J&T FINANCE GROUP

Report on the Activities of J&T FINANCE GROUP SE 2014

Content

Board of Directors' Report

2014 was an important year for J&T FINANCE GROUP SE ("J&T Finance Group" or "JTFG") as it took further strategic steps in building and expanding a strong banking holding. The full integration of Poštová banka into the group together with the growing trend in J&T Banka have positively affected the groups' performance. During 2014 the group continued to strengthen its position in current markets and also expanded its operations to new market by acquiring a major stake in the Croatian bank VABA d.d. banka Varaždin.
In the end of 2014, J&T Finance Group engaged in negotiations with a new strategic partner - CEFC China Energy Company Limited.

The group achieved a consolidated profit of EUR 62 million fully related to continuing operations, showing a strong position of the banking group after the disposal of its non-banking activities in 2013.

STRATEGY AND VISION OF J&T FINANCE GROUP

J&T Finance Group plans to continue in building a strong banking holding with a portfolio of diversified banks in several countries across Central and Eastern Europe.

The primary focus of the group remains on its clients. Therefore, the group strives to provide first class banking services to private clients through well-established J&T Banka as well as to provide smart and fair services to a wide range of retail customers through Poštová banka. The Group's aim is to provide both banking groups sufficient conditions for further growth.

In 2014 J&T FINANCE GROUP SE and its shareholders signed an agreement about strategic cooperation with CEFC China Energy Company Limited ("CEFC Group"), one of the largest privately held companies in China. The Group plans to utilize the synergies of this strategic partnership and further expand and strengthen its operations in the region of Central and Eastern Europe and exploit new markets both through organic growth and acquisitions.

JTFG and CEFC Group have already taken first steps to confirm this strategic partnership. In the first quarter of 2015 CEFC Shanghai International Group Limited, a member of the CEFC Group, gained a 5% stake in JTFG through an increase of share capital. In September 2015, the general assembly of J&T FINANCE GROUP SE approved an additional increase of share capital by CEFC Hainan International Holdings Co., Ltd., a member of CEFC Group, which will result in a 8,8% stake of CEFC Group in JTFG. Additional capital increases which would be subject to approval by authorities are considered and would provide significant growth possibilities for the Group resulting from a strong capital background as well as from new business opportunities brought by CEFC.

Furthermore, JTFG's regional knowledge and expertise can facilitate CEFC's business activities in Europe providing further synergies for both parties.

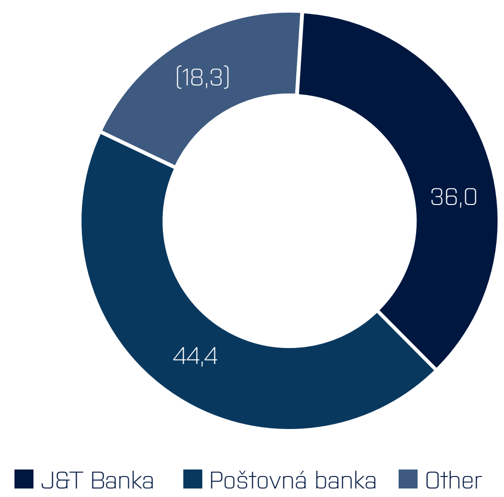
The Group's expansion activities were represented by the acquisition of 58.33% share in VABA d.d. banka Varaždin ("VABA") in first half of 2014 which opened the Croatian market for the Group. In the beginning of 2015 JTFG increased its share in VABA through an increase in share capital resulting in a 67.74% stake and with a further increase of share capital in September 2015, JTFG now holds a 76.81% stake in VABA.

Despite the political and economic situation in Russia, the Group continued with the expansion and development of the Russian J&T Bank AO as well as PROFIREAL OOO, a company providing consumer loans in Russia (joint venture of the Group with PROFIREAL Group SE).

Financial operations report

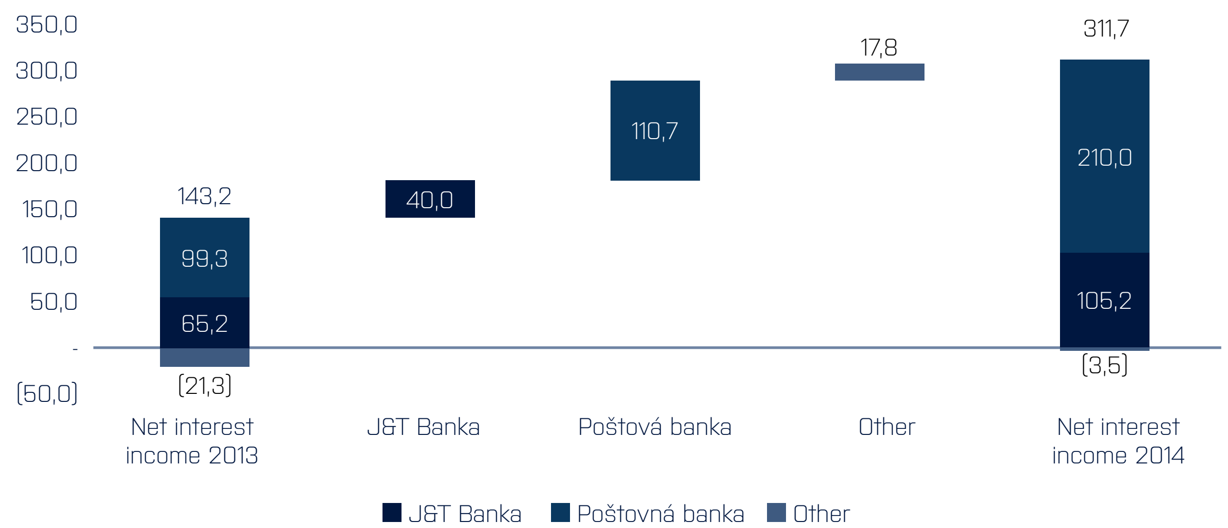
J&T Finance Group achieved net consolidated profit of EUR 62 million in 2014. The majority of the profit can be attributed to Poštová banka group with EUR 44 million. The equity of the group as at 31 December 2014 amounted to almost EUR 1,032 million.

Contribution to profit



Net interest income more than doubled to EUR 311.7 million in 2014 compared to EUR 143.2 million in 2013. The increase was driven mainly by Poštová banka which was included in the net interest income for full twelve months in 2014 (compared to six months in 2013) and by an increase in net interest income of J&T Banka of approximately EUR 40 million on a consolidated basis. The 16.9% growth in deposits from clients to EUR 7.54 billion at year end 2014 was driven both by J&T Bank and by Poštová banka. J&T Finance Group was able to utilize the deposits and confirmed strengthening position of J&T Finance Group in the banking market by increasing the loans and advances to customers by almost 21% in 2014 to EUR 5.26 billion.

Net interest income bridge



Results and events of J&T Banka Group

J&T Banka Group achieved a consolidated profit of EUR 48.7 million for the year 2014. The assets of the Group increased by almost EUR 808 million to approximately EUR 4.8 billion. This growth was supported by the capital increase performed by J&T Finance Group at the end of 2013 as well as new subordinated perpetuity certificates, financial instruments used on the Czech market for the first time. These factors contributed to the dynamic growth of the bank's credit portfolio and consequently its interest income.

OPERATING RESULTS

Net interest income of EUR 105.7 million increased by EUR 35.2 million compared to 2013. The growth was driven by a 27% growth in interest income compared to a 10% increase in interest expenses.

Net fees and commission income increased from EUR 17.2 million to EUR 23.3 million as a result of fees from successful placement of new bond emissions and promissory notes.

Fee income from financing and guarantees increased in line with growth of loans and guarantees provided. Positive trends can be seen on fees for new bond emissions and fees from bill of exchange programs. Growth of funds managed by its subsidiaries and assets managed in clients' portfolios had also a positive impact on fee income.

Operating expenses increased in 2014 by almost EUR 15 million and exceeded EUR 83 million, representing an increase of 22% which is in line with the group's budget. The bank managed to maintain a low ratio of operating expenses to total assets of 1.7% (1.6% in 2013) which ranks it among the best on the market.

The consolidated operating profit increased by EUR 14 million to EUR 61 million compared to prior year's EUR 47 million.

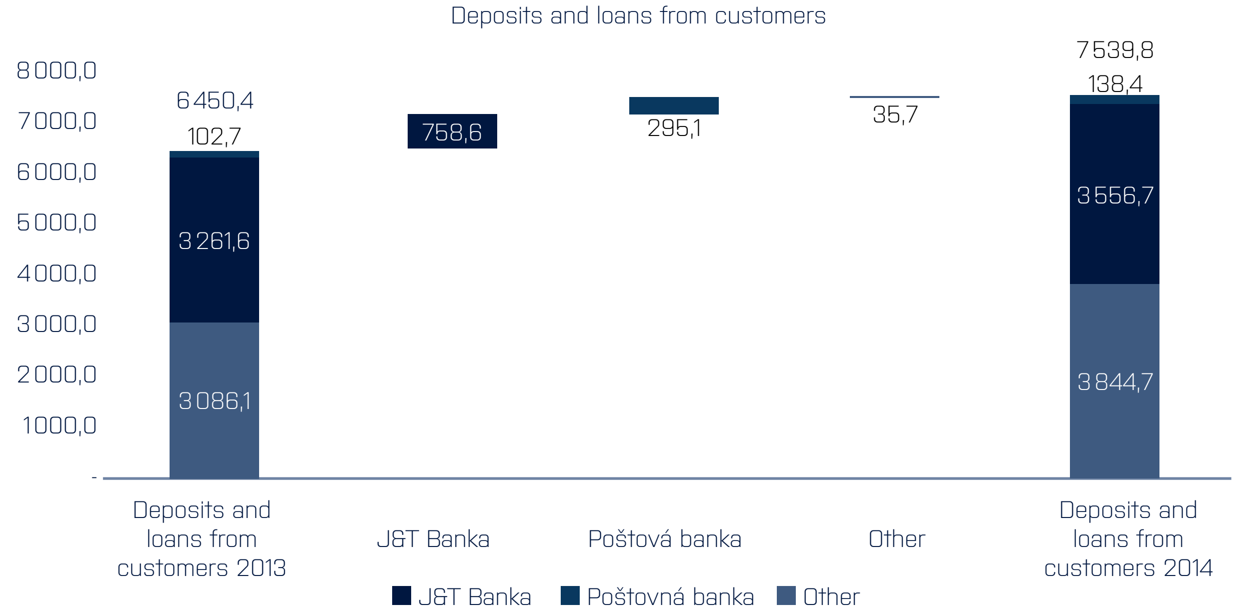
TRADE RESULTS

Management of clients' assets experienced a continuing dynamic growth during 2014. In 2014 the number of clients exceeded 50,000 for the first time in the banks history. Client deposits increased as well by more than 25%, at year end these amounted to EUR 3.9 billion.

In 2014 J&T Banka managed to provide its clients with a total of 9 new bond emissions in total volume exceeding EUR 650 million which are listed on stock exchanges in Prague and Bratislava.

The bank was first in Central Europe to introduce new subordinated perpetuity certificates with a fixed yield for an indefinite period. The bank managed to successfully place almost EUR 7 million of this unique instrument within two weeks after the emission which represents approximately 66% of the EUR 10 million emission.

In 2014, J&T INVESTIČNÍ SPOLEČNOST expanded its mutual fund portfolio by three new products - "J&T LIFE" life cycle funds.



Results and events of Poštová banka group

The year 2014 was successful for Poštová banka group from the viewpoint of improving its services to clients and introducing new products that contributed to an increased interest among clients. As of 31 December 2014, Poštová banka Group recorded an annual 8.8% increase in its primary resources, with its loan portfolio growing year-on-year by 21.8%. The total assets of the bank reached EUR 4.2 billion, growing by 9.5% compared to the previous year. Consolidated profit after tax amounted to EUR 44 million and was influenced by an increased banking tax rate, payment to the Deposit Protection Fund, and the creation of value adjustments to corporate loans.

OPERATING RESULTS

The Group achieved a consolidated net interest income of EUR 211.5 million. The annual increase of 10.6% was driven by the growth of interest bearing assets by 11.7% from EUR 3.5 billion to EUR 3.9 billion. This growth is fully attributable to provided loans, which increased by 21.8% (EUR 0.4 billion) to EUR 2,284 million.

Net fees and commission income of EUR 15.4 million decreased from EUR 19.3 million in 2013. This decrease was mainly caused by contributions to the Deposit Protection Fund.

Net non-interest income amounted to nearly EUR 27.4 million which represents a significant decrease compared to the prior year balance of almost EUR 48 million caused by impairment losses on assigned receivables.

Total operating expenses decreased by EUR 4 million to EUR 94 million. The decrease is attributable mainly to more effective management of personal expenses, services expenses and material expenses particularly.

Poštová banka Group generated a consolidated operating profit of EUR 144.4 million which is comparable to prior year's result of EUR 140.7 million.

TRADE RESULTS

In 2014, Poštová banka exceeded the milestone of 1 million clients. Growing trust of clients was reflected in the increase of client deposits by 8.8% to EUR 3,557 million. Loans provided have also increased by 21.8% to EUR 2,284 million.

PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a. s. (Prvá penzijná) also showed positive development in 2014 and surpassed the results of the prior year in terms of achieved profit by EUR 2.2 million and the amount of managed assets increased by more than EUR 33 million. Prvá Penzijná also introduced a new fund "KAPITÁLOVÝ FOND" which has achieved a 5.40% appreciation during its first year. These developments also contributed to the award in competition Zlatá minca 2014, where Prvá penzijná finished with the second place in Mixed Funds category, together with several other awards with its individual funds.

Dôchodková správcovská spoločnosť Poštovej banky, d.s.s., a.s. recorded an increase of savers despite the change in legislation which led to opening of second pillar and the number of savers for the first time exceeded the ceiling of 100,000. Dôchodková správcovská spoločnosť Poštovej banky, d.s.s., a.s. continues to manage four funds.

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Independent Auditor's Report to the Shareholder of J&T FINANCE GROUP SE

We have audited the accompanying consolidated financial statements of J&T FINANCE GROUP SE, which comprise the consolidated statement of financial position as of 31 December 2014, 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 J&T FINANCE GROUP SE 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 FINANCE GROUP SE 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 about 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of J&T FINANCE GROUP SE as of 31 December 2014, 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
30 April 2015

KPMG Česká republika Audit

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

Jindřich Vašina
Partner
Registration number 2059

Consolidated Financial Statements

J&T FINANCE GROUP SE

Consolidated Financial Statements Year ended 31 December 2014.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

In thousands of EUR

	Note	2014	2013
Interest income	6	493 158	295 075
Interest expense	6	(181 426)	(151 874)
Net interest income		311 732	143 201
Fee and commission income	7	87 984	48 880
Fee and commission expense	7	(30 614)	(17 502)
Net fee and commission income		57 370	31 378
Net dealing loss	8	(22 949)	(55 955)
Total revenues		346 153	118 624
Negative goodwill	4.1	670	-
Other operating income	9	114 651	96 569
Total income		461 474	215 193
Personnel expenses	10	(84 639)	(59 857)
Depreciation and amortisation	24, 25	(27 044)	(16 154)
Goodwill impairment	24	(10 484)	(1 914)
Impairment of property, plant and equipment and intangible assets	24, 25	(754)	(980)
Net impairment losses on loans	19	(101 391)	(44 379)
Other operating expenses	11	(140 033)	(76 895)
Total expenses		**(364 345)**	**(200 179)**
Profit from operations		**97 129**	**15 014**
Loss from associates and joint ventures	22	(658)	(523)
Profit before tax		**96 471**	**14 491**
Income tax expense	12	(34 459)	(20 369)
Profit for the period from continuing operations		**62 012**	**(5 878)**
Profit for the period from discontinued operations	5	-	96 199
Profit for the period		**62 012**	**90 321**
Attributable to:			
Equity holders of the parent			
continuing operations		56 888	(11 424)
discontinued operations		-	100 229
		56 888	88 805
Non-controlling interests			
continuing operations		5 124	5 546
discontinued operations		-	(4 030)
		5 124	1 516
Profit for the period		**62 012**	**90 321**

The notes presented on page 22 to page 119 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

In thousands of EUR

	2014	2013
Profit for the period	62 012	90 321
Other comprehensive income - items that are or may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	(29 125)	(63 083)
Net change in fair value of financial assets available for sale	3 474	(7 871)
Share of other comprehensive income of equity accounted investees	(1 023)	(133)
Other comprehensive income for the period, net of income tax	**(26 674)**	**(71 087)**
Total comprehensive income for the period	**35 338**	**19 234**
Attributable to:		
Equity holders of the parent		
continuing operations	30 288	(75 087)
discontinued operations	-	93 637
	30 288	18 550
Non-controlling interests		
continuing operations	5 050	4 449
discontinued operations	-	(3 765)
	5 050	684
Total comprehensive income for the period	35 338	19 234

The notes presented on page 22 to page 119 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

In thousands of EUR

	Note	31 December 2014	31 December 2013
ASSETS			
Cash and cash equivalents	13	884 368	499 094
Financial assets at fair value through profit or loss	14	363 574	365 057
Securities available for sale	15	1 593 559	1 336 265
Financial instruments held to maturity	16	694 354	892 233
Disposal group held for sale	5	4 679	9 495
Loans and advances to banks	17	175 153	237 392
Loans and advances to customers	18, 19	5 259 016	4 348 687
Trade receivables and other assets	21	176 367	322 381
Current tax assets		1 731	2 798
Investments in equity accounted investees	22	1 770	3 398
Investment property	23	6 458	138 791
Intangible assets	24	163 285	182 638
Property, plant and equipment	25	56 051	46 018
Deferred tax assets	32	4 956	3 294
Total assets		**9 385 321**	**8 387 541**
LIABILITIES			
Financial liabilities at fair value through profit or loss	14	37 195	29 257
Deposits and loans from banks	26	143 094	236 090
Deposits and loans from customers	27	7 539 842	6 450 369
Issued bonds	28	284 873	302 482
Subordinated debt	29	123 632	156 686
Trade payables and other liabilities	30	153 816	165 778
Current tax liability		22 908	4 207
Provisions	31	32 716	11 308
Deferred tax liabilities	32	15 254	19 290
Total liabilities		**8 353 330**	**7 375 467**
EQUITY			
Share capital		518 389	31 540
Share premium		-	14 937
Retained earnings and other reserves		418 515	874 730
Equity attributable to equity holders of the parent	33	936 904	921 207
Non-controlling interests	34	95 087	90 867
Total equity		1 031 991	1 012 074
Total equity and liabilities		**9 385 321**	**8 387 541**

The notes presented on page 22 to page 119 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

In thousands of EUR	Note	Share capital	Share premium	Non-distributable reserves	Foreign exchange translation reserve	Other reserves and funds	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2013		**31 540**	**14 937**	**14 809**	**(16 072)**	**212 457**	**663 536**	**921 207**	**90 867**	**1 012 074**
Effect of the merger	42	486 849	(14 937)	-	-	(192 000)	(330 945)	(51 033)	-	(51 033)
Balance at 1 January 2014		**518 389**	**-**	**14 809**	**(16 072)**	**20 457**	**332 591**	**870 174**	**90 867**	**961 041**
Profit for the period		-	-	-	-	-	56 888	56 888	5 124	62 012
Other comprehensive income for the period, net of income tax - items that are or may be reclassified subsequently to profit or loss		-	-	-	(29 801)	3 201	-	(26 600)	(74)	(26 674)
Foreign exchange translation differences		-	-	-	(28 778)	-	-	(28 778)	(347)	(29 125)
Net change in fair value of financial assets available for sale		-	-	-	-	3 201	-	3 201	273	3 474
Share of other comprehensive income of equity accounted investees		-	-	-	(1 023)	-	-	(1 023)	-	(1 023)
Total comprehensive income for the period		**-**	**-**	**-**	**(29 801)**	**3 201**	**56 888**	**30 288**	**5 050**	**35 338**
Dividends		-	-	-	-	-	-	-	(171)	(171)
Acquisition and disposal of non-controlling interests without a change in control	34	-	-	-	(305)	-	6 926	6 621	(6 621)	-
Acquisition and establishment of subsidiaries with non-controlling interests		-	-	-	-	-	-	-	7 472	7 472
Redemption of investment funds units		-	-	-	-	-	-	-	(991)	(991)
Total transaction with owners of the Company, recognised directly in equity		**-**	**-**	**-**	**(305)**	**-**	**6 926**	**6 621**	**(311)**	**6 310**
Effect of disposals of subsidiaries	4.2	-	-	(196)	(2 108)	-	196	(2 108)	(519)	(2 627)
Issue of other capital instruments	33	-	-	-	-	32 660	-	32 660	-	32 660
Distributions related to other capital instruments	33	-	-	-	-	-	(731)	(731)	-	(731)
Transfer to retained earnings	33	-	-	(435)	-	-	435	-	-	-
Balance at 31 December 2014		**518 389**	**-**	**14 178**	**(48 286)**	**56 318**	**396 305**	**936 904**	**95 087**	**1 031 991**

See Note 33. Shareholders' equity and Note 34. Non-controlling interests.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

In thousands of EUR	Note	Share capital	Share premium	Non-distributable reserves	Foreign exchange translation reserve	Other reserves and funds	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 1 January 2013		**31 540**	**14 937**	**12 829**	**28 867**	**67 166**	**577 942**	**733 281**	**17 121**	**750 402**
Profit for the period		-	-	-	-	-	88 805	88 805	1 516	90 321
Other comprehensive income for the period, net of income tax - items that are or may be reclassified subsequently to profit or loss		-	-	-	(61 849)	(8 406)	-	(70 255)	(832)	(71 087)
Foreign exchange translation differences		-	-	-	(61 716)	-	-	(61 716)	(1 367)	(63 083)
Net change in fair value of financial assets available for sale		-	-	-	-	(8 406)	-	(8 406)	535	(7 871)
Share of other comprehensive income of equity accounted investees		-	-	-	(133)	-	-	(133)	-	(133)
Total comprehensive income for the period		**-**	**-**	**-**	**(61 849)**	**(8 406)**	**88 805**	**18 550**	**684**	**19 234**
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	(70)	(70)	4 471	4 401
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	-	-	-	63 729	63 729
Contribution to other capital funds		-	-	-	-	192 000	-	192 000	-	192 000
Total transaction with owners of the Company, recognised directly in equity		**-**	**-**	**-**	**-**	**192 000**	**(70)**	**191 930**	**68 200**	**260 130**
										-
Effect of disposals of subsidiaries	4.2	-	-	-	16 218	(38 285)	-	(22 067)	(12 476)	(34 543)
Disposal of partial interest in subsidiary		-	-	-	692	(18)	(1 161)	(487)	17 338	16 851
Transfer to legal reserve fund	33	-	-	1 980	-	-	(1 980)	-	-	-
Balance at 31 December 2013		**31 540**	**14 937**	**14 809**	**(16 072)**	**212 457**	**663 536**	**921 207**	**90 867**	**1 012 074**

The notes presented on page 22 to page 119 form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

In thousands of EUR

	Note	2014	2013
OPERATING ACTIVITIES			
Profit before tax		96 471	108 798
Adjustments for:			
Depreciation and amortization	24, 25	27 044	16 154
Impairment losses on property, plant and equipment and intangible assets	24, 25	754	980
Revaluation of financial instruments at fair value		11 242	16 885
Change in fair value of investment property, net		6 567	-
Revaluation of gold bar		(2 596)	(450)
(Gain) loss on disposal of property, plant and equipment, investment property and intangible assets	9	7	(920)
Amortisation of deferred acquisition costs for insurance and clients' contracts		2 006	1 714
Gain on the disposal of subsidiaries, special purpose entities, joint ventures and associates and non-controlling interests	9, 11	(17 571)	(30 604)
Gain on disposal of financial assets		(22 407)	(26 988)
Net interest income	6	(311 732)	(188 753)
Dividends income	8	(2 756)	(3 504)
Increase in allowance for impairment of loans	19	101 391	44 503
Change in impairment of trade receivables and other assets		2 591	452
Loss from associates and joint ventures		658	523
Change in provisions	31	21 824	6 866
Goodwill impairment and negative goodwill	4, 24	9 814	1 914
Unrealised foreign exchange gains, net		(46 258)	(37 123)
Operating loss before changes in working capital		(122 951)	(89 553)
Change in loans and advances to customers and banks		(270 454)	(338 576)
Change in trade receivables and other assets		(8 773)	(220 317)
Change in deposits and loans from banks and customers		581 611	421 564
Change in trade payables and other liabilities		(59 057)	87 025
Cash generated from (used in) operations		120 376	(139 857)
Interest received		436 657	282 433
Interest paid		(157 812)	(147 754)
Income taxes paid		(18 436)	(15 964)
Cash flows generated from (used in) operating activities		380 785	(21 142)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

In thousands of EUR

	Note	2014	2013
INVESTING ACTIVITIES			
Purchase of financial instruments at fair value through profit or loss		(330 714)	(311 152)
Proceeds from sale of financial instruments at fair value through profit or loss		315 310	201 751
Purchase of financial instruments in available for sale portfolio		(1 222 561)	(389 976)
Proceeds from sale of financial instruments in available for sale portfolio		924 711	587 847
Purchase of financial instruments in held to maturity portfolio		(2 525)	-
Proceeds from financial instruments in held to maturity portfolio		176 748	31 605
Acquisition of property, plant and equipment, investment property and intangible assets		(18 722)	(14 403)
Proceeds from sale of property, plant and equipment, investment property and other intangible assets		9 337	9 922
Acquisition of subsidiaries including merger, net of cash acquired	4.1	23 233	(72 928)
Net cash inflow (outflow) from disposal of subsidiaries and special purpose entities	4.2	122 848	(12 734)
Dividends received		2 757	3 504
Cash flows generated from investing activities		422	33 436
FINANCING ACTIVITIES			
Proceeds from issued debt securities	28	188 614	70 105
Payments for buy-back of issued debt securities		(205 540)	(29 502)
Subordinated debt issued	29	18 781	65 363
Subordinated debt paid		(5 368)	-
Issue of other capital instruments		32 660	-
Distributions related to other capital instruments		(731)	-
Dividends paid		(171)	-
Cash flows generated from by financing activities		**28 245**	**105 966**
Net increase in cash and cash equivalents		**409 452**	**118 260**
Cash and cash equivalents at beginning of the year	**13**	**499 094**	**417 998**
Effect of exchange rate fluctuations on cash held		(24 178)	(37 164)
Cash and cash equivalents at end of the year	**13**	**884 368**	**499 094**

The notes presented on page 22 to page 119 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

J&T FINANCE GROUP SE (the "Parent Company" or "the Company") is a European joint-stock company (Societas Europaea) having its legal seat and domicile at Pobřežní 297/14, 186 00 Praha 8.

The consolidated financial statements of the Company for the year ended 31 December 2014 comprise the Parent Company, its subsidiaries and interests in associates and joint ventures (together referred to as "the Group"). a list of the Group entities is provided in Note 44.

The Company prepares individual financial statements in accordance with Czech Accounting Standards for the year ended 31 December 2014 as its interim financial statements. Due to the cross-border merger of the Company with its subsidiary KHASOMIA LIMITED (refer also to Note 43. Subsequent events) the statutory financial statements will be prepared for the period from 1 March 2014 until 31 December 2015, as the merger was registered by commercial court in February 2015.

J&T FINANCE GROUP SE is the successor parent entity, taking over this role from J&T FINANCE GROUP, a.s., who was the parent of the Group (see below) until 31 December 2013. J&T FINANCE GROUP, a.s. was founded on 7 February 1995 and incorporated into the commercial register in Bratislava, Slovakia on 20 March 1995. The shareholder was TECHNO PLUS, a. s., a Slovak company owned by Jozef Tkáč and Ivan Jakabovič, its ultimate owners.

On 1 January 2014, J&T FINANCE GROUP, a.s. and TECHNO PLUS, a. s., its shareholder, were legally merged into J&T FINANCE, a.s., a Czech subsidiary of J&T FINANCE GROUP, a.s., all being part of the Regulated Consolidated Group - "RCG" (for the definition of RCG, refer to Note 38.5. Capital management). The legal cross-border merger was accounted for as a common control transaction at the book values of the merged entities on 1 January 2014. Intra-group transactions of the merged entities were eliminated through the merger accounting.

J&T FINANCE, a.s., a holding company, originally incorporated on 24 August 2006 in the Czech Republic, was renamed to J&T FINANCE GROUP SE after the cross-border merger took effect on 1 January 2014 and became the new Parent Company of the Group. The ultimate shareholders of the Group remain unchanged, i.e. Jozef Tkáč and Ivan Jakabovič.

The main reason of the merger was to simplify the structure of the financial holding group as owned by the ultimate shareholders and to maintain the continuity of supervision of the Czech National Bank over the activities of the RCG after the acquisition of Poštová banka, a.s. in 2013 (refer also to Note 3.1. Business combinations and purchase price allocations).

The shareholders of the Company as at 31 December 2014 were as follows:

	Interest in share capital		Voting rights
	In thousands of EUR	%	%
Ing. Jozef Tkáč	259 194,5	50	50
Ing. Ivan Jakabovič	259 194,5	50	50
Total	518 389	100	100

The shareholder of J&T FINANCE GROUP, a.s. as at 31 December 2013 was as follows:

	Interest in share capital		Voting rights
	In thousands of EUR	%	%
TECHNO PLUS, a. s.	31 540	100	100
Total	31 540	100	100

The Group, as a financial investor, actively takes positions in a diversified range of investment opportunities including investments in banks, investments in securities and structured investments, such as special project financing, acquisitions financing, restructuring and private equity funds. The Group also provides a comprehensive range of services to private individuals, financial institutions, privately-held and state companies. Investment banking services are represented by the areas of research, sales and trading, equity capital markets and debt capital markets. Asset management primarily consists of asset management in own funds, discretionary portfolio management services, as well as administration and custody. In the area of collective investment, client resources are managed through various types of investment funds representing a variety of investment approaches and strategies.
Following the gain in importance of the banking activities, represented also by the acquisition of Poštová banka, a.s., the shareholder of J&T FINANCE GROUP a.s. decided in 2013 to focus primarily on banking and asset management and to dispose of the non-banking operations through divesting the activities relating to structured investments in the sectors of energy, industry, real estate, tourism and media. J&T FINANCE GROUP a.s. (the former intermediate parent) divested of its non-banking operations at the end of 2013.
The members of the Board of Directors were as at 31 December 2014 and 31 December 2013 as follows:

Ing. Jozef Tkáč - chairman
Ing. Ivan Jakabovič – vice chairman
Ing. Patrik Tkáč – vice chairman
Ing. Dušan Palcr – vice chairman
Mgr. Miloš Badida (until 31.12.2013 included)
JUDr. Jarmila Jánošová (until 31.12.2013 included)
Ing. Gabriela Lachoutová

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU).
The consolidated financial statements were approved by the Board of Directors on 30 April 2015.

(b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except for investment property, derivative financial instruments, financial assets and liabilities at fair value through profit or loss and available-for-sale assets, which are at fair value.
The consolidated financial statements are presented in Euro, rounded to the nearest thousand. The accounting policies have been consistently applied by the Group enterprises and are consistent with those used in the previous year.
Comparative information for the previous year present consolidated financial statements of J&T FINANCE GROUP, a.s., former parent Company of the Group (refer to Note 1. Corporate information).
Financial statements prepared in compliance with International Financial Reporting Standards require various judgements, assumptions, and estimates to be exercised that affect the reported amounts of assets, liabilities, income and expenses. Actual results will likely differ from these estimates. Critical accounting estimates and judgements made by management with a significant risk of material adjustment in the next year are discussed in Note 3. Critical accounting estimates and assumptions.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.
The following standards, amendments to standards and interpretations are effective for the first time for the year ended 31 December 2014, and have been applied in preparing the Group's consolidated financial statements:
• Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however the additional disclosures required by amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities must also be made). 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.
There is no significant impact of this standard on the consolidated financial statements.
• Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014); to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13). The amendments clarify that the recoverable amount should be disclosed only for individual assets (including goodwill) or cash-generating units for which an impairment loss was recognised or reversed during the period. The amendments also require the following additional disclosures when an impairment for individual assets (including

goodwill) or cash-generating units has been recognised or reversed in the period and the recoverable amount is based on fair value less costs to disposal:
- the level of IFRS 13 'Fair value hierarchy' within which the fair value measurement of the asset or cash-generating unit is categorized;
- for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique together with the reason for making it;
- for fair value measurements categorised within Level 2 and Level 3, each key assumption (i.e. assumptions to which the recoverable amount is most sensitive) used in determining fair value less costs of disposal. If fair value less costs of disposal is measured using a present value technique, the discount rate(s) used both in current and previous measurement should be disclosed.

There is no significant impact of this standard on the consolidated financial statements.

• Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13). 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, when the following criteria are met:
- the novation is made as a consequence of laws or regulations;
- a clearing counterparty becomes a new counterparty to each of the original counterparties of the derivative instrument;
- changes to the terms of the derivative are limited to those necessary to replace the counterparty.

There is no significant impact of this amendment on the consolidated financial statements.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

• IFRS 10 – Consolidated Financial Statements replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) investor's power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

• IFRS 11 – Joint Arrangements replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

• IFRS 12 – Disclosure of Interests in Other Entities is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

Management adopted those standards in the Group's consolidated financial statements for the annual period beginning 1 January 2014 as required by EFRAG (European Financial Reporting Advisory Group). The application of IFRS 10 and IFRS 11 had no effect on the consolidated statement of financial position, the adoption of IFRS 12 by the Group requires more extensive disclosure in the financial statements for period beginning on 1 January 2014.

• Amendments to IAS 28 (2011) Investments in Associates and Joint Ventures (amendments effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 27 (2011) are also applied early). There are limited amendments made to IAS 28 (2008):
- Associates and joint ventures held for sale. IFRS 5, Non-current Assets Held for Sale and Discontinued Operations applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.
- Changes in interests held in associates and joint ventures. Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment is not remeasured.

There is no impact of this amendment on the consolidated financial statements.

• IFRS 10 - Investment Entities (effective for annual reports beginning on or after 1 January 2014, with earlier application permitted; to be applied retrospectively subject to transitional provisions). Amendments to this standard were issued in October 2012. Since the Group does not meet the definition of an investment entity, the amendments have no impact on the financial statements of the Group as at 31 December 2014.

• IFRIC 21 – Levies (effective for annual reports beginning on or after 1 January 2014) was issued in May 2013. The new interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation covers the accounting for outflows imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations. However, it does not include income taxes, fines and other penalties, liabilities arising from emissions trading schemes and outflows within the scope of other Standards. The management of the Group discussed an adoption of this interpretation. This interpretation has no effect on the statement of financial position of the Group.

Issued but not yet effective International Financial Reporting Standards

A number of new standards, amendments to standards and interpretations are not yet effective or not yet adopted by the EU for the year ended 31 December 2014, and have not been applied in preparing these financial statements:

• IFRS 9 – Financial Instruments. IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes new requirements for the classification and measurement of financial liabilities and for derecognition. Key requirement are described below:
- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of the subsequent accounting periods.

- Gains and losses on remeasurement of financial assets measured at fair value are recognised in profit or loss, except that for an investment in an equity instrument which is not held for trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income. The election is available on an individual share-by-share basis. No amount recognised in other comprehensive income is ever reclassified to profit or loss at a later date.
- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The management of the Group anticipates that IFRS 9 will be adopted in the Group`s consolidated financial statements for the annual period beginning 1 January 2018. The Group is currently assessing the impact of this standard on its financial statements.

• In December 2013, two Improvements to IFRSs – Cycle 2010-2012 and 2011-2013 (both effective for annual reports beginning on or after 1 July 2014) were issued. The Group is currently analysing whether there are amendments with a material effect on its financial position and performance.

• In January 2014, IFRS 14 - Regulatory Deferral Accounts, (effective for annual reports beginning on or after 1 January 2016) was issued. Since this interim standard relates to rate-regulated activities, currently there is no impact on the Group's financial statements.

• IFRS 15 – Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2017; to be applied retrospectively. Earlier application is permitted). New standard substitutes all revenue standards including IAS 18 Revenue and IAS 11 Construction Contracts. The objective of the revenue standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customer at an amount that the entity expects to be entitled to in exchange for those goods and services. Entities will follow a five-step approach to apply the standard:
- identify the contract(s) with the customer;
- identify the separate performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to separate performance obligations;
- recognize revenue when (or as) each performance obligation is satisfied.

Revenue from a transaction or event that does not arise from a contract with a customer is not within the scope of the revenue standard and should continue to be accounted for in accordance with other standards.

The Group currently begins to analyze the effect on its financial position and performance.

• Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2016. Early application is permitted). The Amendments to IAS 1 include the following five, narrow-focus improvements to the disclosure

requirements contained in the standard.

The guidance on materiality in IAS 1 has been amended to clarify that:
- immaterial information can detract from useful information;
- materiality applies to the whole of the financial statements;
- materiality applies to each disclosure requirement in an IFRS.

The Group expects that the amendments, when initially applied, will not have a material impact on the presentation of the financial statements of the Group.

• Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016; to be applied prospectively. Early application is permitted). These Amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interests in the joint operation will not be remeasured. The Group currently begins to analyze the effect on its financial position and performance.

Other new International Financial Reporting Standards and Interpretations not yet due

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

(c) Basis of consolidation

(i) Subsidiaries

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

(ii) Associates

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

(iii) Joint ventures

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

(iv) Special purpose entities ("SPEs")

The Group operated until 2013 partly through SPEs, in which it did not have any direct or indirect shareholdings. Consolidated special purpose entities were principally those from which the Group would obtain the majority of the economic benefits embodied in or to be realised by those entities.

As from October 2013 the Group operates through the companies in which it holds direct or indirect equity share.

(v) Consolidation scope

There are 45 companies included in the consolidation as at 31 December 2014 (2013: 54). All fully consolidated companies prepared their annual financial statements at 31 December 2014. The companies are listed in Note 44. Group entities and this list is based on the ownership hierarchy.

Although the Group did not own shares in the SPEs until 2013, the majority of the economic benefits belonged to the Group (refer to accounting policy (c)(iv)).

(vi) Transactions eliminated on consolidation

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

(vii) Acquisition method of accounting

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

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

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

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

(viii) 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, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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

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

(x) 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.

(d) Foreign currency

(i) Foreign currency transactions

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

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

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

(ii) Financial statements of foreign operations

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

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

(iii) Embedded derivatives

Hybrid financial instruments are a combination of non-derivative host contracts and derivative financial instruments (embedded derivatives). Subject to certain conditions, IAS 39 Financial Instruments: Recognition and Measurement requires that embedded derivative components be separated from the host contracts and separately carried at fair value with changes recorded in the income statement.

(e) Financial instruments

(i) Classification

Financial instruments at fair value through profit or loss are those that the Group holds for trading that is, with 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.

Loans and advances to banks and customers are non-derivative financial assets with fixed and determinable payments, not quoted in an active market, which are not classified as securities available for sale or held to maturity or as financial assets at fair value through profit or loss.

Held to maturity assets are non-derivative 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 financial assets are those non-derivative financial assets that are not designated as fair value through profit or loss, loans and advances to banks and customers or as held to maturity.

(ii) Recognition

Financial assets at fair value through profit or loss and available-for-sale assets are recognised on the date the Group commits to purchase the assets. Regular way purchases and sales of financial assets including held to maturity assets are accounted for on the trade date.

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

(iii) Measurement

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

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

Subsequent to initial recognition, financial assets are measured at their fair value, except for loans and advances to customers, held to maturity instruments, and certain non-quoted equity securities classified as available-for-sale the fair value of which cannot be measured reliably, which are measured at amortised cost or at cost. After initial recognition, financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. In measuring amortised cost, any difference between cost and redemption value is recognised in the income statement over the period of the asset or liability on an effective interest rate basis.

(iv) Fair value measurement principles

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

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

(v) Gains and losses on subsequent measurement

Gains and losses arising from a change in fair value are recognised in the income statement for instruments at fair value through profit or loss and directly in other comprehensive income as a revaluation difference for assets available-for-sale. The cumulative gain or loss of available-for-sale assets previously recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment when the available-for-sale asset is derecognised. Interest income and expense from available for sale securities are recorded in the income statement by applying the effective interest rate method. Refer to accounting policy (e) vii for accounting for gains and losses on subsequent measurement of hedges.

(vi) 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 the Group's obligations specified in the contract expire or are discharged or cancelled.

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

Held to maturity instruments and loans and advances to banks and customers are derecognised on the day they are disposed of by the Group.

(vii) Accounting for hedging instruments

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

From the inception of the hedge, the Group maintains a formal documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. The Group also periodically assesses the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

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

In case of a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value is recognised in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand and in banks, cash deposited with central banks and short-term highly liquid investments with original maturities of three months or less, including treasury bills and other bills eligible for rediscounting with central banks.

(g) Loans and advances to banks and customers

Loans and advances originated by the Group are classified as originated loans and receivables. Loans and advances

are reported net of impairment allowance to reflect the estimated recoverable amounts (refer to accounting policy (j)).
The Group classifies all its receivables from clients into the following five basic categories laid down by Decree of the Czech National Bank No. 163/2014: receivables without obligor default divided into standard and watch receivables, and receivables with obligor default divided into non-standard, doubtful and loss receivables. In the evaluation of individual loans, the classification takes into account both qualitative and quantitative criteria.
The criteria mentioned include the following:
- major financial problems of the issuer or debtor;
- breach of a contract, e.g. delayed payment of interest or principal or failure to pay them;
- relief provided by the creditor to the debtor for economic or other legal reasons relating to debtor's financial problems, that the creditor would not have otherwise provided;
- likelihood of bankruptcy or other financial restructuring of the debtor;
- extinction of an active market for the given financial asset for financial reasons; or
- observable facts demonstrating a measurable decline of estimated future cash flow from the group of financial assets after their initial recognition despite the existing impossibility to detect the decrease for individual financial assets in the group
- and other.

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.

(h) Sale and repurchase agreements

Where securities are sold under a commitment to repurchase at a predetermined price (repos), they remain on the statement of financial position and a liability is recorded equal to the consideration received. Conversely, securities purchased under a commitment to resell (reverse repos) are not recorded on the statement of financial position and the consideration paid is recorded as a loan. The difference between the sale price and the purchase price is

treated as interest and accrued evenly over the life of the transaction. Repos and reverse repos are recognised on a settlement date basis.

(i) Offsetting

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

(j) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (refer to accounting policy (x)) are reviewed at each statement of financial position date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation, but are tested annually for impairment as part of the cash generating unit to which they belong.
An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.
The Group regularly assesses, 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.
Loans and advances are presented net of impairment allowances. Allowances for impairment are determined based on the credit standing and performance of the borrower and take into account the value of any collateral or third-party guarantee.
The recoverable amount of the Group's investment in held to maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed upon initial recognition of these financial assets).
The recoverable amount of other assets is the greater of their fair value less costs of diposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.
An impairment loss in respect of a held to maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.
An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the income statement. If the fair value of a debt instrument classified as available-for-sale increases and the

increase can be related objectively to an event occurring after the impairment loss was recognised in the income statement, then the impairment loss is reversed, with the amount of the reversal recognised in the income statement. An impairment loss in respect of goodwill is not reversed.
In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount.
An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.
Immediately before classification as held-for-sale, the assets, or components of disposal group, are remeasured in accordance with the Group´s other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax, employee benefits, investment property, which continue to be measured in accordance with the Group´s other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.
Once classified as held-for-sale, intangible assets and property, plant end equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.
A discontinued operation is a component of the Group´s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:
• represents a separate major line of business or geographical area of operations;
• is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;.or
• is a subsidiary acquired exclusively with a view to resale.
Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.
When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(l) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (refer to accounting policy (j)).
Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.
When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent expenditure

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

(iii) Depreciation

Odpisy jsou prováděny rovnoměrně po dobu předpokládané životnosti majetku a jsou účtovány do výkazu zisku a ztráty. Pozemky nejsou odepisovány. Předpokládané doby životnosti jsou:
Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

• Buildings	40 years
• Aircraft	
•- electronics	3 years
•- interior	5 years
•- APU	13 years
•- airframe	23 years
• Equipment	3 - 8 years
• Fixtures, fittings and others	3 - 8 years

Depreciation methods and useful lives, as well as residual values, are reassessed annually at the reporting date.
The maintenance of the aircraft's engine is covered under an agreement with a third party, whereby the Company pays a determinable amount to the third party. For this reason the residual value of the engine is not lower than the carrying amount at the reporting date and the depreciation expense of the engine is zero.

(m) Intangible assets

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

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included under intangible assets. Goodwill on acquisition of associates and joint ventures is included in the carrying amount of investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Negative goodwill arising on an acquisition is reassessed and any excess remaining after the reassessment is recognised in the income statement.
Intangible assets acquired in a business combination are recorded at fair value on the acquisition date if the intangible asset is separable or arises from contractual or other legal rights. Intangible assets with an indefinite useful life are

not subject to amortisation and are recorded at cost less impairment. Intangible assets with a definite useful life are amortised over their useful lives and are recorded at cost less accumulated amortisation and impairment.

(ii) Software and other intangible assets

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

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

(iii) Amortisation

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

• Software	4 years
• Other intangible assets	2 - 9 years
• Customers relationships	3-20 years
• Tradename	13-14 years

(n) Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

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

(o) Provisions

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

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

(p) Insurance contracts

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

Provision for insurance claims and benefits

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

Provision for life insurance

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

(q) Employee benefits

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

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

The revaluation of the net liability from defined benefit plans (including actuarial gains and losses) is recognised in full immediately in other comprehensive income.

Amounts due to employees, such as amounts relating to accrued vacation pay or performance bonuses, are recognized as other liabilities.

(r) Financial guarantees

FFinancial guarantees are contracts that require the Group to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. Financial guarantee liabilities are subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities when future payment is considered probable and included in off-balance sheet when considered to be a possible obligation.

(s) Trade and other payables

Trade and other payables are stated at amortised cost.

(t) Interest income and expense

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

(u) Fee and commission income and expense

Fee and commission income arises on financial services provided by the Group, including cash management services, brokerage services, investment advice and financial planning, investment banking services, project and structured finance transactions, and asset management services. Assets under management comprising all client assets managed or held for investment purposes by the Group in its own name, but for the account of third parties, are not reported in its consolidated statement of financial position (refer to Note 39. Assets under management). Commissions received from such business are shown in fee and commission income.

Fee and commission income and expense are recognised when the corresponding services are provided or received.

(v) Dealing profits, net

Dealing profits, net includes gains and losses arising from disposals and changes in the fair value of financial assets and liabilities available-for-sale and at fair value through profit or loss, as well as gains and losses from foreign exchange trading.

(w) Rental income

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

(x) Income tax

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

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

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

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

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

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

(y) Operating and finance lease payments

A finance lease is a lease that transfers substantially all risks and rewards incidental to ownership of an assets. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Operating leases with an option to terminate the contract earlier than at the end of the agreed period are considered as non-cancellable for the time of the contracted notice period.

Minimum lease payments for finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(z) Revenue from goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the statement of financial position date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods.

(aa) Dividends

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

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with International Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1. Business combinations and purchase price allocations

In a business combination (see also Note 4.1. Acquisition and establishment of subsidiaries), the acquiree's identifiable assets, liabilities and contingent liabilities are recognised and measured at their fair values at the acquisition date. Allocation of the total purchase price among the net assets acquired for financial statement reporting purposes is performed with the support of professional advisors.

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

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

At the beginning of 2014, the acquisition of TECHNO PLUS, a.s. through merger has incurred as a transaction under common control, refer to Note 1. Corporate information.

On 9 June 2014, in line with the Group's decision to concentrate mainly on banking activities and after approval of the Croatian National Bank, the Group became 58.33% shareholder of Croatian bank Vaba d.d. banka Varaždin (VABA Bank). The share was acquired by the increase of VABA bank's share capital by J&T BANKA, a.s. in the amount of HRK 75,000 thousand (approximately EUR 9,893 thousand). VABA Bank operates through two financial centres in Varaždin and Zagreb, and 11 branches in Croatia and focuses on the retail and SME segments.

On 5 August 2014 the Group acquired a 50.05% share in Salve Finance, a.s., the company with main activity being an intermedation of sale of financial products. There were no fair value adjustments resulting from the acquisition of this Company.

On 12 September 2014, the Group, through its subsidiary J&T Finance, LLC, acquired a 99% share in Hotel Kadashevskaya, LLC for the purchase price of RUB 99 thousand (approximately EUR 2 thousand). Before the acquisition the Group owned 1% share in the Hotel Kadashevskaya, LLC, which was presented as Securities available for sale in amount of RUB 1 thousand (EUR 0 thousand). The Hotel Kadashevskaya, LLC is the operator of Hotel Kadashevskaya, a 4*hotel in the center of Moscow, Russia. The Company leases the hotel building from OAO Interznanie, a company within the Group. At the date of acquisition of Hotel Kadashevskaya, LLC the Group reclassified part of investment property rented to the Company to Property, plant and equipment (see Note 23). There were no fair value adjustments resulting from the acquisition of this Company.

The fair value adjustments resulting from business combinations in 2014 are presented in the following table:

In thousands of EUR	Software and other intangible assets	Loans and advances to customers	Deposits and loans from banks	Deposits and loans from customers	Deferred tax asset	Total net effect
VABA Bank	(1,021)	(1,165)	101	124	392	(1,569)

On 17May 2012, the Group, through its subsidiaries J&T FINANCE, a.s. and J&T BANKA, a.s., entered with ISTROKAPITAL SE into an agreement by which the Group acquired an 82.41% interest in Poštová banka, a.s. and its subsidiaries, additional to the 5.65% interest already held by the Group. The necessary regulatory approvals were obtained on 1 July 2013.

Consequently, the Group acquired the control over FOND DLHODOBÝCH VÝNOSOV o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ.spol., a.s. and NÁŠ DRUHÝ REALITNÝ o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ.spol., a.s., investment funds managed by the subsidiary of Poštová banka, a.s., in which a share of 49.95% and 48.77% respectively was held immediately before acquisition.

Through the acquisition of Poštová banka, a.s. the Group entered the retail banking segment. Based on its exclusive contract with Slovenská pošta, a.s. valid until 2026, Poštová banka has through the post offices the largest distribution network on the Slovak market, supported by own branches providing services to the corporate segment as well.

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

In thousands of EUR	Intangible assets	Property, plant and equipment	Financial instruments held to maturity	Loans and advances to customers	Deposits and loans from customers	Deferred tax liability	Total net effect
Poštová banka Group [1]	128,484	1,682	60,658	(23,650)	(2,675)	(37,835)	126,664

[1] Poštová banka, a.s., was acquired together with its subsidiaries and associate, for a detailed structure refer to Note 4.1. Acquisition and establishment of subsidiaries

3.2. Goodwill and impairment testing

The Group conducts impairment testing of goodwill arisen in a business combination during the current period and impairment testing of goodwill already recognised in prior years annually (see also Note 4.1. Acquisitions and establishment of subsidiaries and Note 24. Intangible assets). The Group also conducts impairment testing of other intangible assets with indefinite useful lives and of cash-generating units (CGUs) where a trigger for impairment testing is identified. As at the acquisition date, goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which goodwill relates, on the basis of a value in use that reflects estimated future discounted cash flows or on the basis of fair value less costs to sell.

Fair value measurements for impairment testing purposes were categorized as a Level 3 measurement based on the inputs used in the valuation technique. In the majority of cases the Group estimated the recoverable amounts of goodwill and the cash generating units based on value in use. Value in use was derived from management forecasts of future cash flows updated since the date of acquisition. The discount rates applied to the cash flow projections are calculated as the weighted average cost of capital (WACC) of each CGU.

(i) ATLANTIK and J&T BANKA, a.s.

In June 2010 the Group acquired ATLANTIK finanční trhy, a.s. and ATLANTIK Asset Management investiční společnost, a.s. (in 2011 renamed to J&T INVESTIČNÍ SPOLEČNOST, a.s. and merged with J&T ASSET MANAGEMENT, INV. SPOL., a.s.), together „Atlantik", which generated combined goodwill of EUR 7,393 thousand. These two new subsidiaries were each identified as separate cash generating units. The acquisition of Atlantik was strategically linked to the development of the Group's banking and asset management operations in the Czech Republic, and therefore synergies from the acquisition were expected to also benefit the J&T BANKA, a.s. cash generating unit.

As at 31 December 2012, the Group reviewed the allocation of the combined goodwill to the two cash generating units, resulting in EUR 3,773 thousand being allocated to the ATLANTIK finanční trhy, a.s. cash generating unit and EUR 2,778 thousand to the J&T BANKA, a.s. cash generating unit. The re-allocation was performed to better reflect the synergies coming from the acquisition of the two Atlantik entities in 2010. Goodwill of both cash generating units was tested for impairment before and after the re-allocation described above and no impairment charge was identified.

As at 31 December 2014 and 2013, the recoverable amounts of the two cash generating units were determined on the basis of value in use. The cash flows were derived from the units' long term business plans and applied over a specific ten-year forecast period. The other key assumptions were assets under management, forecast of fee income, forecast net interest income, loans provided to customers and the cost of capital applied to discount future cash flows. The pre-tax cost of capital applied to the cash flows was 13.79% (2013: 16.1%) for the Atlantik cash generating unit and 7.21% (2013: 8.9%) for the J&T BANKA, a.s. cash generating unit. Based on the impairment testing, a loss in respect of goodwill allocated to the Atlantik cash generating unit in amount of EUR 1,083 thousand (2013: nil) and loss in respect of goodwill allocated to the J&T BANKA, a.s. cash generating unit in full amount of EUR 732 thousand (2013: EUR 1,914 thousand) was recognized. If the interest and fee income had been lower by 10% from management's estimate, another part of goodwill allocated to the Atlantik cash generating unit in amount of EUR 1,458 thousand (2013: EUR 565 thousand) would have been impaired.

(ii) Interznanie OAO

The recoverable amount of the Interznanie cash generating unit, with a carrying amount of EUR 24,156 thousand (2013: EUR 38,587 thousand) including goodwill of EUR 6,106 thousand (2013: EUR 9,744 thousand) as at 31 December 2014, was determined on the basis of value in use, considering expected rental income from the rental contracts. An impairment loss was identified and goodwill was fully written off as a result of this impairment test. Expected future cash flows were discounted using a weighted-average cost of capital ("WACC") of 14.83% (2013: 8.7%). The main reason of year on year increase of WACC used for impairment testing of the Interznanie cash generating unit is the increase in risk free rate of Russia based on 10-year Russian bonds denominated in RUB (2013: denominated in USD, as the rental income was contracted in USD).

The WACC is the key assumption in the impairment testing. Should the WACC increase by 1%, the value in use would decrease and an additional impairment loss of EUR 1,475 thousand would have to be recognized.

(iii) Poštová banka, a.s.

At the acquisition of Poštová banka, a.s. and its subsidiaries (Poštová banka Group) goodwill in amount of EUR 20,033 thousand was recognized. The recoverable amount of the Poštová banka Group cash generating unit, with a carrying amount of EUR 531,666 thousand (share controlled by the Group) as at 31 December 2013 and of EUR 624,127 as at 31 December 2014, was determined on the basis of value in use and the full amount of goodwill recognized at the acquisition was allocated to the Poštová banka Group cash generating unit. The cash flows were derived from the Poštová banka Group 's long term business plan, the key assumptions being forecast net interest income and loans provided to customers, and these were applied over a specific five-year forecast period. The growth rate used to extrapolate cash flows beyond this period was 2% (2013: 2%). Expected future cash flows were discounted using a weighted-average cost of capital of 7.5% (2013: 11.67%). Decrease of WACC used for impairment testing of the Poštová banka Group cash generating unit is related to the decrease of risk free rate derived from 10-year Slovak bonds and decrease of Beta coeficient calculated for the CGU.

There was no impairment loss identified as a result of this impairment test. Should net interest income decrease by 10%, the value in use would decrease and an impairment of EUR 49,215 thousand would have to be recognized (2013: no impairment loss).

3.3. Financial instruments

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

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

• Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices of similar instruments) or indirectly (i.e. derived from such prices)

• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the market for a financial instrument is not active, fair value is estimated by using valuation techniques. In applying valuation techniques, management uses estimates and assumptions that are consistent with available information about estimates and assumptions that market participants would use in setting a price for the financial instrument. Level 2 fair values are based on market values, but adjusted mainly by credit risk taking into account the credit risk of the Group and counterparty when appropriate.

If fair values had been higher or lower by 10% than quoted prices, the net carrying amount of financial instruments on Level 1 and Level 2, would have been EUR 160,027 thousand higher or lower than as disclosed as at 31 December 2014 (2013: EUR 108,905 thousand).

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

In the vast majority of cases, the fair value of Level 3 investments was estimated using discounted cash flow ("DCF") models, with inputs coming from the specific investment's business plan or cash flow projections. The individual business plans and cash flow projections were critically reviewed by management before inclusion in the models. The discount rates were based on the specificities of the industries and countries in which the investments operate and ranged from 6.21% to 16.39% as at 31 December 2014 (2013: from 6.75% to 13.31%). The key assumptions used in the valuations were the expected cash flows and discount rates.

If the fair values had been higher or lower by 10% from management's estimates, the net carrying amount of financial instruments on Level 3 would have been estimated to be EUR 31,967 thousand higher or lower than as disclosed as at 31 December 2014 (2013: EUR 58,302 thousand).

For more information, refer to the following notes:

- Note 14. Financial assets and liabilities at fair value through profit or loss
- Note 15. Securities available for sale
- Note 23. Investment property

3.4. Valuation of investment property

Investment property is carried at fair value and classified as Level 2 according to the fair value hierarchy. Fair values of investment property are determined either by independent registered valuers or by management, in both cases based on current market values in an active market for similar properties in the same location and conditions.

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

Were fair values to differ by 10% from management estimates, the carrying amount of investment property would be an estimated EUR 646 thousand higher or lower than disclosed as at 31 December 2014 (2013: EUR 13,879 thousand).

3.5. Determination of control over Investees

Management applies its judgement to determine whether the control indicators set out in Note 2 (c) indicate that the Group controls an investment fund. The Group acts as fund manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the fund (comprising any carried interests and expected management fees) and the investors' rights to remove the fund manager. As a result, the Group has concluded that it acts as agent for the investors in all cases (except FOND DLHODOBÝCH VÝNOSOV o.p.f., NÁŠ DRUHÝ REALITNÝ o.p.f. and J&T REALITY otevřený podílový fond, refer to Note 44. Group entities), and therefore has not consolidated these funds.

4. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, SPECIAL PURPOSE ENTITIES, JOINT VENTURES AND ASSOCIATES

4.1. Acquisition and establishment of subsidiaries, joint ventures and associates

(a) Acquisition of subsidiaries and associate

In thousands of EUR	Date of acquisition	Cost4	Cash outflow	Group's interest after acquisition (%)
31 December 2014				
TECHNO PLUS, a.s.[1]	1.1.2014	-	-	100,00
Vaba d.d. banka Varaždin	9.6.2014	9 893	-	58,33
Salve Finance, a.s.[2]	5.8.2014	2 000	2 000	50,05
Hotel Kadashevskaya, LLC[3]	12.9.2014	2	2	100,00
Total	**-**	**11 895**	**2 002**	**-**
31 December 2013				
Poštová banka, a.s.	1.7.2013	482 093	27 974	88,06
Poisfovňa Poštovej banky, a. s.	1.7.2013	-	-	100,00
Dôchodková správcovská spoločnosf Poštovej banky, d.s.s., a. s.	1.7.2013	-	-	100,00
PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a. s.	1.7.2013	-	-	100,00
POBA Servis, a. s.	1.7.2013	-	-	100,00
PB PARTNER, a. s.	1.7.2013	-	-	100,00
PB Finančné služby, a. s.	1.7.2013	-	-	100,00
SPPS, a.s.	1.7.2013	-	-	40,00
FOND DLHODOBÝCH VÝNOSOV o.p.f. – PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a. s.	1.7.2013	54 595	54 700	99,90
FORESPO BDS a. s.	1.7.2013	-	-	100,00
FORESPO - RENTAL 1 a.s.	1.7.2013	-	-	100,00
FORESPO - RENTAL 2 a. s.	1.7.2013	-	-	100,00
INVEST-GROUND a. s.	1.7.2013	-	-	100,00
NÁŠ DRUHÝ REALITNÝ o.p.f. – PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol.,a. s.	1.7.2013	20 811	-	97,62
FORESPO PÁLENICA a. s.	1.7.2013	-	-	100,00
FORESPO SMREK a. s.	1.7.2013	-	-	100,00
FORESPO HOREC a SASANKA a. s.	1.7.2013	-	-	100,00
FORESPO HELIOS 1 a. s.	1.7.2013	-	-	100,00
FORESPO HELIOS 2 a. s.	1.7.2013	-	-	100,00
FORESPO SOLISKO, a. s.	1.7.2013	-	-	100,00
Total	**-**	**557 499**	**82 674**	**-**

[1] TECHNO PLUS, a.s. was acquired within the transaction under common control, refer to Note 1. Corporate information.
[2] The Group acquired 50.05% share in Salve Finance, a.s. through Poštová banka, a.s. in which it owns 90.01% share (refer to Note 44. Group entities).
[3] The Group acquired 100% share in Hotel Kadashevskaya, LLC through the subsidiary in which it owns 99.9% share (refer to Note 44. Group entities).
[4] For detail of the cost settlement related to the acquisition of Poštová banka Group in 2013 refer to part (c) of this Note

(b) Establishment of subsidiaries and joint ventures

In thousands of EUR

31 December 2014	Date of establishment	Group's interest after establishment (%)
Subsidiaries		
PB IT, a.s.	17.1.2014	100,00
J&T Global Finance IV., B.V.	4.4.2014	100,00
J&T Global Finance V., s. r. o.	10.10.2014	100,00
ART FOND – Stredoeurópský fond súčasného umenia, a.s.[1]	5.12.2014	38,46
PBI, a.s.	15.12.2014	100,00
31 December 2013		
Subsidiaries		
J&T Global Finance III., s.r.o.	19.3.2013	100,00
J&T REALITY otevřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s.	30.7.2013	100,00
SOLEGNOS ENTERPRISES LIMITED	18.11.2013	100,00
Joint ventures		
PGJT B.V.	20.3.2013	50,00
PROFIREAL OOO	5.7.2013	50,00

[1] The Group controls its subsidiary ART FOND – Stredoeurópsky fond súčasného umenia, a.s. through Board of Directors based on shareholder's agreement with remaining shareholders of the company.(c) Efekt akvizic

The acquisitions of new subsidiaries had the following effect on the Group's assets and liabilities (refer also to Note 3.1. Business combinations and purchase price allocations and to Note 3.2. Goodwill and impairment testing):

Effect of acquisitions in 2014

In thousands of EUR	VABA Bank	Other entities	Total
Cash and cash equivalents[1]	34,935	187	35 122
Securities available for sale	24,182	5	24 187
Loans and advances to customers	100,821	464	101 285
Trade receivables and other assets	2,426	2,509	4 935
Current tax assets	1	-	1
Intangible assets	969	2	971
Property, plant and equipment	6,225	15	6 240
Deferred tax assets	430	259	689
Deposits and loans from banks	(9,018)	(137)	(9 155)
Deposits and loans from customers	(133,182)	(129)	(133 311)
Subordinated debt	(402)	-	(402)
Trade payables and other liabilities	(10,639)	(2,085)	(12 724)
Provisions	(115)	(190)	(305)
Non-controlling interests[2]	(6,931)	(100)	(7 031)
Net identifiable assets and liabilities	9,702	800	10 502
Goodwill on acquisition of new subsidiaries	191	1,899	2 090
Negative goodwill	-	(697)	(697)
Cost of acquisition	**9,893**	**2,002**	**11 895**
Consideration paid, satisfied in cash	-	(2,002)	(2 002)
Cash acquired1	25,042	187	25 229
Net cash inflow (outflow)	**25,042**	**(1,815)**	**23 227**
Profit (loss) since acquisition date	(1,157)	170	(987)
Profit (loss) of the acquired entity for all of 2014	(870)	1,230	360
Revenues of the acquired entity for all of 2014	3,374	2,520	5 894
Negative goodwill on acquisition of new subsidiary			(697)
Foreign exchange differences			27
Negative goodwill for the year ended 31 December 2014			(670)

[1] VABA Bank was acquired by the increase of the bank's share capital (refer to Note 3.1. Business combinations and purchase price allocations), therefore cash acquired as presented in the table above does not include cash contributed by J&T BANKA, a.s. in amount of EUR 9,893 thousand.
[2] The amount of Non-controlling interests as presented in the table above includes only the impact from acquired companies and does not include an increase of EUR 441 thousand due to a newly established subsidiary ART FOND – Stredoeurópsky fond súčasného umenia, a.s. with a non-controlling interests.

Effect of the merger

In thousands of EUR	TECHNO PLUS, a.s.
Cash and cash equivalents	6
Loans and advances to customers	431
Trade receivables and other assets	142 107
Deposits and loans from customers	(142 001)
Trade payables and other liabilities	(51 576)
Net identifiable assets and liabilities	**(51 033)**
Effect of merger to Equity attributable to equity holders of the parent	(51 033)
Cash acquired	6
Net cash inflow	**6**

TECHNO PLUS, a.s. was acquired as part of a cross-border merger under common control, therefore there is no cost of acquisition and no goodwill or negative goodwill arisen on the transaction. For details of the transaction, refer to Note 1. Corporate information.

Effect of acquisitions in 2013

In thousands of EUR	Poštová banka Group[1]
Cash and cash equivalents	41 363
Financial assets at fair value through profit or loss	13 615
Securities available for sale	639 001
Financial instruments held to maturity	838 588
Loans and advances to customers	1 834 379
Trade receivables and other assets	53 130
Current tax assets	3 059
Investments in joint ventures and associates	54
Investment property	114 797
Intangible assets	144 713
Property, plant and equipment	31 869
Deferred tax assets	2 259
Financial liabilities at fair value through profit or loss	(1 344)
Deposits and loans from banks	(67 103)
Deposits and loans from customers	(2 992 886)
Subordinated debt	(8 012)
Trade payables and other liabilities	(37 114)
Current tax liability	(825)
Provisions	(6 553)
Deferred tax liabilities	(1 795)
Non-controlling interests	(63 729)
Net identifiable assets and liabilities	**537 466**
Goodwill on acquisition of new subsidiaries	20 033
Cost of acquisition	**557 499**
Settlement of advance payment from 2012	(422 236)
Value of investment previously held	(52 589)
Consideration paid, satisfied in cash	(82 674)
Cash acquired	41 363
Net cash outflow	**(41 311)**
Profit of the acquired entities since acquisition date	31 397
Profit of the acquired entities for all of 2013	76 885
Revenues of the acquired entities for all of 2013	244 337

[1] Poštová banka, a.s. was acquired together with its subsidiaries and associate, for a detailed structure refer to part (a) of this Note. Revenues comprise of net interest income, net fee income and dealing profits.

For details, refer to Note 3.1. Business combinations and purchase price allocations.

4.2. Disposals

(a) Disposals of subsidiaries and fully consolidated SPEs

In thousands of EUR	Date of disposal	Sales price	Cash inflow	Gain (loss) on disposal
31. prosinec 2014				
Subsidiaries				
J&T Advisors (Canada) Inc.	14.1.2014	-	-	-
J&T Sport Team ČR, s.r.o.	30.6.2014	7	-	13
První zpravodajská a.s.	30.6.2014	-	-	3 119
FORESPO PÁLENICA a. s.	8.10.2014	2 238	2 238	213
FORESPO SMREK a. s.	8.10.2014	4 856	4 856	531
FORESPO HOREC a SASANKA a. s.	8.10.2014	4 774	4 774	444
FORESPO HELIOS 1 a. s.	8.10.2014	8 301	8 301	8
FORESPO HELIOS 2 a. s.	8.10.2014	12 451	12 451	97
FORESPO SOLISKO, a. s.	8.10.2014	5 010	5 010	557
INVEST-GROUND a. s.	8.10.2014	33 645	33 645	9 579
FORESPO - RENTAL 1 a.s.	15.12.2014	14 994	14 994	750
FORESPO - RENTAL 2 a. s.	15.12.2014	33 131	33 131	(347)
FORESPO BDS a.s.	23.12.2014	8 461	8 461	2 753
J&T GLOBAL SERVICES LIMITED	31.12.2014	3 849	-	(146)
JTG Services Anstalt	31.12.2014	-	-	-
Total	**-**	**131 717**	**127 861**	**17 571**
31 December 2013				
Subsidiaries and fully consolidated SPEs				
AGUNAKI ENTERPRISES LIMITED	30.12.2013	286	-	282
J&T BFL Anstalt	30.12.2013	(115 748)	-	(115 796)
LCE COMPANY LIMITED	1.10.2013	-	-	28 888
NEEVAS INVESTMENT LIMITED	1.10.2013	-	-	57 682
STOMARLI HOLDINGS LIMITED	1.10.2013	-	-	37 520
J&T Concierge SR, s.r.o., v likvidácii	30.11.2013	-	-	-
Investment Pools[1]	30.12.2013	5 400	-	1 291
J&T Private Equity B.V.	30.12.2013	186 964	-	(9 126)
J&T FINANCIAL INVESTMENTS LIMITED	30.12.2013	-	-	-
J&T Private Investments B.V.	30.12.2013	-	-	-
J&T Private Investments II B.V.	30.12.2013	36	-	2
J&T SECURITIES MANAGEMENT LIMITED	30.12.2013	57 130	-	(920)
KOTRAB ENTERPRISES LIMITED	30.12.2013	626	-	15
RIGOBERTO INVESTMENTS LIMITED	30.12.2013	64 639	-	15 422
SOLEGNOS ENTERPRISES LIMITED	30.12.2013	73 863	-	15 344
Subsidiaries acquired exclusively with a view to resale				
Photovoltaic power plants[2]	19.12.2013	8 786	-	1 096
Total	**-**	**281 982**	**-**	**31 700**

[1] J&T Investment Pool - I - SKK, a.s., J&T Investment Pool - I - CZK, a.s., J&T Capital Management Anstalt
[2] J&T FVE uzavřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s., FVE Slušovice s.r.o., FVE Němčice s.r.o. and FVE Napajedla s.r.o.

In 2013 most of the selling price was settled through compensation of mutual receivables and payables with J&T Private Equity Group for a total of EUR 274,411 thousand.

(b) Effect of disposals

The disposals of subsidiaries and special purpose entities had the following effect on the Group's assets and liabilities (for 2013 refer also to Note 5. Discontinued operations):

Effect of disposals in 2014

In thousands of EUR	Real estate companies[1]	Other entities	Total effect
Cash and cash equivalents	4 114	899	5 013
Loans and advances to customers	-	623	623
Trade receivables and other assets	1 227	4 105	5 332
Current tax assets	57	44	101
Investment property	109 890	-	109 890
Intangible assets	5	5	10
Property, plant and equipment	-	14	14
Deposits and loans from customers	(11 328)	(26 077)	(37 405)
Trade payables and other liabilities	(1 433)	(2 471)	(3 904)
Current tax liability	(7)	-	(7)
Provisions	(93)	-	(93)
Deferred tax liabilities	(131)	-	(131)
Non-controlling interests	(519)	-	(519)
Net assets and liabilities	**101 782**	**(22 858)**	**78 924**
Receivables sold in related transaction	**11 234**	**26 096**	**37 330**
Sales price	127 861	3 856	131 717
Cumulative income and expense included in other comprehensive income reclassified to profit or loss	(260)	2 368	2 108
Gain on disposal	**14 585**	**2 986**	**17 571**
Consideration received, satisfied in cash	127 861	-	127 861
Cash disposed of	(4 114)	(899)	(5 013)
Net cash inflow (outflow)	**123 747**	**(899)**	**122 848**

[1] Real estate companies disposed by investment funds FOND DLHODOBÝCH VÝNOSOV o.p.f. and NÁŠ DRUHÝ REALITNÝ o.p.f. (refer to note 44. Group entities)

Effect of disposals in 2013

In thousands of EUR	Principal Investments	Photovoltaic power plants [1]	Total effect
Cash and cash equivalents	12 734	-	12 734
Financial assets at fair value through profit or loss	203 942	-	203 942
Securities available for sale	194 643	-	194 643
Financial instruments held to maturity	157	-	157
Disposal group held for sale	-	55 094	55 094
Loans and advances to banks	1 756	-	1 756
Loans and advances to customers	1 681 076	-	1 681 076
Loans to "Limited Partnerships"	182 806	-	182 806
Trade receivables and other assets	326 664	-	326 664
Current tax assets	48	-	48
Intangible assets	115	-	115
Financial liabilities at fair value through profit or loss	(519)	-	(519)
Liabilities associated with assets held for sale	-	(28 327)	(28 327)
Deposits and loans from banks	(162 086)	-	(162 086)
Deposits and loans from customers	(1 942 416)	-	(1 942 416)
Trade payables and other liabilities	(213 732)	-	(213 732)
Current tax liability	(682)	-	(682)
Non-controlling interests	1 837	(14 313)	(12 476)
Net assets and liabilities	**286 343**	**12 454**	**298 797**
Sales price	273 196	8 786	281 982
Other values acquired	20 184	6 264	26 448
Cumulative exchange profits and changes in fair value in respect of net assets of the subsidiaries reclassified from equity to profit or loss	23 567	(1 500)	22 067
Gain on disposal	**30 604**	**1 096**	**31 700**
Consideration received, satisfied in cash	-	-	-
Cash disposed of	(12 734)	-	(12 734)
Net cash outflow	**(12 734)**	**-**	**(12 734)**

[1] J&T FVE uzavřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s., FVE Slušovice s.r.o., FVE Němčice s.r.o. and FVE Napajedla s.r.o.

5. DISCONTINUED OPERATIONS

In 2013, the Group sold the major part of its non-banking activities. Management committed to a plan to sell these companies in 2013 following a strategic decision to focus on banking and financing activities.

Results of discontinued operations	
In thousands of EUR	2013
Interest income	121 347
Interest expense	(75 795)
Net interest income	**45 552**
Fee and commission income	105
Fee and commission expense	(226)
Net fee and commission expense	**(121)**
Net dealing profit	746
Total revenues	**46 177**
Other operating income	21 210
Total income	**67 387**
Personnel expenses	(30)
Creation of impairment losses on loans	(124)
Other operating expenses	(3 530)
Total expenses	**(3 684)**
Profit before tax	**63 703**
Gain on sale of discontinued operations	30 604
Income tax expense	(3 056)
Profit for the period from discontinued operations	**91 251**
Profit for the period related to subsidiaries acquired exclusively with a view to resale	4 948
Total profit for the period from discontinued operations	**96 199**

Cash flows from (used in) discontinued operations	
In thousands of EUR	2013
Net cash flow from operating activities	35 614
Net cash flows used in investing activities	(32 626)
Net cash flows used in financing activities	-
Net cash flows from discontinued operations	**2 988**

6. NET INTEREST INCOME

In thousands of EUR	2014	2013
Interest income		
Loans and advances to banks and customers	378 959	312 466
Repo transactions	18 649	23 135
Bonds and other fixed income securities	77 435	52 891
Bills of exchange	9 376	16 730
Receivables from central banks	455	677
Other	8 284	10 523
Total interest income	**493 158**	**416 422**
Less discontinued operations	-	(121 347)
Total for continuing operations	**493 158**	**295 075**
Interest expense		
Deposits and loans from banks and customers	(148 645)	(156 112)
Repo transactions	(97)	(1 562)
Bonds and other securities with fixed interest rate	(21 473)	(18 809)
Bills of exchange	(1 811)	(44 816)
Other	(9 400)	(6 370)
Total interest expense	**(181 426)**	**(227 669)**
Less discontinued operations	-	75 795
Total for continuing operations	**(181 426)**	**(151 874)**
Total net interest income	311 732	188 753
Less net interest income from discontinued operations	-	(45 552)
Total net interest income from continuing operations	311 732	143 201

The interest income from impaired loans accrued in 2014 was in amount of EUR 12,145 thousand (2013: EUR 9,102 thousand). The receivable from the interest income from impaired loans has also been impaired.
Interest income from financial assets that are not at fair value through profit or loss in 2014 was EUR 479,968 thousand (2013: EUR 404,154 thousand). Interest expense from financial liabilities that are not at fair value through profit or loss in 2014 was EUR 180,537 thousand (2013: EUR 226,804 thousand).

7. NET FEE AND COMMISSION INCOME

In thousands of EUR	2014	2013
Fee and commission income		
Fees on administration and payment transactions	33 072	14 227
Fees on assets under management	18 516	8 795
Fees on financial instrument operations	7 229	5 550
Fees on promises and guarantees	5 034	4 697
Fees on bond issue	3 139	2 712
Intermediation fees	4 131	2 703
Fees on custody, administration and depositing of valuables	2 231	1 825
Other fees and commission income	14 632	8 476
Total fee and commission income	**87 984**	**48 985**
Less discontinued operations	-	(105)
Total for continuing operations	**87 984**	**48 880**
Fee and commission expense		
Intermediation fees	(10 304)	(6 397)
Fees on payment transaction	(12 291)	(4 734)
Fees on financial instrument operations	(3 924)	(4 563)
Other fees and commission expenses	(4 095)	(2 034)
Total fee and commission expense	**(30 614)**	**(17 728)**
Less discontinued operations	-	226
Total for continuing operations	**(30 614)**	**(17 502)**
Total net fee and commission income	**57 370**	**31 257**
Less net fee and commission income from discontinued operations	-	121
Total net fee and commission income from continuing operations	**57 370**	**31 378**

Other fees and commission income includes large number of sundry items that are not significant on an individual basis.

8. NET DEALING LOSS

In thousands of EUR	2014	2013
Realised and unrealised losses on financial instruments at fair value	(11 415)	(59 561)
Realised and unrealised gains (losses) from receivables	(14 290)	848
Dividend income	2 756	3 504
Total net dealing loss	**(22 949)**	**(55 209)**
Less discontinued operations	-	(746)
Total for continuing operations	**(22 949)**	**(55 955)**

The majority of losses on financial instruments in 2014 arises from trading in currency derivatives of EUR 42,450 thousand (2013: loss of EUR 57,778 thousand) and from the Group's investments in Slovak government bonds, amounting to EUR 3,189 thousand (2013: gain of EUR 15,214 thousand) and in Unipetrol, a.s., amounting to EUR 1,460 thousand (2013: loss of EUR 2,416 thousand).
The Group also recognized gains from investments in GIM Limited in amount of EUR 8,520 thousand, in Czech government bonds in amount of EUR 6,157 thousand (2013: nil), in Tatry Mountain Resorts, a.s. in amount of EUR 2,703 thousand (2013: EUR 41 thousand) and in Best Hotel Properties, a.s. in amount of EUR 2,655 thousand (2013: EUR 102 thousand).
The dividend income of the Group mainly consists of dividend income from Energochemica SE in amount of EUR 2,244 thousand (2013: Tatry Mountain Resorts, a.s. EUR 1,216 thousand) and CEZ, a.s. in amount EUR 423 thousand (2013: EUR 431 thousand).

9. OTHER OPERATING INCOME

In thousands of EUR	2014	2013
Exchange rate gains	43 101	74 321
Gain on the disposal of subsidiaries and special purpose entities, net (Note 4.2)	17 571	30 604
Revenues from services and consulting	12 633	8 992
Revenues from receivables written off	10 013	15 567
Income from rendered aircraft and other operating leases	7 216	5 777
Revenues (premium) of insurance companies	5 282	2 152
Goods sold	4 279	2 120
Rental income from investment property	3 265	3 515
Gain from gold bar	2 596	450
Other rental income	244	451
Gain on disposal of property, plant and equipment and intangible assets, net	-	920
Other income	8 451	3 514
Total other operating income	**114 651**	**148 383**
Less discontinued operations including gain on their disposal	-	(51 814)
Total for continuing operations	**114 651**	**96 569**

Other income includes large number of sundry items that are not significant on an individual basis.

10. PERSONNEL EXPENSES

In thousands of EUR	2014	2013
Wages and salaries	65 480	47 647
Compulsory social security contributions	17 403	11 233
Other social expenses	1 756	1 007
Total personnel expenses	**84 639**	**59 887**
Less discontinued operations	-	(30)
Total for continuing operations	**84 639**	**59 857**

The weighted average number of employees during 2014 was 2,249 (2013: 1,438), out of which executives represent 201 (2013: 161).

11. OTHER OPERATING EXPENSES

In thousands of EUR	2014	2013
Change in provisions (see Note 31. Provisions)	18 081	776
Rent expenses	15 019	10 036
Tax on financial transactions	13 083	9 659
Advertising expenses	11 667	9 166
Consulting expenses	9 233	6 682
Mandatory fees paid by financial institutions	9 166	4 661
Repairs and maintenance expenses	7 742	4 945
Change in fair value of investment property, net	6 567	-
Communication expenses	5 721	3 518
Materials	4 714	2 469
Goods sold	4 303	2 309
Property and other taxes	3 571	2 344
Insurance technical provisions and claims	2 841	1 066
Change in impairment of receivables and inventories	2 591	2 441
Sponsoring and gifts	2 364	2 443
Transport and accommodation, travel expenses	1 896	4 614
Handling and operation of aircraft	1 243	1 483
Training, courses and conferences	1 106	971
Outsourcing	957	601
Contractual penalties	822	155
Energy	624	431
Other operating expenses	16 722	9 655
Total other operating expenses	**140 033**	**80 425**
Less discontinued operations	-	(3 530)
Total for continuing operations	**140 033**	**76 895**

Other operating expenses include large number of sundry items that are not significant on an individual basis.

12. INCOME TAX

In thousands of EUR	2014	2013
Current tax expense		
Current year	(37 832)	(12 802)
Adjustments for prior periods	(5)	(1 621)
Withheld on interest	(270)	(259)
	(38 107)	(14 682)
Deferred tax income (expense)		
Origination and reversal of temporary differences	3 662	(9 218)
Change in tax rate	(14)	475
	3 648	(8 743)
Total income tax expense	**(34 459)**	**(23 425)**
Less discontinued operations	-	3 056
Total for continuing operations	**(34 459)**	**(20 369)**

The corporate income tax rate in the Czech Republic for 2014 and 2013 is 19%. The corporate income tax rate in Slovakia in 2013 was 23%. As from 1 January 2014 the tax rate in Slovakia is 22%.

(i) Reconciliation of the effective tax rate

In thousands of EUR

	2014		2013	
	%		%	
Profit before tax		**96 471**		**108 798**
Income tax at 19% (2013: 23%)	(19,0)	(18 329)	(23,0)	(25 024)
Effect of tax rates in foreign jurisdictions	0,8	731	(8,2)	(8 941)
Non-deductible expenses	(24,8)	(23 925)	(37,7)	(41 060)
Non-taxable income	9,0	8 696	49,0	53 288
Tax withheld on interest	(0,3)	(270)	(0,2)	(259)
Recognition of previously unrecognised tax losses	0,7	630	12,4	13 475
Current year tax losses for which no deferred tax asset was recognised	(2,2)	(2 041)	(4,5)	(4 827)
Change in temporary differences for which no deferred tax asset was recorded	0,1	68	(8,2)	(8 931)
Tax charges over provided in prior years	(0,0)	(5)	(1,5)	(1 621)
Change in tax rate	(0,0)	(14)	0,4	475
Total income tax expense	**(35,7)**	**(34 459)**	**(21,5)**	**(23 425)**
Less discontinued operations	-	-	2,8	3 056
Total tax from continuing operations	**(35,7)**	**(34 459)**	**(18,7)**	**(20 369)**

As a consequence of the merger described in Note 1. Corporate information resulting in the change of the Parent Company being now an entity with Czech tax domicile, the % of income tax has changed respectively.

(ii) Income tax recognized in other comprehensive income

In thousands of EUR	2014			2013		
	Before tax	Tax benefit	Net of tax	Before tax	Tax expense	Net of tax
Foreign exchange translation differences	(29 125)	-	(29 125)	(63 083)	-	(63 083)
Change in fair value of financial assets available for sale	4 003	(529)	3 474	(9 495)	1 624	(7 871)
Share of other comprehensive income of investments accounted for using the equity method	(1 023)	-	(1 023)	(133)		(133)
Total	**(26 145)**	**(529)**	**(26 674)**	**(72 711)**	**1 624**	**(71 087)**

(iii) Movements in deferred tax balances during the year

In thousands of EUR

	Balance at 1 January 2014	Recognised in profit or loss	Recognised in other comprehensive income	Acquired in business combinations (see Note 4.1.)	Foreign exchange translation differences	Disposals	Balance at 31 December 2014
Property, plant and equipment	(1 359)	(6)	-	-	(126)	-	(1 491)
Intangible assets	(27 240)	3 024	-	430	3	-	(23 783)
Investment properties	(4 461)	(254)	-	-	1 693	131	(2 891)
Impairment of trade receivables and other assets	111	(3)	-	-	(1)	-	107
Securities available for sale	(3 502)	(479)	(529)	-	74	-	(4 436)
Financial instruments held to maturity	(12 567)	814	-	-	1	-	(11 752)
Employees benefits (IAS 19)	935	(217)	-	-	(1)	-	717
Unpaid interest, net	(83)	26	-	-	-	-	(57)
Financial assets at fair value through profit or loss	61	301	-	-	(112)	-	250
Loans and borrowings	12 957	2 828	-	-	283	-	16 068
Provisions	2 019	1 277	-	-	46	-	3 342
Tax losses	16 938	(3 738)	-	259	(81)	-	13 378
Other temporary differences	195	75	-	-	(20)	-	250
Total	**(15 996)**	**3 648**	**(529)**	**689**	**1 759**	**131**	**(10 298)**
Property, plant and equipment	(220)	(630)	-	(542)	33	-	(1 359)
Intangible assets	(645)	(3 143)	-	(23 496)	44	-	(27 240)
Investment properties	(4 775)	177	-	(395)	532	-	(4 461)
Impairment of trade receivables and other assets	5	33	-	74	(1)	-	111
Securities available for sale	(3 727)	-	1 624	(1 578)	179	-	(3 502)
Financial instruments held to maturity	-	1 326	-	(13 952)	59	-	(12 567)
Employees benefits (IAS 19)	-	441	-	495	(1)	-	935
Unpaid interest, net	(924)	847	-	(36)	30	-	(83)
Financial assets at fair value through profit or loss	(824)	864	-	-	21	-	61
Loans and borrowings	246	3 850	-	8 765	96	-	12 957
Provisions	12	2 074	-	15	(82)	-	2 019
Tax losses	446	(14 463)	-	31 069	(114)	-	16 938
Other temporary differences	286	(119)	-	45	(17)	-	195
Total	**(10 120)**	**(8 743)**	**1 624**	**464**	**779**	**-**	**(15 996)**

See also Note 32. Deferred tax assets and liabilities.

13. CASH AND CASH EQUIVALENTS

In thousands of EUR	31 December 2014	31 December 2013
Cash and cash equivalents at amortised cost		
Cash on hand	41 957	29 052
Current accounts with banks	168 150	109 217
Current accounts with central banks	13 080	3 957
Loans and advances to central banks	523 924	319 417
Loans and advances to other banks	137 257	37 451
Total cash and cash equivalents	**884 368**	**499 094**

Term deposits with original maturity up to three months are classified as cash equivalents.
The weighted average interest rate on loans and advances to banks was 0.17 % as at 31 December 2014 (2013: 0.09 %).

14. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

14.1. Financial assets at fair value through profit or loss

In thousands of EUR	31 December 2014	31 December 2013
Non-derivative financial assets at fair value through profit or loss		
Bonds	325 299	287 843
Shares	6 696	8 939
Other financial assets	2 054	1 151
Total trading portfolio	**334 049**	**297 933**
Bonds	-	30 173
Shares	21 023	21 259
Other financial assets	2 821	3 123
Total investing portfolio	**23 844**	**54 555**
	357 893	352 488
Derivatives		
Forward currency contracts	3 531	10 214
Option contracts for share purchase	2 118	2 245
Option contracts for commodity purchase	32	110
	5 681	12 569
Total financial assets at fair value through profit or loss	**363 574**	**365 057**

The investing portfolio as at 31 December 2014 comprises mainly shares of Best Hotel Properties, a.s. for EUR 20,999 thousand (2013: EUR 21,235 thousand). The shares in the trading portfolio as at 31 December 2014 included mainly shares of ČEZ a.s. for EUR 2,641 thousand (2013: EUR 283 thousand).
Debentures for trading as at 31 December 2014 comprises mainly Czech government bonds of EUR 201,483 thousand (2013: EUR 89,848 thousand), Slovak government bonds of EUR 10,963 thousand (2013: EUR 77,258 thousand) and various corporate bonds in the amount of EUR 107,573 thousand (2013: EUR 115,178 thousand).
Government bonds in the amount of EUR 23,055 thousand (2013: EUR 25,788 thousand) have been pledged as security for bank loans as at 31 December 2014. As at 31 December 2013 also shares of Best Hotel Properties, a.s. in the amount of EUR 20,999 thousand have been pledged as security for the bank loan, that was repaid in 2014.
Income from debt and other fixed-rate instruments is recognised in interest income. At 31 December 2014 the weighted average interest rate on bonds was 7.12% (2013: 7.46%).

(i) Fair value measurement of financial assets at fair value through profit or loss

As at 31 December 2014

In thousands of EUR	Shares	Bonds	Other financial assets	Total
Fair value of non-derivative financial assets at fair value through profit or loss				
Level 1 – quoted market prices	6 058	307 102	1 779	314 939
Level 2 – derived from quoted prices	-	-	1 406	1 406
Level 3 – calculated using valuation techniques	21 661	18 197	1 690	41 548
	27 719	325 299	4 875	357 893
Fair value of derivatives				
Level 2 – derived from quoted prices				5 681
				5 681
Total financial assets at fair value through profit or loss				**363 574**

As at 31 December 2013

In thousands of EUR	Shares	Bonds	Other financial assets	Total
Fair value of non-derivative financial assets at fair value through profit or loss				
Level 1 – quoted market prices	1 176	248 937	1 653	251 766
Level 2 – derived from quoted prices	-	-	2 004	2 004
Level 3 – calculated using valuation techniques	29 022	69 079	617	98 718
	30 198	318 016	4 274	352 488
Fair value of derivatives				
Level 2 – derived from quoted prices				12 569
Total financial assets at fair value through profit or loss				**365 057**

(ii) Detail of fair value measurement in Level 3

The following table shows a reconciliation from the opening balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

In thousands of EUR	Shares	Bonds	Other financial assets	Total
Balance at 1 January 2014	29 022	69 079	617	98 718
Total gains (losses) recognized in profit or loss	18	(614)	28	(568)
Additions	19	10 521	966	11 506
Disposals	(7 450)	(55 445)	-	(62 895)
Transfer to level 1	-	(5 214)	-	(5 214)
Interest income less interest received	-	(45)	-	(45)
Effect of movements in foreign exchange	52	(85)	79	46
Balance at 31 December 2014	**21 661**	**18 197**	**1 690**	**41 548**
Balance at 1 January 2013	129 276	8 063	-	137 339
Total gains (losses) recognized in profit and loss	(5 834)	(423)	(3)	(6 260)
Acquired subsidiaries	8 315	-	-	8 315
Disposed subsidiaries and special purpose entities	(35 368)	-	-	(35 368)
Transfer from level 1	-	39 422	-	39 422
Additions	64	26 811	621	27 496
Disposals	(67 154)	(4 652)	-	(71 806)
Interest income less interest received	-	253	-	253
Effect of movements in foreign Exchange	(277)	(395)	(1)	(673)
Balance at 31 December 2013	**29 022**	**69 079**	**617**	**98 718**

Based on changes in market conditions for some financial instruments, market prices for these instruments become available as at 31 December 2014. These bonds amounting to EUR 5,214 thousand were therefore transferred from Level 3 to Level 1 as at that date.
There were no transfers of financial assets at fair value through profit or loss between Level 1 and Level 2 of the fair value hierarchy during the years ended 31 December 2014 and 2013.

14.2. Financial liabilities at fair value through profit or loss

In thousands of EUR	31 December 2014	31 December 2013
Non-derivative financial liabilities at fair value through profit or loss		
Other financial liabilities at fair value	482	13
	482	13
Derivatives		
Forward currency contracts	12 588	1 703
Cross currency swaps	20 027	18 016
Put share options	4 096	8 725
Equity options for trading	-	791
Commodity derivatives	2	9
	36 713	29 244
Total financial liabilities at fair value through profit or loss	**37 195**	**29 257**

(i) Fair value measurement of financial liabilities at fair value through profit or loss

In thousands of EUR	31 December 2014	31 December 2013
Fair value of non-derivative financial liabilities at fair value through profit or loss		
Level 1 – quoted market prices	482	13
	482	13
Fair value of derivatives		
Level 2 – derived from quoted prices	36 713	29 244
	36 713	29 244
Total financial liabilities at fair value through profit or loss	37 195	29 257

There were no transfers of financial liabilities at fair value through profit or loss between Level 1, Level 2 or Level 3 of the fair value hierarchy for the years ended 31 December 2014 and 2013.

15. SECURITIES AVAILABLE FOR SALE

In thousands of EUR	31 December 2014	31 December 2013
Shares	45 744	152 379
Investments funds units	258 909	97 953
Bonds	1 288 495	957 018
Bills of exchange	411	128 915
Total securities available for sale	**1 593 559**	**1 336 265**

At 31 December 2014 EUR 1,244,739 thousand (2013: EUR 928,799 thousand) of securities available for sale are expected to be recovered more than 12 months after the reporting date.

(i) Fair value measurement of available-for-sale financial assetsu

31 December 2014

In thousands of EUR	Shares	Investments funds units	Bonds	Bills of exchange	Total
Level 1 – quoted market prices	8 599	81 411	1 037 105	-	1 127 115
Level 2 – derived from quoted prices	2 078	177 498	8 337	411	188 324
Level 3 – calculated using valuation techniques	35 067	-	243 053	-	278 120
	45 744	258 909	1 288 495	411	1 593 559

31 December 2013

In thousands of EUR	Shares	Investments funds units	Bonds	Bills of exchange	Total
Level 1 – quoted market prices	29 176	70 152	705 588	-	804 916
Level 2 – derived from quoted prices	5 984	27 801	13 262	-	47 047
Level 3 – calculated using valuation techniques	117 219	-	238 168	128 915	484 302
	152 379	97 953	957 018	128 915	1 336 265

Securities available for sale comprise primarily bonds, investment funds units and shares as at 31 December 2014 and 2013. Bonds as at 31 December 2014 comprise Czech government bonds in amount of EUR 447,863 thousand (2013: EUR 314,084 thousand), Slovak government bonds in amount of EUR 279,461 thousand (2013: EUR 164,338 thousand), Polish government bonds of EUR 132,217 thousand (2013: EUR 85,508 thousand) and bonds of Tatry Mountain Resorts, a.s. of EUR 162,711 thousand (2013: nil).
The weighted average interest rate on bonds was 1.92 % (2013: 4.01 %). The maturity of the bonds is between 2015 and 2027. Bonds with maturity in 2027 are in amount of EUR 399,639 thousand (2013: EUR 173,868 thousand).
Shares as at 31 December 2014 comprise mainly shares of J&T Investment Pool - I - SKK, a.s. in amount of EUR 15,863 thousand (2013: EUR 13,880 thousand), shares of ČEZ, a.s. in amount of EUR 7,028 thousand (2013: EUR 6,227 thousand) and shares of J&T Investment Pool - I - CZK, a.s. in amount of EUR 6,263 thousand (2013: EUR 6,305 thousand).
Shares as at 31 December 2013 comprised mainly GIM Limited of EUR 48,980 thousand, Best Hotel Properties, a.s. of EUR 28,733 thousand, Unipetrol, a.s. of EUR 19,050 thousand and Tatry mountain resorts, a.s. of EUR 10,113 thousand, that were disposed during 2014.

(ii) Detail of fair value measurement in Level 3

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

In thousands of EUR	Equity instruments	Bonds	Other financial assets	Total
Balance at 1 January 2014	117 219	238 168	128 915	484 302
Total losses recognised in other comprehensive income	-	(3 770)	(2)	(3 772)
Total losses for the period recognised in profit or loss	(122)	(1 508)	-	(1 630)
Acquired subsidiaries	-	5	-	5
Additions	5 729	196 386	-	202 115
Disposals	(92 947)	(149 014)	(130 840)	(372 801)
Interest income less interest received	-	15 115	1 927	17 042
Transfer from L2	5 201	-	-	5 201
Transfer to L1	-	(50 904)	-	(50 904)
Effect of movements in foreign exchange	(13)	(1 425)	-	(1 438)
Balance at 31 December 2014	**35 067**	**243 053**	**-**	**278 120**
Balance at 1 January 2013	184 725	77 758	-	262 483
Total gains (losses) recognised in other comprehensive income	2 174	236	(3)	2 407
Acquired subsidiaries	49 210	137 796	158 828	345 834
Disposed subsidiaries and special purpose entities	(39 196)	-	-	(39 196)
Additions	21 959	87 996	522 200	632 155
Disposals	(100 895)	(68 266)	(558 653)	(727 814)
Interest income less interest received	-	1 199	6 543	7 742
Effect of movements in foreign exchange	(758)	1 449	-	691
Balance at 31 December 2013	**117 219**	**238 168**	**128 915**	**484 302**

Based on changes in market conditions for some financial instruments, derived market prices for these instruments were not available as at 31 December 2014. Financial instruments amounting to EUR 5,201 thousand were therefore transferred from Level 2 to Level 3 as at that date.
Due to changes in market conditions for some instruments, market prices from the active market became available and bonds amounting to EUR 50,904 thousand were therefore transferred from Level 3 to Level 1.
There were no transfers of available for sale financial assets between Level 1 and Level 2 of the fair value hierarchy during the years ended 31 December 2014 and 2013.

16. FINANCIAL INSTRUMENTS HELD TO MATURITY

In thousands of EUR	31 December 2014	31 December 2013
Slovak government bonds	519 573	575 948
Government bonds of other European Union countries	126 856	247 668
Financial institution and corporate bonds	47 925	68 617
Total financial instruments held to maturity	**694 354**	**892 233**

Government bonds of other European Union countries as at 31 December 2014 comprise Greek government bonds in amount of EUR 78,095 thousand (2013: EUR 73,795 thousand), government bonds of Cyprus in amount of EUR 47,021 thousand (2013: EUR 41,776 thousand. As at 31 December 2013 government bonds comprises also Hungarian government bonds in amount of EUR 132,097 thousand. Bonds of Financial institution and corporate bonds comprise the following bonds listed on stock exchanges: MOL Hungarian Oil and Gas in amount of EUR 32,188 thousand (2013: EUR 31,723 thousand) and Gaz Capital S.A. of EUR 15,075 thousand (2013: EUR 15,593 thousand),
At 31 December 2014 EUR 557,857 thousand (2013: EUR 673,446 thousand) of financial instruments held to maturity are expected to be recovered more than 12 months after the reporting date.

17. LOANS AND ADVANCES TO BANKS

In thousands of EUR	31 December 2014	31 December 2013
Obligatory minimum reserves deposited in central banks	86 943	38 698
Other deposits in central banks	435	194 854
Term deposits	3 322	2 915
Other loans and advances to banks	84 453	925
Total loans and advances to banks	**175 153**	**237 392**

At 31 December 2014 EUR 2,618 thousand (2013: EUR 1,919 thousand) of loans to banks are expected to be recovered more than 12 months after the reporting date.
The weighted average interest rate of loans to banks as at 31 December 2014 was 2.78% (2013: 0.43%).
Obligatory minimum reserves represent the obligatory minimum reserves maintained by J&T BANKA, a.s., J&T Bank ZAO, Poštová banka, a.s. and VABA d.d. banka Varaždin under regulations of the relevant regulatory authorities. The obligatory minimum reserve for J&T BANKA, a.s. is calculated as 2% of primary deposits with a maturity of less than two years. These obligatory minimum reserves are interest earning. The obligatory minimum reserve for J&T Bank ZAO is calculated as 5.5% of nonresidents' deposits (including banks) and 4.0% of residents' deposits (excluding banks) minus average balances of deposits and accrued interest multiplied by 0.6. In the case of J&T Bank ZAO, the obligatory minimum reserve is not bearing any interest. The obligatory minimum reserve for Poštová banka, a.s. is calculated as 1% of primary deposits with maturity of less than two years and is interest bearing. The obligatory minimum reserve for VABA d.d. banka Varaždin is calculated on average daily balances of deposits and loans, issued debt securities, subordinated instruments and financial liabilites excluding balances with specified banks. The rate of obligatory reserves is 12% and is not bearing any interest.

18. LOANS AND ADVANCES TO CUSTOMERS

In thousands of EUR	31 December 2014	31 December 2013
Loans and advances to customers	5 396 313	4 417 912
Less allowance for impairment of loans	(137 297)	(69 225)
Net loans and advances to customers	**5 259 016**	**4 348 687**

At 31 December 2014 EUR 3,075,554 thousand (2013: EUR 2,168,624 thousand) of loans and advances to customers are expected to be recovered more than 12 months after the reporting date.
Loans and advances to customers include 421 significant loans and advances, which represent 82.57% of total loans and advances to customers (2013: 280 representing 79.82%).
Loans and advances include a loan of EUR 55,000 thousand including accrued interest, granted to Energetický a průmyslový holding, a.s. (2013: EUR 100,016 thousand). In 2014 the Group had loans to four other customers with an aggregated balance of EUR 672,113 thousand (2013: EUR 416,414 thousand).
In 2012 the Group entered into financing arrangements with Energetický a průmyslový holding, a.s. (EPH), based on which a loan of EUR 100,000 thousand, repayable by 31 March 2016 at the latest, was granted. The loan principal might be converted by issuance of new shares into EPH equity (combination of Share capital and Share premium) at the discretion of either EPH (as a debtor) or the lender. The conversion option varied depending on the particular loan and whether the convertor was the lender or borrower. The utmost conversion date was31 March 2016.
As noted above, this financing arrangement contained embedded options to swap the outstanding amount of loan principal into EPH shares, under pre-defined conditions. Management believed that the fair value of the option could not be reasonably measured due to the fact that it was impossible to reliably determine the time value of the embedded option, which was expected to represent a significant portion of the overall option's fair value. As a consequence, the embedded derivative was measured at cost, which was zero.
As at 31 December 2014 part of the loan in amount of EUR 45,000 thousand was sold to a third party and option to convert the total amount of loan of EUR 100,000 thousand into new shares of EPH equity was cancelled.
Provisions for loans and advances to customers are determined and recorded based on the financial position and expected cash flows of the debtor, taking into account the value of collateral as well as guarantees from third parties. A significant part of the loans provided to customers relate to financing of projects and, as such, the repayment is dependent on realisation of the assets acquired by the customers financed by these loans as part of the projects. The assets are, in many cases, pledged in favour of the Group. Management believes that these receivables will be repaid in full.
The amount of non-interest bearing loans as at 31 December 2014 totaled EUR 3,841 thousand (2013: EUR 3,674 thousand). These loans are mostly from the former Podnikateľská banka, the clients of which are now in bankruptcy proceedings. Receivables from these loans are fully provided for.
The weighted average interest rate of loans to customers as at 31 December 2014 was 5.73% (2013: 8.38%).

19. IMPAIRMENT OF LOANS

In thousands of EUR	2014	2013
Balance at 1 January	69 225	38 252
Creation	118 248	53 332
Release	(16 857)	(8 829)
Use	(32 014)	(5 523)
Effect of movements in foreign exchange	(1 305)	(2 494)
Changes due to outgoing entities	-	(5 513)
Balance at 31 December	**137 297**	**69 225**

20. Repurchase and resale agreements

20.1. Repurchase agreements

The Group raises funds by selling financial instruments under agreements to repay the funds by repurchasing the instruments at future dates at the same price, plus interest at a predetermined rate. At 31 December 2014 and 2013, total assets sold under repurchase agreement were as follows:

In thousands of EUR

	Fair value of underlying asset	Carrying amount of liability	Repurchase price
31 December 2014			
Loans and advances from customers			
- maturity up to 1 month	1 138	1 155	1 154
- maturity 1-6 months	92	99	99
Loans and advances from banks			
- maturity up to 1 month	23 055	23 070	23 069
- maturity 1-6 months	1 400	1 400	1 400
Total	25 685	25 724	25 722
31 December 2013			
Loans and advances from customers			
- maturity up to 1 month	836	837	838
- maturity 1-6 months	4	4	4
Loans and advances from banks			
- maturity up to 1 month	78 642	73 780	73 795
- maturity 1-6 months	63 381	50 778	50 820
Total	142 863	125 399	125 457

20.2. Reverse repurchase agreements

The Group also purchases financial instruments under agreements to resell them at future dates ("reverse repurchase agreements"). Reverse repurchases are entered into as a facility to provide funds to customers. At 31 December 2014 and 2013, total assets purchased subject to agreements to resell them were as follows:

In thousands of EUR

	Fair value of assets held as collateral	Carrying amount of receivable	Repurchase price
31 December 2014			
Loans and advances to customers			
- maturity up to 1 month	315 934	227 129	234 694
- maturity 1-6 months	78 725	53 704	54 123
Loans and advances to banks and Cash and cash equivalents			
- maturity up to 1 month	133 048	82 881	83 358
Total	**527 707**	**363 714**	**372 175**
31 December 2013			
Loans and advances to customers			
- maturity up to 1 month	519 822	429 092	430 411
- maturity 1-6 months	195 067	160 044	163 426
Loans and advances to banks and Cash and cash equivalents			
- maturity up to 1 month	14	15	15
Total	**714 903**	**589 151**	**593 852**

Loans and advances to banks with an original maturity up to three months are disclosed as cash and cash equivalents.

21. TRADE RECEIVABLES AND OTHER ASSETS

In thousands of EUR	31 December 2014	31 December 2013
Receivables from capital contribution (refer to Note 33)	-	192 000
Trade receivables	21 335	20 169
- gross	21 744	20 583
- allowance	(409)	(414)
Purchased receivables	20 846	7 787
Settlement with post offices	14 278	17 474
Receivables from sale of subsidiaries	9 257	5 401
Securities settlement balances	8 626	5 164
Expected proceeds from liquidation	8 566	8 566
Receivables from insurance and reinsurance	637	566
- gross	1 045	566
- allowance	(408)	-
Other tax receivables	378	484
Other receivables	69 094	38 688
- gross	69 352	38 944
- allowance	(258)	(256)
Total receivables presented under risk management (see Note 38)	**153 017**	**296 299**
Prepayments	21 440	23 430
Advance payments	1 426	2 451
- gross	1 427	2 571
- allowance	(1)	(120)
Inventories	484	201
Total non-financial receivables and other assets	**23 350**	**26 082**
Total trade receivables and other assets	**176 367**	**322 381**

At 31 December 2014, EUR 2,602 thousand (2013: EUR 2,725 thousand) of trade receivables and other assets are expected to be recovered more than 12 months after the reporting date.

22. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

In thousands of EUR	31 December 2014	31 December 2013
Interests in joint ventures	1 662	3 344
Interest in associate	108	54
Total interests in equity accounted investees	**1 770**	**3 398**

(i) Joint ventures

The Group has interest in two individually immaterial joint ventures. Established by contractual agreement, the Group has a residual interest in the net assets of these joint ventures.
The table analyses, in aggregate, the share of profit and other comprehensive income of these joint ventures:

In thousands of EUR	31 December 2014	31 December 2013
Share of:		
Loss from continuing operations	(658)	(523)
Other comprehensive income	(1 023)	(133)
Total share of comprehensive income from joint ventures	**(1 681)**	**(656)**

Reconciliation of summarised financial information:

In thousands of EUR	2014	2013
Opening net assets value (100%)	**6 688**	**-**
Effect of establishment	-	8 000
Profit for the period	(1 317)	(1 046)
Other comprehensive income	(2 047)	(266)
Closing net assets value (100%)	**3 324**	**6 688**
Interests in joint ventures (50%)	**1 662**	**3 344**

23. INVESTMENT PROPERTY

In thousands of EUR	2014	2013
Balance at 1 January	138 791	26 476
Additions	1 328	684
Acquisition through business combination	-	114 797
Change in fair value	(6 567)	-
Transfer to Property, plant and equipment	(11 788)	-
Disposals	(70)	-
Disposals of subsidiaries	(109 890)	-
Effect of movement in foreign exchange	(5 346)	(3 166)
Balance at 31 December	**6 458**	**138 791**

Investment property as at 31 December 2014 includes buildings in amount of EUR 6,458 thousand (2013: buildings in amount of EUR 95,441 thousand and land in amount of EUR 43,350 thousand).
Due to to the acquisition of Hotel Kadashevskaya, LLC, the Group reclassified part of investment property rented to the Company to Property, plant and equipment (see Note 3.1. Business combinations and purchase price allocations).
Due to the acquisition of Poštová banka, a.s., the value of investment property increased significantly in 2013 through obtaining control in real estate investment funds. In 2014 real estate companies were sold by the funds (refer to note 4.2. Disposals).
At 31 December 2014 investment property with a carrying amount of EUR 6,458 thousand is subject to pledges securing bank loans (2013: EUR 66,497 thousand).
Investment property is insured in full as at 31 December 2014 (2013: buildings in amount of EUR 92,322 thousand).

24. INTANGIBLE ASSETS

In thousands of EUR	Goodwill	Contracts and brand	Customer relationships	Software and other intangible assets	Total
Cost					
Balance at 1 January 2013	31 013	-	42 079	12 683	85 775
Additions	-	-	-	10 869	10 869
Acquisitions through business combinations	20 033	89 316	35 388	20 009	164 746
Disposals	(115)	-	-	(3 746)	(3 861)
Effect of movements in foreign exchange	(2 719)	-	(2 027)	(964)	(5 710)
Balance at 31 December 2013	**48 212**	**89 316**	**75 440**	**38 851**	**251 819**
Balance at 1 January 2014	48 212	89 316	75 440	38 851	251 819
Additions	-	-	-	11 075	11 075
Acquisitions through business combinations	2 090	3	-	968	3 061
Disposals	(1)	-	-	(2 110)	(2 111)
Effect of movements in foreign exchange	(4 428)	(1)	4 751	(281)	41
Balance at 31 December 2014	**45 873**	**89 318**	**80 191**	**48 503**	**263 885**
Amortization and impairment losses					
Balance at 1 January 2013	(11 990)	-	(39 023)	(9 360)	(60 373)
Amortization charge for the year	-	(3 308)	(3 381)	(3 827)	(10 516)
Impairment	(1 914)	-	-	-	(1 914)
Disposals	-	-	-	321	321
Effect of movements in foreign exchange	941	-	1 808	552	3 301
Balance at 31 December 2013	**(12 963)**	**(3 308)**	**(40 596)**	**(12 314)**	**(69 181)**
Balance at 1 January 2014	(12 963)	(3 308)	(40 596)	(12 314)	(69 181)
Amortization charge for the year	-	(6 617)	(5 970)	(6 643)	(19 230)
Impairment	(10 484)	-	-	(424)	(10 908)
Disposals	-	-	-	83	83
Effect of movements in foreign exchange	3 246	-	(4 770)	160	(1 364)
Balance at 31 December 2014	**(20 201)**	**(9 925)**	**(51 336)**	**(19 138)**	**(100 600)**
Carrying amount					
At 1 January 2013	19 023	-	3 056	3 323	25 402
At 31 December 2013	35 249	86 008	34 844	26 537	182 638
At 1 January 2014	35 249	86 008	34 844	26 537	182 638
At 31 December 2014	**25 672**	**79 393**	**28 855**	**29 365**	**163 285**

Impairment loss recognized for goodwill in 2014 comprises mainly impairment loss allocated to cash-generating unit Interznanie OAO. For further detail refer to Note 3.2. Goodwill and impairment testing.

Assets under development and borrowing costs
As at 31 December 2014 the cost of intangible assets under development (included in Other intangible assets) was EUR 1,371 thousand (2013: EUR 2,202 thousand).
There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (2013: nil).

25. PROPERTY, PLANT AND EQUIPMENT

In thousands of EUR	Land and buildings	Aircraft and related flight equipment	Fixtures, fittings and equipment	Total
Cost				
Balance at 1 January 2013	14 165	9 370	10 717	34 252
Additions	70	-	5 119	5 189
Acquisitions through business combinations	20 512	-	11 357	31 869
Disposals	(7 618)	-	(2 947)	(10 565)
Effect of movements in foreign exchange	(801)	(406)	(584)	(1 791)
Balance at 31 December 2013	26 328	8 964	23 662	58 954
Balance at 1 January 2014	26 328	8 964	23 662	58 954
Additions	1 560	-	6 444	8 004
Acquisitions through business combinations	5 559	-	681	6 240
Transfers	24	-	(24)	-
Transfers from investment property	11 788	-	-	11 788
Disposals	(1 583)	-	(2 195)	(3 778)
Disposals of subsidiaries	-	-	(64)	(64)
Effect of movements in foreign exchange	(5 748)	1 219	(457)	(4 986)
Balance at 31 December 2014	37 928	10 183	28 047	76 158
Depreciation and impairment losses				
Balance at 1 January 2013	(505)	(1 464)	(6 003)	(7 972)
Depreciation charge for the year	(1 264)	(576)	(3 798)	(5 638)
Impairment	-	(980)	-	(980)
Disposals	1	-	1 328	1 329
Effect of movements in foreign exchange	38	120	167	325
Balance at 31 December 2013	**(1 730)**	**(2 900)**	**(8 306)**	**(12 936)**
Balance at 1 January 2014	(1 730)	(2 900)	(8 308)	(12 936)
Depreciation charge for the year	(1 753)	(479)	(5 582)	(7 814)
Impairment	-	(330)	-	(330)
Disposals	329	-	625	954
Disposals of subsidiaries	-		50	50
Effect of movements in foreign exchange	157	(471)	283	(31)
Balance at 31 December 2014	**(2 997)**	**(4 180)**	**(12 930)**	**(20 107)**
Carrying amount				
At 1 January 2013	13 660	7 906	4 714	26 280
At 31 December 2013	**24 598**	**6 064**	**15 356**	**46 018**
At 1 January 2014	24 598	6 064	15 356	46 018
At 31 December 2014	**34 931**	**6 003**	**15 117**	**56 051**

At 31 December 2014 property, plant and equipment with a carrying value of EUR 17,402 thousand is subject to pledges securing bank loans (2013: EUR 10,728 thousand).
As at 31 December 2014 the insured amount of the Group's property, plant and equipment totals EUR 124,013 thousand (2013: EUR 96,295 thousand).

Assets under construction and borrowing costs
As at 31 December 2014 the cost of property, plant and equipment under construction (included in Fixtures, fittings and equipment) was EUR 1 thousand (2013: EUR 24 thousand).
There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year (2013: nil).

Idle assets
At 31 December 2014 the Group had no material idle assets (2013: nil).

26. DEPOSITS AND LOANS FROM BANKS

In thousands of EUR	31 December 2014	31 December 2013
Term deposit from banks	75 821	60 324
Received loans from repurchase agreements	24 470	124 558
Other received loans	42 803	51 208
Total deposits and loans from banks	**143 094**	**236 090**

At 31 December 2014 EUR 42,563 thousand (2013: EUR 29,632 thousand) of deposits and loans from banks are expected to be settled more than 12 months after the reporting date.
The weighted average interest rate of deposits and loans from banks as at 31 December 2014 was 2.18% (2013: 1.93%).
For more information about repurchase agreements see Note 20. Repurchase and resale agreements.

27. DEPOSITS AND LOANS FROM CUSTOMERS

In thousands of EUR	31 December 2014	31 December 2013
Deposit and loans from customers		
Term and escrow deposits	5 677 533	4 844 994
Received loans from repurchase agreements	1 254	841
Deposits payable on demand	1 732 561	1 516 364
Other received loans	32 550	29 124
	7 443 898	6 391 323
Issued debt securities at amortised cost		
Issued bills of exchange and loan notes	95 944	59 046
	95 944	59 046
Total	**7 539 842**	**6 450 369**

At 31 December 2014 EUR 1,383,813 thousand (2013: EUR 955,145 thousand) of deposits and loans from customers are expected to be settled more than 12 months after the reporting date.
The weighted average interest rate of deposits and loans from customers as at 31 December 2014 was 1.92% (2013: 2.21%).
For more information about repurchase agreements see Note 20. Repurchase and resale agreements.

28. ISSUED BONDS

In thousands of EUR	Original currency	Interest rate	Maturity date	31 December 2014	31 December 2013
Bonds listed on Prague Stock Exchange	CZK	6,40 %	30.11.2014	-	160 985
Bonds listed on Bratislava Stock Exchange	EUR	6,40 %	6.2.2015	60 089	63 573
Bonds listed on Bratislava Stock Exchange	EUR	6,00 %	21.6.2016	99 977	67 904
Bonds listed on Prague Stock Exchange	CZK	5,20 %	15.9.2017	95 606	-
Bonds listed on Bratislava Stock Exchange	EUR	5,25 %	12.12.2018	19 181	-
Bonds not listed	EUR	6,00 %	20.12.2016	10 020	10 020
Total issued bonds				**284 873**	**302 482**

In November 2011 the Group issued 1,000 pieces of bonds with a nominal value of CZK 3,000 thousand per piece, that were listed and traded on the Prague Stock Exchange. By the end of 2011 an additional 170 pieces and in February 2012 another 330 pieces of CZK denominated bonds were issued. These bonds were fully repaid in November 2014.
In February 2012 the Group issued 1,000 pieces of bonds with a nominal value of EUR 100 thousand per piece, which were formally accepted by the Bratislava Stock Exchange in March 2012 and are traded on the regulated market.
In June 2013 the Group issued another 100,000 pieces of bonds with a nominal value of EUR 1,000 per piece. The bonds are listed and traded on the Bratislava Stock Exchange.
Furthermore in December 2013 the Group issued another 10,000 pieces of bonds with nominal value of EUR 1,000 per piece that were placed privately and are not traded on any regulated market.
In September 2014 the Group issued 1,481 pieces of bonds with nominal value of CZK 3,000 thousand per piece, that are traded on the Prague Stock Exchange and in December 2014 another 150,000 pieces of bonds with nominal value of EUR 1,000 per piece that are trade on the Bratislava Stock Exchange.
The interest from all issues is paid regularly twice a year.
The Group has not had any defaults of principal or interest or other breaches with respect to its debt securities during the years ended 31 December 2014 and 2013.
The total carrying amoung of the bonds issued does not include the amount of the bonds held by the companies within the Group.

29. SUBORDINATED DEBT

In thousands of EUR	31 December 2014	31 December 2013
Subordinated debt at amortised cost	123 632	156 686

As at 31 December 2014 subordinated debt includes floating rate subordinated notes issued by J&T BANKA, a.s. with initial amount of EUR 25 million (2013: EUR 25 million) with maturity in 2022, floating rate subordinated notes issued by J&T FINANCE GROUP SE with initial amount of EUR 3 million (2013: EUR 50 million) with maturity in 2022, and fixed interest subordinated deposits with initial amount of EUR 71.5 million (2013: EUR 71.5 million) with maturity in 2023.
Other subordinated debt as at 31 December 2014 includes fixed interest subordinated term deposits in total initial amount of EUR 20 million (2013: EUR 7 million) with maturity between years 2019 and 2024 (2013: 2019-2021).
Floating rate subordinated notes are based on 3 months EURIBOR. The weighted average interest rate on the subordinated debt as at 31 December 2014 was 5.36% (2013: 4.95%).

30. TRADE PAYABLES AND OTHER LIABILITIES

In thousands of EUR	31 December 2014	31 December 2013
Payables to clients from securities trading	78 751	69 325
Employee benefits	27 795	24 784
Trade payables	6 801	9 475
Uninvoiced supplies	5 752	7 644
Securities settlement balances	4 390	7 149
Other liabilities	26 163	42 925
Total payables presented under risk management (see Note 38)	**149 652**	**161 302**
Advance payments received	483	1 087
Deferred income	3 681	3 389
Total non-financial payables and other liabilities	**4 164**	**4 476**
Total	**153 816**	**165 778**

At 31 December 2014 EUR 340 thousand (2013: EUR 313 thousand) of trade payables and other liabilities are expected to be paid more than 12 months after the reporting date.
Other liabilities include large number of sundry items that are not significant on an individual basis.

31. PROVISIONS

In thousands of EUR	Insurance contracts	Other	Total
Balance at 1 January 2013	-	1 781	1 781
Additions through business combinations	6 212	341	6 553
Provisions recorded during the period	3 068	3 884	6 952
Provisions used during the period	(2 390)	(1 096)	(3 486)
Provisions reversed during the period	-	(86)	(86)
Foreign exchange loss	-	(406)	(406)
Balance at 31 December 2013	**6 890**	**4 418**	**11 308**
Balance at 1 January 2014	6 890	4 418	11 308
Additions through business combinations	-	305	305
Provisions recorded during the period	7 334	21 089	28 423
Provisions used during the period	-	(572)	(572)
Provisions reversed during the period	(5 418)	(1 181)	(6 599)
Decrease from outgoing entities	-	(93)	(93)
Foreign exchange gain	-	(56)	(56)
Balance at 31 December 2014	**8 806**	**23 910**	**32 716**

As at 31 December 2014 provisions in amount of EUR 8,038 thousand (2013: EUR 5,962 thousand) are expected to be used later than 12 months after the reporting date. These include mainly provision for life insurance in amount of EUR 7,480 thousand (2013: EUR 5,531 thousand) and provision for unearned premiums of EUR 437 thousand (2013: EUR 371 thousand). Other provisions include mainly provision for commitments and guarantees given in amount of EUR 19,207 thousand (2013: nil) and provision for a clients benefit programme (Magnus) of EUR 3,158 thousand (2013: EUR 2,143 thousand). Provision for guarantee and commitments include provision for guarantee recognised by the Group in 2014 in the amount of EUR 17,384 thousand based on Guarantee Agreement concluded in 2010 with Česká exportní banka, a.s. (ČEB). The guarantee agreement relates to a loan provided by ČEB to SLOVAKIA STEEL MILLS, a.s. for the construction of a steel mill. Total amount claimed by ČEB as at 31 December 2014 was EUR 26,886 thousand, however management considers a part of the amount of EUR 9,502 thousand to be unjustified.

32. Deferred tax assets and liabilities

32.1. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item:

In thousands of EUR	31 December 2014	31 December 2013
Tax losses carried forward	546	20 972

An estimation of the expiry of unrecognized tax losses is as follows:

In thousands of EUR	2015	2016	2017	2018	After 2018
Tax losses	182	182	182	-	-

A deferred tax asset is recognised for the carry forward of unused tax losses only to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.
Tax losses expire over a period of five years for losses arisen after 1 January 2004 in the Czech Republic. In Slovakia, tax losses arisen after 1 January 2010 can be amortised in the next four years equally each year. Some deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because, due to the varying nature of the sources of these assets, it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

32.2. Recognised deferred tax assets and liabilities

The following deferred tax assets and liabilities have been recognised:

In thousands of EUR	31 December 2014		31 December 2013	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	39	1 530	114	1 473
Intangible assets	433	24 216	6	27 246
Investment property	-	2 891	-	4 461
Impairment of trade receivables and other assets	107	-	111	-
Securities available for sale	208	4 644	2	3 504
Financial instruments held to maturity	-	11 752	-	12 567
Employee benefits (IAS 19)	717	-	935	-
Unpaid interest, net	-	57	-	83
Financial assets at fair value through profit or loss	250	-	61	-
Loans and borrowings	16 631	563	13 411	454
Provisions	3 351	9	2 019	-
Tax losses	13 378	-	16 938	-
Other temporary differences	302	52	236	41
	35 416	45 714	33 833	49 829
Netting[1]	(30 460)	(30 460)	(30 539)	(30 539)
Total	**4 956**	**15 254**	**3 294**	**19 290**

[1] Netting - gross deferred tax assets and liabilities were netted for each individual subsidiary of the Group when applicable.

Many parts of Slovak, Czech and Russian tax legislation remain untested and there is uncertainty about the interpretation that the financial authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved as legislative precedents are set or when the official interpretations of the authorities are available.

33. Shareholders' equity

(i) Share capital and share premium

As a result of the change of the Parent Company described in Note 1. Corporate information, the structure of equity has changed, including the amount of share capital and share premium representing the amounts corresponding to the successor company's share capital. The authorized, issued and fully paid share capital of J&T FINANCE GROUP SE as at 31 December 2014 consisted of 10 ordinary shares with a par value of CZK 200 thousand, 13,778,752 ordinary shares with a par value of CZK 1 thousand and 437,110,104 ordinary shares with a par value of CZK 1, being the same as the share capital of J&T FINANCE, a.s. as at 31 December 2013 (J&T FINANCE GROUP, a.s. as at 31 December 2013: 19,000 ordinary shares with a par value of EUR 1.66 thousand each).

The shareholders are entitled to receive dividends and to one vote per share at meetings of the Company's shareholders. The structure of the shareholders has changed due to the merger described in Note 1 as follows:

31 December 2014	Ownership %	Voting rights %
Ing. Jozef Tkáč	50	50
Ing. Ivan Jakabovič	50	50
Total	**100**	**100**

31 December 2013	Ownership %	Voting rights %
TECHNO PLUS, a. s.	100	100
Total	**100**	**100**

(ii) Non-distributable reserves

Non-distributable reserves include the legal reserve fund of the parent company and post-acquisition increases in subsidiaries' legal reserves. The legal reserve fund can only be used to cover losses of the Company and it may not be distributed as a dividend. The calculation of the legal reserve is based on local statutory regulations.

Up to 31 December 2013, the creation of a legal reserve fund in the Czech Republic was required at a minimum of 20% of net profit (annually), however up to a maximum of 10% of the registered share capital in the first year, and in the following years at a minimum of 5% of net profit (annually) and up to a minimum of 20% of the registered share capital. Since 1 January 2014, the creation of legal reserve fund in the Czech Republic is not required.

In Slovakia creation of a legal reserve fund is required at a minimum of 10% of net profit (annually) and up to a minimum of 20% of the registered share capital (cumulative balance).

In Russia creation of a legal reserve fund is required at a minimum of 5% of net profit (annually) up to a minimum of 5% of the registered share capital.

In Croatia creation of a legal reserve fund is required at a minimum of 20% of net profit (annually) and up to a minimum of 5% of the registered share capital.

(iii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Parent Company.

(iv) Other reserves and funds

Other reserves comprise changes in the fair value of financial instruments available for sale.

In addition, in 2013, the shareholder increased the equity through contribution of bills of exchange amounting to EUR 192,000 thousand to Other capital funds (refer also to Note 21. Trade receivables and other assets). Part of the receivable due from the shareholder in amount of EUR 142,000 thousand was set off with the corresponding liability of TECHNO PLUS, a. s. after the merger described in Note 1. Corporate information (refer also to Note 42. Effect of the merger). The remaining EUR 50,000 thousand were paid in 2014.

In 2014, J&T BANKA, a.s. issued and sold to investors subordinated unsecured certificates with a nominal value of CZK 100 thousand and no maturity date in the amount of EUR 32,660 thousand (31 December 2013: nil), disclosed as Other capital instruments in the consolidated statement of changes in equity. These certificates bear 10% annual yield, distributed quarterly from retained earnings, and are listed on the Prague Stock Exchange. The amount of issue, that combines characteristics of equity and debt instruments, approved by the Czech National Bank (CNB) on 19 June 2014 is CZK 1,000,000 thousand (EUR 36,056 thousand). CNB stipulated that these instruments are equity instruments and thus they comply with the requirements to be recognized as additional capital AT1, part of regulatory capital tier 1 (see also note 38.5. Capital Management).

On 30 June 2014, the Board of Directors of J&T Banka, a.s. approved new special purpose capital fund (Perpetuity fund), covering distribution of yield generated by the certificates described above, amounting to CZK 100,000 thousand (EUR 3,606 thousand). The Group has set up this fund from the retained earnings and distribution of income from the fund comply with the prospectus.

34. NON-CONTROLLING INTERESTS

In thousands of EUR	31 December 2014	31 December 2013
Poštová banka, a.s.	65 347	66 870
Equity Holding, a.s.	17 783	17 196
J&T REALITY otevřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s.	5 508	5 267
Vaba d.d. banka Varaždin	6 232	-
Other	217	1 534
Total non-controlling interests	**95 087**	**90 867**

The following table summarizes the information relating to Poštová banka, a.s., the Group's subsidiary that has material non-controlling interest before any intra-group eliminations:

31 December 2014

In thousands of EUR	Poštová banka, a.s.	Other individually immaterial subsidiaries	Total
Assets	4 349 560		
Liabilities	3 675 403		
Goodwill attributable to the Group	20 033		
Net assets excluding Goodwill attributable to the Group	**654 124**		
Non-controlling interest's percentage	9,99 %		
Carrying amount of non-controlling interest	**65 347**	**29 740**	**95 087**
Revenue	218 366		
Profit	28 461		
Other comprehensive income	3 099		
Total comprehensive income	31 560		
Non-controlling interest's percentage	11,94 % - 9,99 %		
Profit allocated to non-controlling interest	**3 186**	**1 938**	**5 124**
Other comprehensive income allocated to non-controlling interest	**344**	**(418)**	**(74)**
Cash flows from operating activities	155 589		
Cash flows from investing activities	103 755		
Cash flows from financing activities	9 165		
Net increase (decrease) in cash and cash equivalents	**268 509**		

The non-controlling interest's percentage in Poštová banka, a.s. changed in July 2014 therefore the profit allocated to non-controlling interest and Other comprehensive income allocated to non-controlling interest was calculated using both percentages before and after acquisition.

31 December 2013

In thousands of EUR	Poštová banka, a.s.	Other individually immaterial subsidiaries	Total
Assets	3 998 359		
Liabilities	3 418 276		
Goodwill attributable to Group	20 033		
Net assets excluding Goodwill atributable to the Group	**560 050**		
Non-controlling interest's percentage	11,94 %		
Carrying amount of non-controlling interest	**66 870**	**23 997**	**90 867**
Revenue	114 245		
Profit	31 546		
Other comprehensive income	3 870		
Total comprehensive income	35 416		
Non-controlling interest's percentage	11,94 %		
Profit allocated to non-controlling interest	**3 767**	**(2 251)**	**1 516**
Other comprehensive income allocated to non-controlling interest	**462**	**(1 294)**	**(832)**
Cash flows from operating activities	225 946		
Cash flows used in investing activities	(185 791)		
Cash flows used in financing activities	(24 316)		
Net increase (decrease) in cash and cash equivalents	**15 839**		

Changes of non-controlling interests without a change in control

In February 2014, the Group contributed through J&T BANKA, a.s., to its subsidiary, J&T REALITY otevřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a.s. (J&T REALITY OPF), EUR 8,000 thousand increasing its ownership (including share of Poštová banka, a.s. in this company) from 82.1 % to 85.81 %.

In July 2014 the Group increased the ownership in Poštová banka, a.s. by subscription of new shares in amount of EUR 60,000 thousand from 88.06 % to 90.01 %.

The table below summarizes changes of non-controlling interests in those companies where no change in control occurred and does not include effect from newly purchased or established entities with non-controlling interests.

In thousands of EUR	Poštová banka, a.s.	J&T REALITY OPF	Other	Total
Non-controlling interest at 1 January 2014	66 870	5 267	x	x
Change in Company's ownership interest	(5 413)	-	(1 208)	(6 621)
Dividends	360	-	(531)	(171)
Effect of disposals	-	-	(519)	(519)
Redemption of investment funds units	-	-	(991)	(991)
Share of comprehensive income	3 530	241	1,336	-
Non-controlling interest at 31 December 2014	**65 347**	**5 508**	**x**	**x**

On 16 January 2013, the Group acquired an additional 10% interest in Bayshore Merchant Services Inc. for EUR 537 thousand in cash, increasing its ownership from 90% to 100%.
In July 2013 acquired J&T BANKA, a.s. and Poštová banka, a.s. a 100% share (Group's share 94.04%) in subsidiary J&T REALITY OPF. As at 25 September 2013 the share of the Group in J&T REALITY OPF decreased by 11.93% to 82.1% due to subscription of new investment fund units by third parties. The breakdown of changes in non-controlling interests is following:

In thousands of EUR	J&T REALITY OPF	BAYSHORE MERCHANT SERVICES INC.	Total
Non-controlling interest at 1 January 2013	-	479	479
Change in Company's ownership interest	4 930	(459)	4 471
Share of comprehensive income	337	(20)	317
Non-controlling interest at 31 December 2013	**5 267**	**-**	**5 267**

35. FAIR VALUE INFORMATION

The following table is a comparison of the carrying amounts and fair values of the Group's financial assets and liabilities that are not carried at fair value:

31 December 2014		Fair value			
In thousands of EUR	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	884 368	-	884 274	-	884 274
Financial instruments held to maturity	694 354	726 071	-	-	726 071
Loans and advances to banks	175 153	-	174 677	-	174 677
Loans and advances to customers	5 259 016	-	5 500 407	253 682	5 754 089
Trade receivables and other financial assets under risk management	153 017	-	152 856	161	153 017
Financial liabilities					
Deposits and loans from banks	143 094	-	148 720	-	148 720
Deposits and loans from clients	7 539 842	-	7 524 740	-	7 524 740
Issued bonds	284 873	294 680	-	-	294 680
Subordinated debt	123 632	-	121 650	-	121 650
Trade payables and other financial liabilities under risk management	149 652	-	149 652	-	149 652

31 December 2013		Fair value			
In thousands of EUR	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	499 094	-	499 033	-	499 033
Financial instruments held to maturity	892 233	919 824	-	-	919 824
Loans and advances to banks	237 392	-	237 253	-	237 253
Loans and advances to customers	4 348 687	-	4 606 578	240 960	4 847 538
Trade receivables and other financial assets under risk management	296 299	-	295 927	-	295 927
Financial liabilities					
Deposits and loans from banks	236 090	-	234 259	-	234 259
Deposits and loans from clients	6 450 369	-	6 335 780	20 238	6 356 018
Issued bonds	302 482	312 533	-	-	312 533
Subordinated debt	156 686	-	159 406	-	159 406
Trade payables and other financial liabilities under risk management	161 302	-	161 302	-	161 302

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: Fair value is calculated based on discounted expected future principal and interest cash flows using the appropriate yield curve and risk spread. Expected future cash flows are estimated considering credit risk and any indication of impairment. The estimated fair values of loans reflect changes in credit status since the loans were made and changes in interest rates in the case of fixed rate loans.
Bank and customer deposits: For demand deposits and deposits with no defined maturities, fair value is taken to be the amount payable on demand at the statement of financial position date. The estimated fair value of fixed-maturity deposits is based on discounted cash flows using appropriate yield curve.
Trade receivables/ payables and other assets/ liabilities: For receivables/ payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. Other receivables/ payables are discounted to determine the fair value.
Financial instruments held to maturity: Fair value is based on quoted market prices traded in active markets at the statement of financial position date. If not available, the fair value is calculated based on discounted expected future principal and interest cash flows using the appropriate yield curve and risk spread. Expected future cash flows are estimated considering credit risk and any indication of impairment. The estimated fair values of financial instruments held to maturity reflect changes in credit status since they were acquired and changes in interest rates in the case of fixed rate instruments.

36. FINANCIAL COMMITMENTS AND CONTINGENCIES

In thousands of EUR	31 December 2014	31 December 2013
Accepted and endorsed bills of exchange	34 801	102 703
Guarantees given	323 236	297 973
Pledged assets	209 846	399 558
Loan commitments	412 006	330 033
Total financial commitments and contingencies	**979 889**	**1 130 267**

The carrying value of pledged assets that are used as collateral for loan financing is EUR 209,846 thousand (2013: EUR 399,558 thousand). Guarantees given mostly represent various guarantees issued in relation to loans, bills of exchange issued by other parties, lease contracts and other liabilities of third parties in amount of EUR 323,236 thousand (2013: EUR 297,973 thousand). These guarantees are disclosed in the table above at the amount of the possible obligation in the future. The maximum amount payable for guarantees given by the Group as at 31 December 2014 is EUR 340,729 thousand (2013: EUR 307,879 thousand). Loan commitments relate to loan facilities granted by the banks of the Group.

37. OPERATING LEASES

37.1. Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of EUR	31 December 2014	31 December 2013
Less than one year	5 336	4 827
Between one and five years	15 626	14 330
More than five years	4 609	6 186
Total	**25 571**	**25 343**

The Group leases a number of cars and administration space under operating leases. The administration space leases typically run for an initial period of five to fifteen years, with an option to renew after that date. During the year ended 31 December 2014, EUR 11,311 thousand was recognized as an expense in the income statement in respect of operating leases (2013: EUR 8,755 thousand).

37.2. Leases as lessor

The Group leases out its property under operating leases. Non-cancellable operating lease rentals are receivable as follows:

In thousands of EUR	31 December 2014	31 December 2013
Less than one year	931	893
Between one and five years	152	73
More than five years	-	5
Total	**1 083**	**971**

During the year ended 31 December 2014, EUR 10,725 thousand was recognized as rental income (2013: EUR 9,742 thousand).

38. RISK MANAGEMENT POLICIES AND DISCLOSURES

The Group has exposure to the following risks:
• credit risk
• liquidity risk
• market risk
• operational risks
This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

38.1. Credit risk

The Group's primary exposure to credit risk arises through its loans and advances provided. The maximum amount of credit exposure is represented by the respective carrying amounts in the statement of financial position. In addition, the Group is exposed to off-balance sheet credit risk through commitments to extend credit and financial guarantees (refer to Note 36. Financial commitments and contingencies). Most loans and advances are to corporates (companies from the non-financial sector, retail and various manufacturing companies). Further loans and advances are to retail, banks and other financial institutions.

The carrying amount of loans and advances and the off-balance sheet amounts represent the maximum accounting loss that would be recognised on these items at the statement of financial position date if counterparties failed to perform completely as contracted and any collateral or security proved to be of no value. The Group's policy is to require suitable collateral to be provided by customers prior to the disbursement of loans by the Group's banks.

The assessment of credit risk in respect of a counter-party or an issued debt is based on the Group's internal rating system, covering both external credit assessments by the S&P, Moody's or Fitch rating agencies, and the Group's internal scoring system.

The scoring system of the Group has seven degrees. It is based on a standardised point evaluation of relevant criteria, which describe the financial position of a contractual party and its ability 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. The internal rating is determined using the credit scale of S&P.

Credit risk in the banking entities of the Group is managed based on credit analysis and the Internal Rating Based (IRB) methodology.

The Group monitors concentrations of credit risk by sector and by geographic location.

(i) Concentration of credit risk by sector

31 December 2014

In thousands of EUR	Corporate	State, government	Financial institutions	Individuals	Other	Total
Assets						
Cash and cash equivalents	18	-	851 265	6	33 079	884 368
Financial assets at fair value through profit or loss	99 630	218 837	44 773	19	315	363 574
Securities available for sale	292 141	919 864	327 946	-	53 608	1 593 559
Financial instruments held to maturity	47 263	646 429	662	-	-	694 354
Loans and advances to banks	-	-	175 153	-	-	175 153
Loans and advances to customers	3 705 518	-	831 588	721 910	-	5 259 016
Trade receivables and other financial assets under risk management	80 347	2 243	70 149	1 296	713	154 748
	4 224 917	1 787 373	2 301 536	723 231	87 715	9 124 772
Liabilities (for informational purposes)						
Financial liabilities at fair value through profit or loss	4 678	-	32 272	245	-	37 195
Deposits and loans from banks	-	-	143 094	-	-	143 094
Deposits and loans from customers	1 508 468	224 239	328 051	5 237 646	241 438	7 539 842
Issued bonds	119 161	520	66 496	98 554	142	284 873
Subordinated debt	78 663	-	24 871	17 277	2 821	123 632
Trade payables and other financial liabilities under risk management	47 683	28 798	10 683	75 499	9 897	172 560
	1 758 653	253 557	605 467	5 429 221	254 298	8 301 196

31 December 2013

In thousands of EUR	Corporate	State, government	Financial institutions	Individuals	Other	Total
Assets						
Cash and cash equivalents	-	-	470 042	-	29 052	499 094
Financial assets at fair value through profit or loss	148 467	176 090	40 023	63	414	365 057
Securities available for sale	494 592	563 929	234 078	43 666	-	1 336 265
Financial instruments held to maturity	15 882	824 638	51 713	-	-	892 233
Loans and advances to banks	-	-	237 392	-	-	237 392
Loans and advances to customers	3 242 471	-	441 527	659 660	5 029	4 348 687
Trade receivables and other financial assets under risk management	60 108	3 464	155 795	51 662	28 068	299 097
	3 961 520	1 568 121	1 630 570	755 051	62 563	7 977 825
Liabilities (for informational purposes)						
Financial liabilities at fair value through profit or loss	8 167	-	20 143	947	-	29 257
Deposits and loans from banks	-	-	236 090	-	-	236 090
Deposits and loans from customers	1 460 344	224 653	213 360	4 435 916	116 096	6 450 369
Issued bonds	47 135	2 639	111 311	139 638	1 759	302 482
Subordinated debt	121 587	-	27 810	5 230	2 059	156 686
Trade payables and other financial liabilities under risk management	68 918	10 514	10 532	49 089	26 456	165 509
	1 706 151	237 806	619 246	4 630 820	146 370	7 340 393

(ii) Concentration of credit risk by location

31 December 2014

In thousands of EUR	Slovakia	Czech Republic	Cyprus	Croatia	Other	Total
Assets						
Cash and cash equivalents	307 285	439 756	-	19 955	117 372	884 368
Financial assets at fair value through profit or loss	50 439	263 289	9 388	-	40 458	363 574
Securities available for sale	599 616	691 588	1 080	25 025	276 250	1 593 559
Financial instruments held to maturity	519 573	-	47 021	-	127 760	694 354
Loans and advances to banks	30 281	45 093	-	13 997	85 782	175 153
Loans and advances to customers	1 641 950	976 841	2 059 141	88 641	492 443	5 259 016
Trade receivables and other financial assets under risk management	56 363	20 792	57 882	3 455	16 256	154 748
	3 205 507	2 437 359	2 174 512	151 073	1 156 321	9 124 772
Liabilities (for informational purposes)						
Financial liabilities at fair value through profit or loss	4 313	5 516	58	-	27 308	37 195
Deposits and loans from banks	83 574	47 665	-	4 598	7 257	143 094
Deposits and loans from customers	4 346 614	2 698 209	86 908	145 750	262 361	7 539 842
Issued bonds	144 183	130 536	401	-	9 753	284 873
Subordinated debt	11 755	20 722	3 002	401	87 752	123 632
Trade payables and other financial liabilities under risk management	65 296	75 250	23 012	875	8 127	172 560
	4 655 735	2 977 898	113 381	151 624	402 558	8 301 196

31 December 2013

In thousands of EUR	Slovakia	Czech Republic	Cyprus	Croatia	Other	Total
Assets						
Cash and cash equivalents	38 717	357 548	34	-	102 795	499 094
Financial assets at fair value through profit or loss	130 096	168 400	4,734	-	61 827	365 057
Securities available for sale	441 591	593 755	86 583	-	214 336	1 336 265
Financial instruments held to maturity	576 357	-	41 776	-	274 100	892 233
Loans and advances to banks	232 429	2 343	-	-	2 620	237 392
Loans and advances to customers	1 506 081	616 427	1 664 848	1 990	559 341	4 348 687
Trade receivables and other financial assets under risk management	247 804	14 101	13 226	-	23 966	299 097
	3 173 075	1 752 574	1 811 201	1 990	1 238 985	7 977 825
Liabilities (for informational purposes)						
Financial liabilities at fair value through profit or loss	9 489	941	339	-	18 488	29 257
Deposits and loans from banks	41 773	75 917	-	-	118 400	236 090
Deposits and loans from customers	3 929 523	2 121 273	88 637	-	310 936	6 450 369
Issued bonds	96 272	160 985	45 225	-	-	302 482
Subordinated debt	11 738	7 295	-	-	137 653	156 686
Trade payables and other financial liabilities under risk management	51 854	54 568	32 928	32	26 127	165 509
	4 140 649	2 420 979	167 129	32	611 604	7 340 393

The above table displays the credit risk by the location of the debtor or issuer of the securities.
Securities available for sale in the location Other include as at 31 December 2014 an investment of EUR 132,217 thousand in Polish government bonds (2013: EUR 85,508 thousand) and an investment of EUR 55,197 thousand in investment funds incorporated in Malta (2013: EUR 56,015 thousand).

Financial instruments held to maturity in the location Other include as at 31 December 2014 investment of EUR 32,188 thousand in MOL Hungarian Oil and Gas bonds (2013: EUR 31,723 thousand) and investment of EUR 78,095 thousand in Greek government bonds (2013: EUR 73,795 thousand). As at 31 December 2013 financial instruments held to maturity comprises also Hungarian government bonds in amount of EUR 132,097 thousand.
Loans and advances to customers in the location Other primarily relates to companies incorporated in Poland, in the Netherlands, in the Russian Federation, in Ireland and in the British Virgin Islands (2013: companies incorporated in The Netherlands, in the United Kingdom and in the Russian federation).
In addition, Deposits and loans from customers in the location Other primarily relates to companies and customers incorporated in the Russian Federation amount of EUR 101,203 thousand (2013: EUR 140,005 thousand).

(iii) Credit risk - impairment of financial assets

31 December 2014

In thousands of EUR	Financial instruments held to maturity	Loans and advances to banks	Loans and advances to customers	Trade receivables and other financial assets under risk management
Maximum exposure to credit risk				
Carrying amount	**694 354**	**175 153**	**5 259 016**	**154 748**
A) Assets for which a provision has been created				
- Gross			402 361	1 235
- Provision individual			(95 189)	(303)
- Provision collective			(42 108)	(772)
Impaired total (net)	-	-	265 064	160
B - Overdue Assets for which a provision has not been created				
- <30 days			35 838	1 996
- 31-180 days			17 660	328
- 181-365 days			8 652	70
- >365 days			37 634	456
Total	**-**	**-**	**99 784**	**2 850**

Loans and advances to customers overdue more than one year but with no provision created consist of receivables acquired through business combination in 2014 and 2013 and were recognized at their fair value as at the date of acquisition.

31 December 2013

In thousands of EUR	Financial instruments held to maturity	Loans and advances to banks	Loans and advances to customers	Trade receivables and other financial assets under risk management
Maximum exposure to credit risk				
Carrying amount	**892 233**	**237 392**	**4 348 687**	**299 097**
A) Assets for which a provision has been created				
- Gross	-	-	288 908	771
- Provision individual	-	-	(49 475)	(356)
- Provision collective	-	-	(19 750)	(314)
Impaired total (net)	-	-	219 683	101
B - Overdue Assets for which a provision has not been created				
- <30 days	-	-	729	100
- 31-180 days	-	-	1 404	171
- 181-365 days	-	-	7 360	138
- >365 days	-	-	18 953	203
Total	**-**	**-**	**28 446**	**612**

Loans and advances to customers overdue more than one year but with no provision created consist of receivables acquired through business combination in 2013 and were recognized at their fair value as at the date of acquisition.

(iv) Credit risk - collaterals

The Group holds collateral against loans and advances to customers mainly in the form of pledges, securities and acceptances of bills of exchange. Collaterals are used as assets that can be realized in the event of failure of the primary source of repayment of debts. The Group does not generally use non-cash collateral for its own operations. Loans and advances to customers are secured by collateral with the fair values below:

In thousands of EUR	31 December 2014		31 December 2013	
	Fair value	Carrying amount	Fair value	Carrying amount
Securities	1 315 007	1 169 254	1 273 723	1 124 553
Real estate	973 618	748 254	980 221	753 038
Bills of exchange	899 220	93 254	514 709	100 312
Cash deposits	50 423	49 907	74 925	74 507
Other	580 365	319 224	539 493	241 576
Total	**3 818 633**	**2 379 893**	**3 383 071**	**2 293 986**

38.2. Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of not being able to meet the obligations when they fall due, as well as the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

Various methods of managing liquidity risks are used by individual companies in the Group, including individual monitoring of large deposits. The Group's management focuses on methods used by financial institutions, that is, diversification of sources of funds. This diversification makes the Group flexible and limits its dependency on one financing source. Liquidity risk is evaluated in particular by monitoring changes in the structure of financing and comparing these changes with the Group's liquidity risk management strategy. The Group also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid funds.

The table below provides an analysis of assets and liabilities into relevant contractual maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. Expected maturities differ from contracted ones as historical evidence shows that most short-term loans and deposits are prolonged. The analysis is presented under the most prudent consideration of maturity dates, where options or repayment schedules allow for early repayment possibilities. Therefore, in the case of liabilities, the earliest possible repayment date is shown while for assets the latest possible repayment date is disclosed. Those assets and liabilities that do not have a contractual maturity date are grouped together in the "undefined maturity" category. The amounts disclosed are the contractual undiscounted cash flows and therefore may not agree with the carrying amounts in the statement of financial position.

Contractual maturities of financial assets and liabilities, including estimated interest payments

31 December 2014

In thousands of EUR	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity
Non-derivative financial assets							
Cash and cash equivalents	884 368	878 868	878 868	-	-	-	-
Financial assets at fair value through profit or loss	357 893	415 995	28 436	45 844	195 135	115 167	31 413
Securities available for sale	1 593 559	1 694 224	35 282	17 147	743 676	593 465	304 654
Financial instruments held to maturity	694 354	892 942	68 072	77 670	296 363	450 837	-
Loans and advances to banks	175 153	175 714	115 843	399	2 632	-	56 840
Loans and advances to customers	5 259 016	6 505 466	1 137 823	1 311 675	2 508 427	1 538 145	9 396
Trade receivables and other financial assets under risk management	154 748	153 777	78 584	68 834	697	-	5 662
	9 119 091	10 716 986	2 342 908	1 521 569	3 746 930	2 697 614	407 965

In thousands of EUR	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity
Derivative financial assets							
Forward exchange contracts							
- outflow	-	(227 877)	(151 510)	(76 367)	-	-	-
- inflow	3 531	231 185	154 170	77 015	-	-	-
Other derivatives							
- outflow	-	-	-	-	-	-	-
- inflow	2 150	2 168	8	16	2 144	-	-
	5 681	5 476	2 668	664	2 144	-	-
Non-derivative financial liabilities							
Financial liabilities at fair value through profit or loss	482	(482)	(482)	-	-	-	-
Deposits and loans from banks	143 094	(145 807)	(63 541)	(38 517)	(43 749)	-	-
Deposits and loans from customers	7 539 842	(7 653 799)	(4 438 354)	(1 756 702)	(1 401 091)	(59 936)	(1 716)
Issued bonds	284 873	(312 414)	(62 893)	(10 044)	(239 477)	-	-
Subordinated debt	123 632	(172 192)	(4 165)	(2 914)	(30 064)	(135 049)	-
Trade payables and other financial liabilities under risk management	172 560	(172 489)	(141 713)	(24 803)	(308)	-	(5 665)
	8 264 483	(8 461 183)	(4 711 148)	(1 832 980)	(1 714 689)	(194 985)	(7 381)
Accepted and endorsed bills of exchange	34 801	34 801	8 200	24 485	-	2 116	-
Guarantees given	323 236	(323 249)	(323 249)	-	-	-	-
Loan commitments	412 006	(412 006)	(102 462)	(73 572)	(127 560)	-	(108 412)
	770 043	(700 454)	(417 511)	(49 087)	(127 560)	2 116	(108 412)
	9 034 526	(9 161 637)	(5 128 659)	(1 882 067)	(1 842 249)	(192 869)	(115 793)
Derivative financial liabilities							
Forward exchange contracts							
- outflow	(32 615)	(1 478 594)	(1 274 160)	(204 365)	(69)	-	-
- inflow	-	1 446 653	1 262 151	184 441	61	-	-
Other derivatives							
- outflow	(4 098)	(34 782)	(20)	(418)	(34 344)	-	-
- inflow	-	26 329	-	394	25 935	-	-
	(36 713)	(40 394)	(12 029)	(19 948)	(8 417)	-	-

The liquidity gap up to one year comes essentially from Deposits and loans from customers, which are expected to be prolonged as shown by historical evidence.

31 December 2013

In thousands of EUR	Carrying amount	Contrac-tual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity
Non-derivative financial assets							
Cash and cash equivalents	499 094	499 100	499 100	-	-	-	-
Financial assets at fair value through profit or loss	352 488	399 228	43 516	40 604	235 263	45 481	34 364
Securities available for sale	1 336 265	1 485 831	155 361	23 967	690 948	365 224	250 331
Financial instruments held to maturity	892 233	1 119 054	90 112	138 858	399 901	490 183	-
Loans and advances to banks	237 392	243 069	226 644	1 360	4 311	2 680	8 074
Loans and advances to customers	4 348 687	5 242 926	1 123 540	1 269 652	1 960 227	869 060	20 447
Trade receivables and other financial assets under risk management	299 097	297 805	263 261	22 917	79	-	11 548
	7 965 256	9 287 013	2 401 534	1 497 358	3 290 729	1 772 628	324 764
Derivative financial assets							
Forward exchange contracts							
- outflow	-	(1 002 693)	(992 221)	(8 044)	(2 428)	-	-
- inflow	10 214	1 012 592	1 001 732	8 268	2 592	-	-
Other derivatives							
- outflow	-	(70 604)	(70 604)	-	-	-	-
- inflow	2 355	83 948	82 500	-	1 448	-	-
	12 569	23 243	21 407	224	1 612	-	-

In thousands of EUR	Carrying amount	Contrac-tual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity
Non-derivative financial liabilities							
Financial liabilities at fair value through profit or loss	13	(13)	(13)	-	-	-	-
Deposits and loans from banks	236 090	(238 769)	(176 083)	(31 939)	(30 747)	-	-
Deposits and loans from customers	6 450 369	(6 532 053)	(3 945 812)	(1 585 615)	(998 358)	(2 268)	-
Issued bonds	302 482	(327 792)	(2 033)	(176 878)	(148 881)	-	-
Subordinated debt	156 686	(231 116)	(3 895)	(3 613)	(32 858)	(190 750)	-
Trade payables and other financial liabilities under risk management	165 509	(163 999)	(117 022)	(34 917)	(273)	-	(11 787)
	7 311 149	(7 493 742)	(4 244 858)	(1 832 962)	(1 211 117)	(193 018)	(11 787)
Accepted and endorsed bills of exchange	102 703	102 703	10 867	58 439	31 101	2 296	-
Guarantees given	297 973	(641 847)	(641 847)	-	-	-	-
Loan commitments	330 033	(330 033)	(278 743)	(37 134)	(14 156)	-	-
	730 709	(869 177)	(909 723)	21 305	16 945	2 296	-
	8 041 858	(8 362 919)	(5 154 581)	(1 811 657)	(1 194 172)	(190 722)	(11 787)
Derivative financial liabilities							
Forward exchange contracts							
- outflow	(19,719)	(543 310)	(299,481)	(43 843)	(199 986)	-	-
- inflow	-	523 926	298,246	43 487	182 193	-	-
Other derivatives							
- outflow	(9,525)	(29 361)	(10,045)	(218)	(19 098)	-	-
- inflow	-	14 008	-	217	13 791	-	-
	(29 244)	(34 737)	(11 280)	(357)	(23 100)	-	-

38.3. Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group separates its exposure to market risk between the trading and non-trading portfolios. Trading portfolios include positions arising from market making and position taking, together with financial assets and liabilities that are managed on a fair value basis.

The Group uses the Value at Risk ("VaR") methodology to evaluate market risk on its trading portfolio as a whole using a confidence level of 99% and a horizon of 10 business days. a historical simulation method is implemented for VaR calculation. The Group performs backtesting for market risk associated with its trading portfolio, by applying a method of hypothetical backtesting, on a quarterly basis.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- a 10-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.
- a 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The VaR measure is dependent on the Group's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

In thousands of EUR	31 December 2014	31 December 2013
VaR market risk overall	38 418	35 218

(i) Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times or in differing amounts. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk. The 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 reprice to a market rate of interest before maturity, the next repricing date. Those assets and liabilities that do not have a contractual maturity date or are non interest-bearing are grouped together in the "maturity undefined" category.

The VaR statistics for the trading portfolio is as follows:

In thousands of EUR	31 December 2014	31 December 2013
VaR interest rate risk	27 857	22 297

A summary of the Group's interest rate gap position as per the carrying amounts is as follows:

31 December 2014

In thousands of EUR	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity	Total
Assets						
Cash and cash equivalents	842 411	-	-	-	41 957	884 368
Financial assets at fair value through profit or loss	36 672	96 216	137 709	41 432	51 545	363 574
Securities available for sale	135 994	337 426	447 044	339 160	333 935	1 593 559
Financial instruments held to maturity	142 625	164 560	139 371	247 798	-	694 354
Loans and advances to banks	159 046	398	440	-	15 269	175 153
Loans and advances to customers	3 315 177	1 092 122	486 664	298 059	66 994	5 259 016
Trade receivables and other financial assets under risk management	47 622	1 501	-	-	105 625	154 748
	4 679 547	1 692 223	1 211 228	926 449	615 325	9 124 772
Liabilities						
Financial liabilities at fair value through profit or loss	22 550	10,058	8	-	4 579	37 195
Deposits and loans from banks	67 892	31 663	43 529	-	10	143 094
Deposits and loans from customers	4 907 835	1 276 543	1 238 704	47 945	68 815	7 539 842
Issued bonds	64 747	-	223 126	-	-	284 873
Subordinated debt	25 719	194	4 688	93 031	-	123 632
Trade payables and other financial liabilities under risk management	3 193	157	62	-	169 148	172 560
	5 088 936	1 318 615	1 510 117	140 976	242 552	8 301 196

31 December 2013

In thousands of EUR	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity	Total
Assets						
Cash and cash equivalents	470 042	-	-	-	29 052	499 094
Financial assets at fair value through profit or loss	89 757	46 264	158 634	33 679	36 723	365 057
Securities available for sale	200 616	109 302	476 600	296 860	252 887	1 336 265
Financial instruments held to maturity	135 870	228 777	175 699	351 887	-	892 233
Loans and advances to banks	234 364	1 319	-	-	1 709	237 392
Loans and advances to customers	1 565 798	1 588 766	873 181	266 780	54 162	4 348 687
Trade receivables and other financial assets under risk management	1 485	-	72	-	297 540	299 097
	2 697 932	1 974 428	1 684 186	949 206	672 073	7 977 825
Liabilities						
Financial liabilities at fair value through profit or loss	10 917	8 729	-	-	9 611	29 257
Deposits and loans from banks	168 301	38 061	29 643	-	85	236 090
Deposits and loans from customers	3 747 280	1 695 602	947 648	882	58 957	6 450 369
Issued bonds	-	160 985	141 497	-	-	302 482
Subordinated debt	77 932	29	-	78 725	-	156 686
Trade payables and other financial liabilities under risk management	21 334	-	1	-	144 174	165 509
	4 025 764	1 903 406	1 118 789	79 607	212 827	7 340 393

An analysis of the Group's sensitivity to an increase or decrease in market interest rates on the non-trading portfolio, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

In thousands of EUR	Impact on Profit or Loss		Impact on Other Comprehensive Income	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
decrease in interest rates by 100 bp	785	21 346	27 754	25 153
increase in interest rates by 100 bp	(785)	(21 346)	(27 754)	(25 153)

	Total impact on Equity	
	31 December 2014	31 December 2013
decrease in interest rates by 100 bp	28 539	46 499
increase in interest rates by 100 bp	(28 539)	(46 499)

(ii) Foreign exchange risk

The breakdown of the carrying amounts by currency translated to thousands EUR is as follows:

31 December 2014

In thousands of EUR	EUR	CZK	USD	HRK	Other	Total
Assets						
Cash and cash equivalents	249 601	556 457	28 479	9 755	40 076	884 368
Financial assets at fair value through profit or loss	76 262	252 667	13 878	-	20 767	363 574
Securities available for sale	1 120 718	448 410	6 714	15 026	2 691	1 593 559
Financial instruments held to maturity	693 692	-	662	-	-	694 354
Loans and advances to banks	30 625	43 250	86 656	11 738	2 884	175 153
Loans and advances to customers	3 949 740	922 254	246 174	82 686	58 162	5 259 016
Trade receivables and other financial assets under risk management	120 530	16 935	12 160	3 361	1 762	154 748
	6 241 168	2 239 973	394 723	122 566	126 342	9 124 772
Off balance sheet assets	954 764	2 110 289	29 181	9 873	15 237	3 119 344
Liabilities						
Financial liabilities at fair value through profit or loss	4 134	33 059	2	-	-	37 195
Deposits and loans from banks	85 076	53 356	63	4 599	-	143 094
Deposits and loans from customers	4 616 414	2 680 162	120 585	46 418	76 263	7 539 842
Issued bonds	189 267	95 606	-	-	-	284 873
Subordinated debt	103 019	20 613	-	-	-	123 632
Trade payables and other financial liabilities under risk management	87 369	74 153	8 561	861	1 616	172 560
	5 085 279	2 956 949	129 211	51 878	77 879	8 301 196
Off balance sheet liabilities	1 919 139	389 084	385 050	9 374	24 835	2 727 482
Net position (including Off balance sheet)	191 514	1 004 229	90 357	71 187	38 865	1 215 438

31 December 2013

In thousands of EUR	EUR	CZK	USD	RUB	Other	Total
Assets						
Cash and cash equivalents	93 289	323 333	52 113	10 401	19 958	499 094
Financial assets at fair value through profit or loss	188 066	132 930	17 788	21 437	4 836	365 057
Securities available for sale	900 570	427 087	6 150	736	1 722	1 336 265
Financial instruments held to maturity	872 243	-	19 990	-	-	892 233
Loans and advances to banks	232 429	424	1 933	1 712	894	237 392
Loans and advances to customers	3 182 668	836 109	202 517	92 090	35 303	4 348 687
Trade receivables and other financial assets under risk management	262 664	23 642	11 120	231	1 440	299 097
	5 731 929	1 743 525	311 611	126 607	64 153	7 977 825
Off balance sheet assets	760 778	1 613 419	246 879	32,650	2 658	2 656 384
Liabilities						
Financial liabilities at fair value through profit or loss	9 522	19 660	75	-	-	29 257
Deposits and loans from banks	180 911	36 624	18 555	-	-	236 090
Deposits and loans from customers	4 115 035	2 106 835	83 019	130,367	15 113	6 450 369
Issued bonds	141 497	160 985	-	-	-	302 482
Subordinated debt	149 391	7 295	-	-	-	156 686
Trade payables and other financial liabilities under risk management	95 266	57 360	11 512	966	405	165 509
	4 691 622	2 388 759	113 161	131 333	15 518	7 340 393
Off balance sheet liabilities	1 766 080	247 781	303 188	5 302	31 762	2 354 113
Net position (including Off balance sheet)	35 005	720 404	142 141	22 622	19 531	939 703

Off balance sheet items mostly relate to derivative operations and granted and received guarantees.

In thousands of EUR	31 December 2014	31 December 2013
VaR foreign exchange risk	10 619	12 967

An analysis of the Group's sensitivity to an increase or decrease in foreign exchange rates is presented in the table below.
Translation risk arising from translating the financial statements of a foreign operation into the presentation currency of the Group, does not meet the definition of currency risk. Consequently, translation risk should in not included in the sensitivity analysis. However, foreign currency denominated inter-company receivables and payables that do not form part of a net investment in a foreign operation are included in the sensitivity analysis for foreign currency risks, because even though the balances eliminate in the consolidated balance sheet, the effect on profit or loss of their revaluation is not fully eliminated.

A one percent strengthening in foreign currencies would have had the following effects on profit or loss and other comprehensive income:

In thousands of EUR	Impact on Profit or Loss		Impact on Other Comprehensive Income	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
EUR	(7 833)	(8 299)	-	-
CZK	396	(523)	(1 467)	(719)
USD	(2 803)	(2 105)	-	-
RUB	(31)	(84)	(8)	(7)

	Total impact on Equity	
	31 December 2014	31 December 2013
EUR	(7 833)	(8 299)
CZK	(1 071)	(1 242)
USD	(2 803)	(2 105)
RUB	(39)	(91)

(iii) Equity price risk
Equity price risk arises from the quoted financial instruments held by the Group, further to changes in perception by the markets of the expected financial performance of the investments concerned. Equity price risk is essentially managed through diversification of the investment portfolio of available-for-sale and fair value through profit or loss equity securities.

The VaR statistics is as follows:

In thousands of EUR	31 December 2014	31 December 2013
VaR stock risk (trading book)	468	4 818

A 100 bp increase in the price of non-derivative financial assets at fair value through profit or loss would have had a positive effect on profit or loss as set out below. a 100 bp increase in the price of securities available-for-sale would have had a positive effect on other comprehensive income as set out below. a 100 bp decrease in price would have had an equal but opposite effect on profit or loss and other comprehensive income.

In thousands of EUR	Impact on Profit or Loss		Impact on Other Comprehensive Income	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Level 1 – quoted market prices	77	28	2 675	1 269
Level 2 – derived from quoted prices	14	20	21	62
Level 3 – calculated using valuation techniques	223	296	351	1 172
Total	**314**	**344**	**3 047**	**2 503**

	Total impact on Equity	
	31 December 2014	31 December 2013
Level 1 – quoted market prices	2 752	1 297
Level 2 – derived from quoted prices	35	82
Level 3 – calculated using valuation techniques	574	1 468
Total	**3 361**	**2 847**

38.4. Operational risk

Operational risk is the risk of loss arising from fraud, unauthorised activities, error, omission, inefficiency or system failure. It arises from all the Group's activities and is a risk faced by all business organisations. Operational risk includes legal risk.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and avoid control procedures that would restrict initiative and creativity.

The primary responsibility for the implementation of controls to address operational risk is assigned to management within each subsidiary. This responsibility is supported by the development of overall standards within the Group for the management of operational risk which is done by the Risk Management Department and which cover the following areas:

• Requirements for the reconciliation and monitoring of transactions.

• Identification of operational risk within the framework of each subsidiary's control system and development of conditions for decreasing and limiting operational risk (while the required level of activities is secured), as well as its impacts and consequences; recommendations for appropriate solutions in this area.

• Reporting of operational risk events by entering the corresponding information into the Regulated Consolidated Group's database of operational risk events (see Note 38.5. Capital management section regarding the definition of the Regulated Consolidated Group).

• This overview of the Group's operational risk events allows the Group to specify the direction of the steps and processes to take in order to limit these risks, as well as to make decisions with regard to:

• accepting the individual risks that are faced;

• initiating processes leading to limitation of possible impacts; or

• decreasing the scope of the relevant activity or discontinuing it entirely.

38.5. Capital management

The Group's policy is to hold a strong capital base so as to maintain creditor and market confidence and to sustain future development of its business.

Consolidated capital adequacy is calculated in accordance with Regulation (EU) No 575/2013 of the European Parliament and Council Regulation (CRR) of 23 June 2013 as from 1 January 2014. Until 31 December 2013 it was calculated in accordance with regulation of the Central Bank of the Czech Republic Decree No. 123/2007 Coll.

The Consolidated Group's capital is analysed into two tiers:

• Tier 1 capital, which is divided into:

1, Common Equity Tier 1 capital (CET1), which includes paid-up ordinary share capital, share premium, retained earnings (profit of current year is excluded), accumulated other comprehensive income and non-controlling interests after deduction of goodwill and intangible assets and additional value adjustments;

2, Additional Tier 1 capital (AT1), which can include perpetual instruments issued in accordance with CRR (see Note 33. Shareholder's equity)

• Tier 2 capital, which includes qualifying subordinated liabilities.

The Regulated Consolidated Group (RCG) is defined for the purposes of the prudential rules on a consolidated basis by the Act on Banks No. 21/1992 and Decree No. 123/2007 Coll. According to this regulation, the financial holding group of the ultimate shareholders of J&T FINANCE GROUP SE as from 1 January 2014 (J&T FINANCE GROUP, a.s as at 31 December 2013). (see Note 1. Corporate information) is defined as the RCG. Different consolidation rules are applicable for RCG's purposes – only companies which have the status of financial institutions as defined by CRR are fully consolidated.

As from 1 January 2014 the capital adequacy is calculated for CET 1 capital, Tier 1 capital and total regulatory capital as a portion of the capital to risk weighted assets (RWA). Therefore RWA are presented instead of capital requirements (RWA = capital requirements * 12.5) as it was presented until 31 December 2013.

Regulatory Capital

In thousands of EUR	31 December 2014	31 December 2013
Common equity tier 1 capital (CET1)	804 149	845 035
Additional tier 1 capital (AT1)	32 425	-
Total Tier 1 capital	836 574	845 035
Supplementary capital (Tier 2)	116 122	100 834
Total regulatory capital	**952 696**	**945 869**
Risk Weighted Assets (RWA)		
Credit risk of investment portfolio	6 786 743	5 482 543
Operational risk (BIA)	297 310	230 792
General interest risk	186 645	160 943
General equity risk	15 308	23 058
Currency risk	180 771	216 544
Commodity risk	1 065	5 481
Credit risk of trading portfolio	383 789	406 026
Total amount of capital requirements	**7 467 842**	**6 119 361**

The regulatory capital is calculated as the sum of the common equity tier 1 capital (CET1), additional tier 1 (AT1) and supplementary capital (Tier 2) reduced by deductible items. CET1 capital comprises paid-up share capital, the statutory reserve fund, other equity funds, retained earnings and additional value adjustments. Tier 2 capital comprises subordinated debt approved by the Czech National Bank in an amount of EUR 116,122 thousand (31 December 2013: EUR 100,834 thousand). The deductible items include intangible assets at net book value and net deferred tax liabilities related to these intangible assets.

Capital adequacy ratios

Until 31 December 2013 the capital adequacy ratio was calculated according to regulatory requirements as the ratio of regulatory capital to total capital requirements multiplied by 8%. The capital adequacy ratio had to be at least 8%. Requirements for capital adequacy ratios under new regulation are as follows:

In %	Minimum requirements	Capital conservation buffer	Total requirements
CET1 ratio	4,5	2,5	7,0
Tier 1 ratio	6,0	2,5	8,5
Total regulatory capital ratio	**8,0**	**2,5**	**10,5**

Additional Capital conservation buffer of 2.5% for CET1 was imposed by the Czech National bank. Capital adequacy ratios of RCG as at 31 December 2014 and 2013 were as follows:

In %	31 December 2014	31 December 2013
Common equity tier 1 (CET1)	10,77	13,81
Tier 1 capital	11,20	13,81
Total regulatory capital ratio	**12,76**	**15,46**

39. ASSETS UNDER MANAGEMENT

Strategií Skupin

In thousands of EUR	31 December 2014	31 December 2013
Assets in own-managed funds	1 308 801	881 257
Assets with discretionary mandates	125 896	160 139
Other assets under management	1 274 028	993 896
Total assets under management (including double counting)	**2 708 725**	**2 035 292**
Z toho Of which double counting (see below 39 (e))	97	407

(a) Calculation method
Assets under management comprise all client assets managed or held for investment purposes only. In summary, these include all balances due to customers, fiduciary time deposits and all valued portfolio assets. Custodial assets (assets held solely for transaction and safe-keeping purposes) are not included in assets under management. Assets under management are measured at fair value for quoted financial instruments. If these are not quoted, debt and equity financial instruments are valued at amortized cost or using common valuation techniques (e.g. pricing models with market inputs as available), respectively..

(b) Assets in own-managed funds
This comprises assets of all the Group's investment funds.

(c) Assets with discretionary mandates
Securities, value rights, precious metals, the market value of fiduciary investments with third parties and customer deposits are included in the calculation of assets with discretionary mandates. The figures comprise both assets deposited with Group companies and assets deposited with third parties, for which the Group companies hold a discretionary mandate.

(d) Other assets under management
Securities, value rights, precious metals, the market value of fiduciary investments with third parties and customer deposits are included in the calculation of other assets under management. The figures comprise assets for which an administration or advisory mandate is exercised.

(e) Double counting
This item comprises fund units from own-managed funds, which are disclosed also in client portfolios with discretionary mandates or in other assets under management.

40. RELATED PARTIES

Identity of related parties
The Group has, or had, a related party relationship with its parent company, ultimate parent and the owners of the ultimate parent and other parties, as identified in the following table, either at 31 December 2014 and 2013 or during the years:
(1) Ultimate shareholders and companies they control
(2) Entities with joint control or significant influence over the Company and its subsidiaries or associates
(3) Associates
(4) Joint ventures in which the Group is a venturer
(5) Key management personnel of the Company or parent of the Company and companies they control or jointly control
"Ultimate shareholders and companies they control" includes the following: Jakabovič Ivan, Tkáč Jozef, DANILLA EQUITY LIMITED, BRUBESCO LIMITED (until 31 December 2013), Bresco Financing S.àr.l. (until 31 December 2013), TECHNO PLUS, a. s. (until 1 January 2014), J&T Securities, s.r.o., KOLIBA REAL s.r.o., KPRHT 3, s.r.o., KPRHT 14 s.r.o. and KPRHT 19, s.r.o. None of these, except TECHNO PLUS, a. s. until 31 December 2013, produce publicly available consolidated financial statements which include the Group.

The summary of transactions with related parties during 2014 and 2013 is as follows:

	31 December 2014		31 December 2013	
In thousands of EUR	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Ultimate shareholders and companies they control	35 325	2 332	200 404	1 356
Associates and joint ventures	127	1 607	1	606
Other key management personnel of the entity or its parent and companies they control or jointly control	364 293	27 630	203 867	56 261
Total	**399 745**	**31 569**	**404 272**	**58 223**

There was no provision for doubtful debts due from the "Ultimate shareholders and companies they control" as at 31 December 2014 (2013: nil).

The summary of transactions with related parties during 2014 and 2013 is as follows::

	2014		2013	
In thousands of EUR	Revenues	Expenses	Revenues	Expenses
Ultimate shareholders and companies they control	727	18	4 924	60
Associates and joint ventures	2 669	3 243	1 047	1 504
Other key management personnel of the entity or its parent and companies they control or jointly control	26 780	948	40 617	3 117
Total	**30 176**	**4 209**	**46 588**	**4 681**

The summary of guarantees with related parties at year-end is as follows:

	31 December 2014		31 December 2013	
In thousands of EUR	Guarantees received	Guarantees provided	Guarantees received	Guarantees provided
Ultimate shareholders and companies they control	23 084	159	62 830	55
Key management personnel of the entity or its parent and companies they control or jointly control	21 599	149	21 441	210
Total	**44 683**	**308**	**84 271**	**265**

Transactions with directors and key management

Total remuneration included in "personnel expenses" and loans to directors and key management are as follows:

In thousands of EUR	31 December 2014	31 December 2013
Remuneration	435	650
Loans	1 540	574

Of the loans to directors and key management, new loans of EUR 1,025 thousand were granted during 2014 and EUR 50 thousand was repaid.

41. UNCONSOLIDATED STRUCTURED ENTITIES

The Group engages in various business activities with structured entities which are companies designed to achieve a specific business purpose and usually designed so that voting or similar rights are not a dominant factor in deciding who controls the entity.
A structured entity often has some or all of the following features or attributes:
• Restricted activities;
• a narrow and well defined objective;
• Insufficient equity to permit the structured entity to finance its activities without subordinated financial support.
The Group provides financing to certain structured entities for the purchase of assets that are collateralized in favor of the Group by the structured entities. The Group enters into transactions with these entities in the normal course of business to facilitate customer transactions and for specific investment opportunities. The entities covered by this disclosure note are not consolidated because the Group does not control them through voting rights, contract, funding agreements, or other means.
Income derived from involvement with structured entities represents interest income recognized by the Group on the funding provided to structured entities.
The Group's interests in unconsolidated structured entities refer to contractual involvement that exposes the group to variability of returns from the performance of the structured entities.
The maximum exposure to loss for the Group is determined by considering the nature of the interest in the unconsolidated structured entity and represents the maximum loss that the Group could be required to report as a result of its involvement with unconsolidated structured entities regardless of the probability of the loss being incurred.
The maximum exposure to loans is reflected by their carrying amounts in the consolidated balance sheet as at 31 December 2014 in amount of EUR 567,214 thousand and there was no loss incurred in 2014 in respect of these loans provided. There are no additional contractual arrangements with these entities regarding providing any further funding or guarantees. Liabilities of the unconsolidated structured entities due to other entities are subordinated to liabilities due to the Group.
The total assets value for 5 unconsolidated structured entities, as indication of their size, is EUR 837,207 thousand.

42. EFFECT OF THE MERGER

The following table provides details about the effect on the consolidated statement of financial position of the cross-border merger described in Note 1. Corporate information, i.e. the breakdown of changes between consolidated balances of J&T FINANCE GROUP, a.s. published as at 31 December 2013 and consolidated statement of financial position of J&T FINANCE GROUP SE as at 1 January 2014.

In thousands of EUR				Změny ve vlastním kapitálu			
	J&T FINANCE GROUP, a.s. (consolidated)) 31 December 2013	TECHNO PLUS, a.s. 31 December 2013	Inter-company eliminations due to the merger	Derecognition of investment of TECHNO PLUS, a.s. in J&T FINANCE GROUP, a.s.	transfer of equity items of merged entities[1]	transfer of share capital of successor entity[2]	J&T FINANCE GROUP SE (consolidated) 1 January 2014
ASSETS							
Cash and cash equivalents	499 094	6	(6)	-	-	-	499 094
Financial assets at fair value through profit or loss	365 057	-	-	-	-	-	365 057
Securities available for sale	1 336 265	-	-	-	-	-	1 336 265
Financial instruments held to maturity	892 233	-	-	-	-	-	892 233
Disposal group held for sale	9 495	-	-	-	-	-	9 495
Loans and advances to banks	237 392	-	-	-	-	-	237 392
Loans and advances to customers	4 348 687	431	-	-	-	-	4 349 118
Trade receivables and other assets	322 381	142 107	(142 000)	-	-	-	322 488
Current tax assets	2 798	-	-	-	-	-	2 798
Investments in equity accounted investees	3 398	-	-	-	-	-	3 398
Participations with control	-	256 314	-	(256 314)	-	-	-
Investment property	138 791	-	-	-	-	-	138 791
Intangible assets	182 638	-	-	-	-	-	182 638
Property, plant and equipment	46 018	-	-	-	-	-	46 018
Deferred tax assets	3 294	-	-	-	-	-	3 294
Total assets	**8 387 541**	**398 858**	**(142 006)**	**(256 314)**	**-**	**-**	**8 388 079**

[1]TECHNO PLUS, a.s. and J&T FINANCE GROUP, a.s. ceased to exist due to the merger
[2]J&T FINANCE GROUP SE (former J&T FINANCE, a.s.)

In thousands of EUR				Change in structure of equity			
	J&T FINANCE GROUP, a.s. (consolidated) 31 December 2013	TECHNO PLUS, a.s. 31 December 2013	Inter-company eliminations due to the merger	Derecognition of investment of TECHNO PLUS, a.s. in J&T FINANCE GROUP, a.s.	change of equity items of merged entities[1]	change of share capital of successor entity[2]	J&T FINANCE GROUP SE (consolidated) 1 January 2014
LIABILITIES							
Financial liabilities at fair value through profit or loss	29 257	-	-	-	-	-	29 257
Deposits and loans from banks	236 090	-	-	-	-	-	236 090
Deposits and loans from customers	6 450 369	142 001	(142 006)	-	-	-	6 450 364
Issued bonds	302 482	-	-	-	-	-	302 482
Subordinated debt	156 686	-	-	-	-	-	156 686
Trade payables and other liabilities	165 778	51 576	-	-	-	-	217 354
Current tax liability	4 207	-	-	-	-	-	4 207
Provisions	11 308	-	-	-	-	-	11 308
Deferred tax liabilities	19 290	-	-	-	-	-	19 290
Total liabilities	**7 375 467**	**193 577**	**(142 006)**	**-**	**-**	**-**	**7 427 038**
EQUITY							
Share capital	31 540	33	-	-	(31 573)	518 389	518 389
Share premium	14 937	-	-	-	(14 937)	-	-
Retained earnings and other reserves	874 730	205 248	-	(256 314)	46 510	(518 389)	351 785
Equity attributable to equity holders of the parent	**921 207**	**205 281**	**-**	**(256 314)**	**-**	**-**	**870 174**
Non-controlling interests	90 867	-	-	-	-	-	90 867
Total equity	**1 012 074**	**205 281**	**-**	**(256 314)**	**-**	**-**	**961 041**
Total equity and liabilities	**8 387 541**	**398 858**	**(142 006)**	**(256 314)**	**-**	**-**	**8 388 079**

[1]TECHNO PLUS, a.s. and J&T FINANCE GROUP, a.s. ceased to exist due to the merger
[2]J&T FINANCE GROUP SE (former J&T FINANCE, a.s.)

43. SUBSEQUENT EVENTS

On 5 February 2015 the Group increased its share in Vaba d.d. banka Varaždin from 58.33% to 67.74% through the increase of share capital in amount of HRK 37,500 thousand (approximately EUR 4,862 thousand).
On 16 February 2015 J&T FINANCE GROUP SE merged with its subsidiary KHASOMIA LIMITED (effective date 1 March 2014) that ceased to exist due to the merger and J&T FINANCE GROUP SE became the successor company.
On 16 February 2015 the shareholders of the Group decided on an increase of the share capital of J&T FINANCE GROUP SE by CZK 1,960,000 thousand (approximately EUR 70,912 thousand) to CZK 16,177,862 thousand (EUR 589,301 thousand). New subscribed shares were paid by current shareholders on 16 February 2015. The increase was realized through financial assistance of J&T FINANCE GROUP SE to the shareholders which is allowed based on J&T FINANCE GROUP SE's articles of association. J&T FINANCE GROUP SE recognized a receivable due from its shareholders in the total amount of CZK 1,960,000 thousand (EUR 70,912 thousand). The receivable is interest bearing and shall be repaid until the 31 December 2016.
J&T Bank ZAO was renamed to J&T Bank, a.o. in February 2015.
In 2014 J&T FINANCE GROUP SE and its shareholders signed an agreement about strategic cooperation with the company CEFC China Energy Company Limited (CEFC China).
Consequently, on 23 February 2015 shareholders of J&T FINANCE GROUP SE agreed on another increase of the share capital of the Company by CZK 852,138 thousand (approximately EUR 30,981 thousand). 637,896 shares with nominal value of CZK 1 were subscribed by the original shareholders, subscription price of CZK 638 thousand was paid on 10 March 2015.
On 6 March 2015 a contract on the subscription of shares was signed between the Group and CEFC Shanghai International Group Limited (CEFC Shanghai) – the subsidiary of CEFC China, that subscribed 851,500,000 shares with nominal value of CZK 1 for EUR 78,950 thousand (CZK 2,171,520 thousand). The subscription price was paid by CEFC Shanghai on 17 March 2015, the share capital of the Company was thus increased to CZK 17,030,000 thousand (approximately EUR 620,282 thousand) and CEFC Shanghai acquired a 5% share in the Group. The difference between nominal value of shares and subscription price in amount of CZK 1,320,020 thousand (approximately EUR 47,992 thousand) was recognized in the equity of J&T FINANCE GROUP SE as share premium.
The share of original shareholders of the Group, i.e. Jozef Tkáč and Ivan Jakabovič, decreased to 47.5% for each.
Additional acquisition of shares up to 30 %, in which is CEFC Shanghai interested, is part of the agreement about strategic cooperation and is subject to due diligence performed by CEFC Shanghai and regulatory requirements and approvals both in China and in countries where the Group operates as well as to approval of European Central Bank.
In November 2014 the Group signed an agreement on sale of a 20% share in Poisťovňa Poštovej banky, a.s. The sale is not yet effective as the approval of the purchaser's shareholder is required.
Ukraine's political and economic situation has deteriorated significantly since the Government's decision not to sign the Association Agreement and the Deep and Comprehensive Free Trade Agreement with the European Union in late November 2013 and these events have indirectly affected the business climate in Moscow, where the Group is operating some banking and real estate activities.
Although the Group's interests in Moscow are limited, 1.1% (2013: 2.0%) of total assets for the banking activities and 0.2% (2013: 0.5%) of total assets for the real estate activities, a further deterioration of the political and economic climate might affect the Group's income statement in the future though impairment charges and loss of revenues. The final resolution and the effects of the Ukrainian political and economic crisis are difficult to predict. These consolidated financial statements reflect management's current assessment of the impact of the Ukrainian crisis on the operations and the financial position of the Group. The future business environment in Moscow may differ from management's assessment.

44. GROUP ENTITIES

The list of the Group entities as at 31 December 2014 and 2013 is set out below:

		December 2014			December 2013	
Company name	Country of incorporation	Conso-lidated %	Owner-ship interest	Consoli-dation method	Conso-lidated %	Owner-ship interest
TECHNO PLUS, a.s.	Slovakia	merged to J&T FINANCE GROUP SE			-	-
J&T FINANCE GROUP, a.s.	Slovakia	merged to J&T FINANCE GROUP SE			parent company	
J&T FINANCE GROUP SE (J&T FINANCE, a.s.)	Czech Republic	parent company			100,00	direct
J&T BANKA, a.s.	Czech Republic	100,00	direct	Full	100,00	direct
ATLANTIK finanční trhy, a.s.	Czech Republic	100,00	direct	Full	100,00	direct
J&T INVESTIČNÍ SPOLEČNOST, a.s.	Czech Republic	100,00	direct	Full	100,00	direct
J&T IB and Capital Markets, a.s.	Czech Republic	100,00	direct	Full	100,00	direct
J&T Bank ZAO [1]	Russia	100,00	direct	Full	100,00	direct
TERCES MANAGEMENT LIMITED [2]	Cyprus	100,00	direct	Full	100,00	direct
Interznanie OAO	Russia	100,00	direct	Full	100,00	direct
PGJT B.V.	Netherlands	50,00	direct	Ekvivalence	50,00	direct
PROFIREAL OOO	Russia	50,00	direct	Ekvivalence	50,00	direct
Poštová banka, a.s. [3]	Slovakia	90,01	direct	Full	88,06	direct
Poisťovňa Poštovej banky, a.s.	Slovakia	100,00	direct	Full	100,00	direct
Dôchodková správcovská spoločnosť Poštovej Banky, d.s.s., a.s.	Slovakia	100,00	direct	Full	100,00	direct
PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a.s.	Slovakia	100,00	direct	Full	100,00	direct
POBA Servis, a. s.	Slovakia	100,00	direct	Full	100,00	direct
PB PARTNER, a.s.	Slovakia	100,00	direct	Full		
Salve Finance, a.s.	Slovakia	50,05	direct	Full	100.00	direct
PB Finančné služby, a.s.	Slovakia	100,00	direct	Full	100,00	direct
PB IT, a.s.	Slovakia	100,00	direct	Full	-	-
SPPS, a.s.	Slovakia	40,00	direct	Ekvivalence	40,00	direct
FOND DLHODOBÝCH VÝNOSOV o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a.s. [4]	Slovakia	94,99	direct	Full	93,94	direct
FORESPO BDS a.s.	Czech Republic	-	-	Full	100,00	direct
FORESPO - RENTAL 1 a.s.	Slovakia	-	-	Full	100,00	direct
FORESPO - RENTAL 2 a.s.	Slovakia	-	-	Full	100,00	direct
INVEST-GROUND a.s.	Slovakia	-	-	Full	100,00	direct
NÁŠ DRUHÝ REALITNÝ o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ.spol., a.s. [5]	Slovakia	94,66	direct	Full	91,69	direct

		December 2014			December 2013	
Company name	Country of incorporation	Conso-lidated %	Owner-ship interest	Consoli-dation method	Conso-lidated %	Owner-ship interest
FORESPO PÁLENICA a.s.	Slovakia	-	-	Full	100,00	direct
FORESPO SMREK a.s.	Slovakia	-	-	Full	100,00	direct
FORESPO HOREC a SASANKA a.s.	Slovakia	-	-	Full	100,00	direct
FORESPO HELIOS 1 a.s.	Slovakia	-	-	Full	100,00	direct
FORESPO HELIOS 2 a.s.	Slovakia	-	-	Full	100,00	direct
FORESPO SOLISKO, a.s.	Slovakia	-	-	Full	100,00	direct
J&T REALITY otevřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a.s. [6]	Czech Republic	85,81	direct	Full	82,10	direct
VABA d.d. banka Varaždin	Croatia	58,33	direct	Full	-	-
J&T Cafe, s.r.o.	Czech Republic	100,00	direct	Full	100,00	direct
ART FOND - Stredoeurópský fond súčasného umenia, a.s.	Slovakia	38,46	direct	Full		
J&T Integris Group LTD	Cyprus	100,00	direct	Full	100,00	direct
Bayshore Merchant Services Inc.	British Virgin Islands	100,00	direct	Full	100,00	direct
J&T Bank and Trust Inc.	Barbados	100,00	direct	Full	100,00	direct
J and T Capital, Sociedad Anonima de Capital Variable	Mexico	100,00	direct	Full	100,00	direct
J&T Advisors (Canada) Inc.	Canada	-	-	Full	100,00	direct
J&T MINORITIES PORTFOLIO LIMITED	Cyprus	100,00	direct	Full	100,00	direct
Equity Holding, a.s.	Czech Republic	62,64	direct	Full	62,64	direct
ABS PROPERTY LIMITED	Ireland	100,00	direct	Full	100,00	direct
J&T Global Finance I., B.V.	Netherlands	100,00	direct	Full	100,00	direct
J&T Global Finance II., B.V.	Netherlands	100,00	direct	Full	100,00	direct
J&T Global Finance III., s.r.o.	Slovakia	100,00	direct	Full	100,00	direct
J&T Sport Team ČR, s.r.o.	Czech Republic	-	-	Full	100,00	direct
První zpravodajská a.s.	Czech Republic	-	-	Full	100,00	direct
J&T Global Finance IV., B.V.	Netherlands	100,00	direct	Full	-	-
J&T Global Finance V., s.r.o.	Slovakia	100,00	direct	Full	-	-
J&T Concierge, s.r.o.	Czech Republic	100,00	direct	Full	100,00	direct
KHASOMIA LIMITED	Cyprus	100,00	direct	Full	100,00	direct
J&T SERVICES ČR, a.s.	Czech Republic	100,00	direct	Full	100,00	direct
J&T GLOBAL SERVICES LIMITED	Cyprus	-	-	Full	100,00	direct
JTG Services Anstalt	Lichtenstein	-	-	Full	100,00	direct
J&T SERVICES SR, s.r.o.	Slovakia	100,00	direct	Full	100,00	direct
J&T Finance, LLC	Russia	99,90	direct	Full	99,90	direct
Hotel Kadashevskaya, LLC	Russia	100,00	direct	Full	-	-
PBI, a.s.	Czech Republic	100,00	direct	Full	-	-

The structure above is listed by ownership of companies at the different levels within the Group.

[1] The Group owns a 99.54% share in J&T Bank ZAO through the subsidiary J&T BANKA, a.s. and another 0.46% share through J&T FINANCE GROUP SE (2013: J&T FINANCE GROUP, a.s.).
[2] The Group owns a 99% share in TERCES MANAGEMENT LIMITED through the subsidiary J&T BANKA, a.s. and another 1% share through the subsidiary J&T Finance, LLC.
[3] The Group owns a 52.85% share in Poštová banka., a.s. through J&T FINANCE GROUP SE (2013: J&T Finance, a.s.) and another 37.16% share through the subsidiary J&T BANKA, a.s.
[4] The Group owns a 49.81% share in FOND DLHODOBÝCH VÝNOSOV o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ.spol., a.s. through the subsidiary J&T BANKA, a.s. and another 45.18% share through the subsidiary Poštová banka, a.s.
[5] The Group owns a 46.54% share in NÁŠ DRUHÝ REALITNÝ o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ.spol., a.s. through the subsidiary J&T BANKA, a.s. and another 48.12% share through the subsidiary Poštová banka, a.s.
[6] The Group owns a 53.08% share in J&T REALITY otevřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST., a.s. through the subsidiary J&T BANKA, a.s. and another 32.73% share through the subsidiary Poštová banka, a.s.

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