTG Services Anstalt, J&T Concierge, s.r.o., Prvá penzijná správcovská spoločnosť Poštovej banky, správ.spol. a.s., Jakabovič, Ivan Ing., J&T GLOBAL SERVICES LIMITED, J&T FINANCE, LLC, KOLIBA REAL s.r.o., J&T Private Investments B.V., Tkáč, Jozef Ing., TECHNO PLUS a.s., J&T Concierge SR, s.r.o., v likvidácií, J&T FINANCE GROUP, a.s., organizační složka, NÁŠ DRUHÝ REALITNÝ o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol.,a. s., J&T BFL Anstalt, J&T Capital Management Anstalt, KHASOMIA LIMITED, J&T INTEGRIS GROUP LIMITED, Equity Holding, a.s., J&T Private Investments II B.V., První zpravodajská a.s., J&T FINANCIAL INVESTMENTS LIMITED, Bresco Financing S.àr.l., J&T Investment Pool - I - CZK, a.s., AGUNAKI ENTERPRISES LIMITED, KOTRAB ENTERPRISES LIMITED, BRUBESCO LIMITED, DANILLA EQUITY LIMITED, J&T Investment Pool - I - SKK, a.s., Poisťovňa Poštovej banky, a.s.

2012:
Companies included in the group "Others":
ABS Property Limited, BRUBESCO LIMITED, Equity Holding, a.s., J&T BFL Anstalt, J&T Capital Management Anstalt, J&T Concierge SR, s.r.o., J&T Concierge, s.r.o., J&T FINANCE GROUP, a.s., organizační složka, J&T Global Finance I., B.V., J&T GLOBAL MANAGEMENT, s.r.o., J&T GLOBAL SERVICES LIMITED, J&T INTEGRIS GROUP LIMITED, J&T International Anstalt, J&T Investment Pool - I - CZK, a.s., J&T Investment Pool - I - SKK, a.s., J&T MINORITIES PORTFOLIO LIMITED, J&T Private Investments B.V., J&T Securities, s.r.o., J&T Sport Team ČR, s.r.o., Jakabovič, Ivan Ing., JTG Services Anstalt, KHASOMIA LIMITED, KOTRAB ENTERPRISES LIMITED, První zpravodajská a.s., TECHNO PLUS a.s., Tkáč, Jozef Ing., KHASOMIA LIMITED, Bresco Financing S.àr.l., Terces Management Ltd., J&T Financial Investments Ltd.

(in millions of Czech crowns)

38. Related parties - General (continued)

(I) Parent and Subsidiaries (continued)

(d) Loan commitments

	2013	2012
J&T SERVICES ČR, a.s.	24	9
J&T SERVICES SR, s.r.o.	9	-
Jakabovič, Ivan Ing.	5	6
Others	4	5
Total	***42***	***20***

31.12.2013:
Companies included in the group "Others":
J&T Concierge, s.r.o., Tkáč, Jozef Ing., J&T Cafe, s.r.o.

31.12.2012:
Companies included in the group "Others":
J&T Concierge, s.r.o., Tkáč, Jozef Ing., J&T Cafe, s.r.o.

(e) Guarantees and collateral

Granted guarantees	2013	2012
J&T SERVICES ČR, a.s.	7	6
Others	2	3
Total	***9***	***9***

31.12.2013:
Companies included in the group "Others":
Jakabovič, Ivan Ing., Tkáč, Jozef Ing.

31.12.2012:
Companies included in the group "Others":
Jakabovič, Ivan Ing., Tkáč, Jozef Ing.

Received guarantees	2013	2012
J&T FINANCE GROUP, a.s.	2 139	25
Poštová banka, a.s.	194	-
KPRHT 3, s.r.o.	169	165
J&T Global Finance I., B.V.	103	-
J&T Global Finance III., s.r.o.	54	-
KPRHT 19, s.r.o.	41	-
KPRHT 14, s.r.o.	17	-
J&T Global Finance II., B.V.	8	-
Total	***2 725***	***190***

Received collateral	2013	2012
J&T FINANCE GROUP, a.s.	27	1 901
J&T Global Finance I., B.V.	103	100
J&T Global Finance II., B.V.	8	49
J&T Global Finance III., B.V.	54	-
Total	***192***	***2 050***

38. Related parties - General (continued)

(I) Parent and Subsidiaries (continued)

(f) Related parties - Parent and Subsidiaries, with which there were no transactions

2013:

BAYSHORE MERCHANT SERVICES INC.	INVEST-GROUND a. s.
Dôchodková správcovská spoločnosť Poštovej banky, d.s.s., a. s.	J & T Capital, Sociedad Anonima de Capital Variable
FOND DLHODOBÝCH VÝNOSOV o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a. s.	J&T Advisors Inc.
FORESPO - RENTAL 1 a.s.	J&T Finance, LLC
FORESPO - RENTAL 2 a. s.	J&T Funds Inc.
FORESPO BDS a.s.	PB Finančné služby, a. s.
FORESPO HELIOS 1 a. s.	PB PARTNER, a. s.
FORESPO HELIOS 2 a. s.	POBA Servis, a. s.
FORESPO HOREC a SASANKA a. s.	Poštová banka, a.s., pobočka Česká republika
FORESPO PÁLENICA a. s.	PROFIREAL OOO
FORESPO SMREK a. s.	Solegnos Enterprises Limited
FORESPO SOLISKO, a. s.	SPPS, a. s.
FVE Napajedla s.r.o.	
FVE Němčice s.r.o.	
FVE Slušovice s.r.o.	

2012:

AGUNAKI ENTERPRISES LIMITED
DANILLA EQUITY LIMITED
J & T Capital, Sociedad Anonima de Capital Variable
J&T Advisors (Canada) Inc.
J&T Funds Inc.

(in millions of Czech crowns)

38. Related parties – General (continued)

(I) Parent and Subsidiaries (continued)

(g) Receivables from members of the Board of Directors and the Supervisory Board

	2013	2012
Provided loans	30	25

Loans to employees of the Group as at 31 December 2013 amounted to CZK 93 million (2012: CZK 155 million). The loans provided to the Board of Directors and Supervisory Board were provided under standard market conditions.

(II) Key management personnel of the entity or its parent

The transactions with related parties who are connected through key management personnel of the Group are aggregately listed below:

	2013	2012
Receivables	4 366	2 505
Payables	1 542	2 169
Loan commitments	24	17
Received guarantees	588	451
Granted guarantees	6	4
Collateral received	472	471

	2013	2012
Income	272	80
Expenses	31	28

39. Related parties - Entities with a special relationship

The Group engages in transactions with clients that have entered into profit-sharing agreements with the J&T Finance Group, a.s. Under these agreements, the J&T Finance Group, a.s. provides the entities with structuring and project management expertise and, in exchange, is eligible to receive a significant portion of any profits generated by these entities over the course of a project. Although the J&T Finance Group does not have ownership, the entities are included in its consolidated financial statements because the Group has the right to obtain the majority of benefits arising from the entities' activities. All the profit-sharing agreements were terminated as at 31 December 2013.

Summary of transactions is listed below:

	2013	2012
Receivables	-	3 297
Payables	-	651

	2013	2012
Income	161	123
Expenses	-	94

(in millions of Czech crowns)

40. Risk management

The strategy, main goals and processes

The fundamental goal of risk management is profit maximization with respect to the exposed risk taken, while considering the Group´s risk appetite.

In doing so, it must be ensured that the Group activities outcome is predictable and in compliance with both trading 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 that, risks are monitored, assessed and eventually limited, at least as strictly as required by Czech National Bank. The internal limits are being reconsidered regularly and in case of significant changes of market conditions to ensure their compliance with both the overall group´s strategy and market and credit conditions. The adherence to the limits is monitored and reported daily. In case of their potential breach, the Group immediately adopts adequate 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.

All internal limits have been approved independently of business units of the Group.

41. Credit Risk

The Group's primary exposure to credit risk arises through its loans and advances and investment 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 Group is exposed to off balance sheet credit risk through commitments 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) Concentration of loans to customers by economic sector:

	2013	**2012**
Non-financial organisations	46 775	35 616
Financial organisations	10 016	2 633
Insurance	-	34
Households	3 129	2 842
Other	84	25
Total	***60 004***	***41 150***

(in millions of Czech crowns)

41. Credit Risk (continued)

(b) Concentration of loans to customers by industry:

	2013	2012
Financial activities	26 966	19 114
Real estate activities	11 820	10 539
Manufacturing	4 952	3 689
Production and distribution of electricity, gas and heat	3 526	1 565
Wholesale and retail trade	2 390	1 882
Transporting and storage	2 198	1 400
Waste collection, modification and disposal	1 430	-
Accommodation and food service activities	1 133	4
Private households and employed persons	1 501	266
Construction	928	749
Sports, entertainment and recreative activities	884	556
Advertising and market research	551	228
Broadcasting and programmes creation	127	204
Mining and quarrying, agriculture	103	-
Corporate governance and advisory	72	252
Other	1 423	702
Total	**60 004**	***41 150***

(c) Concentration of loans to customers by location:

	2013	2012
Cyprus	28 126	17 562
Slovakia	12 617	10 018
Czech Republic	9 861	8 921
Netherlands	2 961	350
Great Britain	2 738	2 210
Russia	2 621	1 731
Austria	347	-
Seychelles	315	-
Malta	182	149
Ireland	125	208
Croatia	55	-
British Virgin Islands	54	-
Others	2	1
Total	**60 004**	***41 150***

(in millions of Czech crowns)

41. Credit Risk (continued)

(d) Concentration of loans to customers by location of realization of project and collateral:

	2013	2012
Slovakia	26 257	18 110
Czech Republic	22 288	17 783
Russia	4 036	1 640
Ukraine	1 514	-
Greece	1 368	-
USA	902	1 011
Great Britain	579	790
Germany	792	-
Luxemburg	548	174
Cyprus	534	115
Austria	431	516
Poland	388	-
Romania	107	-
Maldives	96	-
Netherlands	82	88
Croatia	55	-
Other	27	923
Total	***60 004***	***41 150***

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.

(in millions of Czech crowns)

41. Credit Risk (continued)

(e) Credit risk associated with financial assets

As at 31 December 2013

	Loans to banks	Repurchase agreements – financial institutions	Loans and advances to customers	Repurchase agreements - customers
Financial assets impaired:				
Impaired financial assets at amortised cost individually assessed:				
Gross amount	-	-	3 704	-
Impairment	-	-	(1 175)	-
Carrying amount	**-**	**-**	**2 529**	**-**
Impaired financial assets at amortised cost collectively assessed:				
Gross amount	-	-	1 798	-
Impairment	-	-	(49)	-
Carrying amount	**-**	**-**	**1 749**	**-**
Total financial assets impaired	**-**	**-**	***4 278***	**-**
Financial assets not impaired:				
Neither past due nor impaired:	**3 556**	-	**45 532**	**9 383**
Past due not impaired:	**-**	**-**	**811**	**-**
to maturity date	-	-	751	-
up to 1 month	-	-	10	-
1 month to 6 months	-	-	-	-
6 months to 12 months	-	-	31	-
more than 12 months	-	-	19	-
Total financial assets not impaired	***3 556***	**-**	***46 343***	***9 383***
TOTAL	***3 556***	**-**	***50 621***	***9 383***
of which: Financial assets neither past due nor impaired with a sign of impairment:				
Gross amount	-	-	2 914	-

(in millions of Czech crowns)

41. Credit Risk (continued)

(e) Credit risk associated with financial assets (continued)

As at 31 December 2012

	Loans to banks	Repurchase agreements – financial institutions	Loans and advances to customers	Repurchase agreements - customers
Financial assets impaired:				
Impaired financial assets at amortised cost individually assessed:				
Gross amount	-	-	2 093	-
Impairment	-	-	(785)	-
Carrying amount	**-**	**-**	**1 308**	**-**
Impaired financial assets at amortised cost collectively assessed:				
Gross amount	-	-	1 733	-
Impairment	-	-	(30)	-
Carrying amount	**-**	**-**	**1 703**	**-**
Total financial assets impaired	**-**	**-**	***3 011***	**-**
Financial assets not impaired:				
Neither past due nor impaired:	**4 976**	**1 889**	**31 110**	**6 807**
Past due not impaired:	**-**	**-**	**222**	**-**
to maturity date	-	-	154	-
up to 1 month	-	-	66	-
1 month to 6 months	-	-	1	-
6 months to 12 months	-	-	-	-
more than 12 months	-	-	1	-
Total financial assets not impaired	***4 976***	***1 889***	***31 332***	***6 807***
TOTAL	***4 976***	***1 889***	***34 343***	***6 807***
of which: Financial assets neither past due nor impaired with a sign of impairment:				
Gross amount	-	-	3 756	-

Assets classified as "Financial assets neither past due nor impaired with a sign of impairment" and "Past due not impaired" represent those loans with a sign of impairment whose net present value of expected cash flows exceeds their carrying value, and therefore no provision has been created.
The part of the receivables that is not past due is presented in the line "To maturity date", past due receivables are presented in the appropriate columns according to the period past due.

(in millions of Czech crowns)

41. Credit Risk (continued)

(f) Collateral and credit enhancements for financial assets

	Carrying value 2013	Fair value 2013	Carrying value 2012	Fair value 2012
Neither past due nor impaired:	**42 470**	**61 589**	**33 412**	**49 023**
Guarantees	5 929	6 257	3 128	4 364
Acceptances of bills of exchange	1 652	12 992	1 137	9 532
Mortgages	9 157	11 597	7 351	9 480
Cash pledges	1 705	1 716	2 151	2 156
Pledges - securities	8 098	11 774	5 968	8 281
Other - pledges	4 422	6 743	2 761	4 294
Securities received under reverse repurchase agreements	11 507	11 507	10 916	10 916
Past due but not impaired:	**510**	**1 061**	**891**	**927**
Guarantees	-	-	-	-
Acceptances of bills of exchange	25	51	4	4
Mortgages	108	586	869	905
Cash pledges	335	335	7	7
Pledges - securities	38	38	1	1
Other - pledges	4	51	10	10
Securities received under reverse repurchase agreements	-	-	-	-
Impaired:	**1 341**	**1 392**	**1 474**	**1 926**
Guarantees	-	-	93	93
Acceptances of bills of exchange	-	-	-	-
Mortgages	1 279	1 330	1 135	1 580
Cash pledges	-	-	-	-
Pledges - securities	5	5	-	-
Other - pledges	57	57	17	24
Securities received under reverse repurchase agreements	-	-	229	229

Only bills of exchange with aval of a 3rd party were accepted as security of loans by the Group. The amount of security is up to the value of guarantee provided by bill guarantor. The Group did not receive any financial assets from indemnity claims based on loans in default.

The carrying value represents the collateral value adjusted by stress coefficient. The carrying value is limited by the carrying value of receivable. The fair value is not adjusted by stress coefficient and it is not limited by the carrying value of receivable.

The carrying value of securities received under reverse repurchase agreements is represented in the market price of the securities.

(g) Carrying value of financial assets that were renegotiated

The Group does not hold any financial assets resulting from restructuring.

41. Credit Risk (continued)

(h) Credit risk processes

Evaluating the risk of failure of counterparty is based on a credit analysis, processed by the Credit Risk Management dept. These analyses provide conclusions for prompt measures when the counterparty's credit situation worsens.

The results from the credit development analyses are reported to the Board of Directors, which decides on adjustments of limits or relations with the counterparty (namely in the form of closing or limiting positions or adjustment of limits).

Credit risk is monitored on a regularly basis, except for the credit risk of banking book reported on a monthly basis.

The extent of the risk is evaluated by Risk Management dept. When actual or possible breach of the adopted internal credit limits is identified, the Financial Markets dept. is informed, in order to ensure the compliance of the risk exposure with the set limits. In pre-determined cases, the information is passed to the Board of Directors.

(i) Credit risk monitoring

Assessment of the credit risk in respect of counterparty or an issued debt 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 scoring system.

The Group scoring system has seven 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, quality and adequacy of the collateral, as well as proposed conditions for effecting the transaction.

(j) Credit risk measurement

The Group regularly analyses and monitors credit risk. At portfolio level, credit risk is managed primarily based on the IRB (Internal Rating Based - BASEL II) 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 to open positions in bonds and repos is evaluated.

The decrease in fair value at the end of the corresponding reporting period:

	2013	2012
Decrease of the trading portfolio value due to a rating migration by one credit class	397	48

(in the Standard & Poor's scale)

41. Credit Risk (continued)

(k) 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 the 30 per cent 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.

As of 31 December 2013, the Group recorded customer trades totalling CZK 81 million (31.12.2012: CZK million 426) and those are not recognized in the Group financial statements.

42. Liquidity risk

Liquidity risk represents a risk that the Group is not able to meet its commitments as they are becoming mature. The Bank is required to report several indicators to the National Bank which is done on a regular basis. The Group's effort in terms of liquidity risk is to diversify its sources of funding so as to decrease the degree of risk emerging from specific source cut-off and hence forego problems.

The Group performs an everyday monitoring of its liquidity position to indicate potential liquidity problems. The analysis takes into account all sources of funding that the Group is using and interconnected obligations the Group has to pay. For the purpose of sufficient liquidity reserve the Group holds sufficient amount of liquid instruments (such as government bonds), maintains balances with central banks on a reasonable level and collects short-term receivables.

The Group assorts all cash flows into timeframes according to maturities of the instruments to which the cash flows relate, and subsequently observes the resulting cumulative liquidity profile which is crucial for sound liquidity risk management. Such an analysis is also done for cash flows denominated in currencies different from CZK.

Three scenarios are used in terms of liquidity risk management:

A) Expected Scenario
B) Risky Scenario
C) Stress Scenarios

Stress Scenarios are based on stress imposed on components that might be negatively affected when liquidity crisis starts to approach.

For the purposes of measuring liquidity risk on the basis of the scenarios, liquidity indicators are evaluated and their compliance with adopted internal / external limits is monitored on a daily basis. When present or possible breach of the adopted internal / external liquidity limits is identified, the Treasury dept. as well as ALCO is informed, in order to ensure the compliance with the set limits. In pre-determined cases, the information is passed to the Board of Directors.

The Group has an emergency plan for liquidity management that establishes the procedures applied in the case of possible liquidity crisis. The decision-making power is given by internal rules to the Board of Directors.

The main precautionary measures introduced by the Risk Department of the Group in this area to respond to the economic crisis were as follows:

- implementation of stress tests based on various crisis scenarios;
- prudent internal limits for on-demand and mid-term available liquidity.

(in millions of Czech crowns)

42. Liquidity risk (continued)

a) Liquidity risk of liquidity relevant instruments as of 31 December 2013:

Table shows the liquidity risk based on remaining contractual maturity dates.

	Carrying amount	Gross nominal inflow / (outflow)	Up to 3 month	Over 3 month & up to 1 year	1 to 5 years	>5 years	No maturity determined
Assets							
Cash and balance with the central bank	8 408	8 408	8 187	-	-	-	221
Due from financial institution	3 556	3 802	3 291	21	165	325	-
Investment securities (without derivatives)	29 647	33 544	2 114	1 580	17 624	8 316	3 910
Investment in joint ventures and associates	5 939	5 939	-	-	-	-	5 939
Loans and advances to customers	60 004	69 542	20 523	14 941	21 844	12 228	6
Total	**107 554**	**121 235**	**34 115**	**16 542**	**39 633**	**20 869**	**10 076**
Off balance							
Granted promises	3 336	3 336	2 035	930	371	-	-
Granted other guarantees	1 836	1 836	1 836	-	-	-	-

	Carrying amount	Gross nominal inflow / (outflow)	Up to 3 month	Over 3 month & up to 1 year	1 to 5 years	>5 years	No maturity determined
Liabilities							
Amounts owed to banks	5 083	(5 381)	(3 756)	(42)	(994)	(589)	-
Amounts owed to customers	85 823	(87 708)	(42 417)	(27 077)	(18 189)	(25)	-
Issued subordinated liabilities	1 508	(2 299)	(17)	(74)	(381)	(1 827)	-
Total	**92 414**	**(95 388)**	**(46 190)**	**(27 193)**	**(19 564)**	**(2 441)**	-

Gross nominal inflow / (outflow) represents expected contractual future cash flows.

As of 31 December 2013 amounts owed to customers include depository notes of CZK 42 million (2012: CZK 100 million) distributed according to their maturity (Note 20).

Expected liquidity

In the worst case scenario, the latest possible repayment date is assumed, which is based on latest expected completion date of the project.

The projects' latest expected completion date may not be the same as the contractual maturity date.

	Carrying amount	Gross nominal inflow / (outflow)	Up to 3 month	Over 3 month & up to 1 year	1 to 5 years	>5 years	No maturity determined
Loans and advances to customers	60 004	69 542	20 011	13 752	23 389	12 226	164

Loans that are already in the process of refinancing negotiation are presented according the expected date of refinancing.

(in millions of Czech crowns)

42. Liquidity risk (continued)

a) Liquidity risk of liquidity relevant instruments as of 31 December 2012:

Table shows the liquidity risk based on remaining contractual maturity dates.

	Carrying amount	Gross nominal inflow / (outflow)	Up to 3 month	Over 3 month & up to 1 year	1 to 5 years	>5 years	No maturity determined
Assets							
Cash and balance with the central bank	6 978	6 978	5 257	-	-	-	1 721
Due from financial institution	6 865	7 858	6 178	147	1 292	241	-
Investment securities (without derivatives)	30 462	35 021	855	3 060	18 384	8 705	4 017
Loans and advances to customers	41 150	48 116	13 663	10 578	17 169	6 643	63
Total	***85 455***	***97 973***	***25 953***	***13 785***	***36 845***	***15 589***	***5 801***
Off balance							
Granted promises	2 971	3 024	2 072	579	320	-	-
Granted other guarantees	1 717	-	253	440	971	-	53

	Carrying amount	Gross nominal inflow / (outflow)	Up to 3 month	Over 3 month & up to 1 year	1 to 5 years	>5 years	No maturity determined
Liabilities							
Amounts owed to banks	11 248	(11 327)	(3 328)	(519)	(7 480)	-	-
Amounts owed to customers	64 032	(65 691)	(29 848)	(23 097)	(12 674)	(72)	-
Issued subordinated liabilities	996	(1 536)	(14)	(36)	(239)	(1 247)	-
Total	***76 276***	***(78 554)***	***(33 190)***	***(23 652)***	***(20 393)***	***(1 319)***	-

Expected liquidity

	Carrying amount	Gross nominal inflow / (outflow)	Up to 3 month	Over 3 month & up to 1 year	1 to 5 years	>5 years	No maturity determined
Loans and advances to customers	41 150	48 116	14 900	9 379	17 616	6 005	215

(in millions of Czech crowns)

42. Liquidity risk (continued)

b) Liquidity risk of derivates as of 31 December 2013:

	Carrying amount	Gross nominal inflow /outflow	up to 3 months	up to 1 year	1 year to 5 years
Derivative financial assets					
Currency derivatives					
- outflow	-	(23 117)	(22 829)	(221)	(67)
- inflow	294	23 402	23 104	227	71
Share options					
- outflow	-	-	-	-	-
- inflow	39	39	-	-	39
Commodity options	-	-	-	-	-
- outflow	-	-	-	-	-
- inflow	3	3	2	-	1
Total	***336***	***327***	***277***	***6***	***44***
Derivative financial liabilities					
Currency derivatives					
- outflow	(541)	(15 052)	(8 365)	(1 202)	(5 485)
- inflow	-	14 521	8 331	1 193	4 997
Share options					
- outflow	-	-	-	-	-
- inflow	-	-	-	-	-
Commodity options					
- outflow	-	-	-	-	-
- inflow	-	-	-	-	-
Total	***(541)***	***(531)***	***(34)***	***(9)***	***(488)***

(in millions of Czech crowns)

42. Liquidity risk (continued)

b) Liquidity risk of derivates as of 31 December 2012:

	Carrying amount	Gross nominal inflow /outflow	up to 3 months	up to 1 year	1 year to 5 years
Derivative financial assets					
Currency derivatives					
- outflow	-	(18 999)	(17 542)	(1 457)	-
- inflow	112	19 106	17 649	1 457	-
Share options					
- outflow	-	-	-	-	-
- inflow	-	-	-	-	-
Commodity options					
- outflow	-	-	-	-	-
- inflow	6	5	2	-	3
Total	***118***	***112***	***109***	**-**	***3***

Derivative financial liabilities					
Currency derivatives	-	-	-	-	-
- outflow	(81)	(9 515)	(4 370)	(116)	(5 029)
- inflow	-	9 453	4 342	114	4 997
Share options	-	-	-	-	-
- outflow	-	-	-	-	-
- inflow	-	-	-	-	-
Commodity options	-	-	-	-	-
- outflow	(1)	(1)	-	-	(1)
- inflow	-	-	-	-	-
Total	***(82)***	***(63)***	***(28)***	***(2)***	***(33)***

(in millions of Czech crowns)

43. Market risk

Market risk is the risk of loss to the Group arising from market movements in 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 44 and Note 45, 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 and compared to limits set by the Risk Management Department on a daily basis. If the limits are breached, the Financial Markets department 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 Investment Committee.

The Group performs back testing on a daily basis for market risk by applying a method of hypothetical back testing.

The VaR statistics as of 31 December 2013 and 31 December 2012 are as follows:

	2013	**2012**
VaR market risk overall	*85*	*17*
VaR interest rate risk (general risk)	*45*	*15*
VaR FX risk	*50*	*15*
VaR stock risk	*11*	*5*
VaR commodity risk	*3*	*4*

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 previous one (short-term scenario), two (medium-term scenario) or five years (long-term scenario). The potential change in the fair value of the portfolio is monitored and assessed.

	2013	**2012**
Change in the fair value of the trading portfolio due to historic shock scenario		
short-term scenario	*49*	*15*
medium-term scenario	*49*	*19*
long-term scenario	*101*	*28*

The market risk of the banking portfolio consists mainly of interest rate risk.

Details on interest rate risk are presented in note 44.

43. Market risk (continued)

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.

The decrease in the present value of the investment portfolio in percentage points of equity would be as follows:

(% of Tier 1 + Tier 2)	**2013**	**2012**
Decrease in the present value of the investment portfolio due to a sudden change in interest rates by 200 bp	10.17	17.04

(in millions of Czech crowns)

44. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed for a financial instrument indicates to what extent it is exposed to an interest rate risk. The table below provides information on the extent of the Group's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that re-price to a market rate of interest before maturity, the next re-pricing date. Those assets and liabilities that do not have a contractual maturity date or are zero-interest-bearing are grouped together in the "maturity undefined" category.

Interest rate risk exposure as at 31 December 2013 was as follows:

	Up to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	Total
Assets					
Cash in hand and balances with central banks	8 185	-	-	223	**8 408**
Due from financial institutions	3 337	-	219	-	**3 556**
Investment securities	6 319	12 160	7 544	3 960	**29 983**
Investment in joint ventures and associates	-	-	-	5 939	**5 939**
Loans and advances to customers	43 397	12 216	2 883	1 508	**60 004**
Tangible and intangible assets, goodwill and investment property	-	-	-	1 427	**1 427**
Current tax assets	-	-	-	30	**30**
Deferred tax assets	-	-	-	35	**35**
Prepayments, accrued income and other assets	-	-	-	594	**594**
Disposal groups held for sale	-	-	-	261	**261**
Total assets	**61 238**	**24 376**	**10 646**	**13 977**	**110 237**
Liabilities					
Negative fair value of derivatives	539	-	-	2	**541**
Amounts owed to financial institutions	4 268	813	-	2	**5 083**
Amounts owed to customers	67 372	17 090	63	1 298	**85 823**
Subordinated liabilities	689	-	819	-	**1 508**
Current tax liabilities	-	-	-	52	**52**
Deferred tax liability	-	-	-	133	**133**
Accruals, provisions and other liabilities	30	-	-	3 021	**3 051**
Disposal groups held for sale	-	-	-	-	**-**
Share capital	-	-	-	9 558	**9 558**
Retained earnings, capital funds, other reserves and non-controlling interest	-	-	-	4 488	**4 488**
Total liabilities and equity	**72 898**	**17 903**	**882**	**18 554**	**110 237**
Net interest rate risk position	**(11 660)**	**6 473**	**9 764**	**(4 577)**	**-**
Cumulative interest rate risk position	**(11 660)**	**(5 187)**	**4 577**	-	-

(in millions of Czech crowns)

44. Interest rate risk (continued)

Amounts owed to customers include depository notes of CZK 42 million (2012: CZK 100 million) distributed according their maturity (Note 20).

Interest rate risk exposure as at 31 December 2012 was as follows:

	Up to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	Total
Assets					
Cash in hand and balances with central banks	6 653	-	-	325	**6 978**
Due from financial institutions	6 865	-	-	-	**6 865**
Investment securities	14 546	9 879	1 627	4 528	**30 580**
Loans and advances to customers	32 683	5 058	3 152	257	**41 150**
Tangible and intangible assets, goodwill	-	-	-	410	**410**
Current tax assets	-	-	-	7	**7**
Prepayments, accrued income and other assets	-	-	-	815	**815**
Disposal groups held for sale	-	-	-	1 596	**1 596**
Total assets	***60 747***	***14 937***	***4 779***	***7 938***	***88 401***
Liabilities					
Negative fair value of derivatives	79	1		2	**82**
Amounts owed to financial institutions	3 948	7 299	-	1	**11 248**
Amounts owed to customers	45 706	17 633	18	675	**64 032**
Subordinated liabilities	627	-	369	-	**996**
Current tax liabilities	-	-	-	135	**135**
Deferred tax liability	-	-	-	141	**141**
Accruals, provisions and other liabilities	-	-	-	3 652	**3 652**
Disposal groups held for sale				698	**698**
Share capital	-	-	-	3 858	**3 858**
Retained earnings, capital funds, other reserves and non-controlling interest	-	-	-	3 559	**3 559**
Total liabilities and equity	***50 360***	***24 933***	***387***	***12 721***	***88 401***
Net interest rate risk position	***10 387***	***(9 996)***	***4 392***	***(4 783)***	**-**
Cumulative interest rate risk position	***10 387***	***391***	***4 783***	**-**	**-**

(in millions of Czech crowns)

45. 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.

As at 31 December 2013, the exposure to foreign exchange risk translated into millions of CZK was as follows:

Assets	**CZK**	**USD**	**EUR**	**Other**	**Total**
Cash and balances with the central bank	7 793	13	434	168	**8 408**
Due from financial institutions	148	1 278	1 704	426	**3 556**
Investment securities	16 309	1 013	11 873	788	**29 983**
Investment in joint ventures and associates	-	-	5 939	-	**5 939**
Loans and advances to customers	15 266	5 593	36 293	2 852	**60 004**
Current tax assets	1	-	29	-	**30**
Deferred tax assets	-	-	35	-	**35**
Prepayments, accrued income and other assets	646	56	192	1 127	**2 021**
Disposal groups held for sale	113	-	-	148	**261**
Total	**40 276**	**7 953**	**56 499**	**5 509**	**110 237**

Liabilities	**CZK**	**USD**	**EUR**	**Other**	**Total**
Amounts owed to financial institutions	1 415	664	2 914	90	**5 083**
Amounts owed to customers	53 582	1 735	26 863	3 643	**85 823**
Subordinated liabilities	506	-	1 002	-	**1 508**
Current tax liabilities	51	-	-	1	**52**
Deferred tax liabilities	5	-	-	128	**133**
Other liabilities and equity	15 337	314	1 844	143	**17 638**
Total	**70 896**	**2 713**	**32 623**	**4 005**	**110 237**
Long position off-balance sheet:					
items from derivative transactions	34 344	378	3 775	943	**39 440**
items from spot transactions with share instruments	23	7	6	-	**36**
Short position off-balance sheet:					
items from derivative transactions	3 825	6 259	28 908	657	**39 649**
items from spot transactions with share instruments	1 005	7	-	-	**1 012**
Open position asset/(liability)	**(1 083)**	**(641)**	**(1 251)**	**1 790**	**(1 185)**

(in millions of Czech crowns)

45. Foreign exchange risk (continued)

As at 31 December 2012, the exposure to foreign exchange risk translated into millions of CZK was as follows:

Assets	**CZK**	**USD**	**EUR**	**Other**	**Total**
Cash and balances with the central bank	5 157	7	1 606	208	**6 978**
Due from financial institutions	282	1 785	4 438	360	**6 865**
Investment securities	14 275	1 675	14 124	506	**30 580**
Loans and advances to customers	10 393	3 280	25 107	2 370	**41 150**
Current tax assets	7	-	-	-	**7**
Prepayments, accrued income and other assets	740	114	296	75	**1 225**
Disposal groups held for sale	1 596	-	-	-	**1 596**
Total	***32 450***	***6 861***	***45 571***	***3 519***	***88 401***

Liabilities	**CZK**	**USD**	**EUR**	**Other**	**Total**
Amounts owed to financial institutions	2 170	1 230	7 471	377	**11 248**
Amounts owed to customers	41 263	957	19 865	1 947	**64 032**
Subordinated liabilities	374	-	622	-	**996**
Current tax liabilities	111	-	24	-	**135**
Deferred tax liabilities	150	-	(19)	10	**141**
Other liabilities and equity	8 727	572	1 710	142	**11 151**
Disposal groups held for sale	698	-	-	-	**698**
Total	***53 493***	***2 759***	***29 673***	***2 476***	***88 401***
Long position off-balance sheet:					
items from derivative transactions	23 887	773	4 030	746	**29 436**
items from spot transactions with share instruments	62	-	19	-	**81**
Short position off-balance sheet:					
items from derivative transactions	3 698	4 625	19 747	1 318	**29 388**
items from spot transactions with share instruments	422	-	78	-	**500**
Open position asset /(liability)	***(1 214)***	***250***	***122***	***471***	***(371)***

(in millions of Czech crowns)

46. Capital adequacy and capital management

Regulatory Capital	2013	2012
Core capital (Tier 1)	12 431	5 474
Supplementary capital (Tier 2)	1 420	978
Total regulatory capital after deductible items	***13 851***	***6 452***

Capital requirements

	2013	2012
Credit risk of investment portfolio	5 989	3 743
Credit risk of trading portfolio	243	193
General interest risk	156	117
General equity risk	4	6
Capital requirement for currency risk	290	66
Capital requirement for commodity risk	12	22
Capital requirement for operating risk	300	203
Total capital requirements	***6 994***	***4 350***

Regulatory capital is calculated as the sum of core capital (Tier 1) and supplementary capital (Tier 2) reduced by deductible items.

Tier 1 capital comprises paid up share capital, the statutory reserve fund, other equity funds and retained earnings.

Tier 2 capital comprises subordinated liabilities approved by Czech National Bank amounting to EUR 24 million (CZK 664 million; 2012: CZK 609 million) and CZK 756 million (2012: CZK 369 million).

The deductible items from Tier 1 include intangible assets (other than goodwill) recognized at net book value.

Calculation of Capital adequacy ratio

	2013	2012
	$8\% \times \frac{13\ 851}{6\ 994}$	$8\% \times \frac{6\ 452}{4\ 350}$
Capital adequacy ratio	**15.85%**	**11.87%**

The capital adequacy ratio is calculated according to regulatory requirements as the ratio of regulatory capital to total capital requirements multiplied by 8%. The capital adequacy ratio must be at least 8%.

(in millions of Czech crowns)

46. Capital adequacy and capital management (continued)

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. In addition, within the strategic framework of the Group the board stipulated the value 11% for mid-term capital adequacy goal as a reflection of the risk appetite of the Group.

The purpose for setting a minimum value for capital adequacy requirements is to establish a trigger mechanism, which provides a guarantee that the capital adequacy will not decrease closer to the regulatory minimum than stated.

The compliance of the Group capital with established limits and goals for the capital adequacy is evaluated regularly by the Risk Management dept.

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 values

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.

Investment securities held to maturity: Fair value is based on quoted market prices traded in active markets at the statement of financial position date.

Amounts owed to financial institutions and customers and Subordinated liabilities: 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.

As at 31 December 2013	**Level 1**	**Level 2**	**Level 3**	**Total Fair value**	**Total Carrying amount**
Financial assets					
Cash and balances with central banks	-	8 407	-	8 407	8 408
Due from financial institutions	-	3 552	-	3 552	3 556
Loans and advances to customers	-	55 691	5 262	60 953	60 004
Investment securities held to maturity	1 939	-	-	1 939	1 846
Financial liabilities					
Amounts owed to financial institutions	-	5 080	-	5 080	5 083
Amounts owed to customers	-	83 276	-	83 276	85 823
Subordinated liabilities	-	1 450	-	1 450	1 508

(in millions of Czech crowns)

48. Acquisitions and disposals of subsidiaries, associates and joint ventures

a) Acquisitions of subsidiaries, associates and joint ventures

New subsidiaries in 2013	Date of acquisition	Cost	Contribution to capital	TOTAL cash outflow
TERCES MANAGEMENT LIMITED	8.2.2013	-	435	0
- Interznanie OAO	8.2.2013	-	-	-
	Total	**-**	***435***	***0***
			Cash acquired	**1**
			Total cash inflow/(outflow)	**1**

Contribution to capital of TERCES MANAGEMENT LIMITED amounting to CZK 435 million was made after the acquisition date. Contribution to capital of subsidiaries does not represent the cash outflow from the Group.

New associates in 2013	Date of acquisition	Cost	Contribution to capital	TOTAL cash outflow
Poštová banka, a.s.	1.7.2013	5 194	-	5 194
	Total	***5 194***	**-**	***5 194***

New subsidiaries in 2012	Date of acquisition	Cost	Contribution to capital	TOTAL cash outflow
FVE Slušovice s.r.o.	18.1.2012	50	-	50
FVE Němčice s.r.o.	29.2.2012	44	-	44
FVE Napajedla s.r.o.	29.2.2012	96	-	96
	Total	***190***	**-**	***190***

The ownership interests in photovoltaic power plants were acquired in 2012 by the Group with the intention of further sale to individual investors – refer to Note 18 - Assets held for sale and discontinued operations.

b) Formation/establishment of subsidiaries and joint ventures

New subsidiaries and joint ventures in 2013	Date of acquisition	Cost	Contribution to capital	TOTAL cash outflow
PGJT B.V. (joint venture)	20.3.2013	-	103	103
J&T REALITY, o.p.f. (subsidiary)	30.7.2013	-	420	-
	Total	**-**	***523***	***103***

New subsidiaries in 2012	Date of acquisition	Cost	Contribution to capital	TOTAL cash outflow
J&T FVE UPF	1.8.2012	-	761	0
	Total	**-**	***761***	***0***

Contribution to capital of subsidiaries does not represent the cash outflow from the Group. Contribution to capital of joint ventures does represent the cash outflow from the Group as they are not consolidated using full method.

(in millions of Czech crowns)

48. Acquisitions and disposals of subsidiaries, associates and joint ventures (continued)

c) Effect of acquisitions of subsidiaries

The acquisitions of new subsidiaries (only consolidated "full method") had the following effect on the Group´s assets and liabilities:

1.1.-31.12.2013:

	2013
Cash and balances with central banks	1
Due from financial institutions	13
Loans and advances to customers	373
Property and equipment	180
Goodwill	273
Investment Property	667
Prepayments, accrued income and other assets	17
Amounts owed to financial institutions	509
Amounts owed to customers	803
Current tax liabilities	-
Deferred tax liability	120
Accruals, provisions and other liabilities	39
Net identifiable assets and liabilities	**53**
Pricing differences on acquisition	(53)
Cost of acquisition	**0**
Consideration paid, satisfied in cash	0
Cash acquired	**1**

Profit or loss since acquisition date	(2)
Profit or loss of the acquired entities for the year 2013	(14)

The goodwill acquired from the acquisition of CZK 273 million arisen on TERCES group is attributable mainly to expected economic benefits flowing to the Group due to the synergies gained considering the current operations of the Group in Russia.

1.1.-31.12.2012:

Effect of acquisitions	**2012**
Disposal group held for sale	1 385
Liabilities associated with disposal group held for sale	1 151
Cost of acquisition	190
Consideration paid, satisfied in cash	(190)

Profit or loss since acquisition date	51

As the relevant acquisitions of the subsidiaries were primarily carried out in January 2012, the profit or loss of the acquired subsidiaries for 2012 does not significantly differ from the profit since the acquisition date of CZK 51 million.

(in millions of Czech crowns)

48. Acquisitions and disposals of subsidiaries, associates and joint ventures (continued)

d) Disposals of subsidiaries

	Date of disposal	Sale price	Cash inflow	Gain /(loss) on disposal
J&T FVE Group*	23.12.2013	243	243	69
	Total	***243***	***243***	***69***

Partial disposal of interest in subsidiary without loss of control

	Date of disposal	% of disposal	Cash inflow
J&T FVE Group*	during the year 2013	53,15%	424
		Total	***424***

The Bank did not sell any subsidiary in 2012.

e) Effect of disposals of subsidiaries

The disposals of subsidiaries and special purpose entities had the following effect on the Group's assets and liabilities:

Effect of disposals	**2013**
Disposal group held for sale	1 524
Liabilities associated with disposal group held for sale	(784)
Non-controlling interest	(393)
Net assets and liabilities	**347**
Sales price	243
Other values acquired	173
Gain / (loss) on disposal	**69**
Cash disposed of	-
Net cash inflow	**243**

*J&T FVE UPF, FVE Napajedla s.r.o. (Kokusai CzechSol Three (3) s.r.o.), FVE Němčice s.r.o. (Kokusai CzechSol Two (2) s.r.o.), FVE Slušovice s.r.o. (Kokusai CzechSol One (1) s.r.o.)

On 14 August 2013 the Bank sold its controlling interest in the investment fund J&T FVE UPF. On 23 December 2013 the Bank sold the significant portion of its remaining interest in the investment fund J&T FVE UPF, which was presented under Disposal groups held for sale according to IFRS 5.

	2012
Net cash inflow	**225**

On 30 August 2012, the Bank collected the sale price of CZK 225 million for the sale of its subsidiary Bea Development which was sold in December 2011.

(in millions of Czech crowns)

49. Investments in associates and joint ventures

The following table shows a break-down of individual investments in associates and joint ventures:

	Poštová banka, a.s.	PGJT B.V.	TOTAL
Group's share in the consolidated fair value of equity at the date of acquisition	4 955	103	5 058
Goodwill	239	-	239
Exchange rate differences	337	7	344
Group's share in the post-acquisition profit / (loss)	334	(13)	321
Group's share in the post-acquisition other comprehensive income	(25)	2	(23)
TOTAL	**5 840**	**99**	**5 939**

Summary financial information for equity accounted investees as at 31 December 2013, for the period starting 1 July 2013 and ending 31 December 2013 (for Poštová banka, a.s.) and for the period starting 20 March 2013 and ending 31 December 2013 (for PGJT B.V.) is as follows:

	Poštová banka, a.s.	PGJT B.V.	TOTAL
Type	*Associate*	*Joint venture*	
Assets	118 676	416	119 092
Liabilities	96 058	20	96 078
Net Assets	**22 618**	**396**	**23 014**
Income	10 405	5	10 410
Expenses	(9 474)	(32)	(9 506)
Profit / (loss)	**931**	**(27)**	**904**
Group's share	36.36%	50%	
Group's share in profit / (loss) of associates and joint ventures	**334**	**(13)**	**321**

The financial information stated in table above is formed by individual financial information of parents (Poštová banka, a.s. and PGJT B.V.) and their subsidiaries (refer to Note 1).

50. Subsequent events

As a result of a cross-border merger by acquisition dated 23 September 2013, J&T Finance, the Bank's parent company, merged with J&T Finance Group, a.s. and Techno Plus, a.s. as at 1 January 2014. J&T Finance, a.s. became the successor company, changing its name to J&T FINANCE GROUP SE and its legal form to European Society (Societas Europaea, SE).