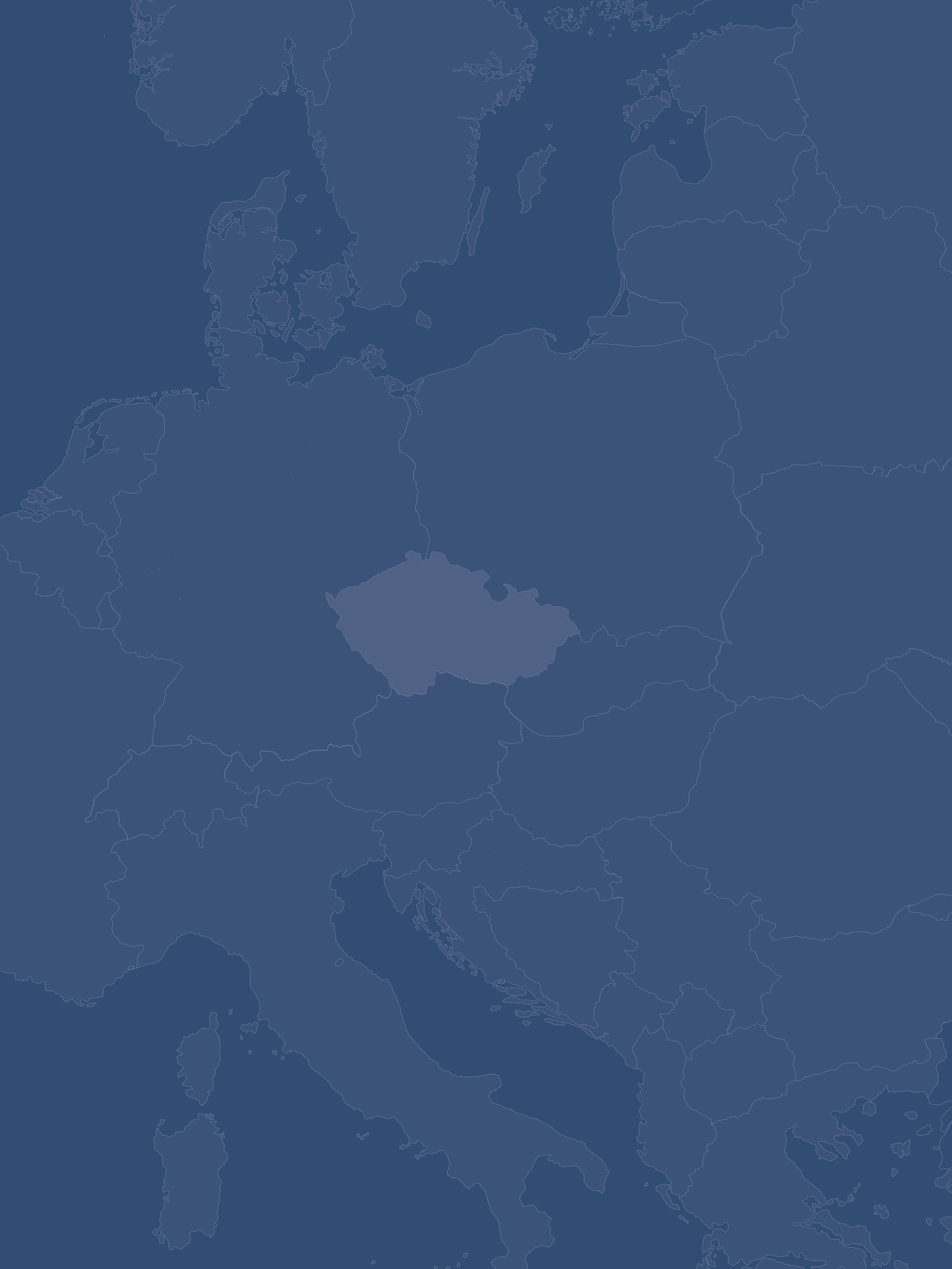
Annual Report

2023

PPF Banka



PPF banka
Annual Report
2023

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**Where others see obstacles,
we see opportunity**

Chairman's Statement

Dear Shareholders, Business Partners, and Colleagues,

I am delighted to present you with PPF banka's annual report for 2023, a significant year of innovation, growth, fortification of our market standing, and unprecedented profitability. The Bank achieved its most successful result in over 30 years with a net profit of CZK 3.88 billion, accompanied by a return on equity of 20% and capital adequacy of 23%.

We expanded our loan volume while upholding the overall quality of our loan portfolio. We also continued to invest in securities and bolstered our deposit volume.

To deliver innovative solutions for our customers, we reinforced our technical and staffing capabilities in the IT domain. We also consistently refined internal reporting, control, and other operational processes.

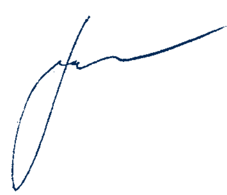
The Ministry of Finance of the Czech Republic recognised us as the top performer among primary dealers on the primary market in 2023, despite formidable competition from major Czech and international banks. When our achievements on the primary and secondary market are combined, we were ranked second overall, solidifying our standing as one of the foremost Czech government bond traders.

We have a long-running commitment to corporate social responsibility, actively engaging in initiatives that promote education and culture. Overall, we donated a record CZK 352 million to non-profit projects last year.

These results underscore the effectiveness of our business and customer strategy, which we remain committed to refining in the years ahead.

Our success is a testament to the unwavering dedication of our employees, and I would like to express my gratitude to each and every one of them. I also extend my thanks to our shareholders, clients, and business partners for their support and trust.

Respectfully,



Petr Jirásko
Chairman of the Board of Directors
and Chief Executive Officer
PPF banka a.s.

Introducing PPF banka

We are a Bank for Unique Clients

We are a bank for corporate, public and private sector clients who appreciate our professional and personalised approach. We build our services on professional expertise, unique solutions and sophisticated financial operations. We regularly earn plaudits for our activity in the financial markets.

We offer wide-ranging banking and financial services with an emphasis on high value added and premium quality.

We specialise in trading on the financial and capital markets. We also provide structured finance services (project, export, acquisition financing services, leverage finance and real estate) including to mergers and acquisitions.

A member of the Prague Stock Exchange, we are one of the most influential securities traders in the provision of investment services in the Czech Republic and on foreign markets.

We support our clients' operations and development by delivering tailor-made solutions. We arrange money market operations, provide investment loans, and analyse and hedge interest-rate and currency risks. For customers, we are a stable, professional and reliable partner providing financing in many areas of the economy, such as trade, industrial production, energy, renewable energy sources, agriculture and forestry, services, including IT and e-commerce, and other sectors.

We also provide financing for commercial and residential real estate and other development projects. We have long-term partnerships with Czech regions and statutory cities, and support their energy, circular-economy, education, and other projects. An important aspect of the portfolio is the services offered to private clients, who benefit from a personal approach towards their financial needs.

We are integral to PPF Group as the hub of its financial activity. For other PPF Group companies, we carry out international payments and manage financial assets and trading on the capital markets.

Besides engaging with clients, we are a socially responsible company that supports the work of The Kellner Family Foundation, the PPF Foundation, and Pipan, a bilingual nursery school for the hearing impaired. We stand alongside other PPF Group companies as a long-term partner of the Summer Shakespeare Festival and the Jára Cimrman Theatre. In 2021, PPF banka became a general partner of Cirk La Putyka and the Jatka78 theatre, thus helping to advance Czech culture.

Our Mission

- To create value for the Bank's shareholders, clients, and employees.
- To continue building on our core pillars of integrity, diligence and cooperation.
- To promote and maintain, through our activities, the building of intangible values, especially reliability, transparency, respect, and trust.
- To engage in corporate social responsibility that extends beyond these values.

Our Vision

- To be active in the provision of services to corporate, private, and institutional clients and government entities.
- To stand out from other banks thanks to our high value added, flexibility, and the superior quality of the services we provide.
- To harness synergies within PPF Group.
- To be a trusted partner with a long-term sustainable position on the Czech market.

Corporate Profile

General Information

Company name:	PPF banka a.s.
Legal form:	public limited company (akciová společnost)
Registered office:	Evropská 2690/17, Praha 6, 160 41, Czech Republic
Registration number:	47116129
Court of registration:	Municipal Court in Prague, Section B, File 1834
Date of incorporation:	31 December 1992

Date and Method of Establishment

PPF banka was established by a deed of incorporation of 3 December 1992, without a share subscription, under the company name of ROYAL BANKA CS, a.s. On 14 December 1994, the general meeting decided to change the Company's name to První městská banka, a.s., which was accompanied by a change in the Company's registered office, and approved a one-off increase in registered capital, including a merger with Společnost pro založení První městské banky, a.s. with effect as of 31 January 1995. On 23 June 2004, the annual general meeting of První městská banka, a.s. decided to change the Company's name to PPF banka a.s. with effect as of 1 September 2004.

Registered capital:	CZK 769 million
Equity:	CZK 20,763 million
Total assets:	CZK 384,955 million
Shares:	registered, dematerialised shares maintained in the Central Securities Depository Prague

Note: figures valid as at 31 December 2023

History

1992 — Company established as ROYAL BANKA CS, a.s.
1995 — renamed První městská banka, a.s., with the City of Prague becoming the majority shareholder
2002 — Česká pojišťovna a.s., a PPF Financial Group company, becomes the majority shareholder and a strategic partner
2003 — full integration into PPF Group
2004 — renamed PPF banka a.s.

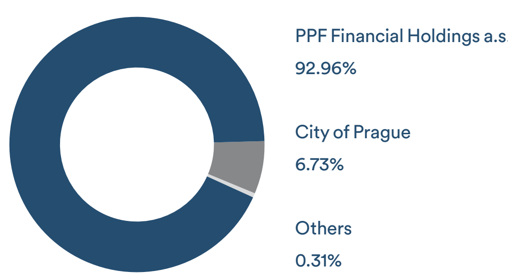
Objects of Business

PPF banka's business objects comprise all types of banking transactions and the provision of banking and financial services together with related services, on both domestic and international markets. The Bank's services are primarily tailored to Czech clients in the municipal and corporate segments. The Bank specialises in trading on financial and capital markets in accordance with applicable legislation and on the basis of licences granted by the Czech National Bank.

PPF banka membership:

- Czech Banking Association;
- Czech Institute of Internal Auditors;
- Chamber of Commerce of the City of Prague;
- Prague Stock Exchange;
- Bank Card Association;
- International Swaps and Derivatives Association (ISDA).

Shareholder Structure



Precise web address containing the Bank's mandatory disclosures: https://www.ppfbanka.cz/en/important-documents#document--category-1807

Significant Events in 2023

It is in our DNA to help where it makes sense to do so

We have long supported the endeavours of The Kellner Family Foundation and the PPF Foundation and helped to fund the operation of the Pipan bilingual nursery school for the hearing impaired. Last year, our assistance came to a record CZK 352 million, which was allocated to a variety of projects intended to enhance education and training, enrich the cultural landscape, and distribute resources to those in need.

Best primary dealer on the primary market

PPF banka has long served as a key market maker in the Czech government bond market, consistently ranking among the top primary dealers according to statistics compiled by the Ministry of Finance. In 2023, PPF banka was rated first among major Czech and international banks on the primary market and second in the overall ranking (i.e. the primary and secondary market together). This reaffirms PPF banka's status as one of the premier dealers in Czech government bonds.

Continuing to issue securities

In the past year, PPF banka was also engaged in securities issuance, placing bonds and investment certificates totalling over CZK 2.3 billion exclusively among private banking clients. Almost half of this volume was in euro-denominated investment instruments, underscoring the ongoing trend towards the gradual euroisation of the Czech economy.

Improving our products and services

In 2023, we remained focused on developing our product range and enhancing the Bank's key client systems. We are optimistic that they will improve the quality of our cooperation, enabling clients to manage their finances as efficiently as possible. We are constantly upgrading our internet banking with new functionalities, introducing the PPF banka Smart Banking app and leveraging the PPF banka e-Token app to maximise convenience and efficiency for our clients.

Modernising our internal platform

Not only have we unified the solution for mobile remote access to the Bank's facilities and, in doing so, increased security, but we have also modernised users' mobile and fixed devices to deliver better performance. Our data strategy includes educating the data community in order to further increase awareness and knowledge of data management. Additionally, the capabilities of the Bank's IT team have been boosted in critical areas such as cloud expertise, information security and other key modern technologies.

Continuing to invest in IT and cybersecurity

In response to the escalating security risks in the electronic domain of the banking sector, we have fortified our systems to make them more robust. Our primary focus has been on bolstering our capacity to detect threats within our information systems environment reliably, promptly, and fully, and to neutralise any risks identified promptly, effectively, and efficiently. Email phishing campaigns and other social engineering methods targeting Bank employees were another mounting threat in 2023. The Bank countered this by intensifying employee training initiatives and by running mock testing campaigns.

Helping to improve the general public's financial literacy

In 2023, in partnership with the Czech Banking Association, we continued our commitment to "Bankers Go To School", an educational initiative aimed at Year 8 and 9 students of primary schools and Year 1 and 2 year students of grammar and other secondary schools. The plan is to enhance financial literacy and impart fundamental cybersecurity knowledge.

Championing the Czech cultural scene

In 2023, we upheld our sponsorship of the Cirk La Putyka ensemble and the Jatka78 theatre, reaffirming our belief in the importance of supporting projects, activities, and people dedicated to continual growth and advancement. With our backing, they can continue to captivate culture enthusiasts with their exceptional performances and outstanding experiences. Their projects – enriched by an international dimension – have consistently ranked among the premier offerings on the Czech cultural scene. We stand in solidarity with fellow PPF Group companies in supporting the Summer Shakespeare Festival and the Jára Cimrman Theatre.

Key Non-Consolidated Financial Indicators

Until 2014: under Czech Accounting Standards
As of 2015: under International Financial Reporting Standards (IFRS)

Profit before tax

(CZK millions)	
2010	804
2011	758
2012	1,144
2013	784
2014	893
2015	1,583
2016	1,473
2017	1,908
2018	2,689
2019	2,629
2020	1,311
2021	2,127
2022	3,181
2023	4,681

Total assets

(CZK millions)	
2010	52,361
2011	65,718
2012	76,843
2013	104,818
2014	108,237
2015	103,084
2016	136,625
2017	232,941
2018	235,162
2019	226,958
2020	169,723
2021	236,622
2022	288 650
2023	384 955

Key Non-Consolidated Financial Indicators

under International Financial Reporting Standards (IFRS)

(CZK millions)	2023	2022
ASSETS		
Cash and balances with central banks	166,093	160,928
Financial assets at fair value through profit or loss	105,642	33,037
Financial assets at fair value through other comprehensive income	29,010	24,844
Financial assets at amortised cost	19,333	15,049
Loans and advances to banks	11,101	8,247
Loans and advances to customers	52,952	45,275
Investments in subsidiaries	237	237
Other assets	587	1,033
TOTAL ASSETS	**384,955**	**288,650**
EQUITY AND LIABILITIES		
Deposits from banks	15,948	23,980
Deposits from customers	241,239	210,578
Debt securities issued	4,436	5,117
Financial liabilities at fair value through profit or loss	100,271	30,420
Other liabilities	2,298	1,224
Registered capital	769	769
Other components of equity	19,994	16,562
TOTAL EQUITY AND LIABILITIES	**384,955**	**288,650**
INCOME STATEMENT		
Net interest income	6,623	6,438
Net fee and commission income	258	242
Net income/expense from financial operations	12	(1,307)
General administrative expenses	(1,262)	(1,065)
Impairment losses	(495)	(785)
Other operating profit or loss	(455)	(342)
Income tax expense	(797)	(442)
PROFIT OR LOSS FOR THE YEAR	3,884	2,739
KEY RATIOS		
Non-performing client loans/total client loans	0.56%	0.99%
Total capital ratio	23.15%	24.80%
ROAA	1.25%	1.03%
ROAE	20.24%	16.70%
Assets per employee (CZK millions)	1,492	1,218
Administrative expenses per employee (CZK millions)	5	4
Net profit per employee (CZK millions)	15	12

Details of capital and capital requirements at Bank level, as required by Articles 437 and 438 of EU Regulation 575/2013, are disclosed under the “Capital management” section in the Separate Financial Statements.

Macroeconomic Developments in the Czech Republic

The Czech economy stood out as the sole country in the European Union not to have recovered to pre-pandemic levels, with 2023 actually exacerbating the situation. GDP fell by 0.4% for the year as a whole.

Looking at individual quarters, the Czech economy narrowly avoided a technical recession, but still teetered on the edge throughout the year. GDP saw marginal growth in the first two quarters at 0.1% q/q, but disappointed with a 0.6% q/q decline in the third quarter. The final quarter returned to modest growth of 0.2% q/q. The main drag on growth was household consumption, which wiped 2.3 pp off total growth in the first quarter, 1.7 pp in the second, and 1.0 pp in the third. This was largely due to high inflation outpacing wage growth, causing real wages to decline, albeit at a slower pace compared to the previous year owing to the downward trajectory of inflation. The steepest drop in real wages occurred in the first quarter, falling by 6.7% y/y, though by the third quarter, the decrease was just 0.8% y/y. Despite a gentler decline in real incomes and an uptick in the savings rate, which had remained some 4 pp above its long-term average since Covid, households remained reluctant to increase spending. Not even the robust labour market, characterised by historically low unemployment rates, was of any help. Although there was a decline in the number of job vacancies compared with the previous year, this should be viewed not as a negative turn in the labour market, but rather as a correction of the abnormal situation in 2022, when the number of vacancies exceeded the number of unemployed by some 100,000. Retail sales in the last three months of 2023 showed sluggish month-on-month growth, hinting at the slightest of improvements in consumer demand. While household consumption seems to have bottomed out, the pace of recovery has been hesitant thus far.

External trade, on the other hand, played a role in driving economic growth. Despite subdued foreign demand, exports expanded, albeit at a slower rate compared to 2022. Meanwhile, the reduction in consumption reliant on imports accounted for the overall decline in imports. Consequently, net foreign trade had a favourable impact on economic growth in the first three quarters of the year, contributing 2.6 pp, 2.2 pp, and 0.9 pp to year-on-year growth.

Output-wise, the industrial sector exhibited evident weakness, failing to contribute nearly as much to growth as it had in the preceding year. The susceptibility of Germany, the Czech Republic's primary trading ally, exerted adverse effects on export-oriented industries. Overall, industrial output experienced a year-on-year contraction of 0.4% in 2023. Production fell across the board, with even a resurgence in motor vehicle manufacturing failing to offset the overall downturn.

As the real economy contracted, so did inflation, plummeting from 17.5% in January to 6.9% by year-end. However, the inclusion of the energy cost allowance in energy prices at the close of 2022 artificially reduced the comparison base for year-end figures; without this inclusion, inflation would have decreased to 4.2%. The decline in inflation was propelled by a mix of the high comparison base, disinflationary pressures stemming from low demand, and a fall in energy prices. Inflation receded relatively swiftly, in some months surpassing both market and CNB expectations, yet monetary policy remained unresponsive for a considerable time. The CNB held the base repo rate steady at 7% until November, justifying its stance by citing fears of unanchored inflation expectations and highlighting the fact that the depreciation of the crown by over 5% between April and November had somewhat alleviated the need for monetary easing. It was not until December 2023, at its final meeting of the year, that the CNB opted to reduce rates for the first time, initiating the monetary easing cycle with a 25 basis point cut. This brought the repo rate to 6.75% at year-end.

High interest rates also impacted credit dynamics. At first blush, client lending to non-financial corporations saw a paradoxical increase. However, akin to the trend observed in 2022, this growth was primarily driven by heightened demand for foreign currency loans, particularly those denominated in euros, owing to persistently high interest rate differentials. Overall lending to non-financial corporations surged by 9.7%. Notably, while CZK-denominated loans decreased by 1.6% over the period, foreign currency loans expanded by 23.3% year on year, with the share of foreign currency lending surpassing 50% in December 2023. This trend dampened the effectiveness of monetary policy transmission and contributed to the CNB's cautious approach towards hiking rates. Understandably, the high rates also affected the household mortgage market. Throughout the year, banks and building societies issued CZK 150 billion in mortgages, a 24% decline from 2022. Net new loans (i.e. excluding refinancing) amounted to CZK 124 billion. Though the first half of the year showed poor performance, the mortgage market began stabilising in the latter half, albeit with only a gradual decline in rates, as the average December rate remained above average at 5.65%.

In 2023, the state's financing continued to report significant deficits, with a budget deficit of CZK 288.5 billion, though this was an improvement of CZK 71.9 billion compared to 2022. As in 2022, the deficit in 2023 was weighed down heavily by additional spending aimed at helping households and businesses to cope with high energy prices. The approved consolidation package, effective as of 1 January 2024, is expected to enhance the central government's financial position.

PPF banka's Financial Performance in 2023

In 2023, PPF banka achieved the best after-tax result in its history, building on previous very successful years and significantly surpassing the already above-average result for 2022 by more than CZK 1 billion.

The 2023 after-tax profit was CZK 3,884 million.

The total comprehensive income for 2023 amounted to CZK 4,730 million, marking an increase of almost CZK 2.5 billion compared to the previous year. The value of other comprehensive income can mainly be attributed to the fair value reserve (debt instruments measured at fair value through equity).

In 2023, PPF banka's general meeting sanctioned a dividend payment of CZK 1,298 million. Despite this payout, equity still rose by CZK 3,287 million to CZK 20,763 million, buoyed by the excellent overall result. The return on average equity reached 20.24%, while the capital ratio stood at 23.15%. The Bank maintains very good and stable levels of both short-term and long-term liquidity.

By the close of 2023, the balance-sheet total had surged to CZK 385 billion, up CZK 96 billion on the preceding year. This growth in asset volumes across all key areas significantly contributed to the outstanding economic result achieved in 2023.

The majority of the growth is concentrated in assets measured at fair value through profit or loss. Reverse repo operations with the central bank grew by CZK 75 billion, while investments in government bonds also saw an increase, climbing by almost CZK 4.5 billion.

By the end of 2023, total reverse repo transactions with the central bank, encompassing transactions recorded in both cash equivalents and assets at fair value through profit or loss, amounted to CZK 237 billion. This significant uptick in volume was driven by trading opportunities linked to liquidity placement at the close of 2023.

Additionally, there was a notable CZK 4.2 billion surge in the portfolio of assets measured at other comprehensive income, with investments primarily directed towards government bonds.

In line with its strategy, PPF banka augmented its portfolio of financial assets valued at accrued value by CZK 4.3 billion during 2023. This portfolio, primarily comprising Czech government bonds, amounted to CZK 19.3 billion.

Advances to customers went up by more than CZK 7.7 billion to CZK 52.9 billion.

The amount of retail loans and financing of factoring receivables through the subsidiary PPFCO3 came to CZK 6.4 billion. The CZK 2.1 billion decrease compared to the previous year reflects the scaling-down of PPF Group's operations in Asia.

The CZK 280 million increase in provisions for advances to customers correlates with the growth in the loan portfolio. Of the total provisions of CZK 1,244 million, CZK 1,019 million are made, for prudential reasons, on performing receivables, i.e. receivables where there is no debtor default. PPF banka's loan portfolio remains robust, with the ratio of NPLs to the total loan volume hitting its lowest point in the bank's history at well below 1%.

The net value of NPLs stands at a remarkably low CZK 80 million.

The CZK 93 billion rise in total liabilities is primarily focused on a CZK 31 billion increase in deposits from customers and liabilities measured at fair value through profit or loss. This uptick is linked to the pursuit of business opportunities and repo operations with financial institutions.

The pre-tax profit for 2023, at CZK 4,681 million, is the highest in the bank's history. Operating income surpassed the previous year's result by CZK 1.5 billion, while operating expenses rose only slightly, by CZK 0.3 billion, and this increase was moreover offset by a decrease in the impact of provisions.

Net interest income rose by CZK 185 million to CZK 6.6 billion, primarily driven by the expansion of investment portfolios and loan volumes.

Net fee and commission income in 2023, at CZK 258 million, was slightly up on 2022.

Profit on financial operations in 2023 surpassed the 2022 level by CZK 1.3 billion. The loss incurred in 2022 was attributed to the bond price reaction to the geopolitical situation.

In 2023, PPF banka recorded an impairment loss of CZK 495 million. This decrease in asset values reflects a cautious approach to provisions for performing loans and corporate bonds.

Total operating expenses grew by CZK 309 million to CZK 1,722 million. This rise was propelled by staff costs, IT costs, donations, and consultancy services. The increase in IT costs and consultancy reflected the growing demands of IT security and the development of client-serving applications. The rise in personnel costs is reflective of the expansion of the workforce, particularly in the field of information technology, and also responds to upward pressure on wages in the labour market.

The 17% effective tax rate pertains to bonds issued by EU Member States, which qualify for tax-free income.

In 2023, PPF banka maintained its commitment to charitable endeavours and considers corporate social responsibility a core value. Donations amounted to CZK 352 million, up from CZK 232 million in 2022.

PPF banka's Business Activities

PPF banka operates as PPF Group's hub for access to financial markets. The same investment and transaction services are also provided to a wide range of corporate and private customers.

Activity on Financial Markets

In its financial market trading, PPF banka posted a record result in 2023. Trading revenues significantly surpassed expectations, thanks to higher-than-expected client transaction activity and successful trading on the Bank's own account. In the financial statements, this result is split between two lines: net interest income and net profit on financial operations.

Bonds

PPF banka excelled in its trading activities involving bonds and treasury bills for its own account, and demonstrating performed strongly in trading with clients as well. The anticipated easing of monetary policy resulted in robust demand for bonds from institutional customers. The Bank successfully traded debt securities amounting to over CZK 200 billion with these clients.

PPF banka has long served as a key market maker in the Czech government bond market, consistently ranking among the top primary dealers according to statistics annually compiled by the Ministry of Finance.

In 2023, PPF banka was named the best primary market dealer and clinched second spot in the combined primary and secondary market ranking, ahead of formidable competition from major Czech and international banks. The Bank solidified its standing as one of the largest traders of Czech government bonds, and in doing so maintained its position from the previous year.

Equities

PPF bank also offers its customers equity transaction services, capitalising on its direct access to all major exchanges, as well as some select exotic ones. Besides handling regular orders, the Bank also facilitates block trading and securities management, thereby delivering a comprehensive equity service. In 2023, the Bank brokered a total of CZK 23 billion in equity transactions for corporate and private clients, marking a 14% increase on the previous year.

Securities issuance

In the past year, PPF banka also participated in securities issuance, placing bonds and investment certificates totalling over CZK 2.3 billion exclusively among private banking clients. Almost half of this volume was in euro-denominated investment instruments, underscoring the ongoing trend towards the gradual euroisation of the Czech economy.

The exceptionally broad range of investment opportunities for clients was further enriched by two bond maturity extensions, resulting in an increased yield. With no investors exercising their right to early redemption, it can be confidently stated that PPF banka successfully met the needs and expectations of its clients through this unconventional approach.

Depending on the type of transaction, the Bank served as lead manager/arranger, distributor, administrator, or calculation agent for the securities issued.

Foreign exchange and derivative markets

In the realm of client transactions on the foreign exchange market, PPF banka experienced a decline in revenues compared to the previous year. This drop stemmed primarily from reduced demand for currency hedging from certain large clients who had already executed these transactions on a large scale in the previous year. Additionally, the anticipated depreciation of the crown against the euro and a substantial decrease in the interest rate differential, diminishing the appeal of hedging against spot FX operations, contributed to the waning interest in hedging activities. However, despite the challenging high interest rate environment, the Bank successfully executed attractive interest rate hedging transactions that were directly linked to increased lending activity in 2023.

Cooperation with PPF Group

As in previous years, PPF banka acted as PPF Group's treasury bank, playing various roles in helping to hedge the market risks faced by the Group's companies and executing trades on the financial markets. For individual transactions, the Bank served as a counterparty and collateral provider.

Corporate Banking and the Public Sector

In 2023, as always, numerous clients sought our assistance in acquiring businesses, initiating new investment ventures, increasing production capabilities, addressing escalating operational expenses, and exploring fresh business prospects to grow their portfolios of clients and products. Certain customers availed themselves of financing from PPF banka for company acquisitions. With others, we worked on restructuring their capital framework, in particular adjusting their bank debt levels and optimising the array of banking products at their disposal. The terms we devised for our deposit products proved enticing to customers and acted as a catalyst for the expansion of our deposit portfolio.

We have maintained our commitment to assisting numerous industry leaders, aiding them in acquisitions, enhancing and expanding production capacity, and fostering the advancement of their business endeavours. Our support extends to clients not only in the Czech Republic, but also across various global regions.

Our most significant transactions are structured as club financing, conducted in collaboration with other prominent Czech and international banks.

We consistently strive to identify the most suitable financing structure for our customers, occasionally complementing bank financing with options such as bond issuance. We assist our customers – developers and property investors – in the financing of construction projects or investment in residential, commercial, and industrial real estate.

In the public sector, in 2023 the Bank further strengthened its collaborative ties with the regions and statutory cities of the Czech Republic, building on active cooperation established in previous years. Aligned with our strategy of serving as an engaged partner for the public sector, we extend our services to customers in which regions and municipalities hold participating interests.

In 2023, we remained focused on developing our product offerings and refining the Bank's core client systems. We are optimistic that they will elevate the quality of our collaborations, enabling customers to manage their finances as efficiently as possible.

Private Banking for Individuals

PPF banka's private banking services are tailored to meet the needs of the most affluent individuals and their special purpose vehicles (SPVs). Our primary objective is to fulfil the most rigorous demands by offering customers personalised transaction and investment services. Exclusive customer care is underpinned by a stable team of highly experienced senior private bankers. Leveraging their expert knowledge, they are able to provide customers with optimal solutions, ensuring that their assets remain stable, protected, and poised for long-term growth. In a world where opportunities are fleeting, we understand the importance of acting swiftly and decisively.

The number of clients we serve and the volume of funds we manage are on a constant upward trajectory. Our successful issuance of in-house structured and investment products continues to empower customers to generate returns on their available funds efficiently. In tandem with the expansion of our portfolio, we are bolstering our team of private bankers to ensure that we uphold the highest standards of service for the Bank's growing clientèle. Despite the challenges of the past year, and the year before that, we seized numerous exciting investment opportunities. The Ministry of Finance of the Czech Republic ranked PPF banka an impressive second place in its overall assessment of primary dealers. We also keep our clients up to date on economic developments in our monthly analytical newsletter.

We are dedicated to broadening our service offerings in the realms of investment and payment cards, ensuring that customers experience unparalleled convenience even while travelling. We are diligently enhancing PPF banka's Smart Banking app to maximise convenience and responsiveness for customers when they manage their own accounts directly from their mobile devices.

The increasing interest in our services underscores our commitment to meeting and exceeding our customers' expectations. Despite the challenges of the past year, we have remained a resilient and dependable partner for our clients. Our enduring strategy revolves around upholding a personalised and professional approach, nurturing mutual trust, and prioritising customer satisfaction. These values serve as our guiding principles, ensuring that we continue to provide premium banking services to our customers both now and in the future.

Information Technology and Information System Security

The Bank's strategic objective is to maintain applications that are consistently reliable, cost-effective, and secure, supported by robust downstream infrastructure and support systems. That is why, in 2023, the Bank's IT department continued to play a pivotal role, placing an emphasis on the reliable and secure operation and development of applications.

The Bank's IT strategy rests on several pillars: digitalisation of the customer agenda, streamlining of processes to enhance the customer experience, modernisation of the Bank's internal environment to boost efficiency, the strengthening and development of information security, managed compliance with applicable legislation and regulations, the leveraging of cloud technology, and, just as importantly, the development and strengthening of the knowledge and internal capacity of the Bank's IT team.

In 2023, PPF banka continued to advance enterprise architecture concepts, integrating them more deeply into project activities. The establishment of a cohesive application model for the Bank has made it possible to run impact analyses and strategise the right architectural development.

As part of its internal development efforts, PPF banka finalised support for committee agendas, delivered on the digitalisation of the process for tracking business opportunities, and introduced a new investment questionnaire solution in line with regulatory requirements and the Bank's standards.

In 2023, the evolution of internet and mobile banking at PPF banka built on the successful launch of the new mobile banking platform. We introduced a fresh look and feel to enhance the customer experience and expanded the functionality of our online banking services. We streamlined processes related to the use of PPF banka e-Token and maintained a strong focus on ensuring the stability, security, and robustness of the entire solution. An equally vital digital channel is the client API, which facilitated the majority of bulk transactions for our customers in 2023. This solution provided a seamless and efficient connection between customers and PPF banka, not only in terms of transaction previews, but also in enabling active operations that our customers could utilise effectively.

The Bank's internal environment also underwent major modernisation. We not only unified the solution for mobile remote access to the Bank's facilities, thereby enhancing security, but we also upgraded users' mobile and fixed devices to deliver better performance.

Our data strategy incorporates ongoing education for the data community to enhance data management awareness and proficiency. This initiative spans data handling processes from data creation and sharing to data storage and warehousing.

The Bank's IT team received significant enhancements in crucial areas, including cloud expertise, information security, and other pertinent modern technologies.

The reorganisation of the unit responsible for information security was finalised in 2023. Its staffing and technological resources were bolstered to align with the prevailing market standards for safeguarding the Bank's information assets, especially amidst the escalating security challenges in the electronic dimension of the banking sector.

The primary focus in enhancing information security capabilities centred on establishing mechanisms for reliably, promptly, and comprehensively detecting threats within the Bank's information system environment. Additionally, there was a concerted effort to neutralise risks identified in a timely, efficient, and effective manner. The strengthening of these capabilities was made tangible by the newly appointed

Security Surveillance Department team, which was equipped with state-of-the-art tools, including the newly introduced advanced EDR for threat detection, providing maximum coverage across the information system infrastructure. A significantly expanded and robust SIEM surveillance tool was also deployed.

In other aspects of elevating information security, a stress needs to be placed on reducing potential attack vectors against the Bank's information system by rapidly standardising and fortifying IT platforms, while continuously detecting and eliminating vulnerabilities. The frequency of penetration testing was also increased in this area.

The information security unit addressed the Bank's heightened interest in adopting cloud services by implementing new control mechanisms to guarantee their secure utilisation. Moreover, in response to the rapid advancements within the IT unit, the capability to validate changes from a security standpoint was adjusted to accommodate the dynamic nature of these developments.

In 2023, the Bank encountered a single information security incident, which fortunately had minimal severity and impact. However, there was a notable increase in email phishing campaigns and other social engineering tactics targeting Bank employees throughout the year. To combat this, the Bank bolstered its employee training efforts and conducted mock testing campaigns.

Efforts to meet regulatory requirements stipulated by the CNB and the National Cyber and Information Security Agency (NÚKIB) persisted throughout 2023. Preparatory steps were also taken to ensure compliance with the Digital Operational Resilience Act (DORA).

Our People

We recognise that it is individuals who mould the essence of our Bank. Collectively, our team determines the manner in which we interact, our level of proactivity, professionalism, and stability, the calibre of service extended to our customers, and our overarching trajectory. It is therefore very important for us to attract top-tier talent, nurture their growth, and motivate them to stay with us as long as possible. The most important virtues we value are respect, trust, initiative, diligence, and a drive for progress. This ethos ensures that we remain a bank catering to extraordinary customers, supported by exceptional staff.

In 2023, in alignment with the HR strategy endorsed the previous year, our efforts centred on initiatives and endeavours fostering communication, development, and the advancement of digitalisation and innovative solutions aimed at heightening efficiency and streamlining operations. A pivotal undertaking was the initiation of a project for a revamped HR portal, consolidating all HR applications into a singular platform. Notably, this encompassed the development of a novel workplace attendance register. In early 2024, this project culminated in the roll-out of the new HR portal, which has proven a substantial improvement on its predecessor. It offers an intuitive and contemporary interface and produces lucid reports tailored not only for the HR team, but also for managers and employees. We incorporated an annual performance review feature into the employee survey application. This online tool is a seamless way for employees and managers to set, update and track the progress of goals. We revamped our employee remuneration system to render it more straightforward, transparent, and conducive to the growth of our personnel and the holistic advancement of the Bank. As described in our HR strategy, we persistently gather feedback through employee surveys to refine our internal operations. These surveys have been conducted quarterly since December 2022. We are proactive in leveraging survey results, not only at the overall organisational level, but particularly within individual teams, in order to bolster communication, collaboration, development, and, importantly, to streamline and enhance our internal processes.

In 2023, building on the foundation laid by the 2022 HR strategy, which emphasised training and development, we inaugurated the Data Academy. Here, one of our colleagues served as a trainer, equipping over 70 employees with the skills to effectively manipulate data, from constructing data models to visualising them. These are skills that participants can readily apply in their day-to-day tasks. The Data Academy is an integral component of our internal academy, which is designed to foster deeper familiarity among the Bank's employees with the activities of various departments, thereby facilitating increased awareness, collaboration, and knowledge sharing. In 2023, we also continued our commitment to other forms of training, encompassing professional and personal development, as well as strategies for effective succession planning within individual teams. Additionally, our colleagues again actively engaged in the "Bankers Go To School" lecture series, a recurring initiative organised by the Czech Banking Association. This programme is dedicated to promoting financial literacy and imparting fundamental knowledge of cybersecurity to students in Year 8 and 9 of primary schools and in Year 1 and 2 of grammar and other secondary schools.

We also remain steadfast in addressing critical social issues, which includes fostering gender diversity, ensuring equal opportunities for men and women across all domains, including equitable pay, and promoting diversity of perspectives, experiences, and age groups.

Recognising the potential inherent in young people, we are dedicated to nurturing their aspirations by imparting invaluable knowledge and experience from our seasoned professionals. As such, our ongoing collaboration with secondary schools and universities remains a cornerstone of our commitment. Moreover, in 2023, we launched a trainee programme authorising the creation of 17 additional positions for students and junior staff. This initiative not only injects fresh perspectives and innovative ideas into our organisation, but also underscores our commitment to engage actively with emerging talent.

As an employer, we epitomise stability, courage, respect, and robust relationships, values deeply ingrained in our DNA. We take pride in our exceptional employees who embody these principles daily, ensuring our continued strength and success.

Remuneration of Senior Management and Supervisory Board Members

Senior management comprises members of the board of directors and the managing directors of divisions. These managing directors work for the Bank under employment contracts drawn up in accordance with the relevant provisions of Act No 262/2006, the Labour Code, as amended. The Bank's contractual relationship and the conditions of its employment relationship with managing directors are subject to approval by the board of directors. By law, a board of directors is a governing body responsible for a company's business management.

The Bank's board of directors performs its duties with loyalty, requisite expertise, and due diligence. It acts in good faith and in the best interests of the Bank. Members of the board of directors adhere to ethical standards and bear liability for any damage caused by breaches of their legal obligations.

Their remuneration is determined under an "Agreement on the Service of a Member of the Board of Directors", concluded in accordance with the relevant provisions of Act No 90/2012 on companies and cooperatives, as amended (the "Business Corporations Act") and Act No 89/2012, the Civil Code, as amended.

Individual agreements on the service of members of the board of directors and their remuneration are subject – along with the Remuneration Policy of PPF banka a.s. – to approval by the supervisory board. Members of the board of directors receive comprising both fixed and variable components. According to Implementing Decree No 163/2014 on the performance of the activities of banks, savings and loan associations, and securities dealers, as amended, a portion of the variable component is deferred and retained, and a concept of non-cash instruments is applied. Agreements on the Service of a Member of the Board of Directors, adhering to the risk-based Remuneration Policy, stipulate a contractual obligation barring board members from utilising insurance or employing other hedging strategies in relation to their remuneration that could compromise or mitigate the impact of risk-based elements within the Remuneration Policy. Furthermore, members are subject to the potential implementation of "malus" and "clawback" provisions, particularly in instances where:

- capital and liquidity ratios dip below the Bank's predefined thresholds for a specific period;
- the Bank experiences a notable deterioration in financial performance;
- an individual's actions or oversight result in significant losses for the Bank, or they fail to meet prescribed standards of trustworthiness, professional competence, and conduct, including instances where they perpetrate serious misconduct or breaches of work discipline;
- an individual, through their professional activities or misconduct, substantially damages the Bank's reputation or incurs sanctions that significantly impact the Bank's financial standing or capital.

Members of the supervisory board are paid on the basis of an "Agreement on the Service of a Member of the Supervisory Board" concluded in accordance with the relevant provisions of the Business Corporations Act. Individual agreements on the service and remuneration of members of the supervisory board require approval by the general meeting.

Consistent with the aforementioned Implementing Decree, the Internal Audit Department conducts an annual review of compliance with the Remuneration Policy, including relevant legislative and regulatory requirements and internal rules, and reports its findings to the supervisory board and the board of directors. For 2023, approved monetary remuneration was disbursed. No in-kind income was provided.

Audit and Non-Audit Services

Fees paid to the external auditor for audit services rendered to PPF banka in 2023 amounted to CZK 7.8 million (2022: CZK 5.8 million). All external auditor services in 2023 and 2022 are related to the auditing of the financial statements, the annual report, the underlying documentation for consolidation, the condensed interim financial statements, and the MiFID report.

The audit and non-audit services provided to PPF banka and its subsidiary by an external auditor, or by member firms of the external auditor, are listed in the table below:

PPF banka a.s.

CZK millions	2023	2022
Audit services	7.8	5.8
Other assurance services	2.7	2.0
Advisory services	0.1	0.8
TOTAL	10.6	8.6

Subsidiary of PPF banka a.s.

CZK millions	2023	2022
Audit services	1.2	1.0
Other assurance services	–	–
Advisory services	–	–
TOTAL	1.2	1.0

Good Causes

Every year, PPF banka contributes to numerous projects primarily geared towards the development of Czech education and culture. Together with other PPF Group companies, the Bank is a long-standing partner of major cultural projects in the Czech Republic.

It supports the activities of The Kellner Family Foundation and the PPF Foundation. It helps to fund Pipan, a bilingual nursery school for the hearing impaired that is part of the Tamtam Children's Hearing Centre.

For many years, it has sponsored the Summer Shakespeare Festival, Europe's largest open-air theatre festival to specialise in the staging of William Shakespeare's works. The festival ran from the end of June to the beginning of September and took place on outdoor stages in Prague, Brno, Ostrava, and Bratislava. Likewise, the Bank sponsors the Jára Cimrman Theatre, which is woven into the very fabric of the Czech theatre scene and has been entertaining audiences and inspiring other professional and amateur theatre ensembles for more than 50 years.

In 2021, PPF banka became the general partner of the Cirk La Putyka company and the Jatka78 theatre because it believes in the importance of supporting projects, activities, and people who are constantly looking for ways and opportunities to develop themselves. With our support, they can continue to offer culture vultures unique performances and outstanding cultural experiences. Their projects – thanks in part to their international dimension – have long been among the best rated on the Czech cultural scene.

Other Information

In 2023 and 2022, the Bank incurred no expenditure on research and development or environmental protection.

The Bank has no branches abroad.

The Bank did not obtain any of its own shares.

The Bank does not foresee any significant changes in the development of its activities.

Risk Management Objectives and Methods

The risk management objectives and methods are described in detail in the Financial Section of the Annual Report on both an individual and consolidated basis.

Subsequent Events

The Bank's management is not aware of any events occurring after the balance-sheet date that would require an adjustment to this Annual Report.

Proposal for the Distribution of Profit for 2023

PPF banka made a profit after tax of CZK 3,883,689,168.14 in 2023.

PPF banka's Board of Directors proposes the following profit distribution:

Payment of dividends	CZK 2,383,913,415.25
Appropriation to retained earnings	CZK 1,499,775,752.89

Prague, 4 April 2024

Petr Jirásko
Chairman of the Board of Directors of PPF banka a.s.

Miroslav Hudec
Member of the Board of Directors of PPF banka a.s.

Corporate Governance

Board of Directors

Petr Jirásko
Chairman of the Board of Directors since 14 October 2013 (member of the Board of Directors since 8 October 2013) Chief Executive Officer

Born in 1973, Petr Jirásko graduated from the Prague University of Economics and Business. During his university studies, he was employed part-time by Budějovický Budvar, Investa Příbram a.s., Credit Lyonnais Bank Praha a.s. and Tabák Kutná Hora. In 1998, he started working full-time for Credit Lyonnais Bank Praha a.s. as an FX dealer. Between 2000 and 2002, he worked at Komerční banka, a.s. as an FX option dealer and later as the head of the Derivatives Desk. He joined PPF Group in 2002. He worked for PPF burzovní společnost (as a bond dealer and chief dealer) until 2004, when he started working for PPF banka a.s. as Managing Director of Financial Markets. In October 2013, he became the Chairman of the Board of Directors and Chief Executive Officer of PPF banka a.s.

Jaroslava Studenovská
Vice-Chairwoman of the Board of Directors since 9 December 2016 (member of the Board of Directors since 16 April 2012) Managing Director of Operations

Born in 1968, Jaroslava Studenovská graduated in General Economic Theory from the Prague University of Economics and Business. Between 1992 and 1998, she worked for Česká spořitelna a.s. in various investment banking positions, her last position being back office director. Between 1999 and 2001, she worked as back office director at IPB/ČSOB. From 2001 to 2005, she was the director of Back-office Treasury at Raiffeisenbank a.s. She joined PPF banka a.s. in 2006 as a specialist in the Group's Treasury Division. She has been the Managing Director of Operations since 2007. She was named a member of the Board of Directors in 2012, and has been Vice-Chairwoman of the Board of Directors since December 2016.

Miroslav Hudec
Member of the Board of Directors since 1 May 2016 Managing Director of Financial Management

Born in 1966, Miroslav Hudec graduated from the University of Chemistry and Technology in Pardubice, majoring in Industry Economics and Management. He headed the financial departments at Monokrystaly Turnov a.s. and Šroubárna Turnov a.s. Later, he worked for Česká spořitelna, a.s. as the head of the internal bank and held various positions in the company's Finance Division. Prior to joining PPF banka a.s., he worked as the head of controlling and deputy chief financial officer at Credit Lyonnais Bank Praha and held the same position at Credit Agricole Bank Praha. He has worked for PPF banka since 1 September 2012, starting out as an adviser to the Chief Executive Officer. He became Managing Director of Financial Management in January 2014 and a member of the Board of Directors in May 2016.

Luboš Prchal
Member of the Board of Directors since 3 November 2021
Managing Director of Risk Management

Born in 1980, Luboš Prchal graduated in Mathematical Statistics from the Faculty of Mathematics and Physics of Charles University, where he also completed his PhD studies combined with studies at Paul Sabatier University in Toulouse, France. He gained extensive experience in the financial sector at Ernst & Young, s.r.o., where he worked from 2007 to 2019, from 2016 as a partner and from 2018 as CESA Financial Services Risk Management Leader. He joined PPF banka a.s. in November 2020 as adviser to the CEO, then adviser to the Managing Director of Risk Management, and in November 2021 he became a member of the Board of Directors and Managing Director of Risk Management.

Karel Tregler
Member of the Board of Directors since 3 November 2021
Managing Director of Commercial and Investment Banking

Born in 1978, Karel Tregler graduated from the Prague University of Economics and Business with a master's degree and PhD in Finance. In 2009, he successfully completed his postgraduate studies at CFA Institute. He joined PPF Group in 2000. He initially worked for PPF burzovní a.s. as an equity analyst, before joining PPF Asset Management as a portfolio manager in 2004. Starting in 2008, he worked for Generali PPF Asset Management as a senior portfolio manager. In 2014, he joined PPF banka a.s. as Managing Director of Financial Markets, and in November 2021 he was appointed to the Board of Directors and made Managing Director of Commercial and Investment Banking.

Supervisory Board

Ladislav Chvátal
Chairman of the Supervisory Board since 20 August 2015 (Member of the Supervisory Board since 29 April 2015)

Born in 1963, Ladislav Chvátal graduated from the Prague University of Economics and Business, majoring in Automated Control Systems in Economics. He joined PPF Group in 1994. Within PPF Group, he has held a number of key managerial positions. Between 1998 and 2007, he managed Home Credit Group's development and international expansion as its CEO while serving as PPF Group's Executive Director for Retail Banking and Consumer Finance with responsibility for the strategic management of eBanka and ČP Leasing. Between 2009 and 2014, he was part of PPF Partners' management team.

Bohuslav Samec
Member of the Supervisory Board since 16 January 2009

Born in 1959, Bohuslav Samec graduated from a two-semester Monetary Economics and Banking course at the University of Economics, Prague. Between 1985 and 1993, he held managerial positions in services. He has worked for PPF Group since 1994, in which time he has held various managerial positions. For ten years he has served as a member of the board of directors of PPF burzovní společnost, and he also act as a member of the supervisory board of Slezan Frýdek-Místek a.s. and Gramofonové závody, a.s. He currently works for Česká pošta in the CEO's Section. Between 2006 and 2008 he was a member of the Supervisory Board of PPF banka a.s. Since 2009, he has also been a member of the Audit Committee of PPF banka a.s.

Lenka Baramová
Member of the Supervisory Board since 7 January 2009

Born in 1965, Lenka Baramová graduated from the University of Economics and Business and joined Komerční banka, a.s. in 1987 (when it was still an SBČS branch). Between 1993 and 1994, she worked in the Credit Risk Department of ABN AMRO Bank N.V. in Prague. Between 1994 and 2000, she worked for Calyon (then known as Credit Lyonnais Bank Praha a.s.), initially in the Corporate Banking Department and then in Corporate Finance. Between 2000 and 2002, she worked for the consultancy firm Celestis Finance s.r.o. Since 2002 she has worked for PPF banka a.s. and is currently a Senior Sales Consultant.

Martin Hýbl
Member of the Supervisory Board since 2 June 2011

Born in 1974, Martin Hýbl graduated from the Faculty of Business and Management of the Silesian University, Karviná, majoring in Business Economics. In 1998, he joined ČP Leasing a.s. and progressively held the positions of financial analyst, head of financial management, chief financial officer and member of the board of directors. Between 2003 and 2005, he worked for PPF Group in various financial management positions. Since 2005, he has been with PPF banka a.s., initially heading the HC Treasury Department and now in charge of Institutional and Corporate Client Banking Services.

Jiří Janoušek
Vice-Chairman of the Supervisory Board from 10 December 2019 to 28 April 2023 (member of the Supervisory Board from 26 September 2019 to 28 April 2023)

Born in 1978, Jiří Janoušek graduated from the Faculty of Law of Charles University, Prague. In 2012, he passed the bar examination and he is now a lawyer registered with the Czech Bar Association. His wide-ranging experience began as a corporate lawyer at financial institutions such as Československá obchodní banka, a.s. and Českomoravská stavební spořitelna, a.s., before he went on to practise at several law firms. In his legal practice, he specialises in insolvency law, commercial and civil law, civil procedural law, and arbitration, including related insolvency and enforcement legislation.

Nadežda Priečinská
Member of the Supervisory Board from 1 May 2021 to 27 April 2023

Born in Nitra in 1974, Nadežda Priečinská graduated from the Faculty of Law of Charles University in Prague. On completing her studies in 1997, she joined a law firm as an articled clerk. She passed the bar exam in 2000 and is registered with the Czech Bar Association. Since 2001, she has practised law independently. In her law practice, she specialises in real estate law, commercial law, civil law, and corporate law. Since 2007, she has been a member of the supervisory board of Accredio, a.s.

Audit Committee

Valdemar Linek
Chairman of the Audit Committee since 1 October 2021 (member of the Audit Committee since 10 December 2009; Vice-Chairman of the Audit Committee from 13 April 2010 to 30 September 2021)

Born in 1971, Valdemar Linek graduated from the Prague University of Economics and Business, majoring in Corporate Economics and Accounting and Corporate Financial Management. He also completed a postgraduate two-semester course in Internationally Accepted Accounting Standards and is a certified balance sheet accountant and registered assistant auditor. In 1997-2003, he worked for HZ Praha, spol. s r.o. as auditing division director, where he was responsible for audit engagements, economic consulting, due diligence and forensic investigation.

Since 1999, he has been a managing director of PRAGUE ACCOUNTING SERVICES s.r.o. (an expert institute in the field of economics), where he is responsible for the preparation of expert opinions on business combinations, accounting, taxes and valuations of assets and companies. Since 2005, he has been a director at PRAGUE TAX SERVICES a.s., where he is responsible for economic, accounting and tax consulting. Since 2003, he has been the board chairman, a director and a partner at NEXIA AP a.s., where he is responsible for forensic engagements and project consultancy contracts. In 2011–2018, he was a member of the audit committee of Air Bank a.s.

Jitka Mašátová
Vice-Chairwoman of the Audit Committee since 1 October 2021 (member of the Audit Committee from 29 April 2013, Chairwoman of the Audit Committee from 29 April 2013 to 30 September 2021)

Born in 1978, Jitka Mašátová graduated from the Prague University of Economics and Business, where she studied Monetary and Economic Politics at the Faculty of Finance and Accounting. While still studying, she joined the Banking Supervision Section of the Czech National Bank, where she held various positions over the course of four years. Since 2005, she has worked for PPF a.s.'s Group Internal Audit Department. Since 2007, she has been the Head of Group Internal Audit. In 2011, she was a member of the supervisory board of SAZKA sázková kancelář, a.s. Since 2018, she has been a member of the Supervisory Board of PPF banka a.s. Since 2021 she has also worked for PPF Financial Holdings a.s.in a position of Chief Internal Audit Officer.

Bohuslav Samec
Member of the Audit Committee
since 10 December 2009

Born in 1959, Bohuslav Samec graduated from a two-semester Monetary Economics and Banking course at the Prague University of Economics and Business. Between 1985 and 1993, he held managerial positions in services. He has worked for PPF Group since 1994, in which time he has held various managerial positions. For ten years he has served as a member of the board of directors of PPF burzovní společnost and a member of the supervisory board of Slezan Frýdek-Místek a.s. and Gramofonové závody, a.s. He currently works for Česká pošta in the CEO's Section. Since 2006, he has been also a member of the Supervisory Board of PPF banka a.s.

Senior Management

Petr Jirásko
Chief Executive Officer
since 14 October 2013

Jaroslava Studenovská
Managing Director of Operations
since 1 May 2007

Miroslav Hudec
Managing Director of Financial Management
since 1 January 2014

Luboš Prchal
Managing Director of Risk Management
since 3 November 2021

Karel Tregler
Managing Director of Commercial and Investment Banking
since 3 November 2021

Daniel Votápek
Managing Director of IT
since 1 June 2022

Organizational Structure of PPF banka a.s. as of 31. 12. 2023

Supervisory Board

Audit Committee

- 003 Compliance Department
- 004 Internal Audit Department

Risk Committee

Board of Directors

Chief Executive Officer

- 010 Office of the CEO and HR Department
- 030 Concierge Department
- 040 Legal Department

200 Financial Management Division

- 210 Accounting Department
- 240 Controlling and Reporting Department

500 IT Division

- 510 User and Aplication Department
- 520 IT Infrastructure Department
- 530 Digital, Transactions Systems, Backoffice Department
- 540 Loans, invesments and Architecture Department
- 550 Project Management Office and Datamanagement Department
  - 533 Datamanagement Unit
  - 535 Testing Unit

600 Operations Division

- 610 Client Contact Centre Department
- 620 Passive Product Methodology Department
- 630 Validation and Control Department
- 640 Payment Department
- 650 Back Office Financial Markets Department
  - 651 Back Office Money Market Unit
  - 652 Back Office Capital Market Unit
- 660 Loan Administration Department
- 670 Custody Department
- 680 Middle Office Financial Markets Department
- 690 Electronic Payment Systems Department

700 Risk Management Division

- **710 Market Risk Management Department**
- **720 Credit Risk Management Department**
  - 721 Financial Institutions Analysis Unit
  - 723 Corporate Clients Analysis Unit
  - 727 Credit Controlling Unit
- **730 Restructuring and Workout Department**
- **770 Information Security Department**
  - 771 Security Supervision Unit
  - 772 Information Systems Security Department
- **780 Operational Risk Management Unit**

800 Commercial and Investment Banking Division

300 Investment Banking Section

- **310 Debt Capital Markets**
- **320 Trading Department**
- **330 Corporate and Municipal Client Sales Department**
- **340 Treasury Department**
- **350 Investment and Transaction Services Department**
- **370 Institutional Client Sales Department**
- **380 Private Banking Department**

400 Commercial Banking Section

- **410 Corporate Banking Department**
- **470 Public Sector Department**

830 Products, Analysis, Support Section

- **831 Products Department**
- **832 Macroeconomic Analysis Department**
- **833 Support Services Department**

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

Independent Auditor's Report

to the Shareholders of PPF banka a.s.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying separate financial statements of PPF banka a.s. ("the Company"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the separate statement of financial position as at 31 December 2023, and the separate statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the separate financial statements, comprising material accounting policies and other explanatory information. Information about the Company is set out in Note 1 to the separate financial statements.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2023, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

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

Key Audit Matters

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

Loss allowances for loans to and receivables from customers

Loss allowances for loans and advances to customers amounted to CZK 1,244 million as at 31 December 2023 (31 December 2022: CZK 964 million). Gross amount of loans and advances to customers amounted to CZK 54,196 million as at 31 December 2023 (31 December 2022: CZK 46,239 million).

Refer to Note 3 (Material accounting policies), Note 20 (Loans and advances to customers) and Note 43 (Risk management) in the notes to the separate financial statements.

The key audit matter

The Company's management makes significant judgments and complex assumptions when estimating expected credit losses ("the Expected Credit Losses", "ECLs") in respect of loans and advances to customers (together "loans"). We consider the area to be associated with a significant risk of material misstatement, which, coupled with the significantly higher estimation uncertainty stemming from the current market conditions, required our increased attention in the audit. As such, we determined it to be a key audit matter.

The loans are assigned to one of three stages in line with the requirements of IFRS 9 *Financial instruments* for the purposes of estimating the loss allowances. Stage 1 and Stage 2 loans are performing exposures, with Stage 2 being exposures with a significant increase in credit risk since origination. Stage 3 loans are non-performing, i.e. credit-impaired loans.

Impairment allowances for the performing exposures are determined by modelling techniques taking into account historical experience, forward-looking information and management judgment. Key assumptions and judgments relevant to the assessment of performing exposures comprise:

- definition of default and of significant increase in credit risk (SICR);
- probability of default (PD) - estimated by statistical models, based on historical data and forward looking information (FLI) based on macroeconomic scenarios;
- exposure at default (EAD) - decreased by the net realisable value of collateral estimated based on appraisals adjusted for historical data;
- loss given default (LGD) – based on historical data from the collection process;
- management overlays (post-model adjustments).

Loss allowances for all Stage 3 loans are determined on an individual basis by discounting the probability-weighted scenarios of estimated future cash flows from the borrower. The key judgments and assumptions therein are those in respect of the estimated amount and timing of future cash repayments, including the net realisable value of underlying collateral.

How the matter was addressed in our audit

Assisted, where applicable, by our own credit risk, valuation and information technology (IT) specialists, we performed, among others, the procedures outlined below:

We critically assessed the Company's credit and loan accounting policies, and the processes related to estimating ECLs. As part of the procedure, we assessed the process of identifying indicators of default, SICR, and allocating of loans to respective stages. We also inspected the Company's ECL methods and models and assessed their compliance with the relevant requirements of the financial reporting standards.

We tested the IT control environment for data security and access, and also tested the design, implementation and operating effectiveness of IT-based and manual controls over the identification and timely consideration of SICR and credit-impairment. The controls tested included those over the calculation of the loans' days past due and matching loan repayments to instalments.

We evaluated whether in its loan staging and ECL measurement the Company appropriately considered the effects of the market disruption resulting from the current market conditions.

We obtained the relevant forward-looking information and macroeconomic projections used in the Company's ECL assessment and management overlays (post model adjustments). We independently assessed the information by means of corroborating inquiries of the Management Board and inspecting publicly available information.

We challenged the LGD, net realisable value of collateral and PD parameters, by assessing back-testing of historical defaults and by reference to historical realized losses on those defaults, and also considering any required adjustments to reflect expected changes in circumstances;

For use in the following procedures, we challenged on a sample basis the valuation methods and models applied in estimating the net realizable values of the loan collaterals by the valuation experts engaged by the Company, whose experience, competence and objectivity we also independently assessed

For a sample of Stage 1 and Stage 2 loans, by reference to respective loan files and inquiries of the credit risk personnel, we:

- determined whether a significant increase in credit risk occurred or whether the loan was credit-impaired;
- traced the net realisable value of related collateral to the appraisals by the valuation experts engaged by the Company;
- assessed whether appropriate PD and LGD parameters were assigned to the loans in the sample;
- checked other characteristics of selected loans relevant for the ECL calculation.

For a sample of Stage 3 loans, we challenged the estimated cash flow scenarios and their probabilities. In performing the procedure, we focused on the key assumptions, such as the realisable value of the underlying collateral, which we traced to the appraisals by the valuation experts engaged by the Company, or other supporting evidence where collateral less relevant in the process of recovery.

We examined whether the Company's loan impairment and credit risk-related disclosures in the separate financial statements appropriately include the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Other Information

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

As described in Note 1 to the financial statements, PPF banka a.s. has not prepared an annual report as at 31 December 2023, as it includes the respective information in a consolidated annual report. Consequently, this auditor's report does not include our statement on the other information.

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

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 27 April 2023 and our uninterrupted engagement has lasted for 25 years.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 26 March 2024 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

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

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

Statutory Auditor Responsible for the Engagement

Veronika Strolená is the statutory auditor responsible for the audit of the financial statements of PPF banka a.s. as at 31 December 2023, based on which this independent auditor's report has been prepared.

Prague
4 April 2024

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

Veronika Strolená
Partner
Registration number 2195

Separate Financial Statements

for the year ended 31 December 2022 in accordance with International Financial Reporting Standards (IFRS)

Separate Statement of Comprehensive Income

for the year ended 31 December 2023

In millions of CZK	Note	2023	2022
Interest and similar income*	7	18,886	12,746
Interest expense and similar charges	7	(12,263)	(6,308)
Net interest and similar income		**6,623**	**6,438**
Fee and commission income	8	592	576
Fee and commission expense	8	(334)	(334)
Net fee and commission income		**258**	**242**
Net income/expense from financial operations	9	12	(1,307)
Other operating income		5	6
Operating income		**6,898**	**5,379**
Personnel expenses	10	(567)	(445)
Other general administrative expenses	10	(695)	(620)
General administrative expenses		**(1,262)**	**(1,065)**
Depreciation and amortisation	11	(90)	(92)
Other operating expenses	12	(370)	(256)
Operating expenses		**(1,722)**	**(1,413)**
Impairment gains/(losses)	13	(495)	(785)
Profit before income tax		**4,681**	**3,181**
Income tax expense	14	(797)	(442)
NET PROFIT FOR THE YEAR		**3,884**	**2,739**

* The breakdown of interest and similar income into one calculated using the effective interest rate and others is set out in note 7.

Other comprehensive income	2023	2022
Items that are or may be reclassified to profit or loss		
Fair value reserve (debt instruments measured at fair value through other comprehensive income, tax included):	829	(467)
Change in fair value	957	(1,248)
Net amount transferred to profit or loss	74	670
Deferred tax	(202)	111
Items that will not be reclassified to profit or loss		
Fair value reserve (equity instruments designated at fair value through other comprehensive income, tax included):	17	9
Change in fair value	21	12
Deferred tax	(4)	(3)
Other comprehensive income for the period	**846**	**(458)**
Total comprehensive income for the period	**4,730**	**2,281**

The notes on pages 8 to 100 are an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 4 April 2024.

Signed on behalf of the Board of Directors by:

Petr Jirásko
Chairman of the Board of Directors

Miroslav Hudec
Member of the Board of Directors

Separate Statement of Financial Position

for the year ended 31 December 2023

In millions of CZK	Note	31. 12. 2023	31. 12. 2022 (restated)*
ASSETS			
Cash and cash equivalents	15	166,093	160,928
Financial assets at fair value through profit or loss	16	105,642	33,037
Financial assets at fair value through other comprehensive income	17	29,010	24,844
Financial assets at amortised cost	18	19,333	15,049
Loans and advances to banks	19	11,101	8,247
Loans and advances to customers	20	52,952	45,275
Investments in subsidiaries	21	237	237
Property, plant and equipment	22	95	119
Intangible assets	23	162	183
Deferred tax assets	31	–	372
Other assets	24	330	359
TOTAL ASSETS		384,955	288,650
LIABILITIES			
Deposits from banks	25	15,948	23,980
Deposits from customers	26	241,239	210,578
Debt securities issued	27	4,436	5,117
Financial liabilities at fair value through profit or loss	29	100,271	30,420
Income tax liabilities	30	261	239
Deferred tax liabilities	31	5	–
Provisions	32	215	196
Other liabilities	33	1,817	789
TOTAL LIABILITIES		364,192	271,319
SHAREHOLDERS’ EQUITY			
Issued capital	37	769	769
Share premium	37	412	412
Retained earnings		19,330	16,744
Fair value reserve	38	252	(594)
TOTAL SHAREHOLDERS’ EQUITY		20,763	17,331
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		384,955	288,650

* Restated, see note 6 Changes in accounting policies.

Separate Statement of Cash Flows

for the year ended 31 December 2023

In millions of CZK	Note	31. 12. 2023	31. 12. 2022 (restated)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		4,681	3,181
Adjustments for:			
Depreciation and amortisation	11	90	92
Net impairment loss on investment securities		(90)	887
Net impairment loss on loans and advances and other financial assets		585	(102)
Net interest income	7	(6,623)	(6,438)
Revaluation of financial assets and liabilities at fair value through profit or loss		(647)	(1,011)
Net gain/loss on the sale of financial assets at fair value through other comprehensive income		74	670
Other non-cash adjustments		140	(277)
Operating profit before the change in operating assets and liabilities		**(1,790)**	**(2,998)**
Changes in:			
Financial assets at fair value through profit or loss		(71,958)	4,787
Loans and advances to banks		(2,854)	(3,479)
Loans and advances to customers		(7,793)	(1,137)
Financial assets at amortised cost		(4,239)	(15,049)
Other assets		29	(40)
Financial liabilities at fair value through profit or loss		69,851	2,788
Deposits from banks		(7,739)	(17,353)
Deposits from customers		30,721	64,983
Other liabilities		1,054	(173)
		5,282	**32,329**
Interest received		18,229	12,040
Interest paid		(12,610)	(6,112)
Income taxes paid		(604)	(93)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		**10,297**	**38,164**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(5,062)	(6,972)
Proceeds from sale of financial assets at fair value through other comprehensive income		2,026	2,900
Acquisition of property and equipment		(20)	(16)
Acquisition of intangible assets		(25)	(21)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		**(3,081)**	**(4,109)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of debt securities		436	1,845
Repayment of debt securities issued		(1,117)	(1,139)
Leasing payments		(26)	(21)
Dividends paid		(1,298)	(1,492)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**(2,005)**	**(807)**
Net increase/(decrease) in cash and cash equivalents		5,211	33,248
Cash and cash equivalents at 1 January	15	160,928	127,509
Effect of exchange rate fluctuations on cash and cash equivalents held		(46)	171
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**166,093**	**160,928**

* Restated, see note 6 Changes in accounting policies.

Separate Statement of Changes in Equity

for the year ended 31 December 2023

In millions of CZK	Issued capital	Share premium	Fair value reserve	Retained earnings	Total equity
BALANCE AT 1 JANUARY 2023	**769**	**412**	**(594)**	**16,744**	**17,331**
Total comprehensive income for the period					
Net profit for 2023	–	–	–	3,884	3,884
Other comprehensive income					
Changes in fair value of financial assets at fair value through other comprehensive income (tax included)	–	–	846	–	846
Total	**769**	**412**	**252**	**20,628**	**22,061**
Transactions with owners, contribution and distribution to owners					
Dividends paid	–	–	–	(1,298)	(1,298)
BALANCE AT 31 DECEMBER 2023	**769**	**412**	**252**	**19,330**	**20,763**
BALANCE AT 1 JANUARY 2022	769	412	(136)	15,497	16,542
Total comprehensive income for the period					
Net profit for 2022	–	–	–	2,739	2,739
Other comprehensive income					
Changes in fair value of financial assets at fair value through other comprehensive income (tax included)	–	–	(458)	–	(458)
Total	769	412	(594)	18,236	18,823
Transactions with owners, contribution and distribution to owners					
Dividends paid	–	–	–	(1,492)	(1,492)
BALANCE AT 31 DECEMBER 2022	769	412	(594)	16,744	17,331

Notes to the Separate Financial Statements

for the year ended 31 December 2023

1 Introduction

PPF banka a.s. (“the Bank”) was established on 31 January 1995 as the successor to the former ROYAL BANKA CS, a.s. (operating on the market from 31 December 1992) by a resolution of Prague City Council in order to create a strong financial partner for cities and municipalities.

The Bank is registered in the Commercial Register as a joint-stock company, with the following scope of business:

— execution of banking transactions and provision of banking services in the Czech Republic and abroad, to the extent permitted by relevant legislation and the licence granted by the Czech National Bank (CNB). The Bank may acquire an interest in other companies both in the Czech Republic and abroad, including non-financial service companies.

On 23 June 2004, the shareholders of the Bank decided to change the name of První městská banka,a.s. to PPF banka a.s. The change of name to PPF banka a.s. was recorded in the Commercial Register on 1 September 2004.

As at 31 December 2023, the parent company of the Bank is PPF Financial Holdings a.s., with its registered office in the Czech Republic, Prague, Evropská 2690/17, postal code: 16000, registration number: 10907718, the parent company of PPF Financial Holdings a.s. is PPF Group N.V., with its registered office in the Netherlands, Amsterdam, Strawinskylaan 933, postal code: 1077XX, registration number: 33264887.

Registered office of the Bank:
PPF banka a.s.
Evropská 2690/17
160 41 Praha 6
Czech Republic

The Bank has not prepared a separate annual report, because the Bank includes the relevant information in the consolidated annual report.

2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

3 Material accounting policies

3.1 Basis of preparation

The financial statements are presented in Czech Crowns, which is the Bank’s functional currency, rounded to the nearest million. The financial statements are prepared on the historical cost basis, except for financial assets and liabilities at fair value through profit or loss, and assets at fair value through other comprehensive income.

Use of judgements and estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgements concerning the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that may have a significant effect on the financial statements in the year ended 31 December 2023 is included in the following notes:

- impairment of financial instruments, determining inputs into the expected credit loss measurement model, including the incorporation of forward-looking information in note 5;
- sensitivity analysis of loss allowance by relevant categories in note 43.1;
- determination of the fair value of financial instruments with significant unobservable inputs in note 3.3.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the 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 the current and future periods.

Estimates which may have a significant effect on the financial statements in the next year regarding standards that are not yet effective and are relevant to the financial statements are discussed in note 4.

Information about judgements made in the application of accounting policies that may have a significant effect on the financial statements is included in the following notes.

- classification of financial instruments, especially an assessment of the business model and an assessment of whether contractual cash flows are solely payments of principal and interest on unpaid principal ("SPPI") in note 3.3;
- assessment of whether there has been a significant increase in the credit risk of financial instruments since initial recognition, considering all available and relevant information, including quantitative and qualitative information, an analysis based on historical experience of the Bank and forward-looking information in note 5.

Russian-Ukrainian conflict and its impact on the financial statements and the going-concern assessment

The Bank realises that the geopolitical situation emerging from the Russian-Ukrainian conflict in February 2022 will have significant repercussions for the economy in the Czech Republic and other countries. The Bank's direct exposure to Russia and Ukraine is insignificant. The Bank's analysis did not identify any significant indirect effects because the Bank has limited business activities in Russia and Ukraine and its clients have limited dependence on these regions. The Bank is ready to make the appropriate respond if the situation arises.

The Bank is continuously monitoring the situation and, based on its current knowledge and after considering all available information, it does not expect these events to have an impact on its ability to continue as a going concern in the future.

The separate financial statements have been prepared on the basis of the going-concern principle.

Consolidated entities

In addition to the separate financial statements, the Bank prepares consolidated financial statements, which include the companies stated in note 21.

3.2 Foreign currency

3.2.1 Functional currency

The separate financial statements are presented in Czech Crowns (CZK), which is the Bank's functional currency.

3.2.2 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Bank at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the presentation currency at the foreign exchange rate ruling at the dates that the values were determined.

3.3 Financial instruments

3.3.1 Classification and measurement of financial assets

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

— it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
— its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

— it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is classified under one of these categories on initial recognition.

POCI assets

IFRS 9 also includes so-called POCI assets. POCI assets are purchased or originated financial assets that are credit-impaired on initial recognition.

Business model assessment

The Bank made an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management. The information considered includes:

— the stated policies and objectives for the portfolio and the operation of those policies in practice;
— how the performance of the portfolio is evaluated and reported to the Bank's management;
— the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
— how managers of the business are compensated, e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
— the frequency, volume and timing of sales in prior periods, and the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Bank's business models are as follows:

— "held and collect";
— "held, collect and sell";
— "other".

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest ("SPPI")

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

— contingent events that would change the amount and timing of cash flows;
— leverage features;
— prepayment and extension terms;
— terms that limit the Bank's claim to cash flows from specified assets, e.g. non-recourse asset arrangements; and
— features that modify consideration for the time value of money, e.g. the periodic reset of interest rates.

3.3.2 Initial recognition of financial assets

On initial recognition, financial assets/liabilities at AC are recognised on the settlement date at fair value adjusted for transaction costs directly attributable to the acquisition/issue or disposal of a financial asset/liability.

Financial assets at FVTPL are recognised on the date the Bank commits to purchase the assets. From this date, any gains or losses arising from changes in the fair value of the assets are recognised in the statement of comprehensive income.

Financial assets classified at FVOCI are recognised on the date the Bank commits to purchase the assets. From this date, any gains or losses arising from changes in the fair value of the assets are recognised in equity as differences from the revaluation of assets.

3.3.3 Fair value measurement principles

Fair value is the price the Bank would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date.

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

Valuation models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

— Level 1: quoted market prices (unadjusted) in active markets for identical instruments.
— Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
— Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation framework

The Bank has an established control framework with respect to the measurement of fair values. This framework includes Risk Management, which is independent of front office management and which has overall responsibility for independently verifying the results of all significant fair value measurements. Specific controls include:

— verification of observable pricing;
— re-performance of model valuations;
— a review and approval process for new models and changes to models;
— calibration and back-testing of models against observed market transactions;
— analysis and investigation of significant daily valuation movements; and
— a review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous period.

When third-party information, such as broker quotes or pricing services, is used to measure fair value, Risk Management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

— verifying that the broker or pricing service is approved by the Bank for use in pricing the relevant type of financial instrument;
— understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
— when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
— if a number of quotes for the same financial instrument have been obtained, how fair value has been determined using those quotes.

3.3.4 Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial assets and liabilities at fair value through profit or loss are recognised directly in profit or loss as "Net income from financial operations".

Gains and losses arising from a change in the fair value of financial assets measured at fair value through other comprehensive income are recognised directly in other comprehensive income and become the equity item "Fair value reserve".

3.3.5 Specific financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash deposited with banks and central banks (incl. mandatory minimum reserves), short-term reverse repo operations and short-term highly liquid investments, including treasury bills and other bills eligible for refinancing with the central bank (except for those held for trading). The financial assets are measured at amortised cost in line with IFRS 9.

Loans and advances to banks and customers

Loans and advances to banks and customers are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (except for those held for trading). If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, the financial assets are measured at amortised cost in line with IFRS 9. The financial assets are measured at fair value through profit or loss if the contractual terms do not meet the criteria specified above.

Debt securities issued

Own issued debt securities are recognised at amortised cost under "Debt securities issued". Upon initial recognition, own debt securities are measured at cost, which includes direct transaction costs.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss include financial derivatives and non-derivative financial assets and financial liabilities held for trading.

Financial derivatives

Financial derivatives with positive fair value are presented as "Financial assets measured at fair value through profit or loss". Financial derivatives with negative fair value are presented as "Financial liabilities measured at fair value through profit or loss".

For presentation purposes, derivatives are split into

— derivatives held for trading; and
— hedging derivatives.

Derivatives held for trading are those which are not designated as hedging instruments. All kinds of non-hedging derivatives without regard to their internal classification, i.e. both derivatives held in the trading book and banking book, or purpose, i.e. both trading derivatives and derivatives held for risk management, are presented in this line item.

Hedging derivatives are those which are designated as hedging instruments in hedges fulfilling the conditions of IFRS 9. The Bank did not apply hedging fulfilling the conditions of IFRS 9 in 2023 or 2022.

Changes in fair value (the clean price) of derivatives are recognised in the income statement in the line item "Net income from financial operations".

3.4 Derecognition and contractual modification

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Bank transfers the financial asset, provided that the Bank also transfers substantially all the risks and rewards of ownership of the financial asset. This occurs upon sale, termination or giving-up of the rights.

A financial liability is derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. Substantial modification of the terms of an existing financial liability is accounted for as extinguishment of the original financial liability and recognition of a new financial liability.

Financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income that are sold are derecognised and the corresponding receivables from the buyer are recognised on the day they are delivered (settlement date accounting).

In the event of the derecognition of investments in equity instruments designated at fair value through other comprehensive income, the Bank does not reclassify the cumulative gain or loss from equity to profit or loss. The cumulative gain or loss is transferred within equity.

Debt instruments measured at amortised cost, loans and advances to banks, and loans and advances to customers are derecognised on the day of maturity or on the day they are transferred by the Bank.

Modification

Substantial modification of the contractual cash flows of a financial asset is considered by the Bank to be the expiry of contractual rights to the financial asset. The Bank uses internally defined quantitative and qualitative criteria to assess the significance of a change. As for the quantitative criteria, the Bank considers contractual terms to be significantly changed if the discounted present value of the cash flows under the new terms is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset as of the date of modification. As for the qualitative criteria, the Bank considers contractual terms to be significantly changed if the new contractual cash flow would not meet SPPI criteria or there would be a change of the currency of the financial assets, or the addition of a convertible option to the financial asset terms. If the Bank considers contractual terms to be significantly changed based on at least one of the qualitative or qualitative criteria, the Bank derecognises the modified financial asset. Where the modification of a financial asset results in the derecognition of an existing financial asset and the subsequent recognition of a modified financial asset, the modified asset is treated as a new financial asset for the Bank's purposes.

In the event of the modification of a financial instrument not measured at fair value through profit or loss that does not result in derecognition, the Bank recalculates the gross carrying amount of the financial asset (the amortised cost of the financial liability) as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's (financial liability's) original effective interest rate and recognises the modification gain or loss in profit or loss.

In the case of modified financial assets, the Bank determines whether there was a significant increase in credit risk and estimates impairment losses on these financial assets in accordance with the accounting methods described in note 5.

3.5 Repurchase transaction

The Bank enters into purchases (sales) of financial assets under agreements to resell (repurchase) identical financial assets at a certain date in the future at a fixed price. Financial assets purchased subject to commitments to resell them at future dates are not recognised in the statement of financial position. The amounts paid are recognised in loans to either banks or customers or cash and cash equivalents. The receivables are shown as collateralised by the underlying security. Financial assets sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policies as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in "Interest and similar income" or "Interest expense and similar charges".

3.6 Offsetting

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

3.7 Impairment gains/(losses)

The Bank assesses impairment loss on financial assets based on a forward-looking "expected credit loss" model in line with IFRS 9. The model assumptions and estimates are described in detail in note 5.

When the expected credit loss increases in the period, the amount of the corresponding impairment loss on the financial asset is recognised in the statement of comprehensive income line item "Impairment gains/losses".

If the expected credit loss decreases in the subsequent period, the amount of corresponding impairment loss reversal is recognised in the statement of comprehensive income line item "Impairment gains/losses".

If the Bank has no reasonable expectations of recovering the financial asset (in either its entirety or a portion of it), the financial assets are written off. This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may still apply enforcement activities to financial assets being written off. Recoveries resulting from the Bank's enforcement activities are recognised in the statement of comprehensive income in the line item "Impairment gains/losses".

Loss allowances based on the "expected credit loss" model are recognised as follows:

— for financial assets measured at amortised cost: as a decrease of the assets' gross carrying amount;
— for loan commitments and financial guarantee contracts: generally as a provision;
— for financial instruments that include both the drawn and undrawn portion, the Bank recognises a combined loss allowance for both parts – one is recognised as a decrease in the gross carrying amount of the drawn portion, and the other one exceeding the gross carrying amount of the drawn portion is recognised as a provision; and
— for debt instruments measured at FVOCI: an adjustment relating to the expected credit losses is recognised in profit or loss against the equity line "Fair value reserve".

3.8 Net interest and similar income

Interest income or expense from all interest-bearing financial instruments except financial instruments measured at fair value through profit or loss is recognised using the effective interest rate ("EIR") and reported in profit or loss in the line items "Interest and similar income" or "Interest expense and similar charges" as part of revenue/expenses from continuing operations.

The effective interest method calculates the gross carrying amount of a financial asset or amortised cost of a financial liability that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument to its net carrying amount. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument (but not future credit losses). In respect of POCI financial assets, the Bank uses the effective interest rate that is calculated as an estimate of future cash flows including expected credit losses. The calculation of an effective interest rate also includes transaction costs and paid and received fees that are an integral part of the effective interest rate.

Amortised cost and gross carrying amount of a financial asset

The amortised cost of a financial asset or a financial liability is the amount at which the financial asset or liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses. The gross carrying amount of financial assets is the amortised cost of a financial asset, before adjustment for any credit loss.

Calculation of interest income and expense

In the calculation of interest income or interest expense, the effective interest rate is applied to the gross carrying amount of assets that are not credit-impaired or to the amortised cost of a liability.

Interest income in respect of financial assets that become credit-impaired after initial recognition is calculated using the effective interest rate method from the amortised cost of an asset. Interest income in respect of POCI financial assets is calculated using the credit-adjusted effective interest rate method from the amortised cost of an asset.

3.9 Dividend income

Dividend income is recognised in the statement of comprehensive income on the date that the dividend is declared.

3.10 Net fee and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate, and therefore included in "Interest and similar income" or "Interest expense and similar charges".

Fee and commission income from contracts with customers, under IFRS 15, is measured based on the consideration specified in the contract with a customer. The fee and commission income arises from financial services provided by the Bank, including cash management services, the central clearing of toll payments, brokerage services, investment advice and financial planning, investment banking services, and project and structured finance transactions. Fee and commission income is recognised when the corresponding service is provided. Penalty fees that have not been claimed or that have been waived are excluded from profit or loss.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, account maintenance and brokerage fees which are expensed as the services are received.

3.11 Net income from financial operations

Net income from financial operations comprises gains less losses related to financial assets and liabilities at fair value through profit and loss and includes all fair value changes. Net income from financial operations also includes realised gains or losses on financial assets at fair value through other comprehensive income (equity instruments excluded) and all foreign exchange differences.

3.12 Investments in subsidiaries

Investment in subsidiary is measured at historical costs decreased by potential accumulated impairment losses.

3.13 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives as follows:

Buildings	50 years
Other	1–10 years

Low value tangible assets with a purchase price of less than TCZK 40 and an estimated useful life shorter than 1 year are recognised as expenses in the period in which they are purchased.

3.14 Intangible assets

Software and other intangible assets that are acquired by the Bank are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets.

3.15 Leases

From a lessee perspective:

The Bank treats a contract as a lease if it conveys the right to control the use of a given asset for a period of time in exchange for consideration.

A right-of-use asset and a lease liability are recognised at the lease commencement date.

A right-of-use asset is initially measured at cost. The cost of a right-of-use asset comprises: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs; and an estimate of costs to be incurred in restoring the underlying asset. The asset is subsequently depreciated on a straight-line basis over the estimated useful life of the right-of-use asset, or until the end of the lease term, if earlier.

A right-of-use tangible asset is recognised as a tangible asset in the statement of financial position.

A lease liability recognised in other liabilities is measured at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, variable lease payments that depend on an index, amounts expected to be payable by the lessee under residual value guarantees, and the exercise price of a purchase option or an option to extend or terminate a lease if the Bank is reasonably certain to exercise that option. Lease payments are discounted using the Bank’s incremental borrowing rate.

After the commencement date, the Bank revises the remeasurement of lease liabilities to reflect changes to the lease payments. The Bank also makes the corresponding adjustment to the value of the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Bank recognises it in profit or loss.

Interest on the lease liability is recognised in interest expense.

From a lessor perspective:

The Bank does not provide leasing services in the capacity of a lessor.

3.16 Provisions

Provision means a probable outflow of an uncertain amount and in an uncertain period of time. Provisions are recognised when:

— there is a legal or constructive obligation as a result of past events;
— it is probable, and the probability exceeds 50%, that an outflow of resources will be required to settle the obligation;
— a reliable estimate of the amount of the obligation can be made.

In the statement of financial position, provisions are reported under the line item “Provisions”. They include credit risk loss provisions for contingent liabilities (particularly financial guarantees and loan commitments) as well as legal provisions and other provisions. Expenses or income related to provisions for loan commitments and financial guarantees are reported in the statement of income under the line item “Impairment gains/losses”. Expenses or income related to other provisions are reported in the statement of income under “Operating expenses”.

3.17 Income taxes

The income tax base is calculated from the current year profit. Expenses considered non-taxable expenses are added and income considered non-taxable income is deducted. The income tax base is modified by tax allowances and tax benefits.

Deferred income tax arises from temporary differences between the accounting values of assets and liabilities and their carrying amounts in the financial statements. The deferred tax is calculated using the tax rates applicable in the periods in which the timing difference is expected to reverse. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

3.18 Financial guarantees

Financial guarantees are contracts that require the Bank to make a specified payment to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of the debt instrument.

Liabilities under financial guarantee contracts are recorded initially at their fair value, which is generally the fee received or the present value of the fee receivable. Financial guarantee liabilities are subsequently measured at the higher of the initial fair value, less cumulative amortisation, and an amount equalling the expected credit loss determined in accordance with IFRS 9.

The fee received is recognised in the income statement under "Fee and commission income" and is amortised on a straight-line basis over the life of the guarantee.

4 Standards, interpretations and amendments to published standards that are not yet effective and may be relevant for the Bank's financial statements

A number of new Standards, amendments to Standards, and Interpretations are not yet effective as at 31 December 2023, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Banks's operations.

Amendments to IAS 1 Presentation of Financial Statements

Non-Current Liabilities with Covenants

Classification of Liabilities as Current or Non-current
Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively; early application is permitted. Specific transition requirements apply for companies that have early-adopted the previously issued but not yet effective 2020 amendments.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments, as issued in 2020, has removed the requirement for a right to be unconditional and instead requires that a right to defer settlement must exist at the reporting date and have substance (the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early).

The amendments, as issued in 2022, further clarify that when the right to defer settlement is subject to a company complying with conditions (covenants) specified in a loan arrangement, only covenants with which the company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability's classification at that date. However, the amendments require companies to disclose information about these future covenants to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt).

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IFRS 16 Leases

Lease Liability in a Sale and Leaseback

Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Early application is permitted.

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

The amendments confirm the following:

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

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

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

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures:

Supplier Finance Arrangements

Effective for annual periods beginning on or after 1 January 2024. Disclosure of comparative information for any reporting periods presented before, and information as at the beginning of, the annual reporting period in which the entity first applies those amendments is not required. Also, an entity is not required to disclose the information otherwise required by the amendments for any interim period presented within the annual reporting period in which the entity first applies those amendments. Early application is permitted.

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

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

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

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates:

Lack of exchangeability

Effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. In some jurisdictions, no spot rate is available because a currency cannot be exchanged into another currency.

IAS 21 was amended to clarify:

— when a currency is exchangeable into another currency; and
— how a company estimates a spot rate when a currency lacks exchangeability.

The amendments also include additional disclosure requirements to help users to assess the impact of using an estimated exchange rate on the financial statements.

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IFRS 10 and IAS 28

Sale or contribution of assets between an investor and its associate or joint venture

Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission decided to defer the endorsement indefinitely, it is unlikely that it will be endorsed by the EU in the foreseeable future.

The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

— a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
— a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Bank assessed the new amendments to standards to have no major impact on its financial statements.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Bank makes estimates and assumptions concerning future economic developments. The resulting accounting estimates will, by definition, seldom be equal to the actual results. The estimates and assumptions that carry the most significant risk of a material adjustment being required to the carrying amounts of assets and liabilities in the next financial year are discussed below.

5.1 Impairment of financial assets

The Bank assesses impairment loss on financial assets based on a forward-looking "expected credit loss" ("ECL") model in line with IFRS 9.

IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

Financial assets for which the provision is reported at 12-month expected credit losses are referred to as stage 1 financial assets. Financial assets are classified under stage 1 if they are assigned a low credit risk or if their credit risk has not significantly increased since the initial recognition.

Financial assets for which the provision is reported at the level of lifetime expected credit losses are referred to as stage 2 financial assets. Financial assets are reclassified under stage 2 if their credit risk has significantly increased since initial recognition and they are not currently assigned a low credit risk.

Financial assets in default are classified as stage 3 financial assets.

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls, i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn and the cash flows that the Bank expects to receive from this commitment; and
- financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Definition of default

Under IFRS 9, the Bank considers a financial asset to be in default when there is information available that:

— the borrower is unlikely to pay its credit obligations to the Bank in full, without realising collateral; or
— the borrower is more than 90 days past due. Overdrafts are considered past due once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Bank mainly considers the following indicators:

— approval of the forced restructuring of the receivable, with the effect of a reduction in the borrower's financial liabilities;
— active insolvency proceedings against the borrower in the insolvency register;
— the removal of the borrower's licence for activity for which licensing is required;
— the declaration of a moratorium on payments to international creditors (valid only for central and local government exposures);
— the initiation of steps by the Bank to activate guarantees provided by guarantors for the borrower's commitments;
— a performing exposure with relief in the probationary period is more than 30 days past due during the probationary period;
— the borrower is unlikely (according to an assessment by the Bank) to fully repay liabilities to the Bank, the parent company or subsidiaries without the realisation of collateral;
— loss of the borrower's regular income intended for the repayment of liabilities to the Bank;
— there are reasonable concerns about the borrower's future ability to generate stable and sufficient cash flows;
— a significant increase in the borrower's level of debt, or a reasonable expectation of such an increase;
— breach of covenants laid down in the contract with the borrower;
— a significant delay in the borrower's payments to other creditors is recorded in the Central Credit Register (or in another credit register);
— a crisis in the borrower's sector, accompanied by the borrower's weak position in that sector;
— the disappearance of an active market for a financial asset because of the borrower's financial difficulties;
— the default of another member in an economically linked group;
— a borrower facing financial difficulties receives material financial assistance (for more than 12 months) from the parent company, shareholders or another member of an economically linked group in order to meet liabilities, unless this is financial assistance pre-planned or expected during the lending approval procedure.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The Bank considers financial assets recovered if the above-mentioned conditions or indicators are no longer met and reclassifies them from stage 3 to stage 1, or stage 2 if the criteria of increased credit risk are met. All of the following conditions must be met for reclassification from stage 3:

— none of the above indicators for default has been met for at least 3 months;
— the receivable or part thereof has been less than 30 days past due for at least 3 months;
— the debtor's behaviour and financial situation indicate that the debtor will be able to repay its obligations;
— if the reason for default was restructuring, a change in classification is possible at least 1 year from the latest of: a) the moment of extending the restructuring measures, b) the moment when the exposure was classified as defaulted or c) the end of any grace period included in the restructuring arrangements. In addition, the following conditions must be met:
    — the client has made a significant payment/repayment with respect to the original repayment plan;
    — payments are paid regularly according to the repayment schedule.

Determining whether credit risk has increased significantly

Under IFRS 9, when determining whether the credit risk (i.e. risk of default) of a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis consisting – based on availability and complexity – of the Bank's historical experience, expert credit assessment and forward-looking information.

In line with IFRS 9, the Bank applies the rebuttable presumption that the credit risk increases significantly when an asset is more than 30 days past due. The Bank determines days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

The Bank primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

— the credit risk as at the reporting date; with
— the credit risk that was estimated on initial recognition of the exposure.

As for the loan portfolio, the Bank considers there to have been a significant increase in credit risk since initial recognition if:

— the credit internal rating has deteriorated by two or more notches since initial recognition and the current credit rating is outside the range A1 to A4 (for credit ratings see note 43.1);
— the receivable or part thereof has been more than 30 days past due;
— the current credit rating has deteriorated by at least one notch since initial recognition and the client has been assigned a credit rating of C2-C4;
— the exposure has been designated as a exposure with forbearance;
— the exposure has been in the regime of increased monitoring (the so-called "pre-workout")
— an individual assessment has been performed by the Head of the Credit Risk Management Department, who, on the basis of available information, has determined that the receivable exhibits signs of an increased credit risk.

As for the debt securities and other assets, the Bank considers there to have been a significant increase in credit risk since initial recognition if:

— the credit internal rating has deteriorated by two or more notches since initial recognition and the current credit rating is outside the range A1 to A4 (for credit ratings see note 43.1);
— the receivable or part thereof has been more than 30 days past due;
— the current credit rating has deteriorated by at least one notch since initial recognition and the client has been assigned a credit rating of C2-C4;
— an individual assessment has been performed by the Head of the Credit Risk Management Department, who, on the basis of available information, has determined that the receivable exhibits signs of an increased credit risk.

The Bank monitors the suitability of the criteria used to identify significant increases in credit risk by regular reviews to confirm that the results of assessment are compliant with IFRS 9 and internal guidelines and settings.

If the Bank considers that the above-mentioned indicators of significant increased credit risk are no longer met, the Bank reclassifies these financial assets from stage 2 to stage 1, and recognises 12-month expected credit losses.

Inputs in the measurement of ECLs

The key inputs in the measurement of ECLs are – in general – the following variables:

— probability of default (PD);
— loss given default (LGD); and
— exposure at default (EAD).

These parameters are – separately or collectively – derived from statistical models created on the basis of available market data. Models created on the basis of available market data are periodically back-tested on internal historical data. Failure probability estimates are estimates at a certain date that are calculated on the basis of statistical rating models and assessed using the rating tools established for different categories of counterparties and exposures.

The migration of a counterparty or exposure between credit ratings results in a change in the estimate of the associated PD.

EAD represents the exposure in the event of default. The Bank derives the EAD from the current exposure to the counterparty taking into account the repayment schedules. As for stage 1 and 2 exposures, the EAD of a financial asset is the gross carrying amount at default reduced by the net realisable value of collateral received.

Loss given default (LGD) is the amount of probable loss in the event of a default. For stage 1 and 2 exposures, the Bank uses external comparative information to assess LGDs as it has insufficient observations and data to derive its own statistically significant LGDs based on an analysis of the Bank's portfolio. For this reason, the Bank bases its determination of LGD on the regulatory loss given default, which is back-tested on the number of observations available. The Bank uses a 0% LGD for the secured part of the exposure. For LGDs assigned to the whole exposure (secured and unsecured), the Bank applies a minimum LGD of 15%, i.e. for every receivable the Bank tests whether the overall LGD ratio for every receivable is at least 15%, and, where this is not the case, the Bank adjusts the calculation and recalculates the expected credit losses with 15% LGD assigned to the whole exposure. This way, the Bank estimates non-zero expected losses even for fully secured loans. These expected losses translate risks related to collateral realisation, which cannot be recognised by other methods.

For stage 3 exposures, the Bank uses the difference between the gross carrying amount of an asset and the present value of estimated future cash flows applying scenario probability weights to measure expected credit losses.

Forward-looking information

Under IFRS 9, the Bank defines three economic scenarios: (i) the baseline economic scenario, which is the Bank's main scenario and is assigned the highest weight. This scenario is defined internally according to publicly available estimates of trends in key macroeconomic variables by relevant institutions, such as Oxford Economics, the Czech National Bank, the International Monetary Fund, the Organisation for Economic Cooperation and Development, and consensus analyst estimates published by Bloomberg and Reuters; and (ii) two less likely scenarios – optimistic and pessimistic. The Bank monitors the up-to-dateness of macroeconomic scenarios at least on a quarterly basis. The scenarios and their weights applicable as at 31 December 2023 (and as at 31 December 2022) are shown in the table below:

Czech Republic – GDP growth	Weight as at 31 December			
	2023	2024	2025	2026
Baseline scenario	50%	1.2%	2.8%	2.5%
Optimistic scenario	1%	3.6%	4.5%	4.4%
Pessimistic scenario	49%	(3.8%)	2.3%	1.4%

World – GDP growth	Weight as at 31 December			
	2023	2024	2025	2026
Baseline scenario	50%	3.0%	3.0%	3.0%
Optimistic scenario	1%	4.2%	4.5%	4.5%
Pessimistic scenario	49%	(1.3%)	2.8%	2.0%

Czech Republic – GDP growth	Weight as at 31 December			
	2023	2023	2024	2025
Baseline scenario	50%	(0.7%)	2.5%	2.5%
Optimistic scenario	1%	1.3%	4.5%	4.5%
Pessimistic scenario	49%	(4.2%)	(2.3%)	(0.2%)

World – GDP growth	Weight as at 31 December			
	2023	2023	2024	2025
Baseline scenario	50%	1.7%	3.2%	3.5%
Optimistic scenario	1%	2.7%	4.2%	4.5%
Pessimistic scenario	49%	(1.3%)	1.2%	1.5%

The resulting estimated credit losses then reflect the expected development of gross domestic product in the three scenarios above.

On the strength of data availability and resource credibility, the Bank uses historical data analysis to estimate the relationships between macroeconomic variables and probabilities of default that are used to measure expected credit losses.

The Bank considers the change in the GDP of the Czech Republic and the change in world GDP as key variables explaining the changes in the historical probability of default. For exposures of clients whose business risk lies in the Czech Republic, the Bank uses the change in the GDP of the Czech Republic for PD estimates. For other clients' exposures, the Bank uses the change in the world GDP as an explanatory variable.

An analysis of relevant assets' loss allowances to the development of GDP is presented in note 43.1., Sensitivity Analysis of loss allowance by relevant categories.

For risks that were not factored into the macroeconomic model, the Bank recognised additional allowances ("management overlay") equal to MCZK 350 as at 31. 12. 2023 (31. 12. 2022: MCZK 251). In making management overlays, the Bank relies on the regular quarterly stress testing of its loan portfolio, the management overlay amount being based on the expected additional loss on the loan portfolio under a slight stress scenario, defined mainly by the expected change in the GDP, see table below. Management overlay is then technically allocated to selected clients according to their risk level. Management overlays are remeasured on a quarterly basis.

Czech Republic – GDP growth	2024	2025	2026
Stress scenario	(2,33%)	2,61%	1,99%

World – GDP growth	2024	2025	2026
Stress scenario	0,25%	2,89%	2,48%

As at 31. 12. 2022:

Czech Republic – GDP growth	2023	2024	2025
Stress scenario	(3,5%)	(1,58%)	0,2%

World – GDP growth	2023	2024	2025
Stress scenario	(0,76%)	1,73%	2,03%

6 Changes in accounting policies

There were no changes in accounting policies during the period from 1 January 2023 to 31 December 2023, except for below:

Change in presentation of mandatory minimum reserves

As at 31 December 2022, the Bank presented mandatory minimum reserves amounting to MCZK 2,221 as Loans and advances to banks in the statement of financial position. In 2023, the Bank decided to correct the presentation of mandatory minimum reserves deposited with the central bank from Loans and advances to banks to Cash and cash equivalents, as this presentation better reflects the characteristics of the mandatory minimum reserves. The comparative figures as at 31 December 2022 in the statement of financial position and in the statement of cash-flows were restated accordingly. This restatement had no impact on the Bank financial performance, liquidity, or the statement of changes in equity.

Impact of the change in presentation on the statement of financial position:

MCZK	31 December 2022 (as reported)	Reclassification	31 December 2022 (restated)*
Cash and cash equivalents	158,707	2,221	160,928
Loans and advances to banks	10,468	(2,221)	8,247
TOTAL ASSETS	**288,650**	–	**288,650**

* Restated comparative numbers as at 31 December 2022, as presented in the Annual Report

The impact of the change in presentation on the statement of cash-flows:

MCZK	31 December 2022 (as reported)	Reclassification	31 December 2022 (restated)*
Changes in loans and advances to banks	(5,241)	1,762	(3,479)
Net cash from / (used in) operating activities	36,402	1,762	38,164
Net increase / (decrease) in cash and cash equivalents	31,486	1,762	33,248
Cash and cash equivalents as at 1 January	127,050	459	127,509
Effect of exchange rate movements on cash and cash equivalents	171	–	171
Cash and cash equivalents as at 31 December	158,707	2,221	160,928

* Restated comparative numbers as at 31 December 2022, as presented in the Annual Report

7 Net interest income and similar income

MCZK	2023	2022
Interest and similar income		
Cash and cash equivalents	7,732	6,708
Loans and advances to banks	1,043	486
Loans and advances to customers	4,406	2,656
Of which:		
Unpaid interest income from impaired loans	3	3
Unpaid interest income from loans with forbearance	2	–
Financial assets at fair value through other comprehensive income	2,042	1,768
Financial assets at fair value through profit or loss	2,845	847
Financial assets at amortised cost	818	281
Of which:		
Interest and similar income – EIR	16,041	11,899
Interest and similar income – other	2,845	847
	18,886	**12,746**
Interest expense and similar charges		
Deposits from banks	(580)	(819)
Deposits from customers	(9,777)	(5,095)
Debt securities issued	(314)	(224)
Financial liabilities at fair value through profit or loss	(1,588)	(166)
Lease liabilities	(4)	(4)
	(12,263)	**(6,308)**
NET INTEREST INCOME AND SIMILAR INCOME	**6,623**	**6,438**

The Bank did not waive any interest past due during the years 2023 and 2022.

8 Net fee and commission income

MCZK	2023	2022
Fee and commission income		
Toll administration fee income*	349	358
Transaction fee with clients	126	128
Custody fees	34	35
Fees from guarantees provided	26	16
Fees from administration of shares/bonds issue	22	17
Transaction fee with banks	8	6
Other	27	16
Of which:		
Fee income – contracts with customers – under IFRS 15	566	560
Fee income – other – under IFRS9	26	16
	592	**576**
Fee and commission expense		
Toll administration fee expense*	(257)	(264)
Transaction fee with other counterparties	(57)	(49)
Transaction fee with banks	(16)	(17)
Other	(4)	(4)
	(334)	**(334)**
NET FEE AND COMMISSION INCOME	**258**	**242**

* Based on contracts concluded between the Bank and CzechToll a.s. and between the Bank and the issuer of fuel cards or the intermediary for card payments, respectively, the Bank has been providing services as a clearing centre for toll payments in the Czech Republic since 1 December 2019. The service also includes the operation of the authorisation centre, which is provided to the Bank by an external company. The Bank collects and pays fees for the services provided and received.

9 Net income/expense from financial operations

MCZK	2023	2022
Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss	(62)	(982)
Of which:		
Net gains/(losses) from trading derivatives	(229)	(585)
Trading securities	167	(397)
Net realised gains/(losses) on financial assets at fair value through other comprehensive income	(74)	(670)
Of which:		
Debt instruments	(74)	(670)
Dividends	25	4
Foreign exchange gains/(losses)	123	341
TOTAL	**12**	**(1,307)**

All derivatives without regard to their internal classification, i.e. both derivatives held in the trading book and banking book, or purpose, i.e. both trading derivatives and derivatives held for risk management, are presented as Trading derivatives, as hedge accounting is not applied.

However, the Bank uses derivatives for economic hedging, therefore, the net gain (loss) on derivatives is partially offset by foreign exchange gains (losses) or interest income (expenses).

10 General administrative expenses

MCZK	2023	2022
Personnel expenses		
Wages and salaries	(386)	(291)
Social expenses	(117)	(99)
Liability insurance, pension insurance	(6)	(6)
Remuneration paid to key management personnel*		
Short-term benefits	(43)	(40)
Long-term benefits	(15)	(9)
	(567)	**(445)**
Other general operating expenses		
Donations	(352)	(232)
Consultancy services	(164)	(149)
IT	(169)	(129)
Other	(10)	(110)
	(695)	**(620)**
TOTAL	**(1,262)**	(1,065)

The average number of employees, members of the Board of Directors, Supervisory Board and executives of the Bank in the years 2023 and 2022 was as follows:

	2023	2022
Board of Directors	5	5
Supervisory Board**	5	6
Executives	1	1
Employees**	258	237

* Remuneration paid to key management personnel includes wages and salaries paid to the Board of Directors, Supervisory Board and other executives for the service rendered.
** Two employees are also members of the Supervisory Board and are therefore included in the number both of employees and of members of the Supervisory Board.

Other general operating expenses includes fees paid to the external auditor, or member firms of the external auditor for services provided, such as audit services MCZK 8 (2022: MCZK 6), other assurance services MCZK 3 (2022: MCZK 2) and tax advisory services MCZK 0 (2022: MCZK 1).

11 Depreciation and amortisation

MCZK	2023	2022
Depreciation on property, plant and equipment	(18)	(22)
Depreciation on property, plant and equipment – ROU	(26)	(22)
Amortisation of intangible assets	(46)	(48)
TOTAL	**(90)**	(92)

12 Other operating expenses

MCZK	2023	2022
Payment to Resolution Fund	(367)	(253)
Payment to Deposit Insurance Fund	(1)	(1)
Payment to Guarantee Fund	(2)	(2)
TOTAL	(370)	(256)

Payment to Guarantee Fund is set by law in the amount of 2% of fee and commission income for investments services provided for the last calendar year. The basis for the calculation of the payment to the Guarantee Fund for 2023 amounted to MCZK 99 (2022: MCZK 102).

13 Impairment gains/losses

MCZK	2023	2022
Gains/(Losses) from change in loss allowances:		
Cash and cash equivalents, Loans and advances to banks	(61)	(7)
Financial assets at fair value through other comprehensive income	90	(887)
Financial assets at amortised costs	(1)	–
Loans and advances to customers	(259)	150
Other assets	2	–
Write-offs – loans and advances to customers*	–	(31)
Write-offs – loans and advances to banks*	(186)	–
Revenues from previously written-off loans and advances to customers	–	–
Gains/(Losses) from change in provisions – off-balance sheet assets	(80)	(10)
TOTAL	(495)	(785)

* The loans and advances to customers that were written-off were fully covered by loss allowances as at the date of write-off.

In 2022, new risks for the economic activity and the pricing and financial stability of both the national and global economies arose due to the war in Ukraine, the extreme hike in energy and commodity prices and the ensuing inflation, as well as the resulting political debate on the mitigation of the impacts of rising energy prices, including the capping of selected energy prices and the imposition of a windfall tax on some types of entities. Accordingly, the Bank recognised additional allowances in the amount of MCZK 251 as management overlay in the course of 2022. Higher losses from change in loss allowances to the financial assets at fair value through other comprehensive income in 2022 were mostly caused by recognition of loss allowances to corporate bonds bearing the risk of the Russian Federation.

While the GDP in the Czech Republic increased in 2022 despite the above-mentioned risks, the year 2023 was characterized by a significant decrease in economic activity. There was a gradual lowering of GDP growth estimates for 2023 by all major agencies, and for the entire year 2023 a decline in GDP occurred. This development led to an increase in loss allowances and provisions to the loans and advances to customers. However, the increase in the loss allowances to the loans and advances to customers in 2023 was mainly caused by the growth of the loan portfolio itself. The write-off of loans and advances to banks was caused by the write-off of receivable frozen on a special type of account at a Russian bank, which is subject to Russian counter-sanctions.

14 Income tax expense

Taxes on income consist of current tax on income calculated based on the results reported for tax purposes and the change in deferred taxes.

MCZK	2023	2022
Income tax – current	(658)	(576)
Income tax – related to prior years	32	8
Income tax – deferred	(171)	126
INCOME TAX (EXPENSE)/INCOME	(797)	(442)

MCZK	2023	2022
Tax rate	19.0%	19.0%
Profit from operations (before taxation)	4,681	3,181
Computed taxation using applicable tax rate	(889)	(604)
Tax non-deductible expenses	(283)	(94)
Non-taxable income	270	204
Dividends	5	–
Tax related to prior years	32	8
Other items	68	44
INCOME TAX (EXPENSE)/INCOME – CURRENT	(797)	(442)
Effective tax rate	**17.0%**	**13.9 %**

The increase in the effective tax rate in a year-over-year comparison is mainly due to a higher share of non deductible expenses related to the non-taxable income from bonds issued by member states of the European Union.

Amendments to IAS 12 Income Taxes:

International Tax Reform – Pillar Two Model Rules (effective from 1 January 2023)

These amendments (already adopted by the EU) were issued on 23 May 2023 with the immediate effectiveness to clarify the application of IAS 12 Income Taxes to income taxes arising from tax laws enacted or substantively enacted to implement the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules. The amendments introduce:

- a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules;
- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

As the PPF Group (the Bank is a member of PPF Group) has applied the temporary mandatory relief from deferred tax accounting for the future impacts of the top-up tax, neither current nor deferred tax impact was recognised for the year ended 31 December 2023.

Not only is the PPF Group itself in the scope of Pillar Two legislation, but this legislation has also been enacted or substantively enacted in some of the jurisdictions in which the PPF Group operates. As the legislation was enacted quite recently and the PPF Group's portfolio is dynamic, the PPF Group is still in the process of assessing the potential exposure to Pillar Two income taxes as at 31 December 2023. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable.

15 Cash and cash equivalents

MCZK	31. 12. 2023	31. 12. 2022
Cash on hand	63	63
Nostro account balances	903	3,444
Balances with the central bank	5,332	7,418
Reverse repo operations with the central bank	159,795	150,008
Loss allowance	–	(5)
NET CASH AND CASH EQUIVALENTS	**166,093**	**160,928**

At 31 December 2023, the balances with the central bank included the balance of MCZK 3,353 (31. 12. 2022: MCZK 2,221) representing the mandatory minimum reserves. Compliance with the requirement to hold a certain level of mandatory minimum reserves is measured using the monthly average of daily closing balances.

The technical parameters of a reverse repo operation with the central bank are as follows: maturity of two weeks, interest rate set by the CNB for two-week repo operations (the “2W repo rate”).

16 Financial assets at fair value through profit or loss

All financial assets at fair value through profit or loss are classified as measured at fair value through profit or loss in accordance with IFRS 9. All financial assets listed below are held within the held-for-trading business model.

MCZK	31. 12. 2023	31. 12. 2022
Bonds and notes issued by:		
Government	15,050	10,581
Corporate	178	100
Shares	484	266
Reverse repo operations	77,382	2,508
Positive fair value of derivatives:		
Interest rate contracts	10,155	16,539
Currency contracts	2,393	3,043
Of which:		
Listed instruments	15,712	10,925
Unlisted instruments	89,930	22,112
TOTAL	**105,642**	**33,037**

Interest income from trading assets and financial assets at fair value through profit or loss is recognised in interest and similar income. The fair value of unlisted instruments was estimated using discounted cash-flow techniques.

17 Financial assets at fair value through other comprehensive income

MCZK	31. 12. 2023	31. 12. 2022
Debt instruments at fair value through other comprehensive income		
Bonds issued by:		
Government	20,118	17,516
Corporate bonds	8,648	7,106
Equity instruments at fair value through other comprehensive income		
Shares issued by:		
Other issuers	244	222
Of which:		
Listed instruments	25,639	22,155
Unlisted instruments	3,371	2,689
TOTAL	29,010	24,844

Debt instruments at fair value through other comprehensive income

Debt instruments at fair value through other comprehensive income were classified under this category on the basis of the Bank's business model for managing financial assets.

Interest income from debt instruments at fair value through other comprehensive income is recognised in interest and similar income.

The fair value of unlisted bonds was estimated using discounted cash-flow techniques.

The loss allowance for the expected credit loss on debt instruments at fair value through other comprehensive income was MCZK 195 as at 31 December 2023 (2022: MCZK 937). The loss allowance for expected credit loss is recognised in the statement of comprehensive income in the line "Impairment gains/losses" against the equity line "Fair value reserve".

A credit risk analysis and a detailed overview of the impairment loss on debt instruments at fair value through other comprehensive income are disclosed in notes 43.1 and 13.

Equity instruments at fair value through other comprehensive income

The Bank designated certain investments shown in the following table as equity securities at FVOCI. The FVOCI designation was made because the investments are not considered trading instruments and are expected to be held in the long term.

MCZK	31. 12. 2023	31. 12. 2022
Swift S.C. (ISIN: BE0016790090)	2	2
CREDITAS ASSETS SICAV a.s. (ISIN: CZ0008047214)	242	220
TOTAL	244	222

The Bank recognised a gain (loss) due to changes in the fair value of these investments in other comprehensive income. In 2023 or 2022, the Bank did not dispose of any equity instruments from the portfolio. The Bank did not receive any dividends from the instruments in 2023 or 2022.

18 Financial assets at amortised cost

MCZK	31. 12. 2023	31. 12. 2022
Debt instruments at amortised cost		
Bonds issued by:		
Government	18,930	14,899
Corporate bonds	404	150
Loss allowance	(1)	–
NET FINANCIAL ASSETS AT AMORTISED COST	**19,333**	**15,049**

A credit risk analysis and a detailed overview of loss allowances on financial assets at amortised cost are disclosed in note 43.1.

19 Loans and advances to banks

MCZK	31. 12. 2023	31. 12. 2022
Cash collateral for derivative instruments	4,641	5,249
Loans to banks	6,305	3,001
Reverse repo operations with banks	178	–
Loss allowance	(23)	(3)
NET LOANS AND ADVANCES TO BANKS	**11,101**	**8,247**

A credit risk analysis and a detailed overview of loss allowances on loans and advances are disclosed in note 43.1.

20 Loans and advances to customers

MCZK	31. 12. 2023	31. 12. 2022
Total loans and advances to customers	54,196	46,239
Loss allowance	(1,244)	(964)
NET LOANS AND ADVANCES TO CUSTOMERS	**52,952**	**45,275**

A credit risk analysis and a detailed overview of loss allowances on loans and advances are disclosed in note 43.1.

21 Investments in subsidiaries

The Bank controls the following subsidiaries:

	Principal place of business	Registered office	31. 12. 2023 Share (%)	31. 12. 2022 Share (%)	31. 12. 2023 MCZK	31. 12. 2022 MCZK
PPF Co3 B.V.	IN, PH, RS, VN, EU*	NL**	100%	100%	237	237
Investment in subsidiaries					237	237

* India, Philippines, Serbia, Vietnam, European Union
** Netherlands

In 2016, the Bank purchased 100% of shares in PPF Co3 B.V. with the aim of entering the consumer credit segment in Asia. It is currently used for the purchase and financing of retail loans from companies under Home Credit, the purchase of retail loans from Yettel Bulgaria and Hungary, the depositing of collateral for Yettel Serbia at Mobi Bank, and the financing of the factoring of receivables from telecommunication services.

The Bank held no interest participation with significant influence as at 31 December 2023 and 31 December 2022.

22 Property, plant and equipment

MCZK	Low value fixed assets	Building	Furniture and fittings	Equipment	Fixed assets not in use yet	Total
Cost						
At 1 January 2022	4	188	15	129	4	340
Additions	–	5	–	11	11	27
Disposals/Transfer	–	–	–	(5)	(11)	(16)
At 31 December 2022	4	193	15	135	4	351
At 1 January 2023	4	193	15	135	4	351
Additions	–	17	2	5	3	27
Disposals/Transfer	–	–	–	(1)	(7)	(8)
At 31 December 2023	4	210	17	139	–	370
Depreciation						
At 1 January 2022	4	85	11	93	–	193
Additions	–	22	1	21	–	44
Disposals	–	–	–	(5)	–	(5)
At 31 December 2022	4	107	12	109	–	232
At 1 January 2023	4	107	12	109	–	232
Additions	–	26	1	17	–	44
Disposals	–	–	–	(1)	–	(1)
At 31 December 2023	4	133	13	125	–	275
Net book value						
AT 31 DECEMBER 2022	–	86	3	26	4	119
AT 31 DECEMBER 2023	–	77	4	14	–	95

At 31 December 2023, the Bank recorded right-of-use assets in the amount of MCZK 72 (2022: MCZK 81).

23 Intangible assets

MCZK	Software	Software not in use yet	Total
Cost			
At 1 January 2022	629	27	656
Additions	40	24	64
Disposals/Transfer	–	(43)	(43)
At 31 December 2022	669	8	677
At 1 January 2023	669	8	677
Additions	10	25	35
Disposals/Transfer	–	(10)	(10)
At 31 December 2023	679	23	702
Amortisation			
At 1 January 2022	446	–	446
Additions	48	–	48
Disposals	–	–	–
At 31 December 2022	494	–	494
At 1 January 2023	494	–	494
Additions	46	–	46
Disposals	–	–	–
At 31 December 2023	540	–	540
Net book value			
AT 31 DECEMBER 2022	**175**	**8**	**183**
AT 31 DECEMBER 2023	**139**	**23**	**162**

24 Other assets

MCZK	31. 12. 2023	31. 12. 2022
Cash collateral to payment cards	164	166
Trade receivables	68	67
Clearing with securities market	8	28
Prepaid expenses and accrued revenues	98	102
Other	2	5
Loss allowance	(10)	(9)
TOTAL	**330**	**359**

25 Deposits from banks

MCZK	31. 12. 2023	31. 12. 2022
Payable on demand (loro accounts)	2	523
Cash collateral to derivatives	3,723	6,974
Repo operations	12,223	16,483
TOTAL	**15,948**	**23,980**

26 Deposits from customers

MCZK	Payable on demand		Term deposits		Repo operations		Cash collateral to derivatives		Total	
	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022
Financial institutions*	3,986	2,441	7,767	4,916	49,578	76,416	277	–	61,608	83,773
Public sector	26,334	22,007	4,674	18,166	69,553	–	–	–	100,561	40,173
Non-financial institutions	17,033	34,015	13,770	12,633	–	125	183	–	30,986	46,773
Households/Individuals	5,825	4,151	3,502	4,069	–	–	–	–	9,327	8,220
Holding companies	29,634	26,021	9,123	5,414	–	–	–	204	38,757	31,639
TOTAL	82,812	88,635	38,836	45,198	119,131	76,541	460	204	241 239	210 578

* Holding companies excluded

27 Debt securities issued

	Interest	Maturity	31. 12. 2023 MCZK	31. 12. 2022 MCZK
Investment certificates	fixed	2024–2026	4,436	5,117
TOTAL			4,436	5,117

The Bank has not had any defaults of principal or interest or other breaches with respect to its debt securities issued during the years ended 31 December 2023 and 2022.

28 Reconciliation of movements of liabilities to cash flows arising from financing activities

MCZK	Debt securities issued	Lease liabilities	Total
At 1 January 2023	5,117	83	5,200
Net increase/(decrease) in cash and cash equivalents			–
Lease payments	–	(26)	(26)
Changes in lease liabilities	–	17	17
Proceeds from issue of debt securities	436	–	436
Repayment of debt securities issued	(1,117)	–	(1,117)
Other	(7)	–	(7)
Net cash from financing activities	(688)	(9)	(697)
Interest expense	314	4	318
Interest paid	(307)	(4)	(311)
AT 31 DECEMBER 2023	4,436	74	4,510

MCZK	Debt securities issued	Lease liabilities	Total
At 1 January 2022	**4,411**	**100**	**4,511**
Net increase/(decrease) in cash and cash equivalents			–
Lease payments	–	(21)	(21)
Changes in lease liabilities	–	4	4
Proceeds from issue of debt securities	1,845	–	1,845
Repayment of debt securities issued	(1,139)	–	(1,139)
Other	10	–	10
Net cash from financing activities	**716**	**(17)**	**699**
Interest expense	225	3	228
Interest paid	(235)	(3)	(238)
AT 31 DECEMBER 2022	**5,117**	**83**	**5,200**

29 Financial liabilities at fair value through profit or loss

All financial liabilities at fair value through profit or loss are classified as held for trading.

MCZK	31. 12. 2023	31. 12. 2022
Negative fair value of derivatives:		
Interest rate contracts	10,267	16,579
Currency contracts	1,848	3,065
Repo operations	76,603	2,413
Liabilities from short sales of securities	11,553	8,363
TOTAL	**100,271**	**30,420**

30 Income tax assets/liabilities

As at 31 December 2023, the Bank recognised total Income tax liability of MCZK 261 (31. 12. 2022: Income tax liability of MCZK 239) in the statement of financial position.

As at 31 December 2023, the tax liabilities of the Bank totalled MCZK 658 (31. 12. 2022: MCZK 576), the Bank paid income tax advances totalling MCZK 388 (31. 12. 2022: MCZK 334) and tax paid abroad amounts to MCZK 9 (31. 12. 2022: MCZK 3).

31 Deferred tax liability/asset

Deferred taxes are calculated from all temporary differences between the tax and accounting value of assets and liabilities. To determine the recognised deferred taxes the Bank uses the income tax rate applicable in the periods in which deferred taxes are expected to be utilised, i.e. 21% tax rate in 2023 for the following years (2022: 19%).

The recognised deferred tax assets and liabilities consist of the following items:

MCZK	31. 12. 2023	31. 12. 2022
Deferred tax assets		
Deferred tax asset from wages and unpaid social and health insurance	36	21
Deferred tax asset from financial assets at fair value through other comprehensive income	–	317
Deferred tax asset from lease liabilities*	15	15
Deferred tax asset from loans and advances to customers	–	48
Deferred tax assets	**51**	**401**
Deferred tax liabilities		
Deferred tax liability from loans and advances to customers	(12)	(10)
Deferred tax liability from financial assets at fair value through other comprehensive income	(26)	–
Deferred tax liability from tangible assets – ROU assets*	(15)	(15)
Deferred tax liability from intangible assets	(3)	(4)
Deferred tax liabilities	**(56)**	**(29)**
NET DEFERRED TAX ASSETS (LIABILITIES)	**(5)**	**372**

* The Bank applied Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transactions from 1 January 2023. Following the amendments, the Bank has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets.

There was no unrecognised item related to deferred tax.

The analysis of the movements of Deferred tax is as follows:

MCZK	Total
At 1 January 2023	372
Deferred tax income/(expense) recognised in Profit or Loss	(171)
Deferred tax income/(expense) recognised in Other comprehensive income	(206)
AT 31 DECEMBER 2023	**(5)**
At 1 January 2022	138
Deferred tax income/(expense) recognised in Profit or Loss	126
Deferred tax income/(expense) recognised in Other comprehensive income	108
AT 31 DECEMBER 2022	**372**

The difference between the deferred tax income/expense recognized in other comprehensive income and the year-over-year change in the balance of deferred tax assets/liabilities from financial assets at fair value through other comprehensive income relates to the recognition of the expected credit losses to debt instruments measured at FVOCI in Profit or loss against Fair values reserve in equity, see note 3.7.

32 Provisions

The development of provisions is disclosed in the following table:

MCZK	Provisions for guarantees provided	Legal provisions	Other provisions	Total
Provisions at 1 January 2023	36	141	19	196
Creation	209	26	36	271
Use	–	(6)	–	(6)
Release	(128)	(118)	–	(246)
PROVISIONS AT 31 DECEMBER 2023	117	43	55	215
Provisions at 1 January 2022	26	129	18	173
Creation	96	14	1	111
Use	–	(2)	–	(2)
Release	(86)	–	–	(86)
PROVISIONS AT 31 DECEMBER 2022	36	141	19	196

In 2023, the Bank released provisions of MCZK 118 due to the termination of the court case by the decision of the Court of Appeal in favor of the Bank. The Bank created new legal provisions of MCZK 26 based on a call from a third party to pay a claim, the existence of which has not yet been sufficiently proven.

33 Other liabilities

MCZK	31. 12. 2023	31. 12. 2022
Liabilities from clearing	874	193
Payables to suppliers	256	250
Lease liabilities	74	83
Accrued expenses and deferred income	151	73
Blocked and escrow accounts	72	72
Other liabilities to employees	26	24
Social and health insurance	10	9
Other payables	354	85
TOTAL	1,817	789

34 Lease liabilities

MCZK	31. 12. 2023	31. 12. 2022
Lease liabilities	74	83
Current	23	20
Non-current	51	63
Interest on lease liabilities	4	4

The Bank leases branch and office premises under operating leases.

Variable lease payments depend on the consumer price index set by the Czech Statistical Office, payments are updated annually as at 1 January.

The lease liabilities are recognised under the item “Other liabilities” in the statement of financial position, for details see note 33. Interest on lease liabilities are recognised in the income statement in the line item “Interest and similar income”, for details see note 7.

Maturity analysis – contractual undiscounted cash flows:

MCZK	31. 12. 2023	31. 12. 2022
Less than one year	26	23
Between one and five years	53	67
More than five years	–	–
TOTAL	**79**	90

35 Repurchase and reverse repurchase agreements

The Bank purchases financial instruments under reverse repurchase agreements. The seller commits to repurchase the same or similar instruments at an agreed future date. Reverse repurchases are entered into as a facility to provide funds to customers.

Assets purchased under reverse repurchase agreements were as follows:

MCZK	Carrying amounts of receivables	Fair value of assets held as collateral
Assets at 31 December 2023:		
Cash and cash equivalents	159,795	156,841
Financial assets at fair value through profit or loss	77,382	75,992
Loans and advances to banks	178	1,428
Loans and advances to customers	6,633	10,674
Assets at 31 December 2022:		
Cash and cash equivalents	150,008	147,497
Financial assets at fair value through profit or loss	2,508	4,304

The Bank 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. Repurchase agreements are commonly used as a tool for short-term financing.

Assets sold under repurchase agreements were as follows:

MCZK	Carrying amounts of liabilities	Fair value of assets given as collateral
Liabilities at 31 December 2023:		
Deposits from customers	119,131	116,595
Deposits from banks	12,223	14,162
Financial liabilities at fair value through profit or loss	76,603	77,073
Liabilities at 31 December 2022:		
Deposits from customers	76,541	73,470
Deposits from banks	16,483	17,405
Financial liabilities at fair value through profit or loss	2,413	4,310

36 Offsetting financial instruments

Financial assets subject to offsetting and potential offsetting agreements as at 31 December 2023

MCZK	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts presented in the statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting		Net amount after potential offsetting
				Financial instruments (incl. non-cash collateral)	Cash colla teral received	
Derivatives held for trading	10,588	–	10,588	(8,224)	(4,183)	–
Reverse repurchase agreements	245,259	(1,271)	243,988	(244,935)	–	–
TOTAL	**255,847**	**(1,271)**	**254,576**	**(253,159)**	**(4,183)**	**–**

Financial liabilities subject to offsetting and potential offsetting agreements as at 31 December 2023

MCZK	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts presented in the statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting		Net amount after potential offsetting
				Financial instruments	Cash collateral provided	
Derivatives held for trading	(8,426)	–	(8,426)	5,440	4,875	–
Repurchase agreements	(209,228)	1,271	(207,957)	207,830	–	(127)
TOTAL	**(217,654)**	**1,271**	**(216,383)**	**213,270**	**4,875**	**(127)**

Financial assets subject to offsetting and potential offsetting agreements as at 31 December 2022

MCZK	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts presented in the statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting		Net amount after potential offsetting
				Financial instruments (incl. non-cash collateral)	Cash colla teral received	
Derivatives held for trading	17,871	–	17,871	(11,934)	(7,069)	–
Reverse repurchase agreements	152,516	–	152,516	(151,801)	–	715
TOTAL	**170,387**	**–**	**170,387**	**(163,735)**	**(7,069)**	**715**

Financial liabilities subject to offsetting and potential offsetting agreements as at 31 December 2022

MCZK	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts presented in the statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting		Net amount after potential offsetting
				Financial instruments	Cash collateral provided	
Derivatives held for trading	(12,727)	–	(12,727)	7,559	5,851	–
Repurchase agreements	(95,437)	–	(95,437)	95,184	–	253
TOTAL	**(108,164)**	**–**	**(108,164)**	**102,743**	**5,851**	**253**

The Bank uses repurchase agreements and master netting agreements as a means of reducing the credit risk of derivative and financing transactions. They qualify as potential offsetting agreements.

The Bank accepts and provides collateral in the form of cash and marketable securities for the following transactions:

— derivatives;
— repurchase agreements, reverse repurchase agreements.

This collateral is subject to standard market conditions, including the ISDA credit support annex. This means that securities accepted/provided as collateral may be pledged or sold during the transaction period, but must be returned upon maturity of the transaction.

Derivative transactions under the ISDA and similar framework agreements do not meet the criteria for compensation in the statement of financial position as, for both counterparties, they create a right to set off recognised amounts that is enforceable only in the event of default, insolvency or bankruptcy of the Bank or counterparties or further to other predetermined events. In addition, the Bank and its counterparties do not intend to settle on a net basis or settle assets and liabilities simultaneously.

Repurchase agreements are primarily financing transactions. They are structured as a sale and subsequent repurchase of securities at a pre-agreed price and time. This ensures that the securities stay in the hands of the lender as collateral in case the borrower defaults in any obligations. Offsetting effects from repurchase agreements are disclosed in the column Non-cash financial collateral received/pledged. Collateral is presented at the fair value of the transferred securities. However, if the fair value of collateral exceeds the carrying amount of the receivable/liability from the repo transaction, the value is capped at the level of the carrying amount. The remaining position may be secured by cash collateral.

37 Issued capital

	Number of shares	Nominal value CZK	Registered capital MCZK
As at 31 December 2023:			
	192,131	2,602.5	500
	384,262	700.0	269
	576,393		769
As at 31 December 2022:			
	192,131	2,602.5	500
	384,262	700.0	269
	576,393		769

Holders of ordinary shares are entitled to declared dividends and have the right to vote at the General Meeting of the Bank in the amount of 26,025 votes, or 7,000 votes per share, respectively. All ordinary shares have the same rights to the Bank's residual assets.

The shareholder structure as at 31 December 2023 and as at 31 December 2022 was as follows:

Name	Residence	Number of shares	Share MCZK	Share %
PPF Financial Holdings a.s.	Czech Republic	554,711	715	92.96%
Hlavní město Praha	Czech Republic	19,882	52	6.73%
Other (less than 1%)		1,800	2	0.31%
TOTAL		**576,393**	**769**	**100.00%**

No members of the management, the Board of Directors or the Supervisory Board held any shares of the Bank as at 31 December 2023 or 31 December 2022.

The Bank has not introduced any scheme for the purchase of its own shares or provided any remuneration in the form of options to purchase its shares. All shares of the Bank were fully paid. The share premium amounts to MCZK 412 (31. 12. 2022: MCZK 412).

38 Fair value reserve

MCZK	31. 12. 2023	31. 12. 2022
Fair value reserve	252	(594)
TOTAL	**252**	**(594)**

The fair value reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income and a loss allowance for expected credit losses on debt instruments at fair value through other comprehensive income, until the assets are derecognised.

39 Dividends paid

The following dividends were paid by the Bank in 2023.

MCZK	2023
CZK 4,393.02 per registered share with a nominal value of CZK 2,602.5 per share	844
CZK 1,181.60 per registered share with a nominal value of CZK 700 per share	454
TOTAL	**1,298**

The following dividends were paid by the Bank in 2022.

MCZK	2022
CZK 5,048.85 per registered share with a nominal value of CZK 2,602.5 per share	970
CZK 1,358.00 per registered share with a nominal value of CZK 700 per share	522
TOTAL	**1,492**

40 Proposed allocation of net profit for the year

The Bank proposes to allocate its profit as follows

MCZK	Net profit for the year
Net profit for the year 2023	3,884
Proposed allocation of profit for 2023:	
Dividend payout	(2,384)
Transfer to retained earnings	(1,500)
	–

41 Off-balance sheet items

Commitments and contingent liabilities

Guarantees and credit commitments are subject to the same procedures within the standard lending process, in terms of credit risk monitoring and regulation of the Bank's credit activity.

MCZK	31. 12. 2023	31. 12. 2022
Guarantees issued	1,880	1,612
Undrawn credit commitments	12,001	15,646
Irrevocable credit commitments	4,290	4,328
Revocable credit commitments	7,711	11,318
TOTAL	**13,881**	**17,258**

The total outstanding contractual commitments to extend the credits indicated above do not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

A credit risk analysis and a detailed overview of provisions are disclosed in note 43.1.

Values under custody or administration

MCZK	31. 12. 2023	31. 12. 2022
Values under custody or administration	127,499	123,620
TOTAL	**127,499**	**123,620**

The values represent debt and equity securities accepted by the Bank to provide custody or administration services.

Derivates

MCZK	Notional value		Positive fair value		Negative fair value	
	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022
Derivatives						
Interest rate swaps	287,390	287,803	10,116	16,526	(10,243)	(16,551)
Interest rate forwards	70,310	–	39	–	(25)	–
Interest rate futures	443	28	1	13	–	(28)
FX/Cross-currency swap	177,727	139,524	2,084	2,800	(1,648)	(2,223)
FX forwards	16,829	19,569	304	238	(195)	(837)
FX options purchase	123	122	4	5	–	–
FX options sale	123	122	–	–	(4)	(5)
			12,548	**19,582**	**(12,115)**	**(19,644)**

Residual maturity of derivatives

The following table represents expected cash outflows and inflows related to derivatives:

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
At 31 December 2023					
Outflow					
Interest derivatives	(5,863)	(81,125)	(150,157)	(121,205)	(358,350)
Currency derivatives	(107,807)	(63,865)	(22,553)	–	(194,225)
Inflow					
Interest derivatives	5,839	81,122	149,957	121,225	358,143
Currency derivatives	108,002	64,182	22,617	–	194,801
NET POSITION	**171**	**314**	**(136)**	**20**	**369**
At 31 December 2022					
Outflow					
Interest derivatives	(12,302)	(105,382)	(130,180)	(106,034)	(353,898)
Currency derivatives	(81,700)	(43,765)	(33,675)	–	(159,140)
Inflow					
Interest derivatives	12,386	105,496	129,998	106,017	353,897
Currency derivatives	81,357	43,808	33,928	–	159,093
NET POSITION	**(259)**	**157**	**71**	**(17)**	**(48)**

42 Fair value disclosures

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy in which each fair value measurement is categorised.

MCZK	As at 31 December 2023				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	–	166,093	–	166,093	166,093
Financial assets at amortised cost	19,655	409	–	20,064	19,333
Loans and advances to banks	–	3,498	7,597	11,095	11,101
Loans and advances to customers	–	277	52,809	53,086	52,952
Financial liabilities					
Deposits from banks	–	15,948	–	15,948	15,948
Deposits from customers	–	241,076	–	241,076	241,239
DEBT SECURITIES ISSUED	**–**	**4,441**	**–**	**4,441**	**4,436**

MCZK	As at 31 December 2022				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	–	160,928	–	160,928	160,928
Financial assets at amortised cost	14,575	147	–	14,722	15,049
Loans and advances to banks	–	2,382	5,870	8,252	8,247
Loans and advances to customers	–	602	44,414	45,016	45,275
Financial liabilities					
Deposits from banks	–	23,980	–	23,980	23,980
Deposits from customers	–	210,352	–	210,352	210,578
DEBT SECURITIES ISSUED	–	5,049	–	5,049	5,117

The major methods and assumptions used in estimating the fair values of financial instruments shown in the table are summarised below.

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. To improve the accuracy of the valuation estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics such as vintage, LTV ratios, product and borrower type, prepayment and delinquency rates, and default probability.

Cash and cash equivalents

For cash and cash equivalents the carrying value is deemed to be equal to the fair value.

Loans and advances to banks

Loans and advances with banks will mature in less than twelve months and their fair value has therefore been deemed to be equal to their carrying value.

Loans and advances to customers

Loans and advances are net of loss allowances. The estimated fair value of loans and advances represents the discounted amount of the estimated future cash flows expected to be received. The expected cash flows are discounted at current market rates to determine the fair value. For loans and advances that will mature or be renewed within twelve months, the fair value was deemed to be equal to the carrying value.

Deposits from banks

Deposits from banks will mature in less than twelve months and their fair value has therefore been deemed to be equal to their carrying value.

Deposits from customers

The estimated fair value of deposits is the discounted amount of estimated future cash flows. Expected cash flows are discounted at current market rates to determine their fair value.

Debt securities issued

For issued debt securities, the fair value is calculated based on market inputs.

The following table analyses financial assets and liabilities recognised at fair value based on the quality of entry data used for valuation. The fair value levels are defined in note 3.3:

MCZK	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Securities held for trading	15,711	–	–	15,711
Reverse repo operations	–	77,383	–	77,383
Derivatives held for trading	–	12,548	–	12,548
Financial assets at fair value through other comprehensive income	25,639	3,127	244	29,010
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Securities held for trading	11,553	–	–	11,553
Repo operations	–	76,603	–	76,603
Derivatives held for trading	–	12,115	–	12,115

MCZK	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Securities held for trading	10,925	11	11	10,947
Reverse repo operations	–	2,508	–	2,508
Derivatives held for trading	–	19,582	–	19,582
Financial assets at fair value through other comprehensive income	22,155	2,565	124	24,844
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Securities held for trading	8,363	–	–	8,363
Reverse repo operations	–	2,413	–	2,413
Derivatives held for trading	–	19,644	–	19,644

The following table states the transfers of financial assets recognised at fair value to and from Level 3:

MCZK	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance as at 1 January 2023	11	124	135
Profit and loss from revaluation	–	–	–
In profit or loss	(11)	–	(11)
In other comprehensive income	–	22	22
Purchases	–	–	–
Sales	–	(124)	(124)
Transfers into Level 3	–	222	222
Transfers out of Level 3	–	–	–
Transfers between portfolios	–	–	–
BALANCE AS AT 31 DECEMBER 2023	**–**	**244**	**244**
Balance as at 1 January 2022	–	–	–
Profit and loss from revaluation	–	–	–
In profit or loss	–	–	–
In other comprehensive income	–	–	–
Purchases	–	–	–
Sales	–	–	–
Transfers into Level 3	11	124	135
Transfers out of Level 3	–	–	–
Transfers between portfolios	–	–	–
BALANCE AS AT 31 DECEMBER 2022	11	124	135

In 2023, there was a transfer of equity instruments within financial assets at fair value through other comprehensive income in the amount of MCZK 222 into Level 3 due to non-existence of markets for these instruments.

In 2022, there was a transfer of financial assets at fair value through profit or loss in the amount of MCZK 11 and financial assets at fair value through other comprehensive income in the amount of MCZK 124 into Level 3 due to non-existence of markets for these bonds.

43 Risk management disclosure

This section provides details of the Bank's exposure to risk and describes the methods used by the management to control risk. The most important types of financial risk to which the Bank is exposed are:

— credit risk;
— liquidity risk;
— market risk;
— operational risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

43.1 Credit risk

Credit risk management

The Bank is exposed to credit risks in relation to its business activities. Credit risks are managed at the individual business case, client and entire portfolio level. The Credit Risk Management department, part of the Risk Management division, is primarily responsible for the management of credit risks. The Credit Risk Management department is independent of the Sales division in terms of organisation and reports directly to the member of the Board of Directors in charge of the Risk Management division.

The Banks's risk management strategy, risk appetite and other internal standards define the general principles, objectives and methods of its credit risk management. In its internal norms, the Bank also defines competences for the approval of credit exposures and for the Credit Committee.

Managing credit risk at individual business case or client level

At the individual business case or client level, credit risk is managed by assessing and evaluating such risk through credit analysis and the determination of a client's creditworthiness. To assess a client's risk and credit status, the Bank applies a comprehensive set of tools, models and methods, which make up the Bank's rating scheme. When determining the rating of individual clients, the Bank assesses financial and non-financial aspects as well as its economic position. An entity's rating is defined as its ability and will to meet its short-term and long-term liabilities.

The aim of the analysis is to prevent any losses the Bank may incur as a result of the client's failure. In practice, this means estimating the risk arising from the ability to meet short-term and long-term liabilities and assessing the long-term financial stability of the client.

When determining a rating, the Bank also specifies the likelihood of a client's default and what the expected loss relating to the Bank's potential engagement in respect to the client may be.

An internal rating is assigned to each client constituting a credit risk to the Bank, i.e. representing an exposure in both the investment and the trading portfolios. The exposures evaluated include both balance sheet and off-balance sheet exposures. The internal rating system comprises 15 ratings (A1-A4, B1-B6, C1-C4, D). Clients with default receivables must always be assigned D rating. The Bank has plotted this internal scale to reflect the rating scales of prominent external rating agencies. Below is a table showing the indicative pairing of the risk level with external ratings.

	Internal rating	External rating
Very low risk	A1	AAA – AA
Low to fair risk	A1 – A3	A – BBB
Medium risk	A4 – B5	BB – B
High risk	B6 – C4	CCC
Default	D	CC and lower

Credit risk management at the entire portfolio level

This credit risk management level primarily comprises credit portfolio reporting, including analyses and monitoring of trends in individual credit portfolios. The Bank closely monitors its overall credit risk exposure and thus considers all its balance sheet and off-balance sheet exposures. The Bank regularly monitors its credit exposure in individual industries, segments, countries and economically connected groups of debtors. The Bank regularly measures the credit portfolio concentration risk and, where necessary, sets concentration limits for individual segments, countries and economically connected groups of debtors.

Classification of receivables, assessment of impairment losses

The Bank classifies receivables into the following categories:

— performing receivables (without the default of the debtor);
— non-performing receivables (debtor in default).

The Bank assesses the impairment loss on performing receivables at an amount equal to the 12-month expected credit losses (stage 1 under IFRS9) or to the lifetime expected credit losses (stage 2 under IFRS9).

The Bank assesses the impairment loss on non-performing receivables at an amount equal to the lifetime expected credit losses (stage 3 under IFRS). To determine the impairment loss, the Bank applies the method of discounting estimated future cash flows. The loss is determined as the difference between the asset's gross carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate of the financial asset. The original effective interest rate is the effective interest rate ascertained upon the establishment of the receivable or on the last date the modification of the contractual cash flow or interest income was made. The Bank writes off a receivable when it does not expect any cash inflows from the receivable or from received collateral related to such a receivable.

Set out below is an analysis of the gross and net (of loss allowances for impairment) carrying amounts of financial assets as at year end. The amounts represent the Bank's maximum exposure to credit risk.

The tables analysing changes in loss allowance/provision in the respective categories present the development of loss allowance/provision during the year. These were affected by various factors during the year, such as:

— a change in the stage of a financial asset (see below – an increase or decrease in a loss allowance/provision within the scope of a transfer, as reported in the values of a loss allowance/provision corresponding to the appropriate stage);
— the emergence of new assets (i.e. the recognition of a new loss allowance/provision reported at the stage under which a financial asset was classified at the end of the accounting period);
— the derecognition or write-off of financial assets (i.e. the derecognition of the corresponding loss allowance/provision);
— a change in the PD/EAD/LGD of individual financial assets (i.e. an increase or decrease in the loss allowance/provision);
— a change in the calculation methodology,
— a modification of the cash flows of financial assets,
— or a change in the exchange rates of financial assets (and loss allowance/provision) in foreign currencies during the year.

The Bank did not recognise any financial asset in 2023 or 2022 that has been modified since initial recognition and transferred from stage 2 or 3 (the loss allowance measured at an amount equal to lifetime expected credit losses) to stage 1 (the loss allowance measured at an amount equal to 12-month expected credit losses).

In 2023 and 2022, the Bank accounted for modifications; the profit (loss) from the modification was immaterial, both individually and on aggregate.

Financial assets at fair value through other comprehensive income (excluding equity instruments designated at fair value through other comprehensive income)

MCZK	31. 12. 2023			31. 12. 2022		
	Gross carrying amount	Loss allowance	Fair value amount	Gross carrying amount	Loss allowance	Fair value amount
Debt instruments	28,434	(195)	28,766	25,370	(937)	24,622
TOTAL	**28,434**	**(195)**	**28,766**	25,370	(937)	24,622

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	19,604	–	–	–	19,604
Low to fair risk	2,275	–	–	–	2,275
Medium risk	5,050	1,360	–	–	6,410
High risk	30	165	–	–	195
Default	–	–	–	–	–
GROSS CARRYING AMOUNT	**26,959**	**1,525**	**–**	**–**	**28,434**
Loss allowance	(46)	(149)	–	–	(195)

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	17,699	–	–	–	17,699
Low to fair risk	1,792	–	–	–	1,792
Medium risk	5,023	734	–	–	5,757
High risk	–	122	–	–	122
Default	–	–	–	–	–
GROSS CARRYING AMOUNT	**24,514**	**856**	**–**	**–**	**25,370**
Loss allowance	(45)	(892)	–	–	(937)

The loss allowance for the expected credit loss on debt instruments at fair value through other comprehensive income is presented in the equity line item "Fair value reserve".

Set out below is an analysis of changes in loss allowances by relevant categories:

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2023	45	892	–	–	937
Transfers between stages:	–	–	–	–	–
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	(13)	131	–	–	118
Transfer to stage 3	–	–	–	–	–
New financial assets originated or purchased	13	4	–	–	17
Changes in PD/LGD/EADs, unwind of discount	4	3	–	–	7
Derecognition of financial asset	(3)	(229)	–	–	(232)
Sale of financial assets	–	(632)	–	–	(632)
Write-offs	–	–	–	–	–
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	–	(20)	–	–	(20)
NET CHANGE IN 2023	**1**	**(743)**	**–**	**–**	**(742)**
Loss allowance as at 31. 12. 2023	46	149	–	–	195

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2022	53	31	–	–	84
Transfers between stages:	–	–	–	–	–
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	(7)	465	–	–	458
Transfer to stage 3	–	–	–	–	–
New financial assets originated or purchased	5	–	–	–	5
Changes in PD/LGD/EADs, unwind of discount	–	435	–	–	435
Derecognition of financial asset	(6)	(5)	–	–	(11)
Sale of financial assets	–	–	–	–	–
Write-offs	–	–	–	–	–
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	–	(34)	–	–	(34)
NET CHANGE IN 2022	**(8)**	**861**	**–**	**–**	**853**
Loss allowance as at 31. 12. 2022	45	892	–	–	937

Financial assets at amortised cost

MCZK	31. 12. 2023			31. 12. 2022		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Debt instruments	19,334	(1)	19,333	15,049	–	15,049
TOTAL	**19,334**	**(1)**	**19,333**	**15,049**	**–**	**15,**

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	18,930	–	–	–	18,930
Low to fair risk	251	–	–	–	251
Medium risk	153	–	–	–	153
High risk	–	–	–	–	–
Default	–	–	–	–	–
GROSS CARRYING AMOUNT	**19,334**	**–**	**–**	**–**	**19,334**
Loss allowance	(1)	–	–	–	(1)
NET CARRYING AMOUNT	**19,333**	**–**	**–**	**–**	**19,333**

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	14,899	–	–	–	14,899
Low to fair risk	150	–	–	–	150
Medium risk	–	–	–	–	–
High risk	–	–	–	–	–
Default	–	–	–	–	–
GROSS CARRYING AMOUNT	**15,049**	**–**	**–**	**–**	**15,049**
Loss allowance	–	–	–	–	–
NET CARRYING AMOUNT	**15,049**	**–**	**–**	**–**	**15,049**

Cash and cash equivalents (excl. cash on hand) and loans and advances to banks

MCZK	31. 12. 2023			31. 12. 2022		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Nostro account balances	903	–	903	3,444	(5)	3,439
Balances with the central bank	5,332	–	5,332	7,418	–	7,418
Reverse repo with the central bank	159,795	–	159,795	150,008	–	150,008
Loans and advances to banks	11,124	(23)	11,101	8,250	(3)	8,247
TOTAL	**177,154**	**(23)**	**177,131**	**169,120**	**(8)**	**169,112**

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	163,634	–	–	–	163,634
Low to fair risk	5,642	–	–	–	5,642
Medium risk	7,629	242	–	–	7,871
High risk	–	7	–	–	7
Default	–	–	–	–	–
GROSS CARRYING AMOUNT	**176,905**	**249**	**–**	**–**	**177,154**
Loss allowance	(23)	–	–	–	(23)
NET CARRYING AMOUNT	**176,882**	**249**	**–**	**–**	**177,131**

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	154,514	–	–	–	154,514
Low to fair risk	14,200	–	–	–	14,200
Medium risk	145	252	–	–	397
High risk	–	9	–	–	9
Default	–	–	–	–	–
GROSS CARRYING AMOUNT	**168,859**	**261**	**–**	**–**	**169,120**
Loss allowance	(3)	(5)	–	–	(8)
NET CARRYING AMOUNT	**168,856**	**256**	**–**	**–**	**169,112**

The Bank did not report any accrued interest to individually credit-impaired loans and advances to banks as at 31 December 2023 and 2022.

Set out below is an analysis of changes in loss allowances by relevant categories:

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2023	3	5	–	–	8
Transfers between stages:	–	–	–	–	–
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	–	–	–	–	–
Transfer to stage 3	–	–	–	–	–
New financial assets o riginated or purchased	23	–	–	–	23
Changes in PD/LGD/EADs, unwind of discount	–	232	–	–	232
Derecognition of financial asset	(3)	(5)	–	–	(8)
Sale of financial assets	–	–	–	–	–
Write-offs	–	(186)	–	–	(186)
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	–	(46)	–	–	(46)
NET CHANGE IN 2023	**20**	**(5)**	**–**	**–**	**(15)**
Loss allowance as at 31. 12. 2023	23	–	–	–	23

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2022	–	–	–	–	–
Transfers between stages:	–	–	–	–	–
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	–	–	–	–	–
Transfer to stage 3	–	–	–	–	–
New financial assets originated or purchased	4	6	–	–	10
Changes in PD/LGD/EADs, unwind of discount	(3)	–	–	–	(3)
Derecognition of financial asset	–	–	–	–	–
Sale of financial assets	–	–	–	–	–
Write-offs	–	–	–	–	–
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	2	(1)	–	–	1
NET CHANGE IN 2022	**3**	**5**	**–**	**–**	**8**
Loss allowance as at 31. 12. 2022	3	5	–	–	8

Loans and advances to customers

MCZK	31. 12. 2023 Gross carrying amount	Loss allowance	Net carrying amount	31. 12. 2022 Gross carrying amount	Loss allowance	Net carrying amount
Loans and advances to customers	54,196	(1,244)	52,952	46,239	(964)	45,275
TOTAL	**54,196**	**(1,244)**	**52,952**	**46,239**	**(964)**	**45,275**

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	–	–	–	–	–
Low to fair risk	2,584	–	–	–	2,584
Medium risk	38,095	4,312	–	–	42,407
High risk	8,626	274	–	–	8,900
Default	–	–	305	–	305
GROSS CARRYING AMOUNT	**49,305**	**4,586**	**305**	**–**	**54,196**
Loss allowance	(927)	(92)	(225)	–	(1,244)
NET CARRYING AMOUNT	**48,378**	**4,494**	**80**	**–**	**52,952**

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	1,211	–	–	–	1,211
Low to fair risk	685	–	–	–	685
Medium risk	38,437	4,153	–	–	42,590
High risk	464	833	–	–	1,297
Default	–	–	456	–	456
GROSS CARRYING AMOUNT	**40,797**	**4,986**	**456**	**–**	**46,239**
Loss allowance	(621)	(130)	(213)	–	(964)
NET CARRYING AMOUNT	**40,176**	**4,856**	**243**	**–**	**45,275**

Set out below is an analysis of changes in loss allowances by relevant categories:

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2023	621	130	213	–	964
Transfers between stages:	–	–	–	–	–
Transfer to stage 1	1	(3)	–	–	(2)
Transfer to stage 2	(1)	6	–	–	5
Transfer to stage 3	–	(1)	15	–	14
New financial assets originated or purchased	700	2	–	–	702
Changes in PD/LGD/EADs, unwind of discount	(338)	(17)	2	–	(353)
Derecognition of financial asset	(76)	(25)	(6)	–	(107)
Sale of financial assets	–	–	–	–	–
Write-offs	–	–	–	–	–
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	20	–	1	–	21
NET CHANGE IN 2023	**306**	**(38)**	**12**	**–**	**280**
Loss allowance as at 31. 12. 2023	927	92	225	–	1,244

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2022	358	157	623	–	1,138
Transfers between stages:					
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	–	1	–	–	1
Transfer to stage 3	–	–	1	–	1
New financial assets originated or purchased	272	–	–	–	272
Changes in PD/LGD/EADs, unwind of discount	(32)	(24)	13	–	(43)
Derecognition of financial asset	(208)	(6)	(386)	–	(600)
Sale of financial assets	–	–	–	–	–
Write-offs	–	–	(31)	–	(31)
Changes to methodologies	244	6	–	–	250
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	(13)	(4)	(7)	–	(24)
NET CHANGE IN 2022	**263**	**(27)**	**(410)**		**(174)**
Loss allowance as at 31. 12. 2022	621	130	213	–	964

Accrued interest to credit-impaired loans and advances to customers was reported in the amount of MCZK 56 as at 31 December 2023 (31. 12. 2022: MCZK 53).

Financial assets that are written off but still subject to enforcement activities amounted to MCZK 552 as at December 2023 (31. 12. 2022: MCZK 369).

Analysis of Loans and advances to customers by days past due

MCZK	2023	2022
Gross	54,196	46,239
Performing	53,891	45,783
Due	53,396	45,783
Past due 1–30 days	495	–
Past due 31–90 days	–	–
Past due 91–360 days	–	–
Past due more than 360 days	–	–
Non-performing	305	456
Loss allowance	(1,244)	(964)
TOTAL	**52,952**	**45,275**

Loan commitments

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	–	–	–	–	–
Low to fair risk	1,731	–	–	–	1,731
Medium risk	4,404	4,309	–	–	8,713
High risk	1,470	87	–	–	1,557
Default	–	–	–	–	–
GROSS AMOUNT	**7,605**	**4,396**	**–**	**–**	**12,001**
Loss allowance	(47)	(43)	–	–	(90)

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	–	–	–	–	–
Low to fair risk	600	–	–	–	600
Medium risk	14,914	97	–	–	15,011
High risk	26	–	–	–	26
Default	–	–	9	–	9
GROSS AMOUNT	**15,540**	**97**	**9**	**–**	**15,646**
Loss allowance	(32)	–	–	–	(32)

Financial guarantees, letters of credit

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	–	–	–	–	–
Low to fair risk	–	–	–	–	–
Medium risk	1,357	87	–	–	1,444
High risk	30	406	–	–	436
Default	–	–	–	–	–
GROSS AMOUNT	**1,387**	**493**	**–**	**–**	**1,880**
Loss allowance	(4)	(23)	–	–	(27)

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	–	–	–	–	–
Low to fair risk	–	–	–	–	–
Medium risk	1,540	27	–	–	1,567
High risk	–	45	–	–	45
Default	–	–	–	–	–
GROSS AMOUNT	**1,540**	**72**	**–**	**–**	**1,612**
Loss allowance	(3)	(1)	–	–	(4)

Set out below is an analysis of changes in provisions to loan commitments, financial guarantees and letters of credit by relevant categories:

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2023	35	1	–	–	36
Transfers between stages:	–	–	–	–	–
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	–	1	–	–	1
Transfer to stage 3	–	–	–	–	–
New financial assets originated or purchased	91	2	–	–	93
Changes in PD/LGD/EADs, unwind of discount	(67)	62	–	–	(5)
Derecognition of financial asset	(9)	–	–	–	(9)
Write-offs	–	–	–	–	–
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	1	–	–	–	1
NET CHANGE IN 2023	**16**	**65**	**–**	**–**	**81**
Loss allowance as at 31. 12. 2023	51	66	–	–	117

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2022	23	1	2	–	26
Transfers between stages:	–	–	–	–	–
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	–	–	–	–	–
Transfer to stage 3	–	–	–	–	–
New financial assets originated or purchased	55	–	–	–	55
Changes in PD/LGD/EADs, unwind of discount	(32)	–	–	–	(32)
Derecognition of financial asset	(11)	–	(2)	–	(13)
Write-offs	–	–	–	–	–
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	–	–	–	–	–
NET CHANGE IN 2022	**12**	**–**	**(2)**	**–**	**10**
Loss allowance as at 31. 12. 2022	35	1	–	–	36

Other assets – Past due, but not impaired

As at 31 December 2023 the Bank reported MCZK 0 of other assets as "Past due, but not impaired" (31. 12. 2022: MCZK: 0).

Sensitivity analysis of loss allowance by relevant categories

The sensitivity analyses of loss allowance/provision in the relevant categories in the following scenarios are presented below:

— Change (increase/decrease) in the probability of default by 10%;
— Change (improvement/deterioration) in credit rating by one notch according to the Bank's internal scale;
— Change (increase/decrease) in the expected development of GDP by 3 percentage points.

Set out below is the analysis of changes in loss allowance/provision which would occur in the event of an increase in PD by 10%:

2023 MCZK	Loss allowance/ provision	Increase in PD by 10%		
		Loss allowance/ provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	195	203	8	4%
Financial assets at amortised cost	1	1	0	10%
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	23	25	2	10%
Loans and advances to customers	1,244	1,307	63	5%
Loan commitments, financial guarantees and letters of credit	117	122	5	4%

2022 MCZK	Loss allowance/ provision	Increase in PD by 10%		
		Loss allowance/ provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	937	944	7	1%
Financial assets at amortised cost	–	–	–	–
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	8	8	–	4%
Loans and advances to customers	964	1,014	50	5%
Loan commitments, financial guarantees and letters of credit	36	39	3	10%

Set out below is the analysis of changes in loss allowance/provision which would occur in the event of a decrease in PD by 10%:

2023 MCZK	Loss allowance/ provision	Decrease in PD by 10%		
		Loss allowance/ provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	195	187	(8)	(4%)
Financial assets at amortised cost	1	1	0	(10%)
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	23	21	(2)	(10%)
Loans and advances to customers	1,244	1,181	(63)	(5%)
Loan commitments, financial guarantees and letters of credit	117	113	(5)	(4%)

2022 MCZK	Loss allowance/ provision	Decrease in PD by 10%		
		Loss allowance/ provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	937	930	(7)	(1%)
Financial assets at amortised cost	–	–	–	–
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	8	7	(1)	(4%)
Loans and advances to customers	964	914	(50)	(5%)
Loan commitments, financial guarantees and letters of credit	36	32	(4)	(10%)

For loans and advances to customers, loan commitments, financial guarantees and letters of credit, the Bank also discloses an analysis of the sensitivity of a loss allowance/provision to changes in credit rating.

2023 MCZK	Loss allowance/ provision	Improvement of rating by 1 notch on internal rating scale		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	1,244	1,060	(184)	(15%)
Loan commitments, financial guarantees and letters of credit	117	104	(14)	(12%)

2023 MCZK	Loss allowance/ provision	Deterioration of rating by 1 notch on internal rating scale		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	1,244	1,489	245	20%
Loan commitments, financial guarantees and letters of credit	117	138	21	18%

2022 MCZK	Loss allowance/ provision	Improvement of rating by 1 notch on internal rating scale		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	964	746	(218)	(23%)
Loan commitments, financial guarantees and letters of credit	36	25	(11)	(29%)

2022 MCZK	Loss allowance/ provision	Deterioration of rating by 1 notch on internal rating scale		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	964	1 262	298	31%
Loan commitments, financial guarantees and letters of credit	36	82	46	128%

For loans and advances to customers, loan commitments, financial guarantees and letters of credit, the Bank also discloses an analysis of the sensitivity of a loss allowance/provision to changes in forward-looking information, specifically to the change in the expected development of GDP.

2023 MCZK	Loss allowance/ provision	Increase in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	1,244	1,056	(188)	(15%)
Loan commitments, financial guarantees and letters of credit	117	105	(12)	(10%)

2023 MCZK	Loss allowance/ provision	Decrease in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	1,244	1,551	307	25%
Loan commitments, financial guarantees and letters of credit	117	139	22	19%

2022 MCZK	Loss allowance/ provision	Increase in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	964	767	(197)	(21%)
Loan commitments, financial guarantees and letters of credit	36	32	(4)	(12%)

2022 MCZK	Loss allowance/ provision	Decrease in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	964	1,201	237	25%
Loan commitments, financial guarantees and letters of credit	36	41	5	14%

Evaluation of collateral

The Bank generally requires collateral before providing loans to certain debtors. To reduce gross credit exposure, the Bank considers the following to be acceptable types of collateral:

— guarantee;
— pledge on the pledgor's bank account;
— mortgage on an immovable;
— pledge on receivables arising from supplier-customer relations;
— pledge on securities and ownership interest in a corporation;
— pledge on trademarks and other industrial property concepts;
— pledge on an establishment;
— pledge on movables.

The net realisable value of the collateral assessed by the Bank is usually based on an opinion prepared by an expert acceptable to the Bank. The net realisable value of the collateral is determined using this value and a coefficient reflecting the Bank's ability to realise the collateral when necessary including the time factor of the realisation.

The following table shows gross carrying amounts of loans and advances to customers, loan commitments, financial guarantees and letters of credit split according to type of collateral:

MCZK	31. 12. 2023	31. 12. 2022
Guarantees	1,132	1,563
Property	10,603	9,682
Cash collateral	549	306
Other collateral	11, 260	4,412
Unsecured	44,533	47,534
TOTAL	**68,077**	**63,497**

The following table shows gross carrying amounts of loans and advances to customers, loan commitments, financial guarantees and letters of credit classified as non-performing according to type of collateral:

MCZK	31. 12. 2023	31. 12. 2022
Guarantees	81	83
Property	–	164
Cash collateral	–	–
Other collateral	–	–
Unsecured	224	218
TOTAL	**305**	**465**

The "Unsecured" category also includes loans and advances to customers, loan commitments, financial guarantees and letters of credit that are secured by collateral, but the Bank assigns zero accounting value to the collateral.

Loans with renegotiated terms and the Bank's forbearance policy

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to the current or potential credit deterioration of the customer. An existing loan whose terms have been significantly modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

Exposures with forbearance are exposures where the debtor is considered unable to comply with the contract due to financial difficulties and the Bank has decided to grant a concession to a debtor. A forbearance measure can be either a modification of terms and conditions or the refinancing of the contract. The modification of terms includes payment schedule changes (deferrals or reductions of regular payments, extended maturities, etc.), interest rate reductions or penalty interest waivers.

The Bank renegotiates loans to customers in financial difficulties (referred to as "forbearance activities") to maximise collection opportunities and minimise the risk of default. Loan forbearance is granted on a selective basis if the debtor is currently in default on debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The following table shows loans and advances to customers with forbearance:

MCZK	31. 12. 2023	31. 12. 2022
Performing	52,872	45,032
Of which:		
Loans and advances to customers with forbearance:	–	–
Non-performing	80	243
Of which:		
Loans and advances to customers with forbearance:	25	–
TOTAL	**52,952**	**45,275**

The following table shows loans and advances to customers with forbearance and without forbearance split by sectors

MCZK	31. 12. 2023	31. 12. 2022
Loans and advances to customers without forbearance:	**52,927**	**45,275**
Residents:		
Financial institutions*	2,902	1,087
Non-financial institutions	21,288	17,869
Households/individuals	102	100
Public sector	–	1,211
Holding companies	85	2,948
Non-residents	28,550	22,060
Loans and advances to customers with forbearance:	**–**	**–**
Residents:		
Financial institutions*	–	–
Non-financial institutions	25	–
Households/individuals	–	–
Public sector	–	–
Holding companies	–	–
Non-residents	–	–
TOTAL	**52,952**	**45,275**

* Holding companies excluded

Concentration of credit risks

The concentration of credit risks arises as a result of the existence of loans with similar economic characteristics affecting the debtor's ability to meet its obligations.

The Bank manages the exposure limits in line with the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR) so that the Bank does not incur an exposure, after taking into account the effect of the credit risk to a client or group of connected clients the value of which exceeds 25% of its eligible capital. Where that client is an institution or where a group of connected clients includes one or more institutions, that value must not exceed 25% of the institution's eligible capital or EUR 150 million, whichever is higher, provided that the sum of exposure values, after taking into account the effect of the credit risk mitigation in relation to all connected clients that are not institutions, does not exceed 25% of the institution's eligible capital.

The Bank calculates the capital requirement for the credit risk of the investment portfolio using a standardised approach in accordance with the Basel III standard under the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR).

Concentration of credit risks according to economic sector/industry

MCZK	Loans and advances to banks		Loans and advances to customers		Debt securities	
	31. 12. 2023	331. 12. 2022	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022
Financial institutions*	11,101	10,468	21,158	9,929	3,432	2,589
Public sector	–	–	–	1,211	54,098	42,996
Non-financial institutions	–	–	26,593	22,397	4,972	3,983
Real estate	–	–	15,170	8,707	402	372
Production and distribution of electricity, gas and heat	–	–	518	3,481	709	605
Wholesale and retail	–	–	1,279	1,464	621	440
Accommodation	–	–	1,139	1,278	–	–
Other	–	–	8,487	7,467	3,240	2,566
Households/Individuals	–	–	109	108	–	–
Holding entities	–	–	5,092	11,630	825	784
TOTAL	**11,101**	**10,468**	**52,952**	**45,275**	**63,327**	**50,352**

* Holding entities excluded.

Concentration of credit risk according to geographical areas by country of risk

MCZK	Loans and advances to banks		Loans and advances to customers		Debt securities	
	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022
Czech Republic	7,657	8,673	33,586	26,385	56,393	45,069
Slovak Republic	–	–	549	3,173	955	579
Netherlands	–	–	–	793	–	119
Other EU countries	3,377	1,663	7,362	2,362	413	662
Russian Federation	–	–	–	–	–	135
Asia	–	–	5,435	11,034	1,472	1,338
North America	–	–	885	1,051	1,975	1,445
Other	67	132	5,135	477	2,119	1,005
TOTAL	**11,101**	**10,468**	**52,952**	**45,275**	**63,327**	**50,352**

43.2 Liquidity risk

The liquidity risk represents the Bank's risk of incurring losses due to momentary insolvency. The Bank may also suffer a loss as a result of low liquidity in the market for the financial instruments included in the Bank's portfolios. The liquidity risk threatens the Bank's funding and investment needs. Market liquidity risk represents the risk of not being able to liquidate financial instruments quickly enough, or in sufficient volume and for reasonable prices. If the conditions are not favourable, this risk may substantially worsen the Bank's position.

The Bank has access to diverse sources of funds, which comprise deposits and other savings, loans accepted and equity. This diversification makes the Bank flexible and limits its dependency on any one financing source. The Bank regularly evaluates the liquidity risk, in particular by monitoring changes in the structure of financing and comparing these changes with the Bank's liquidity risk management strategy, which is approved by the Board of Directors. The Bank also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid funds, such as state treasury bills and similar bonds.

Residual maturity of the Bank's assets and liabilities

The following table shows the carrying amounts of the Bank's assets and liabilities on the basis of their earliest possible contractual maturity.

At 31 December 2023 MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Cash and cash equivalents	166,093	–	–	–	–	166,093
Financial assets at fair value through profit or loss	78,382	1,717	5,812	19,248	483	105,642
Financial assets at fair value through other comprehensive income	218	4,599	13,211	10,738	244	29,010
Financial assets at amortised cost	209	159	10,980	7,985	–	19,333
Loans and advances to banks	4,824	–	6,277	–	–	11,101
Loans and advances to customers	12,322	8,988	28,136	3,506	–	52,952
Investments and other assets	230	–	–	–	594	824
TOTAL	**262,278**	**15,463**	**64,416**	**41,477**	**1,321**	**384,955**
Deposits from banks	15,948	–	–	–	–	15,948
Deposits from customers	239,969	1,270	–	–	–	241,239
Debt securities issued	1,074	1849	1,513	–	–	4,436
Financial liabilities at fair value through profit or loss	77,557	3,068	8,425	11,221	–	100,271
Other liabilities and provisions	1,940	280	78	–	–	2,298
Shareholders' equity	–	–	–	–	20,763	20,763
TOTAL	**336,488**	**6,467**	**10,016**	**11,221**	**20,763**	**384,955**

At 31 December 2022 MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Cash and cash equivalents	160,928	–	–	–	–	160,928
Financial assets at fair value through profit or loss	3,724	2,367	11,419	15,261	266	33,037
Financial assets at fair value through other comprehensive income	13	4,475	14,593	5,541	222	24,844
Financial assets at amortised cost	150	173	5,063	9,663	–	15,049
Loans and advances to banks	5,427	–	3,000	–	–	8,247
Loans and advances to customers	12,001	7,904	24,850	520	–	45,275
Investments and other assets	250	–	–	–	1,020	1,270
TOTAL	**182,313**	**14,919**	**58,925**	**30,985**	**1,508**	**288,650**
Deposits from banks	22,963	1,017	–	–	–	23,980
Deposits from customers	203,678	6,895	5	–	–	210,578
Debt securities issued	676	1,201	3,240	–	–	5,117
Financial liabilities at fair value through profit or loss	3,657	1,980	11,452	13,331	–	30,420
Other liabilities and provisions	900	255	69	–	–	1,224
Shareholders' equity	–	–	–	–	17,331	17,331
TOTAL	**231,874**	**11,348**	**14,766**	**13,331**	**17,331**	**288,650**

The negative position of the liquidity gap up to 3 months is mainly caused by current accounts and customer deposits. Based on the historical data analysis these deposits are expected to be extended.

Residual maturity of the Banks's off-balance-sheet items

The following table shows the maturity of the Bank's off-balance sheet assets based on the date on which the commitments provided can be drawn or the guarantees provided can be claimed.

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
At 31 December 2023						
Commitments provided	12,001	–	–	–	–	12,001
Guarantees provided	500	–	–	–	–	500
TOTAL	**12,501**	**–**	**–**	**–**	**–**	**12,501**
At 31 December 2022						
Commitments provided	15,646	–	–	–	–	15,646
Guarantees provided	480	–	–	–	–	480
TOTAL	**16,126**	**–**	**–**	**–**	**–**	**16,126**

The following table shows undiscounted cash flows on the Bank's financial liabilities on the basis of their earliest possible contractual maturity.

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
At 31 December 2023						
Deposits from banks	15,977	–	–	–	–	15,977
Deposits from customers	240,193	1,311	–	–	–	241,504
Debt securities issued	1,079	1,923	1,761	–	–	4,763
Financial liabilities at fair value through profit or loss	76,802	2,066	4,786	7,601	–	91,255
Derivatives	886	1,053	4,279	5,897		12,115
TOTAL	**334,937**	**6,353**	**10,826**	**13,498**	**–**	**365,614**
At 31 December 2022						
Deposits from banks	23,074	1,044	–	–	–	24,118
Deposits from customers	203,866	6,968	5	–	–	210,839
Debt securities issued	678	1,230	3,672	–	–	5,580
Financial liabilities at fair value through profit or loss	2,452	56	4,722	5,283	–	12,513
Derivatives	1,209	1,924	7,048	9,463		19,644
TOTAL	**231,279**	**11,222**	**15,447**	**14,746**	**–**	**272,694**

43.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Bank'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.

The Bank buys and sells derivatives, and also incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Department.

Trading

The Bank holds trading positions in certain financial instruments. The majority of the Bank's business activities are based on the requirements of its customers. These positions are also held for the purpose of speculation on the future development of financial markets. The Bank's business strategy is thus affected by speculative expectation and market creation and its goal is to maximise net income from trading.

The Bank manages the risks associated with its trading activities at the level of individual risks and individual types of financial instruments. The basic instruments used for risk management are volume limits for individual transactions and risk position limits.

Stress testing

The Bank carries out daily stress testing of interest rates, currency risks and changes in prices of equity instruments by applying internally defined improbable scenarios and simulating their impact on the net present value of the Bank's portfolio.

43.3.1 Currency risk

Currency risk is the risk of a change in the value of a financial instrument due to a change in the exchange rates.

Assets and liabilities denominated in foreign currencies including off-balance sheet instruments represent the Bank's exposure to exchange rate risk. Realised and non-realised exchange rate gains and losses are stated directly in the profit and loss statement.

The Bank has set currency risk limits based on its net currency exposure in individual currencies according to their significance. The Bank also sets a limit with respect to the total net currency exposure.

Currency risk exposure

MCZK	CZK	EUR	USD	INR	Other	Total
At 31 December 2023						
Financial assets	328,200	41,649	8,980	3,493	2,031	384,353
Financial liabilities	292,512	59,983	9,054	89	1,356	362,994
FX derivatives	(13,499)	18,174	84	(3,499)	(682)	577
NET EXPOSURE	**22,189**	**(160)**	**10**	**(95)**	**(7)**	
At 31 December 2022						
Financial assets	239,815	32,080	10,390	3,563	1,756	287,604
Financial liabilities	200,030	52,098	14,145	133	4,245	270,651
FX derivatives	(22,582)	19,954	3,087	(3,677)	3,172	(46)
NET EXPOSURE	**17,203**	**(64)**	**(668)**	**(247)**	**683**	

The table below shows the sensitivity of the (pre-tax) income statement to currency risk for foreign currencies significantly represented in the Bank's balance sheet as at 31 December 2023 and 2022:

MCZK	2023			2022		
	Net position in foreign currency	5% exchange rate increase	5% exchange rate decrease	Net position in foreign currency	5% exchange rate increase	5% exchange rate decrease
EUR	(160)	(8)	8	(64)	(3)	3
USD	10	–	–	(668)	(33)	33
INR	(95)	(5)	5	(247)	(12)	12
GBP	1	–	–	667	33	(33)

The change in the exchange rate of the CZK to foreign currencies had no effect on the Bank's equity components other than the annual profit.

43.3.2 Interest rate risk

The interest rate risk is the risk of a change in the value of a financial instrument due to a change in market interest rates.

The Bank is exposed to interest rate risks resulting from the different maturity or renewal period of interest rates and the different amounts of interest bearing assets and liabilities in these periods. Interest rate management activities are intended to optimise the net interest income of the Bank in accordance with the strategy approved by its Board of Directors.

Part of the Bank's income is generated by the difference between interest rate sensitive assets and liabilities, which is summarised in the table below.

Interest sensitivity of the Bank's assets and liabilities

The following table shows the carrying amounts of the Bank's financial assets and liabilities on the basis of their earliest possible repricing.

At 31 December 2023 MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Cash and cash equivalents	166,093	–	–	–	–	166,093
Financial assets at fair value through profit or loss	78,506	1,717	5,812	19,124	483	105,642
Financial assets at fair value through other comprehensive income	3,510	13,633	8,004	3,619	244	29,010
Financial assets at amortised cost	211	407	10,829	7,886	–	19,333
Loans and advances to banks	4,801	–	6,300	–	–	11,101
Loans and advances to customers	31,267	10,106	11,574	5	–	52,952
Investments and other assets	230	–	–	–	594	824
TOTAL	**284,618**	**25,863**	**42,519**	**30,634**	**1,321**	**384,955**
Deposits from banks	15,948	–	–	–	–	15,948
Deposits from customers	239,969	1,270	–	–	–	241,239
Debt securities issued	1,074	1849	1,513	–	–	4,436
Financial liabilities at fair value through profit or loss	77,557	3,068	8,425	11,221	–	100,271
Other liabilities and provisions	1,940	280	78	–	–	2,298
Shareholders' equity	–	–	–	–	20,763	20,763
TOTAL	**336,488**	**6,467**	**10,016**	**11,221**	**20,763**	**384,955**
Gap	(51,870)	19,396	32,503	19,413	(19,442)	
Cumulative gap	(51,870)	(32,474)	29	19,442	–	

At 31 December 2022 MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Cash and cash equivalents	160,928	–	–	–	–	160,928
Financial assets at fair value through profit or loss	3,724	2,367	11,419	15,261	266	33,037
Financial assets at fair value through other comprehensive income	744	15,609	6,433	1,836	222	24,844
Financial assets at amortised cost	150	173	5,063	9,663	–	15,049
Loans and advances to banks	5,247	–	3,000	–	–	8,247
Loans and advances to customers	23,151	11,877	10,247	–	–	45,275
Investments and other assets	250	–			1,020	1,270
TOTAL	**194,194**	**30,026**	**36,162**	**26,760**	**1,508**	**288,650**
Deposits from banks	22,963	1,017	–	–	–	23,980
Deposits from customers	203,678	6,895	5	–	–	210,578
Debt securities issued	676	1,201	3,240	–	–	5,117
Financial liabilities at fair value through profit or loss	3,657	1,980	11,452	13,331	–	30,420
Other liabilities and provisions	900	255	69	–	–	1,224
Shareholders' equity	–	–	–	–	17,331	17,331
TOTAL	**231,874**	**11,348**	**14,766**	**13,331**	**17,331**	**288,650**
Gap	(37,680)	18,678	21,396	13,429	(15,823)	
Cumulative gap	(37,680)	(19,002)	2,394	15,823	–	

The carrying amounts of assets and liabilities are recorded either in the period in which they are due or in the period in which the interest rate changes, whichever occurs earlier.

Expected maturities differ from contracted ones as historical evidence shows that most short-term loans and deposits are prolonged.

Effective interest rate

The effective interest rate on significant categories of financial assets and liabilities of the Bank as at 31 December 2023 and 2022 were as follows:

In % p.a.	2023	2022
Financial assets		
Cash and cash equivalents	6.62	6.62
Financial assets at fair value through profit or loss	6.51	4.46
Financial assets at fair value through other comprehensive income*	5.77	5.41
Financial assets at amortised cost	4.82	1.88
Loans and advances to banks	8.28	2.82
Loans and advances to customers	8.5	4.75
Financial liabilities		
Deposits from banks	5.7	5.00
Deposits from customers	4.62	3.05
Debt securities issued	7.45	6.61
Financial liabilities at fair value through profit or loss*	4.96	2.61

* The effective interest rate is calculated from debt securities, repo and reverse repo operations only.

Apart from the gap analysis as indicated above, the Bank monitors its exposure to interest rate risk by Basis Point Value (BPV) and stress testing. Both of these methods measure the potential impact on the Bank's overall position or shift of interest rate yield curves.

Basis point value

Basis point value measures how much monetary positions of the Bank will gain or lose for a 100 basis point (1.00 %) movement in the yield curve in terms of fair value changes. Therefore, it quantifies the Bank's interest rate risk for changes in interest rates.

"Trading book" means the portfolio of all positions in financial instruments held by the Bank with trading intent, in accordance with the definition of a trading book under Article 4(1)(86) of Regulation (EU) No 575/2013. A banking book contains all positions that are not included in the trading book.

As at 31 December 2023, BPVs for individual currencies were as follows:

Currency MCZK	Banking book BPV	Trading book BPV
CZK	(587)	86
EUR	58	2
USD	(148)	(26)
GBP	(4)	(1)
HUF	4	–
INR	(1)	–
TOTAL BPV (ABSOLUTE)	802	115

As at 31 December 2022, BPVs for individual currencies were as follows:

Currency MCZK	Banking book BPV	Trading book BPV
CZK	(454)	21
EUR	261	(25)
USD	(118)	1
GBP	(4)	–
HUF	2	–
INR	(2)	–
TOTAL BPV (ABSOLUTE)	**841**	**47**

Stress testing

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in significant currencies with respect to the Bank in related yield curves. The analysis of the Bank's trading book sensitivity to an increase or decrease in market interest rates in terms of fair value changes (assuming no asymmetrical movement in yield curves and a constant balance sheet position) is as follows:

MCZK	2023		2022	
	100 bp parallel increase	100 bp parallel decrease	100 bp parallel increase	100 bp parallel decrease
Impact on profit or loss as at 31 December	**62**	**(62)**	(3)	3
Average for the period	(2)	2	(26)	26
Maximum for the period	98	113	88	173
Minimum for the period	(113)	(98)	(173)	(88)

The Bank uses yield curve shifts to monitor and measure interest rate risk in the banking book in order to track the potential impact of changes in market interest rates. The baseline analysis addresses the sensitivity of net interest income and the economic value of equity and is based on stress scenarios for investment portfolio interest rate risk management in accordance with European Banking Authority Guidelines EBA/GL/2022/14, which anticipate shifts and changes in the shape of the yield curve. The Bank also performs stress testing based on a parallel 200 basis point shift in the yield curve.

The table below shows the sensitivity of the banking book to changes in interest rates:

MCZK	31 December 2023	31 December 2022
Change in annual net interest income		
Impact of +200 bp interest rate movement	(269)	(423)
Impact of -200 bp interest rate movement	(185)	411
Change in the economic value of equity		
Impact of +200 bp interest rate movement	(2,312)	(1,404)
Impact of -200 bp interest rate movement	1,061	624

The change in the annual net interest income shows the impact of interest rate movements on net interest income over a 12-month horizon. The change in the economic value of equity shows the impact of interest rate movements on the difference between the present value of assets and liabilities. The results presented are in line with the methodology described in the EBA/GL/2022/14 Guidelines.

43.3.3 Equity risk

The equity risk is the risk of a change in the value of a financial instrument due to a change in market prices of equities or equity-related instruments.

The Bank is exposed to equity risk resulting from open positions in equities or equity-related instruments in accordance with the strategy approved by its Board of Directors.

43.3.4 Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

The Bank is only exposed to immaterial settlement risk as most of its transactions are settled in a delivery-versus-payment manner.

43.4 Operational risk

43.4.1 Operational risks

The Operational Risk Management department is responsible for managing operational risks, i.e. the risks of losses caused by deficiencies in or failures of internal processes, the human factor or systems, or from losses caused by external factors, including legal risk. Operational risk excludes strategic and reputational risk.

Operational risks are usually the cause of an increase in the Bank's expenses, a decrease in the Bank's income, fines, penalties, damage, loss of the Bank's tangible and intangible assets and the failure of information systems.

The Operational Risk Management department prepares the operational risk management methodology, identifies, monitors, measures and assesses the operational risks, and proposes measures to mitigate the operational risks. As part of operational risk management, it is further responsible for physical security. The Information Security Management department ensures the management of the security management system of information systems. Both units thus jointly identify and monitor, measure and assess physical and information security, and prepare the methodology for the management and mitigation of the risks.

The Operational Risk Management department manages the access of employees, clients and other authorised persons to tangible and intangible assets, and manages the risk in terms of arranging supplies of banking services, the launch of new products, and the utilisation of outsourcing by the Bank. It also manages models, frauds, insurance and legal risk. The Operational Risk Management department also regularly informs the management and relevant employees about operational risks and significant events that have arisen. Furthermore, it secures training for employees on the identification, reporting and handling of operational risks.

The management and employees in charge of managing operational risks within a division or department are also involved in the management of operational risks. After an operational risk is identified, they propose and arrange the implementation of operational, controlling or organisational measures to mitigate or eliminate the operational risk. In proposing the measures to mitigate operational risk, they also assess the impact on Bank's expenses and income.

43.4.2 Other risks

Legal risk management consists of minimising the uncertainties relating to the enforceability of contracts, insufficient documentation, and changes in the regulatory environment, including accepted case-law and uncertainties in counterparties' acts. The aim is to reduce the risk of loss, the risk of possible or questionable claims against the Bank, or penalties, including damage to the Bank's reputation.

The Compliance department performs activities aimed at harmonising the Bank's internal policies and processes with external regulations. The main compliance activities are to ensure the compliance of internal guidelines with external standards, the mutual compliance of internal guidelines, the compliance of the Bank's activities with internal guidelines and external standards, and the ongoing monitoring of compliance with legal obligations and responsibilities arising from the internal regulations of the Bank, to establish preconditions for achieving this harmonisation, to establish preconditions for the fair provision of services to customers and to refrain from giving preferential treatment to the Bank and its employees compared to customers, to prevent conflicts of interest, and to mitigate acts which would result in market abuse. It also engages in anti-money laundering activities and activities combating the financing of terrorism (AML-CFT), and runs checks on these activities and handles claims and complaints.

If compliance activities are not performed directly by the Compliance department, they are delegated to another department of the Bank, the Bank's managers or the Bank's employees, with the Compliance department acting as coordinator.

The Bank's managers are responsible for creating conditions for the internal and external regulations to be adhered to. They are also responsible for issuing internal policies governing the activities they are in charge of and they are also obliged to check whether the external regulations and internal policies are observed by subordinates.

43.5 Climate change risks

Bank increasingly faces climate-related risks and opportunities related to the transition to a low-carbon economy. During 2023 Bank has spent considerable time to collect data to assess the risks associated with climate change which can impact portfolio differently depending on factors such as sector, geographic location and duration.

Climate change risks impact key risk categories such as credit, liquidity, market and operational risk. The Bank classifies climate change risks into two main categories:

— physical risks and
— transition-related risks.

Physical risks arise from acute climate events (windstorms, tornadoes, floods and fires) and long-term changes in climate phenomena (sustained warmer temperatures, heat waves, droughts and rising sea levels).

Transition risks arise as a result of measures taken to mitigate the impacts of climate change and the transition to a low-carbon economy (changes in laws and regulations, litigation due to failure to mitigate or adapt, or changes in supply and demand for certain commodities, products and services).

The impact of physical and transition risks on the broader macroeconomic environment, including macroeconomic variables such as GDP and unemployment rates, is currently difficult to predict. We expect the most significant impacts of climate change to occur in the medium to long term. However, it is important to monitor the speed and scale of these issues and consider their potential impacts.

By the nature of its business model, Bank assesses climate-related risk factors on a case-by-case basis as part of its regular monitoring of borrower performance and regular collateral valuation and eligibility.

43.6 Capital management

Regulatory capital

The Bank's lead regulator, sets and monitors the capital requirements of the Bank. The Bank and individual banking operations are directly supervised by local regulators. As the capital regulatory requirements are set only for banks, the structure of Tier 1 capital and Tier 2 capital is set only for the Bank.

In the implementation of current capital requirements, the CNB requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's regulatory capital is analysed into two tiers:

— Tier 1 capital, which includes ordinary share capital, share premium, statutory reserve funds and retained earnings after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
— Tier 2 capital, which includes qualifying subordinated liabilities. The bank currently has no Tier 2 capital component.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also considered and the Bank recognises the need to maintain a balance between the higher returns and the advantages and security afforded by a sound capital position.

The Bank and its individually regulated operations complied with all externally imposed capital requirements throughout the period.

There were no material changes in the Bank's management of capital during the period.

The Bank's reconciliation between regulatory capital and equity calculated was as follows:

MCZK	Regulatory capital	Equity
At 31 December 2023		
Issued capital	769	769
Share premium	412	412
Retained earnings	15,446	19,330
Profit/(Loss) eligible	1,000	–
Accumulated other comprehensive income	201	252
Less value adjustment due to requirements	(236)	
of prudent valuation		
Less intangible assets	(124)	–
Mitigation of impact of IFRS 9 implementation	453	
Tier 1 capital	17,921	
TOTAL	**17,921**	**20,763**
At 31 December 2022		
Issued capital	769	769
Share premium	412	412
Retained earnings	14,005	16,744
Profit/(Loss) eligible	2,155	–
Accumulated other comprehensive income	(1,136)	(594)
Less value adjustment due to requirements	(88)	–
of prudent valuation		
Less intangible assets	(105)	–
Mitigation of impact of IFRS 9 implementation	964	
Tier 1 capital	16,976	
TOTAL	**16,976**	**17,331**

Capital adequacy ratios are as follows:

%	2023	2022
Tier 1 common capital ratio	23.15%	24.80%
Tier 1 capital ratio	23.15%	24.80%
Total capital ratio	23.15%	24.80%

If the mitigation of the impact of IFRS 9 implementation were not applied, tier 1 common capital ratio, tier 1 capital ratio and total capital ratio would be 22.51% as at 31 December 2023 (2022: 23.56 %).

Exposures and capital requirements for credit risk related to the following institutions:

MCZK	Exposure	Capital requirement
At 31 December 2023		
Central government or central banks	–	–
Regional governments or local authorities	15	1
Institutions	2,372	190
Corporates	46,143	3,691
Retail	–	–
Secured by mortgages on immovable property	834	67
Exposures in default	128	10
Items associated with particular high risk	9,413	753
Collective investment undertakings	967	77
Equity	239	19
Other items	282	23
TOTAL	**60,393**	**4,831**
At 31 December 2022		
Central government or central banks	–	–
Regional governments or local authorities	15	1
Institutions	2,276	182
Corporates	41,953	3,356
Retail	–	–
Secured by mortgages on immovable property	729	58
Exposures in default	271	22
Items associated with particular high risk	5,743	459
Collective investment undertakings	619	50
Equity	239	19
Other items	1,293	103
TOTAL	**53,138**	**4,250**

MCZK	2023	2022
Capital requirements for credit risk	4,831	4,250
Capital requirements for market risks	648	638
– for interest rate risk of trading portfolio	629	609
– for equity risk of trading portfolio	–	–
– for foreign exchange risk	19	29
Capital requirements for settlement risk	–	–
Capital requirements for operational risk	655	541
Capital requirements for credit valuation adjustment risk	61	45
TOTAL CAPITAL REQUIREMENTS	**6,195**	**5,474**

Minimum requirements for capital ratios are as follows:

	Minimum requirement	Capital conservation buffer	Counter-cyclical buffer
31. 12. 2023			
Common Equity Tier 1 capital (CET1)	4.5 %	2.5 %	1.27 %
Tier 1 capital	6 %	2.5 %	1.27 %
Total regulatory capital	8 %	2.5 %	1.27 %
31. 12. 2022			
Common Equity Tier 1 capital (CET1)	4.5 %	2.5 %	0.82 %
Tier 1 capital	6 %	2.5 %	0.82 %
Total regulatory capital	8 %	2.5 %	0.82 %

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by the optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily on the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect other risks of the transaction. The process of allocating capital is undertaken by those responsible for the operation and is subject to review by the Bank's Capital Strategy Committee.

44 Related-party transactions

As at 31 December 2023, the parent company of the Bank is PPF Financial Holdings a.s., with its registered office in the Czech Republic, Prague, Evropská 2690/17, postal code: 16000, registration number: 10907718, the parent company of PPF Financial Holdings a.s. is PPF Group N.V., with its registered office in the Netherlands, Amsterdam, Strawinskylaan 933, postal code: 1077XX, registration number: 33264887.

The Bank considered the transactions with its parent company, PPF Financial Holdings a.s. and its parent company PPF Group N.V., and with all their subsidiaries and associates to be related-party transactions.

The related-party transactions also include transactions with its key management personnel, and enterprises with which it has key management personnel in common.

44.1 Transactions with the parent company

The balances stated below are included in the statement of financial position and represented transactions with the parent company:

MCZK	31. 12. 2023	31. 12. 2022
Deposits from customers	(5,003)	(82)
TOTAL	**(5,003)**	(82)

The Bank neither accepted nor provided guarantees related to the above-mentioned transactions.

The figures stated below are included in the statement of comprehensive income and represented transactions with the parent company:

MCZK	2023	2022
Interest and similar income	–	2
Interest expense and similar charges	(114)	(43)
Fee and commission income	2	2
Net income from financial operations	–	1
Other operating income	–	1
TOTAL	(112)	(37)

44.2 Transactions with subsidiaries

The balances stated below are included in the statement of financial position and represented transactions with subsidiaries:

MCZK	31. 12. 2023	31. 12. 2022
Loans and advances to customers	6,435	8,520
Deposits from customers	(139)	(241)
TOTAL	6,296	8,279

The figures stated below are included in the statement of comprehensive income and represented transactions with subsidiaries:

MCZK	2023	2022
Interest and similar income	588	621
Interest expense and similar charges	(4)	(1)
Net impairment losses on financial assets	(29)	2
Other operating income	1	1
TOTAL	556	623

44.3 Transactions with other related parties

The balances stated below are included in the statement of financial position and represented transactions with other related parties:

MCZK	31. 12. 2023	31. 12. 2022
Cash and cash equivalents	–	7
Financial assets at fair value through profit or loss	1,103	563
Financial assets at fair value through other comprehensive income	30	30
Loans and advances to banks	7,604	5,866
Loans and advances to customers	4,909	5,353
Other assets	32	21
Deposits from customers	(36,690)	(38,208)
Deposits from banks	(10)	(638)
Financial liabilities at fair value through profit or loss	(2,476)	(4,407)
Provisions	(1)	(1)
Other liabilities	(165)	(123)
TOTAL	(25,664)	(31,537)

The figures stated below are included in the statement of comprehensive income and represented transactions with other related parties:

MCZK	2023	2022
Interest and similar income	976	600
Interest expense and similar charges	(844)	(271)
Fee and commission income	87	308
Fee and commission expense	(5)	(1)
Net income from financial operations	341	(2,422)
Net impairment losses on financial assets	(21)	4
Other operating income	2	2
Other general administrative expenses	(173)	(387)
TOTAL	**363**	**(2,167)**

44.4 Key management personnel

The balances stated below are included in the statement of financial position and represented transactions with key management personnel:

MCZK	31. 12. 2023	31. 12. 2022
Financial liabilities at fair value through profit or loss	(1)	–
Deposits from customers	(160)	(146)
TOTAL	**(161)**	**(146)**

The above payables consist mainly of term deposits and balances of current accounts with the Bank.

The balances stated below are included in the statement of other comprehensive income and represented transactions with key management personnel:

MCZK	2023	2022
Interest expense and similar charges	(7)	(3)
Fee and commission income	–	1
Net income from financial operations	(1)	(2)
General administrative expenses	(58)	(49)
TOTAL	**(66)**	**(53)**

General administrative expenses consist of salaries and remuneration of the Group ,s key management personnel, described in detail in note 10.

44.5 Credit commitments and guarantees provided

As at 31 December 2023 the Bank provided a credit commitment to related parties of MCZK 6,417 (31. 12. 2022: MCZK 10,938).

45 Subsequent events

There have been no events subsequent to the balance sheet date that are material or require adjustment or disclosure in the financial statements or notes.

Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity for 2023

In accordance with Section 82 et seq. of Act No 90/2012 on companies and cooperatives, as amended, ("the AoC"), PPF banka a.s., with its registered office at Evropská 2690/17, 160 41 Praha 6, registration number 47116129, incorporated by entry in the Commercial Register maintained by the Municipal Court in Prague, section B, file number 1834 ("the Company"), has the obligation to prepare the following report on relations between the controlling entity and the Company and between the Company and entities controlled by the same controlling entity ("Report on Relations") for the accounting period from 1 January 2023 to 31 December 2023 ("the Accounting Period").

1. Structure of relations between the controlling entity and the Company and between the Company and entities controlled by the same controlling entity

By reference to information in the possession of the Board of Directors, in which the Company's governing body, to the best of its knowledge, found no incompleteness, the structure is set out in Appendix 1 to this Report on Relations.

2. Role of the Company

During the Accounting Period, the Company did not adopt or implement any measures or other legal arrangements providing it with special advantages or imposing special obligations on it in the interest or at the initiative of the controlling entity or entities controlled by the same controlling entity. In relation to control, the Company benefits from no special advantages and has no special obligations vis-à-vis the controlling entity and/or entities controlled by the same controlling entity beyond those negotiated in the agreements listed in Section 5 of this Report on Relations.

3. Method and means of control

The controlling entity exercises control through its ownership rights via decisions at the Company's general meetings (or decisions of the Company's sole shareholder). Methods and means of controlling the Company include the Company's articles of association and decisions of the Company's supreme body. No special agreements exist between the Company and the controlling entity with respect to methods and means of controlling the Company.

4. Overview of actions pursuant to Section 82(2)(d) of the AoC

In the Accounting Period, the Company did not perform any actions at the initiative or in the interest of the controlling entity or entities controlled by it that related to assets exceeding 10% of the Company's equity as determined from the latest financial statements.

5. Overview of mutual agreements

The Company has concluded the following agreements with the controlling entity or with entities controlled by the same controlling entity:

The following agreements have been concluded with AB 4 B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34186049:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with AB-X Projekt GmbH in liquidation, with its registered office at Landsberger 155, Munich, 806 87, Germany, registration number: HRB 247124:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with AF Airfueling s.r.o., with its registered office at Hůlkova 1075/35, Kbely, 197 00 Praha 9, registration number: 02223953:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Air Bank a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 29045371:
— Confidentiality contract – scope of performance: other services
— Reporting Delegation Agreement – Agreement on EMIR reporting – scope of performance: other services
— Contract with an administrator + special arrangements for the contract with an administrator – scope of performance: financial services
— Contract for opening and maintaining correspondent accounts – scope of performance: financial services
— Framework agreement on trading on financial markets (EMA) – scope of performance: financial services
— ISDA Master Agreement – scope of performance financial services
— Agency agreement on the provision and settlement of transactions with investment instruments and on investment instrument administration – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: financial services
— Agreement on the provision of services for the blocking of access to electronic banking tools – scope of performance: financial services
— Strongbox rental agreement – scope of performance: financial services
— Service agreement (COVID 3 loans) – scope of performance: financial services
— Customer business agreement – switch – scope of performance: financial services
— Agreement on the procurement of a bond issue – scope of performance financial services
— Participant agreement – scope of performance financial services
— Transfer agreement – scope of performance financial services
— Agreement Reg. No 41630422 on the provision of banking products – scope of performance financial services
— Agreement on Group corporate governance – scope of performance: financial services
— Strongbox rental agreement – scope of performance: financial services
— Agreement on the procurement of a bond issue – scope of performance financial services
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Bavella B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 52522911:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with BEFICERY LTD, with its registered office at Themistokli Dervi, 48, ATHIENITIS CENTENNIAL BUILDING, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE417922:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Bestsport holding a.s., with its registered office at Českomoravská 2345/17a, Libeň, 190 00 Praha 9, registration number: 06613161:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Bestsport SPV s.r.o., with its registered office at Českomoravská 2345/17a, Libeň, 190 00 Praha 9, registration number: 19867042:
— Agreement on a special account for the payment of a deposit when establishing a business corporation – scope of performance: financial services

The following agreements have been concluded with Bestsport, a.s., with its registered office at Českomoravská 2345/17a, Libeň, 190 00 Praha 9, registration number: 24214795:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with BLUE SEA HOLDING Sárl, with its registered office at Belgium, Bruxelles, Avenue du Port 86C204, Box 204, 1000, registration number: 0771.845.232:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with BONAK a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 05098815:
— General agreement on payment and banking services – scope of performance: financial services
— Share pledge agreements – scope of performance: financial services
— Guarantee and shareholder undertaking agreement – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: financial services

The following agreements have been concluded with CETIN a.s., with its registered office at Českomoravská 2510/19, 190 00 Praha 9, registration number: 040 84 063:
— General agreement on payment and banking services – scope of performance: financial services
— Framework contract on trading on the financial market (EMA) – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: financial services
— Confidentiality agreement – scope of performance: other services
— Internal escrow account – scope of performance: financial services

The following agreements have been concluded with CETIN Finance B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 66805589:
— General agreement on payment and banking services – scope of performance: financial services
— Dealer agreement – scope of performance: financial services

The following agreements have been concluded with CETIN Finco B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 85746592:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Cetin Group N.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 65167899:
— General agreement on payment and banking services – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: financial services
— ISDA master agreement – scope of performance: financial services

The following agreements have been concluded with CETIN Hungary Zártkörűen Működő Részvénytársaság, with its registered office at 2045, Törökbálint, Pannon út 1, Hungary, registration number: 13-10-042052:
— General agreement on payment and banking services – scope of performance: financial services
— ISDA master agreement – scope of performance: financial services

The following agreements have been concluded with CETIN servis.r.o., with its registered office at Evropská 2690/17, Libeň, 190 00 Praha 9, registration number: 19548605:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with CETIN služby s.r.o., with its registered office at Českomoravská 2510/19, Libeň, 190 00 Praha 9, registration number: 06095577:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with CIAS HOLDING a.s., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 27399052:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with CME Bulgaria B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34385990:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with CME Investments B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 33289326:
— General agreement on payment and banking services – scope of performance: financial services
— ISDA master agreement – scope of performance: financial services

The following agreements have been concluded with CME Media Enterprises B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 33246826:
— General agreement on payment and banking services – scope of performance: financial services
— ISDA master agreement – scope of performance: financial services

The following agreements have been concluded with CME Services s.r.o., with its registered office at Křiženeckého náměstí 1078/5a, 152 00 Praha 5 registration number: 29018412:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with CME Slovak Holdings B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34274606:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Cytune Pharma SAS, with its registered office at 3 Chemin du Pressoir Chenaie, 44100 Nantes, France, registration number: 500998703:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Duoland s.r.o., with its registered office at Hůlkova 896/31, Kbely, 197 00 Praha 9, registration number: 06179410:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Eastern Properties B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 58756566:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with ELTHYSIA LIMITED with its registered office at Themistokli Dervi, 48, ATHIENITIS CENTENNIAL BUILDING, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE 290356:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with EmbedIT s.r.o., with its registered office e at Evropská 2690/17, 160 00, Praha 6, registration number: 17139708:
— General agreement on payment and banking services – scope of performance: financial services
— Framework agreement on Reallocation of Software Cost – scope of performance: financial services

The following agreements have been concluded with EMPTYCO a.s., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 05418046:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with ENADOCO LIMITED, with its registered office at Themistokli Dervi, 48, Athienitis Centennial Building, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE 316 486:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Erable B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 67330495:
— General agreement on payment and banking services – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: financial services

The following agreements have been concluded with Excoso a.s. (previously SCTbio a.s.), with its registered office at Českomoravská 2532/19b, 190 00 Praha 9 – Libeň, registration number: 24662623:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with FACIPERO INVESTMENTS LIMITED, with its registered office at Esperidon 5, 4th floor, Strovolos, 2001, Nicosia, Cyprus, registration number: HE 232483:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Favour Ocean Limited, with its registered office at Nexxus Building, 41 Connaught Road, Central, Hong Kong, China, registration number: 1065678:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with FO Management s.r.o., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 06754295:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with FO servis s.r.o., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 08446407:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Fodina B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 59400676:
— Special arrangements on remuneration – scope of performance: financial services
— General agreement on payment and banking services – scope of performance: financial services
— Global master repurchase agreement – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: financial services

The following agreements have been concluded with FOSOL ENTERPRISES LIMITED, with its registered office at 10 Diomidous Street, ALPHAMEGA AKROPOLIS BUILDING, 3rd floor, Flat/Office 401, 2024, Nicosia, Cyprus, registration number: HE 372077:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with GABELLI CONSULTANCY LIMITED, with its registered office at Themistokli Dervi, 48, ATHIENITIS CENTENNIAL BUILDING ,Office 603, 1066 Nicosia, Cyprus, registration number: HE 160 589:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with German Properties B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 61008664:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with GEWI, s.r.o., with its registered office at Budečská 1028/16, 120 00 Praha 2 – Vinohrady, registration number: 60203722:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with GRACESPRING LIMITED, with its registered office at Themistokli Dervi, 48, ATHIENITIS CENTENNIAL BUILDING ,Office 603, 1066 Nicosia, Cyprus, registration number: HE 208337:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with HC Asia B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34253829:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with HC Consumer Finance Philippines, Inc, with its registered office at 15F Ore Central,9th Ave.cor.31 Street, Bonifacio Global City, Taguig City, Metro Manila , Philippines, registration number: CS201301354:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with HC Philippines Holding B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 35024270:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Home Credit a.s., with its registered office at Nové sady 996/25, Staré Brno, 602 00 Brno, registration number: 26978636:
— Contract on cooperation in the performance of work and provision of processing and other services (HC) – scope of performance: other services
— Confidentiality contract – scope of performance: other services
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Home Credit Asia Limited, with its registered office at Nexxus Building, 41 Connaught Road, Central, Hong Kong, China, registration number: 890063:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Home Credit Group B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 69638284:
— General agreement on payment and banking services – scope of performance: financial services
— Agreement on Group corporate governance – scope of performance: financial services
— Deed of pledge of registered shares in the share capital of Home Credit Group B.V. – scope of performance: financial services
— Agreement on the assignment of derivative transactions – scope of performance: financial services
— Agreement on the assignment of an agreement on a promissory note programme arrangement and assumption of debt – scope of performance: financial services
— Engagement letter – secured credit facility of up to INR 4,000,000,000 – scope of performance: financial services
— Novation and amendment agreement ¬– scope of performance: financial services
— Agreement on a promissory note programme arrangement – scope of performance: financial services
— Agreement on the assignment of loan agreement 41389616 – scope of performance: financial services
— Agreement on the assignment and amendment of the agreement with the administrator, – scope of performance: financial services
— Agreement on a promissory note programme arrangement – scope of performance: financial services
— Creditor accession undertaking – scope of performance: other services
— Secured credit facility of up to INR 4,000,000,000 (may be increased up to INR 9,760,000,000) – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: financial services

The following agreements have been concluded with Home Credit India B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 52695255:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Home Credit Indonesia B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 52695557:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Home Credit International a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 60192666:
— General agreement on payment and banking services – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: financial services
— Agency agreement on the provision and settlement of transactions with investment instruments and on investment instrument administration – scope of performance: financial services
— Framework agreement on the reallocation of software costs – scope of performance: purchase of software solutions, distribution of software and reinvoicing of expenses
— Agreement on the distribution of licences– scope of performance: distribution of licences and support
— ULA Oracle software licence agreement
— Framework agreement on financial market trading – scope of performance: financial services
— Agreement on the provision of services – scope of performance: financial services

The following agreements have been concluded with Home Credit N.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34126597:
— Special arrangement for the agreement with the administrator – scope of performance: financial services
— Agreement on the assignment of agreement on promissory note programme arrangement and assumption of debt – scope of performance: financial services
— Agreement on the assignment of derivative transactions – scope of performance: financial services
— Agreement related to Offer of the Bond – scope of performance: financial services
— Term facilities agreement – scope of performance: financial services
— Novation and amendment agreement – scope of performance: financial services
— General agreement on payment and banking services – scope of performance: financial services
— Agency agreement on the provision and settlement of transactions with investment instruments and on investment instrument administration – scope of performance: financial services
— Subordination agreement – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: financial services
— Contract on Group corporate governance – scope of performance: financial services
— Agreement on the assignment of a contract on Group corporate governance – scope of performance: financial services
— Agreement on the termination of the agreement on the provision of the issue of notes – scope of performance: financial services
— Creditor accession undertaking – scope of performance: financial services

The following agreements have been concluded with Home Credit Slovakia, a.s., with its registered office at Teplická 7434/147, Piešťany 921 22, Slovakia, registration number: 36234176:
— Contract on cooperation in the performance of work and provision of processing and other services (HCS) – scope of performance: other services
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with HOPAR LIMITED , with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE188923:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with JARVAN HOLDINGS LIMITED, with its registered office at Themistokli Dervi, 48, ATHIENITIS CENTENNIAL BULDING ,Office 603, 1066 Nicosia, Cyprus, registration number: HE310140:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with JONSA LIMITED, with its registered office at Themistokli Dervi, 48, ATHIENITIS CENTENNIAL BULDING, Office 603, 1066 Nicosia, Cyprus, registration number: HE 275110:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Letiště Praha Letňany, s.r.o., with its registered office at Hůlkova 1075/35, Kbely, 197 00 Praha 9, registration number: 24678350:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Letňany eGate s.r.o., with its registered office at Hůlkova 896/31, Kbely, 197 00 Praha 9, registration number: 06137628:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Letňany Park Gate s.r.o., with its registered office at Hůlkova 896/31, Kbely, 197 00 Praha 9, registration number: 06138446:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with LINDUS SERVICES LIMIT, with its registered office at Themistokli Dervi, 48, ATHIENITIS CENTENNIAL BULDING , Office 603, 1066 Nicosia, Cyprus, registration number: HE281891:
— General agreement on payment and banking services – scope of performance: financial services
— AGREEMENT ON THE PROVISION OF INVESTMENT SERVICES – scope of performance: financial services

The following agreements have been concluded with Logistics Project RU, with its registered office at Evropská 2690/17, Dejvice, 160 41 Praha 6, registration number: 14206498:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Maraflex s.r.o., with its registered office at Evropská 2690/17, Dejvice, 160 41 Praha 6, registration number: 02415852:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with MICROLIGHT TRADING LIMITED, with its registered office at Themistokli Dervi, 48, ATHIENITIS CENTENNIAL BULDING , Office 603, 1066 Nicosia, Cyprus, registration number: HE224515:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with MIDDLECAP SEAL HOUSE LIMITED, with its registered office at C/O Middlecap Real Estate Ltd, 15 Stratford Place, London W1C 1BE, United Kingdom, registration number: 11669616:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Millennium Hotel Rotterdam B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 67331378:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Miridical Holding Limited, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE 425998:
— General agreement on payment and banking services – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: financial services

The following agreements have been concluded with MOBI BANKA AD BEOGRAD (NOVI BEOGRAD), with its registered office at Omladinskih brigáda 88, Belgrade, Serbia, registration number: 17138669:
— General agreement on payment and banking services – scope of performance: financial services
— ISDA Master Agreement – scope of performance: financial services
— Global Master Repurchase Agreement (GMRA) – scope of performance: financial services
— Agreement on Group corporate governance – scope of performance: financial services

The following agreements have been concluded with Montería, spol. s r.o., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 27901998:
— General agreement on payment and banking services – scope of performance: financial services
— Agreement Reg. No 41562120 on the provision of banking products – scope of performance: financial services
— Agreement Reg. No ZBU/41562120/1 on the establishment of a lien on accounts receivable – scope of performance: financial services

The following agreements have been concluded with Moranda, a.s., with its registered office at Evropská 2690/17, Dejvice, 160 41 Praha 6, registration number: 28171934:
— General agreement on payment and banking services – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: other services

The following agreements have been concluded with MP Holding 2 B.V., with its registered office at Strawinskylaan 933, 1077XX Amsterdam, Netherlands, registration number: 69457018:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with My Air a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 05479070:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Naneva B. V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 67400639:
— General agreement on payment and banking services – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: financial services
— Global Master Repurchase Agreement (GMRA) – scope of performance: financial services

The following agreements have been concluded with Navigare Yachting AB, with its registered office at Malmö, Norra Vallgatan 66, 21122, Sweeden, registration number: 5566862354:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with O2 CRM Services s.r.o. (previously Smart home security s.r.o.) with its registered office at Vyskočilova 1326/5, Michle, 140 00 Praha 4, registration number: 063 21 399:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with O2 Czech Republic a.s., with its registered office at Za Brumlovkou 266/2, 140 22 Praha 4, registration number: 60193336:
— Framework agreement on payment and banking services – scope of performance: setting of a credit limit for the company and the opening of bank accounts in CZK, EUR, USD
— Framework agreement on financial market trading – scope of performance: hedging against financial risk
— Agreement on the provision of publicly available electronic communications services – scope of performance: provision of publicly available electronic communications services, financial services
— Agreement on the provision of cloud, housing and related services – scope of performance: provision of cloud, housing and related services to the second contracting party, financial services
— Agreement on the provision of the Aculla SIPREC SRS recording system – scope of performance: establishment of conditions for the provision of a recording system to the second contracting party and use thereof for the fulfilment of MiFID regulation requirements, financial services
— Mobile SIPREC service agreement – provision of services in the monitoring and recording of calls to meet the requirements of MiFID (Markets in Financial Instruments Directive) – scope of performance: other services
— Bulk SMS connector service agreement – scope of performance: bulk sending of text messages from applications and provision of development capacities for application development in accordance with the requirements of PPF banka a.s.
— Service Provision Agreement on AntiDDoS O2, – scope of performance: other services

The following agreements have been concluded with O2 Financial Services s.r.o., with its registered office at Za Brumlovkou 266/2, Michle, 140 00 Praha 4, registration number: 05423716:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with O2 IT Services s.r.o., with its registered office at Za Brumlovkou 266/2, Michle, 140 00 Praha 4, registration number: 02819678:
- Bank guarantee contract BZ/30367615 – scope of performance: financial services
- General agreements on payment and banking services – scope of performance: financial services
- Confidentiality agreement – scope of performance: other services
- Service agreement – scope of performance: other services

The following agreements have been concluded with O2 Networks, s.r.o., with its registered office at Einsteinova 24, Bratislava, 851 01, Slovakia, registration number: 54639425:
- Bank guarantee contract No BZ/30367615 – scope of performance: financial services

The following agreements have been concluded with O2 Slovakia, s.r.o., with its registered office at Einsteinova 24, Bratislava, 851 01, Slovakia, registration number: 47259116:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with O2 TV s.r.o., with its registered office at Za Brumlovkou 266/2, Michle, 140 00 Praha 4, registration number: 03998380:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Office Star Eight a.s., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 27639177:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Office Star Nine, spol. s r. o., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 27904385:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Paleos Industries B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 66846919:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with, PALM Investments a.s. spol., with its registered office at Budečská 1028/16, 120 00 Praha 2 – Vinohrady, registration number: 09262601:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF a.s., with its registered office at Evropská 2690/17, Dejvice, 160 41 Praha 6, registration number: 25099345:
- LAN service agreement – scope of performance: other services
- Cost reimbursement agreement – scope of performance: financial services
- Contract on the sublease of non-residential premises – E-GATE, as amended – scope of performance: financial services
- Contract on the sublease of parking lots – scope of performance: financial services
- Contract on the provision of services dated 31 March 2006 – scope of performance: other services
- Contract on the sublease of mobile equipment – scope of performance: other services
- Contract on the use of a visual style and the provision of rights to the use of trademarks – scope of performance: other services
- General agreement on payment and banking services – scope of performance: financial services
- Personal data processing agreement – protection of mutually disclosed confidential information and rights and obligations of the parties in the field of personal data processing – scope of performance: other services

The following agreements have been concluded with PPF A4 B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 63365391:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF Advisory (CR) a.s., with its registered office at Evropská 2690/17, Dejvice, 160 41 Praha 6, registration number: 25792385:

— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF ADVISORY (RUSSIA) LIMITED, with its registered office at Themistokli Dervi, 48, Office 603, 1066 Nicosia, Cyprus, registration number: HE 276 979:

— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF Advisory (UK) Limited, with its registered office at United Kingdom, Avebury Boulevard, 100, MK9 1FH ,Milton Keynes, registration number: 05539859:

— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF Art a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 63080672:

— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF Biotech B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 55003982:

— General agreement on payment and banking services – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: financial services

The following agreements have been concluded with PPF CO 3 B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34360935:

— General agreement on payment and banking services – scope of performance: financial services
— Agreement on an IDR 30,000,000,000 credit facility, as amended – scope of performance: financial services
— Framework agreement on consultancy and cooperation – scope of performance: financial services
— Agreement of 2 May 2018 on a USD 25,000,000 credit facility – scope of performance: financial services
— Agreement of 22 November 2018, USD 32,000,000 – scope of performance: financial services
— Agreement of 15 August 2019, INR 4,500,000,000 credit facility – scope of performance: financial services
— Agreement on the provision of investment services, – scope of performance: financial services
— Secured credit facility of up to INR 4,400,000,000 – scope of performance: financial services
— Agreement of 21 November 2019, HUF 6,000,000,000 credit facility – scope of performance: financial services
— Agreement of 21 November 2019, EUR 47,000,000 credit facility – scope of performance: financial services
— Agreement of 16 December 2020, EUR 33,000,000 credit facility – scope of performance: financial services
— Consent letter – USD 25,000,000 credit facility (as amended) – scope of performance: financial services
— Agreement of 22 May 2020, RSD 3,000,000,000 credit facility – scope of performance: financial services
— Agreement of 5 January 2021, INR 5,000,000,000 credit facility – scope of performance: financial services
— Agreement on a CZK 1,500,000,000 credit facility – scope of performance: financial services
— Agreement on a pledge of receivables under a loan agreement, notification of pledge – scope of performance: financial services
— Agreement of 3 May 2021 – USD 40,000,000 – scope of performance: financial services
— Cash automated transfer agreement – scope of performance: financial services
— Agreement of 8 November 2021, EUR 40,000,000 credit facility – scope of performance: financial services
— Facility Agreement EUR 9,200,000 dated 28th July 2022 – scope of performance: financial services
— Engagement Letter dated on 25th August 2022 – scope of performance: financial services
— Agreement Dated 8th November 2022 – USD 50,000,000 Credit Facility – scope of performance: financial services
— Agreement dated 26th December 2022 for HC Vietnam in the amount of 50 000 000 USD – scope of performance: financial services
— Agreement Dated 13 January 2023 EUR 50 000 000 Credit Facility – scope of performance: financial services

- Recommendation related to INR 4,000,000,000 Credit Facility Agreement dated 23rd March 2018, INR 4,400,000,000 Credit Facility Agreement dated 14th November 2019, INR 5,000,000,000 Credit Facility Agreement dated 16th September 2019 – scope of performance: financial services
- AGREEMENT ON TERMINATION OF USD 180,000,000 CREDIT FACILITY AGREEMENT (ke smlouvě 0333/1/2018) – scope of performance: financial services
- AGREEMENT ON TERMINATION OF USD 38,000,000 CREDIT FACILITY AGREEMENT (ke smlouvě 0744/1/2018) – scope of performance: financial services
- Agreement Dated 19th December, 2023 EUR 11 000 000 – scope of performance: financial services

The following agreements have been concluded with PPF Comco N.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 85404632:
- General agreement on payment and banking services – scope of performance: financial services
- Agreement on the provision of investment services, – scope of performance: financial services

The following agreements have been concluded with PPF CYPRUS MANAGEMENT LIMITED, with its registered office at Themistokli Dervi, 48, Athienitis Centennial Building, Office 603, 6 floor, 1066 Nicosia, Cyprus, registration number: HE224463:
- General agreement on payment and banking services – scope of performance: financial services
- Agreement on the provision of investment services – scope of performance: financial services
- ISDA Master Agreement – scope of performance: financial services
- Global Master Repurchase Agreement – scope of performance: financial services

The following agreements have been concluded with PPF CYPRUS RE MANAGEMENT LTD, with its registered office at Themistokli Dervi, 48, Athienitis Centennial Building, Office 603, 6 floor, 1066 Nicosia, Cyprus, registration number: HE251908:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF Financial Holdings a.s. (change of headquarters, previously PPF Financial Holdings B.V.), with its registered office at Evropská 2690/17, 160 41, Praha 6, registration number:10907718:
- General agreement on payment and banking services – scope of performance: financial services
- Agreement on the provision of investment services – scope of performance: financial services
- Agreement on administration – scope of performance: financial services
- Agreement on administration – scope of performance: financial services
- Agreement on administration – scope of performance: financial services
- Agreement on administration – scope of performance: financial services
- Agreement on administration – scope of performance: financial services
- Contract on Group corporate governance – scope of performance: financial services
- Agreement on the assignment of a contract on Group corporate governance – scope of performance: financial services
- Sublicensing agreement – scope of performance: other services
- Contract of mandate – scope of performance: other services
- Agreement on the provision of credit risk management services – scope of performance: financial services
- Confidentiality agreement – scope of performance: other services

The following agreements have been concluded with PPF Finco B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 77800117:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF Gastro s.r.o., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 24768103:
- Contract for employee meals, as amended – scope of performance: other services
- General agreement on payment and banking services – scope of performance: financial services
- Agreement on the coverage of the costs of catering services and refreshments – scope of performance: other services

- Personal data processing agreement – protection of mutually disclosed confidential information and rights and obligations of the parties in the field of personal data processing – scope of performance: other services
- Agreement on the sale of small assets – scope of performance: other services

The following agreements have been concluded with PPF GATE a.s., with its registered office at Evropská 2690/17, 160 41 Praha 6, registration number: 27654524:
- Agreement on the letting of non-residential premises – branch – PPF Gate mandate – scope of performance: other services
- Construction contract mandate – scope of performance: other services

The following agreements have been concluded with PPF Group N.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 33264887:
- ISDA master agreement, as amended – scope of performance: financial services
- Agreement on a guarantee – scope of performance: financial services
- General agreement on payment and banking services – scope of performance: financial services
- Dealer manager agreement – scope of performance: financial services
- Agreement on the provision of investment services – scope of performance: financial services
- Facility agreement Reg. No 41585221 – scope of performance: financial services
- Confirmation of continuing security – scope of performance: financial services
- Guarantee and sponsor undertaking – scope of performance: other services

The following agreements have been concluded with PPF Healthcare N.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34308251:
- Contract for assignment of a receivable – scope of performance: financial services
- General agreement on payment and banking services – scope of performance: financial services
- ISDA master agreement – scope of performance: financial services
- Agreement on the provision of investment services – scope of performance: financial services

The following agreements have been concluded with PPF Holdings B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34186294:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF IM Ltd. (previously Acolendo Limited), with its registered office at Themistokli Dervi, 48, Athienitis Centennial Building, Office 603, 6 floor, 1066 Nicosia, Cyprus, registration number: HE 434775 :
- General agreement on payment and banking services – scope of performance: financial services
- Agreement on the provision of investment services – scope of performance: financial services
- GMRA – Global Master Repurchase Agreement – scope of performance: financial services

The following agreements have been concluded with PPF Industrial Holding B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 71500219:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF NIPOS B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 90143299:
- General agreement on payment and banking services – scope of performance: financial services
- Agreement on the provision of investment services – scope of performance: financial services

The following agreements have been concluded with PPF RE Consulting s.r.o, with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 24225657:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF RE Management, with its registered office at Evropská 2690/17, Dejvice, 160 41 Praha 6, registration number: 17083923:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF Real Estate Holding B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 34276162:
- General agreement on payment and banking services – scope of performance: financial services
- Agreement on a promissory note programme arrangement + PoA – scope of performance: financial services

The following agreements have been concluded with PPF Real Estate I, Inc., with its registered office at Wilmington, Delawere, 1209, Orange street, United States, registration number: 7705173:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF REAL ESTATE LIMITED, with its registered office at Themistokli Dervi, 48, Athienitis Centennial Building, Office 603, 6 floor, 1066 Nicosia, Cyprus, registration number: HE 188089:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF Real Estate s.r.o., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 27638987:
- Agreement on the provision of services – scope of performance: financial services
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF Telco B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 65167902:
- General agreement on payment and banking services – scope of performance: financial services
- Agreement on the provision of investment services – scope of performance: financial services
- Agreement to ensure the payment of consideration – scope of performance: financial services

The following agreements have been concluded with PPF Telecom Group B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 59009187:
- General agreement on payment and banking services – scope of performance: financial services
- Mandate agreement on the arrangement of trades in derivate investment instruments – scope of performance: financial services
- Agreement on the provision of investment services – scope of performance: financial service
- ISDA 2002 master agreement – scope of performance: financial services

The following agreements have been concluded with PPF TMT Bidco 1 N.V. (previously PPF TMT Bidco 1 B.V.), with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 70498288:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF TMT Bidco 2 B.V. (previously PPF Beer Bidco B.V.), with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 67332722:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF TMT Holdco 1 B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 70498261:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PPF TMT Holdco 2 B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 70526214:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Prague Entertainment Group B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 63600757:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PT EMBEDINFO TECHNOLOGIES INDONESIA with its registered office at Kebagusan Village/Sub District, Pasar Minggu, Admin.City of South Jakarta, PLAZA OLEOS 12th FLOOR, JL. T.B.SIMATUPANG, 53A, 12520, Republic of Indonesia, registration number: 2202220030052:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with PT Home Credit Indonesia with its registered office at Kebagusan Village/Sub District, Pasar Minggu, Admin.City of South Jakarta, PLAZA OLEOS 12th FLOOR, JL. T.B.SIMATUPANG, 53A, 12520, Republic of Indonesia, registration number: 03.193.870.7-021.000
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Public Picture & Marketing a.s., with its registered office at at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 25667254:
— General agreement on payment and banking services – scope of performance: financial services
— Agreement on the provision of banking products 41516419 – scope of performance: financial services
— Agreement on the right to complete a promissory note SD/41516419 – scope of performance: financial services
— Purchase order for travel desk services – scope of performance: financial services
— Confidentiality agreement – scope of performance: other services
— General agreement on event agency services – scope of performance: other services

The following agreements have been concluded with Real Estate Russia B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 63458373:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with REPIENO LIMITED, with its registered office at Themistokli Dervi, 48, Athienitis Centennial Building , Office 603, 1066 Nicosia, Cyprus, registration number: HE 282866:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with SALEMONTO LIMITED, with its registered office at Themistokli Dervi, 48, Athienitis Centennial Building , Office 603, 1066 Nicosia, Cyprus, registration number: HE 161 006:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with SCT Cell Manufacturing s.r.o., with its registered office at Jankovcova 1518/2, 170 00 Praha 7, Holešovice registration number: 14088266:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Seal House JV a.s., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 09170782:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with SOTIO Biotech a.s., with its registered office at Českomoravská 2532/19b., 190 00 Praha 9 – Libeň , registration number: 10900004:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with SOTIO Biotech AG, with its registered office at Lichtstrasse 35, 4056 Basel, Switzerland, registration number: CHE-354.429.802:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with SOTIO Biotech B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 80316557:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Stellar Holding s.r.o., with its registered office at Evropská 2690/17, 16000, Dejvice, Praha 6, registration number: 14005816:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with STEPHOLD LIMITED, with its registered office at Themistokli Dervi, 48, Athienitis Centennial Building , Office 603, 1066 Nicosia, Cyprus, registration number: HE: 221 908
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Sun Belt Multi I, LLC, with its registered office at Corporation Trust Center, 1209 Orange Street, 19801, Wilmington, USA, registration number: 20213849720:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Sun Belt Multi II, LLC, with its registered office at Corporation Trust Center, 1209 Orange Street, 19801, Wilmington, USA, registration number: 7187888:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Sun Belt Office I Interholdco, LLC, with its registered office at Corporation Trust Center, 1209 Orange Street, 19801, Wilmington, USA, registration number: 20210215807:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Sun Belt Office I, LLC, with its registered office at Corporation Trust Center, 1209 Orange Street, 19801, Wilmington, USA, registration number: 20210116384:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Sun Belt Office II Interholdco, LLC, with its registered office at Corporation Trust Center, 1209 Orange Street, 19801, Wilmington, USA, registration number: 20213597548:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Sun Belt Office II, LLC, with its registered office at Corporation Trust Center, 1209 Orange Street, 19801, Wilmington, USA, registration number: 20213597547:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Škoda a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00, Praha 6, registration number: 14070421:
- General agreement on payment and banking services – scope of performance: financial services
- Agreement on Promissory Note Programme Arrangement – scope of performance: financial services
- Agreement on the provision of investment services – scope of performance: financial
- Loan contract – scope of performance: financial services

The following agreements have been concluded with ŠKODA EKOVA a.s., with its registered office at Martinovská 3422/42, 72300 Ostrava, registration number: 28642457:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with ŠKODA ELECTRIC a.s., with its registered office at Průmyslová 610/2a, 301 00 Plzeň – Doudlevce, registration number: 47718579:
- General agreement on payment and banking services – scope of performance: financial services
- Financial guarantee agreement 300000195/001/2020 + letter of guarantee – scope of performance: financial services
- Financial guarantee agreement 400000376/001/2023 + letter of guarantee – scope of performance: financial services
- Loan contract EGAP Plus Programme – scope of performance: financial services
- Loan contract 41571120 Covid Plus Programme – scope of performance: financial services
- Agreement on fees – scope of performance: commercial services
- Intercreditor agreement – scope of performance: financial services

The following agreements have been concluded with Škoda group austria GmbH, with its registered office at Schubertring 6, Wien, 1010 Austria registration number: 593375k:
- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with ŠKODA ICT s.r.o., with its registered office at Tylova 1/57, 301 28 Plzeň registration number: 279 94 902:

- General agreement on payment and banking services – scope of performance: financial services
- Agreement 41538220 on the provision of banking products – scope of performance: financial services

The following agreements have been concluded with ŠKODA INVESTMENT a.s., with its registered office at Emila Škody 2922/1,301 00 Plzeň – jižní předměstí, registration number: 265 02 399:

- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with ŠKODA PARS a.s., with its registered office at Žerotínova 1833/56, 787 01 Šumperk, registration number: 25860038:

- Financial guarantee agreement 300000206/001/2020 + letter of guarantee – scope of performance: financial services
- Loan contract 41571120 Covid Plus Programme – scope of performance: financial services
- Agreement on fees – scope of performance: commercial services
- AMENDMENT AND RESTATEMENT AGREEMENT RELATED TO THE INTERCREDITOR AGREEMENT – scope of performance: financial services

The following agreements have been concluded with ŠKODA TRANSPORTATION a.s., with its registered office at Emila Škody 2922/1,301 00 Plzeň – jižní předměstí, registration number: 626 23 753:

- General agreement on payment and banking services – scope of performance: financial services
- Framework agreement on trading on financial markets (EMA) – scope of performance: financial services
- Agreement of 26 August 2019 on a CZK 3,500,000,000 credit facility – scope of performance: financial services
- Financial guarantee agreement 300000184/001/2020 + letter of guarantee – scope of performance: financial services
- Loan contract 41571120 Covid Plus Programme – scope of performance: financial services
- Agreement on fees – scope of performance: commercial services
- AMENDMENT AND RESTATEMENT AGREEMENT RELATED TO THE INTERCREDITOR AGREEMENT– scope of performance: commercial services
- Financial guarantee agreement 400000365/001/2023 + letter of guarantee – scope of performance: financial services
- Approval of an extension to the non-testing period – credit agreement 41571120 – scope of performance: financial services
- Loan contract EGAP Plus Programme – scope of performance: financial services

The following agreements have been concluded with ŠKODA TRANSTECH OY, with its registered office at Tutkijantie 8, Oulu, 905 90, Finland, registration number: 1098257-0:

- Loan contract 41571120 Covid Plus Programme – scope of performance: financial services
- AMENDMENT AND RESTATEMENT AGREEMENT RELATED TO THE INTERCREDITOR AGREEMENT – scope of performance: financial services

The following agreements have been concluded with ŠKODA VAGONKA a.s., with its registered office at 1. máje 3176/102, 703 00, Ostrava, registration number: 258 70 637:

- General agreement on payment and banking services – scope of performance: financial services
- Framework agreement on trading on financial markets (EMA) – scope of performance: financial services
- Intercreditor agreement – scope of performance: financial services
- Loan contract 41571120 Covid Plus Programme – scope of performance: financial services
- AMENDMENT AND RESTATEMENT AGREEMENT RELATED TO THE INTERCREDITOR AGREEMENT – scope of performance: financial services

The following agreements have been concluded with TANAINA HOLDINGS LIMITED, with its registered office at Themistokli Dervi, 48, Athienitis Centennial Building, Office 603, 1066 Nicosia, Cyprus, registration number: HE 318 483:

- General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Tanemo a.s., with its registered office at Evropská 2690/17, 160 00 Praha 6, registration number: 09834273:
— General agreement on payment and banking services – scope of performance: financial services
— Agreement on the provision of investment services – scope of performance: financial services
— Agreement on administration related to the voluntary tender offer to purchase part of the shares issued by MONETA Money Bank, a.s. (contract on the administration of a voluntary tender offer) – scope of performance: financial services
— Data processing agreement – scope of performance: other services

The following agreements have been concluded with TELISTAN LIMITED, with its registered office at Themistokli Dervi, 48, Athienitis Centennial Building, Office 603, 6th Floor, 1066 Nicosia, Cyprus, registration number: HE341864:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with TMT Hungary B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 75752824:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with TMT Hungary Holdco B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 91863899:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with TMT Hungary Infra B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 81357397:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Trigon II B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 56068948:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Trilogy Park Holding B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 60006609:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Trilogy Park Nizhny Novgorod Holding B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 67330355:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with TV Holdco B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 75983613:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with TV Nova s.r.o., with its registered office at Křiženeckého náměstí 1078/5, 15200 Praha 5, registration number: 45800456:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Vox Ventures B.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 65879554:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Vsegda Da N.V., with its registered office at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands, registration number: 52695689:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Wagnerford Holdings Limited, with its registered office at Diomidous,10, Alphamega Akropolis Building, 3rd floor, Office 401, 2024, Nicosia, Cyprus, registration number: HE 210154:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Yettel Bulgaria EAD, with its registered office at Business Park Sofia, zh.k. Mladost 6, 1766 Sofia, Bulgaria, registration number: 130460283:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Yettel Magyarorzág Zrt., with its registered office at Pannon út 1, 2045 Torokbálint, Hungary, registration number: 13-10-040409:
— General agreement on payment and banking services – scope of performance: financial services
— ISDA master agreement – scope of performance: financial services

The following agreements have been concluded with Yettel Real Estate Hungary Ztr., with its registered office at Pannon út 1, 2045 Torokbálint, Hungary, registration number: 13-10-041060:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with ESK Developments Limited, with its registered office at British Virgin Islands, Tortola, Belmont Chambers, P.O. Box 3443, registration number: 1611159:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with SR-R Limited, with its registered office at Tortola, Belmont Chambers, P.O. Box 3443 British Virgin Islands, VG1110, registration number: 708998:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with VGMC Limited, with its registered office at Tortola, Belmont Chambers, P.O. Box 3443, British Virgin Islands, VG1110, registration number: 709492:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with AMALAR a.s., with its registered office at Evropská 2690/17, 160 00 Praha 6 – Dejvice, registration number: 19696752:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with AMALAR HOLDING s.r.o., with its registered office at Evropská 2690/17, 160 00 Praha 6 – Dejvice, registration number: 19696477:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Czech Equestrian Team a.s., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 01952684:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Gondra Holdings Ltd, with its registered office at Cayman Islands, 103 South Church Street, 4th Floor, Harbour Place, KY1-1002, George Town, Grand Cayman, registration number:324452:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Horse Arena s.r.o., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number: 04479823:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with RAYTOP LIMITED, with its registered office at Esperidon 5, Strovolos, 2001, Nicosia, Cyprus, registration number: HE 415014:
— General agreement on payment and banking services – scope of performance: financial services

The following agreements have been concluded with Classic Sagittarii s.r.o., with its registered office at Evropská 2690/17, Dejvice, 160 00 Praha 6, registration number:19955537:
— General agreement on payment and banking services – scope of performance: financial services

6. Assessment of whether the Company incurred damage and assessment of the settlement thereof pursuant to Sections 71 and 72 of the AoC

No actions described in Section 4 of this Report on Relations were performed. All agreements described in Section 5 of this Report on Relations were concluded, at arm's length. Similarly, all supplies provided and received under these agreements were provided at arm's length. The Company incurred no damage as a result of these actions and agreements.

The Company declares that in the Accounting Period there were no instances of an influential entity or the controlling entity influencing the Company's actions that would result in the Company's actions being decisively and significantly influenced to its detriment. The Company incurred no damage and no assessment of damage settlement within the meaning of Sections 71 and 72 of the AoC is thus necessary.

Upon a thorough assessment of the Company's role vis-a-vis the controlling entity and entities controlled by the same controlling entity, the Company's Board of Directors declares that relations between the Company and the controlling entity and/or entities controlled by the same controlling entity result in no special advantages or disadvantages to the Company.

The Company's role vis-a-vis the controlling entity and entities controlled by the same controlling entity has posed no risk to the Company. Stating whether, how and when damage was or will be settled (within the meaning of Sections 71 and 72 of the AoC) is thus not necessary.

The Report on Relations has been prepared to the best of the author's knowledge, gained from available supporting materials and documents, and with due managerial care. The information contained in this Report on Relations is accurate and complete.

Prague, 25 March 2024

On behalf of the Company:

Petr Jirásko
Chairman of the Board

Miroslav Hudec
Member of the Board

Appendix 1 – List of companies directly or indirectly controlled by the same controlling entity

Appendix No. 1A

Controlling entity (person):
Renáta Kellnerová, Petr Kellner, Anna Kellnerová, Lara Kodl Kellnerová and Marie Isabella Kellnerová

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
AB 4 B.V.	34186049	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Air Bank a.s.
AB-X Projekt GmbH v likvidaci	HRB 247124	Germany	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
Acacias Exp	911177707	Saint Martin	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter Mauritus
AF Airfueling s.r.o.	02223953	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.
Air Bank a.s.	29045371	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
Alcat S.r.l	1982487	Italy	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Italia S.r.l
Anse Marcel Marina SAS	484763594	France	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Saint Martin
Antille-Sail.com	439340613	Guadeloupe	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter Mauritus
Aqua Lodge	489859827	Guadeloupe	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter Mauritus
Aqualodge	823597950	Martinique	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
ARC DEVELOPMENT S.R.L.	J40/6011/2010	Romania	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
Argos Yachtcharter & Touristik GmbH	9313	Germany	Entity controlled by the same controlling entity by means of an ownership interest		Lacani
Archipels croisieres	92125B	France	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Tahiti
Art Office Gallery a.s.	24209627	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Office Star Eight a.s.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Bammer trade a.s.	28522761	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Škoda a.s.
Bavella B.V.	52522911	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
Beficery LTD	417922	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Industrial Holding B.V.
Best Charter	820563815	Guadeloupe	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Bestsport holding a.s.	06613161	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.,
Bestsport Services, a.s. v likvidaci	24215171	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF CYPRUS MANAGEMENT LIMITED
Bestsport SPV s.r.o.	19867042	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 27. 10. 2023	Bestsport, a.s.
Bestsport, a.s.	24214795	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		LINDUS SERVICES LIMITED
BLUE SEA HOLDING Sárl	0771845232	Belgium	Entity controlled by the same controlling entity by means of an ownership interest		Vox Ventures B.V.
BONAK a.s.	05098815	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
Boryspil Project Management Ltd.	34999054	Ukraine	Entity controlled by the same controlling entity by means of an ownership interest		Pharma Consulting Group Ltd.
Bravewave Limited	HE 416 017	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Industrial Holding B.V.
BTV Media Group EAD	130081393	Bulgaria	Entity controlled by the same controlling entity by means of an ownership interest		CME Bulgaria B.V.
Capellalaan (Hoofddorp) B.V.	58391312	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
Carolia Westminster Hotel Limited	8993212384	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		CW Investor S.á.r.l.
CEIL (Central Europe Industries) LTD	HE275785	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Bravewave limited, Beficery LTD

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
CETIN a.s.	04084063	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		CETIN Group N.V.
CETIN Bulgaria EAD	206149191	Bulgaria	Entity controlled by the same controlling entity by means of an ownership interest		CETIN Group N.V.
CETIN d.o.o. Beograd – Novi Beograd	21594105	Serbia	Entity controlled by the same controlling entity by means of an ownership interest		CETIN Group N.V.
CETIN Finance B.V.	66805589	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		CETIN a.s.
CETIN Finco B.V.	85746592	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		CETIN Group N.V.
CETIN Group N.V.	65167899	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Telecom Group B.V.,
CETIN Hungary Zártkörűen Működő Részvénytársaság	13-10-042052	Hungary	Entity controlled by the same controlling entity by means of an ownership interest		TMT Hungary Infra B.V.
CETIN Servis s.r.o.	19548605	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 21. 7. 2023	CETIN a.s.
CETIN služby s.r.o.	06095577	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		CETIN a.s.
CIAS HOLDING a.s.	27399052	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Škoda a.s.
CME Bulgaria B.V.	34385990	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
CME Media Enterprises B.V.	33246826	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		TV Bidco B.V.
CME Media Services Limited	6847543	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity by means of an ownership interest	till 18. 10. 2023	CME Media Enterprises B.V.
CME Services s.r.o.	29018412	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
CME Slovak Holdings B.V.	34274606	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		TV Nova s.r.o.
Croatia Yacht Club d.o.o.	100001999	Croatia	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Nordic AB

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Croisiere Cabine Antilles	791273881	Martinique	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Culture Trip (Israel) Ltd.	515308609	Israel	Entity controlled by the same controlling entity by means of an ownership interest	till 2. 6. 2023	The Culture Trip Ltd
CW Investor S.á.r.l.	B211446	Luxembourg	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Westminster JV a.s.
Cytune Pharma SAS	500998703	France	Entity controlled by the same controlling entity by means of an ownership interest		Sotio Biotech B.V.
De Reling (Dronten) B.V.	58164235	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
DEVEDIACO ENTERPRISES LIMITED	HE 372136	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		TELISTAN LIMITED
Dream Charter Limited	8498778	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter Mauritus
Dream Yacht Americas, Inc.	D13776851	United States of America	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Dream Yacht Australia Pty Ltd	138577634	Australia	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Dream Yacht Bahamas Limited	105631118	Bahamas	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Americas, Inc.
Dream Yacht Belize Ltd	239396	Belize	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Dream Yacht Caribean	478532559	Martinique	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Dream Yacht Croatia	080648734	Croatia	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Dream Yacht Finance France	844801514	France	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Méditerranée
Dream Yacht Fleet	844858043	France	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Finance France
Dream Yacht Grenadines Ltd	No.70 of 2015	Grenada	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Dream Yacht Group SA	BE0681876643	Belgium	Entity controlled by the same controlling entity by means of an ownership interest		BLUE SEA HOLDING Sárl
Dream Yacht Charter	C10039041	Mauritius	Entity controlled by the same controlling entity by means of an ownership interest		DREAM YACHT GROUP SA
Dream Yacht Charter (Antigua) Limited	C138/13	Antigua and Barbuda	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Dream Yacht Charter Balearic, Sociedad Limitada	B57918252	Spain	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Méditerranée
Dream Yacht Charter Grenada Limited	112OF2013-7013	Grenada	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Dream Yacht Charter UK Ltd	7501705	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity by means of an ownership interest		Dream Charter Limited
Dream Yacht Charter, SA DE CV (Dream Yacht Mexico)	DYC1408125Z0	Mexico	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Americas, Inc., Dream Yacht Charter
Dream Yacht Italia S.r.l	2113336	Italy	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Méditerranée
Dream Yacht Malaysia	793437U	Malaysia	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Dream yacht marina (BVI) Limited	2118504	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest	from 20. 2. 2023	Dream Yacht Charter
Dream Yacht Méditérranée	494440712	France	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Dream Yacht Nordic AB	5564283728	Sweden	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Méditerranée
Dream Yacht Nouvelle-Calédonie	000963892	France	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Dream Yacht Saint Martin	812809143	France	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Dream Yacht Seychelles Ltd	8427841	Seychelles	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Dream Yacht Tahiti	08179B	France	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Dream Yacht Tortola INC.	1463569	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Dream Yacht Travel	477550313	France	Entity controlled by the same controlling entity by means of an ownership interest	till 7. 11. 2023	Lacani
Dream Yacht USVI LLC	DC0111468	U.S. Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Duoland s.r.o.	06179410	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.
DYC HELLAS M.C.P.Y.	EL99759440	Greece	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Méditerranée
Eastern Properties B.V.	58756566	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Easy Sailing j.d.o.o za usluge, turisticka agencija	080883331	Croatia	Entity controlled by the same controlling entity by means of an ownership interest		Croatia Yacht Club d.o.o.
Easy Sailing Single-Member Shipping Limited Liability Company	004313901000	Greece	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Méditerranée
Ecos Yachting	080422270	Croatia	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
ELTHYSIA LIMITED	HE 290 356	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
EmbedInfo Technologies India Private Limited	U72200DL2022 FTC392740	Republic of India	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit International a.s.; Home Credit India B.V.
EmbedIT Philippines Inc.	2022010038020-00	Republic of the Philippines	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit International a.s.
EmbedIT s.r.o.	17139708	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
Embedit Vietnam One Member Company Limited	0317148728	Vietnam	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit International a.s.
EMPTYCO a.s.	05418046	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
ENADOCO LIMITED	HE 316 486	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Erable B.V.	67330495	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
EusebiusBS (Arnhem) B.V.	58163778	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
Excoso a.s. (dříve SCTbio a.s.)	24662623	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Biotech B.V.
FACIPERO INVESTMENTS LIMITED	HE 232 483	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.,
Favour Ocean Limited	1065678	Republic of the Philippines	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
Filcommerce Holdings, Inc	CS 201 310 129	Republic of the Philippines	Entity controlled by the same controlling entity by means of an ownership interest		HC Philippines Holding B.V.
FLOGESCO LIMITED	HE 172588	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Gilbey Holdings Limited
Flowervale S.à r.l.	B186378	Luxembourg	Entity controlled by the same controlling entity by means of an ownership interest	from 30. 8. 2023	PPF HOLDINGS B.V.
FO Management s.r.o.	06754295	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF FO Management B.V.
FO servis s.r.o.	08446407	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF FO Management B.V.
Fodina B.V.	59400676	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
FOR EVENTS s.r.o.	17751543	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		STONES Catering s.r.o.
Fórum Karlín a.s.	08259551	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.
Forward leasing LLP	190740032911	Kazakhstan	Entity controlled by the same controlling entity by means of an ownership interest	till 27. 4. 2023	LLC Forward leasing
FOSOL ENTERPRISES LIMITED	HE 372077	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		DEVEDIACO ENTERPRISES LIMITED
GABELLI CONSULTANCY LIMITED	HE 160 589	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		VELTHEMIA LIMITED

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Ganz-Skoda Electric Zrt.	110045500	Hungary	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
Gen Office Gallery a.s.	24209881	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Office Star Eight a.s.
German Properties B.V.	61008664	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
GEWI, s.r.o.	60203722	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PALM Investments a.s.
GILBEY HOLDINGS LIMITED	HE182860	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
GRACESPRING LIMITED	HE 208 337	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
HC Asia B.V.	34253829	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
HC Consumer Finance Philippines, Inc	CS201301354	Republic of the Philippines	Entity controlled by the same controlling entity by means of an ownership interest	till 1. 6. 2023	HC Philippines Holding B.V.
HC Philippines Holding B.V.	35024270	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		HC Asia B.V.
HCPH Financing I. Inc	CS201727565	Republic of the Philippines	Entity controlled by the same controlling entity by means of an ownership interest	till 1. 6. 2023	HC Philippines Holding B.V.
HCPH INSURANCE BROKERAGE, INC.	CS201812176	Republic of the Philippines	Entity controlled by the same controlling entity by means of an ownership interest	till 1. 6. 2023	HC Philippines Holding B.V.
Hofplein Offices (Rotterdam) B.V.	64398064	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
Home Credit a.s.	26978636	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Air Bank a.s.
Home Credit Asia Limited	890063	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		HC Asia B.V.
Home Credit Consumer Finance Co., Ltd	91120116636067462H	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
Home Credit Group B.V.	69638284	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest	till 29. 11. 2023	PPF Financial Holdings a.s.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Home Credit India B.V.	52695255	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		HC Asia B.V.
HOME CREDIT INDIA FINANCE PRIVATE LIMITED	U65910HR1997 PTC047448	Republic of India	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit India B.V., Home Credit International a.s.
HOME CREDIT INDIA STRATEGIC ADVISORY SERVICES PRIVATE LIMITED	U74999HR2017 FTC070364	Republic of India	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit India B.V., Home Credit International a.s.
Home Credit Indonesia B.V.	52695557	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		HC Asia B.V.
Home Credit International a.s.	60192666	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
Home Credit N.V.	34126597	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Financial Holdings a.s.
Home Credit Slovakia, a.s.	36234176	Slovak Republic	Entity controlled by the same controlling entity by means of an ownership interest		Air Bank a.s.
Home Credit Vietnam Finance Company Limited	307672788	Vietnam	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
HomeITTech (dříve Qazbiz partners LLP)	190740017254	Kazakhstan	Entity controlled by the same controlling entity by means of an ownership interest		Vsegda Da N.V., Forward leasing LLP (KZ)
HOPAR LIMITED	HE 188 923	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
INTENS Corporation s.r.o.	28435575	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.
Izotrem Investments Limited	HE 192753	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Gilbey Holdings Limited
JARVAN HOLDINGS LIMITED	HE 310 140	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Johan H (Amsterdam) B.V.	58163239	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
Joint-Stock Company „Investments trust“	1037739865052	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	till 15. 2. 2023	Trilogy Park Holding B.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
JONSA LIMITED	HE275110	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Kanal A d.o.o.	5402662000	Slovenia	Entity controlled by the same controlling entity by means of an ownership interest	till 31. 7. 2023	PRO PLUS d.o.o.
Kateřinská Office Building s.r.o.	03495663	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
kbNET s.r.o.	04951727	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 30. 11. 2023	Nej.cz s.r.o.
Komodor LLC	32069917	Ukraine	Entity controlled by the same controlling entity by means of an ownership interest		West Logistics Park LLC
La Voile Bleue SCI	840.844.070	France	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Lacani	799758412	France	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Group SA
Latesail Limited	3783328	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity by means of an ownership interest		Lacani
Letiště Praha Letňany, s.r.o.	24678350	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.
Letňany eGate s.r.o.	06137628	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.
Letňany Park Gate s.r.o.	06138446	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Prague Entertainment Group B.V.
Limited Liability Company „Dream Yacht Montenegro“ Llc KOTOR	50961329	Montenegro	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
LINDUS SERVICES LIMITED	HE 281 891	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Bestsport holding a.s.
LLC Alians R	1086627000635	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	till 18. 10. 2023	JONSA LIMITED
LLC Almondsey	1127747228190	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
LLC Charlie Com	1137746330336	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	till 3. 2. 2023	PPF Real Estate s.r.o.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
LLC In Vino	1052309138628	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Gracespring Limited
LLC Oil Investments	1167746861677	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	till 16. 5. 2023	PPF Real Estate s.r.o., PALEOS INDUSTRIES B.V.
LLC PPF Life Insurance	1027739031099	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
LLC PPF Real Estate Russia	1057749557568	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
LLC Regional Real Estate	1137746217950	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Limited
LLC ROKO	5107746049329	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	till 18. 10. 2023	JONSA LIMITED
LLC Stockmann StP Centre	1057811023830	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	till 16. 5. 2023	LLC Oil Investments
LLC Street Retail	1207700449880	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	till 27. 10. 2023	PPF Real Estate s.r.o., PPF Cyprus RE Management Limited
LLC Trilogy	1155027001030	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	till 15. 2. 2023	Trilogy Park Holding B.V.
LLC Trilogy Services	1155027007398	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest	till 15. 2. 2023	Trilogy Park Holding B.V.
LLC Vagonmash	1117847029695	Russian Federation	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
Logistics Project RU, s.r.o.	14206498	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
LvZH (Rijswijk) B.V.	58163999	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
Maraflex s.r.o.	02415852	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
Marina Zaton d.o.o. za nauticki turizam i usluge	080861249	Croatia	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Charter
Marine C	809764954	Guadeloupe	Entity controlled by the same controlling entity by means of an ownership interest		Aqua Lodge

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
MARKÍZA – SLOVAKIA, spol s r.o.	31444873	Slovak Republic	Entity controlled by the same controlling entity by means of an ownership interest		CME Slovak Holdings B.V.
MICROLIGHT TRADING LIMITED	HE 224 515	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
MIDDLECAP SEAL HOUSE LIMITED	11669616	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Seal House JV a.s.
Millennium Hotel Rotterdam B.V.	67331378	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Millennium Tower (Rotterdam) B.V.	56261330	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
Miridical Holding Limited	425998	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
MOBI BANKA AD BEOGRAD (NOVI BEOGRAD)	17138669	Serbia	Entity controlled by the same controlling entity by means of an ownership interest		PPF Financial Holdings a.s.
Monheim Property B.V.	61012521	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		German Properties B.V.
Monchyplein (Den Haag) B.V.	58163603	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
Montería, spol. s r.o.	27901998	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF FO Management B.V.
Moranda, a.s.	28171934	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
MP Holding 2 B.V.	69457018	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		DEVEDIACO ENTERPRISES LIMITED
Murcja sp. z o.o.	0000905867	Poland	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
My Air a.s.	05479070	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Air Bank a.s.
Naneva B.V.	67400639	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Navigare Yachting AB	5566862354	Sweden	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Navigare Yachting Holding AB
Navigare Yachting AS	990383960	Sweden	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Navigare Yachting Holding AB
Navigare Yachting Bahamas, Ltd	78803C	Bahamas	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Navigare Yachting Holding AB
NAVIGARE YACHTING D.O.O.	43630049107	Croatia	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Navigare Yachting Holding AB
Navigare Yachting Global Holding AB	5569860496	Sweden	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		BLUE SEA HOLDING Sárl
Navigare Yachting Greece Single Member P.C.	132130909000	Greece	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Navigare Yachting Holding AB
Navigare Yachting Holding AB	5565747861	Sweden	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Navigare Yachting Global Holding AB, BLUE SEA HOLDING Sárl
Navigare Yachting Ltd	1779855	British Virgin Islands	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Navigare Yachting Holding AB
Navigare Yachting Ltd under liquidation	EL999903510	Greece	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Navigare Yachting Holding AB
Navigare Yachting Operations Company Limited	0835554001869	Thailand	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Navigare Yachting Holding AB
Navigare Yachting Services Single Member P.C.	131919703000	Greece	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Navigare Yachting Greece Single Member P.C.
Navigare Yachting Seychelles	8429665-1	Seychelles	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Navigare Yachting Holding AB
Navigare Yachting Spain S.L.	B16562860	Spain	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Navigare Yachting Holding AB

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Navigare Yachting USA, Inc.	371800516	United States of America	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Navigare Yachting Holding AB
Navtours INC	1148230619	Canada	Entity controlled by the same controlling entity by means of an ownership interest	till 30. 9. 2023	Dream Yacht Charter
Navtours USA INC	F20000004093	United States of America	Entity controlled by the same controlling entity by means of an ownership interest		Navtours INC
Nej Kanál s.r.o.	02738252	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 30. 11. 2023	Nej.cz s.r.o.
Nej.cz s.r.o.	03213595	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 30. 11. 2023	CETIN a.s.
O2 Business Services, a.s.	50087487	Slovak Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Slovakia, s.r.o.
O2 CRM Services s.r.o.	06321399	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.
O2 Czech Republic a.s.	60193336	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Comco N.V.
O2 Financial Services s.r.o.	05423716	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.
O2 IT Services s.r.o.	02819678	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.
O2 Networks, s.r.o.	54639425	Slovak Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Comco N.V.
O2 Slovakia, s.r.o.	47259116	Slovak Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Comco N.V.
O2 TV s.r.o.	03998380	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.
Obora Podkozí s.r.o.	21055785	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 21. 12. 2023	PPF FO Management B.V.
Oceane Yacht Charter LTD	8419691	Seychelles	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Seychelles Ltd
Office Star Eight a.s.	27639177	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Office Star Nine, spol. s r. o.	27904385	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
One Westferry Circus B.V.	88358836	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPR Real Estate s.r.o.
Pache Properties S.R.L.	48243284	Romania	Entity controlled by the same controlling entity by means of an ownership interest	from 26. 5. 2023	PPF Real Estate s.r.o.
Paleos Industries B.V.	66846919	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Palm Investments a.s.	09262601	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		FO Servis s.r.o., Petr Kellner, Anna Kellnerová, Lara Kodl Kellnerová
Pharma Consulting Group Ltd.	34529634	Ukraine	Entity controlled by the same controlling entity by means of an ownership interest		HOPAR LIMITED, PPF CYPRUS RE MANAGEMENT LIMITED
Pilsen Energy Solutions s.r.o.	08845115	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Škoda a.s.
Planaco S.A	007306301000	Greece	Entity controlled by the same controlling entity by means of an ownership interest	from 31. 7. 2023	Vox Ventures B.V.
Plaza Development SRL	22718444	Romania	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o., PPF CYPRUS RE MANAGEMENT LIMITED
POLL,s.r.o.	62967754	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
Pompenburg (Rotterdam) B.V.	58163506	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
POP TV d.o.o.	1381431000	Slovenia	Entity controlled by the same controlling entity by means of an ownership interest		PRO PLUS d.o.o.
PPF a.s.	25099345	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF A4 B.V.	63365391	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF Advisory (CR) a.s.	25792385	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF ADVISORY (RUSSIA) LIMITED	HE 276 979	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
PPF Advisory (UK) Limited	5539859	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF Art a.s.	63080672	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
PPF banka a.s.	47116129	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Financial Holdings a.s.
PPF Biotech B.V.	55003982	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF CO 3 B.V.	34360935	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF banka a.s.
PPF Comco N.V.	85404632	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Telecom Group B.V.
PPF CYPRUS MANAGEMENT LIMITED	HE 224463	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF CYPRUS RE MANAGEMENT LIMITED	HE 251 908	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
PPF Financial Holdings a.s.	10907718	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.,
PPF Finco B.V.	77800117	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF FO Management B.V.	34186296	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová, Petr Kellner, Anna Kellnerová, Lara Kodl Kellnerová, Marie Isabella Kellnerová
PPF Gastro s.r.o.	24768103	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
PPF GATE a.s.	27654524	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
PPF Group N.V.	33264887	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová, PPF Holdings B.V.
PPF Healthcare N.V.	34308251	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF Holdings B.V.	34186294	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
PPF IM Ltd. (dříve Acolendo Limited)	HE 434775	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
PPF Industrial Holding B.V.	71500219	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF NIPOS B.V.	90143299	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest	from 8. 5. 2023	PPF Group N.V.
PPF RE Consulting s.r.o.	24225657	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
PPF RE Management, a.s.	17083923	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., PPF RE Consulting s.r.o.
PPF Real Estate Holding B.V.	34276162	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF Real Estate I, Inc.	7705173	United States of America	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
PPF REAL ESTATE LIMITED	HE 188 089	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
PPF Real Estate s.r.o.	27638987	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., PPF RE Consulting s.r.o.
PPF reality a.s.	29030072	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
PPF SECRETARIAL LTD	HE 340708	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF CYPRUS MANAGEMENT LIMITED
PPF Telco B.V.	65167902	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Telecom Group B.V.
PPF Telecom Group B.V.	59009187	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF TMT Holdco 2 B.V.
PPF TMT Bidco 1 N.V. (dříve PPF TMT Bidco 1 B.V.)	70498288	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Telecom Group B.V.
PPF TMT Bidco 2 B.V.	67332722	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PPF TMT Holdco 1 B.V.	70498261	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
PPF TMT Holdco 2 B.V.	70526214	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF TMT Holdco 1 B.V.
Prague Entertainment Group B.V.	63600757	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
PRIVILEGE MARINE	752 530 683	France	Entity controlled by the same controlling entity by means of an ownership interest	from 28. 9. 2023	Vox Ventures B.V.
Pro Digital S.R.L.	1003600048028	Moldova	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
PRO PLUS d.o.o.	5895081000	Slovenia	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
Pro TV S.R.L.	J40/24578/1992	Romania	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
PT EmbedInfo Technologies Indonesia	2202220030052	Republic of Indonesia	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit International a.s., Home Credit Indonesia B.V.
PT Home Credit Indonesia	03.193.870.7-021.000	Republic of Indonesia	Entity controlled by the same controlling entity by means of an ownership interest	till 2. 10. 2023	Home Credit Indonesia B.V.
Public Picture & Marketing a.s.	25667254	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF a.s.
Radiocompany C.J. OOD	131117650	Bulgaria	Entity controlled by the same controlling entity by means of an ownership interest		BTV Media Group AD
RC PROPERTIES S.R.L.	12663031	Romania	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o.
Real Estate Russia B.V.	63458373	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Redimco S.à r.l.	B186197	Luxembourg	Entity controlled by the same controlling entity by means of an ownership interest	from 30. 8. 2023	PPF HOLDINGS B.V.
REDLIONE LTD	HE 178 059	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest	till 14. 3. 2023	Home Credit N.V.
REPIENO LIMITED	HE 282 866	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Retail Star 22, spol. s r.o.	24132161	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 4. 12. 2023	PPF Holdings B.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Robertson and Caine Inc	59/3594086	United States of America	Entity controlled by the same controlling entity by means of an ownership interest	from 1. 6. 2023	Robertson and Caine Proprietary Limited
Robertson and Caine Properties Proprietary Limited	1994/004415/07	Republic of South Africa	Entity controlled by the same controlling entity by means of an ownership interest	from 1. 6. 2023	Vox Ventures B.V.
Robertson and Caine Proprietary Limited	1995/010265/07	Republic of South Africa	Entity controlled by the same controlling entity by means of an ownership interest	from 1. 6. 2023	Vox Ventures B.V.
Roses Yachts S.L	B17778598	Spain	Entity controlled by the same controlling entity by means of an ownership interest		Drem Yacht Charter Balearic, Sociedad Limitada
RTL Hrvatska d.o.o.	07330149920	Croatia	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
Saint World Limited	1065677	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
SALEMONTO LIMITED	HE 161 006	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
SB JSC Bank Home Credit	513-1900-AO (UI)	Kazakhstan	Entity controlled by the same controlling entity by acting in concert		PPF Financial Holdings a.s.
SCI LA FORET	309844371	France	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová, Petr Kellner, Anna Kellnerová, Lara Kodl Kellnerová, Marie Isabella Kellnerová
SCT Cell Manufacturing s.r.o.	14088266	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Biotech B.V.
Seal House JV a.s.	09170782	Czech Republic	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		PPF Real Estate s.r.o.
SEPTUS HOLDING LIMITED	HE 316 585	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest	till 17. 4. 2023	Home Credit N.V.
Seven Assets Holding B.V.	58163050	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Shenzhen Home Credit Number One Consulting Co., Ltd.	91440300664174257K	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit Asia Limited
Shenzhen Home Credit Xinchi Consulting Co., Ltd.	91440300796638527A	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		Favour Ocean Limited
SIGURNO LIMITED	HH172539	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Gilbey Holdings Limited

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
SKODA Transportation Deutschland GmbH	HRD 208 725	Germany	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
Skoda Transportation GmbH	HRB 191929 B	Germany	Entity controlled by the same controlling entity by means of an ownership interest	till 12. 12. 2023	Škoda a.s
SNC T 2008	513120949	France	Entity controlled by the same controlling entity by means of an ownership interest		Dream Yacht Tahiti
Sol Immo Marcel	921894812	France	Entity controlled by the same controlling entity by means of an ownership interest	from 14. 2. 2023	Dream Yacht Charter
SOTIO Biotech a.s.	10900004	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Sotio Biotech B.V.
SOTIO Biotech AG	CHE-354.429.802	Switzerland	Entity controlled by the same controlling entity by means of an ownership interest		Sotio Biotech B.V.
SOTIO Biotech B.V.	80316557	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Biotech B.V.
SOTIO Biotech Inc.	EIN 35-2424961	United States of America	Entity controlled by the same controlling entity by means of an ownership interest		SOTIO Biotech a.s.
Sotio Medical Research (Beijing) Co. Ltd	110000410283022	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		SCTbio a.s.
SOTIO Therapeutics AG	CHE-385.585.958	Switzerland	Entity controlled by the same controlling entity by means of an ownership interest	till 13. 3. 2023	SCTbio a.s.
Stellar Holding s.r.o.	14005816	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
STEPHOLD LIMITED	HE 221 908	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
STONES Catering s.r.o.	27248674	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Bestsport holding a.s.
Sun Belt Multi I, LLC	20213849720	United States of America	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate I, Inc., Sunbelt Office International LLC
Sun Belt Multi II, LLC	38-4133783	United States of America	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Inc.
Sun Belt Office I Interholdco, LLC	20210215807	United States of America	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate I, Inc.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Sun Belt Office I, LLC	20210116384	United States of America	Entity controlled by the same controlling entity by means of an ownership interest		Sun Belt Office I Interholdco, LLC
Sun Belt Office II Interholdco, LLC	20213597548	United States of America	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate I, Inc.
Sun Belt Office II, LLC	20213597547	United States of America	Entity controlled by the same controlling entity by means of an ownership interest		Sun Belt Office II Interholdco, LLC
Škoda Transportation Italia S.r.l.	07219540486	Italy	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
Škoda a.s.	14070421	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Industrial Holding B.V.
ŠKODA CITY SERVICE s.r.o.	29119057	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA DIGITAL s.r.o.	01731530	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA EKOVA a.s.	28642457	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA ELECTRIC a.s.	47718579	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
Škoda group austria GmbH	29366755	Austria	Entity controlled by the same controlling entity by means of an ownership interest	from 17. 1. 2023	ŠKODA TRANSPORTATION a.s.
ŠKODA ICT s.r.o.	27994902	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA INVESTMENT a.s.
ŠKODA INVESTMENT a.s.	26502399	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Škoda a.s.
ŠKODA PARS a.s.	25860038	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA POLSKA Sp.z o.o.	NIP 7010213385	Poland	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA SERVIS s.r.o.	26351277	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA INVESTMENT a.s.
ŠKODA TRANSPORTATION a.s.	62623753	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Škoda a.s.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Škoda Transportation Balkan d.o.o.	21736473	Serbia	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA TRANSPORTATION UKRAINE, LLC	42614252	Ukraine	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
Škoda Transportation USA, LLC	81-257769	United States of America	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA TRANSTECH OY	1098257-0	Finland	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s., Škoda a.s.
ŠKODA TVC s.r.o.	25247964	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA VAGONKA a.s.	25870637	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		ŠKODA TRANSPORTATION a.s.
TANAINA HOLDINGS LIMITED	HE318483	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		TOLESTO LIMITED
Tanemo a.s.	09834273	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
Te Arearea	07295C	France	Entity controlled by the same controlling entity by means of an ownership interest		Archipels Croisiéres
TELISTAN LIMITED	HE 341 864	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate s.r.o., Eastern Properties B.V., Hines HRPF Partners LP
Temsa Deutschland GmbH	DE256871263	Germany	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
TEMSA EGYPT for Bus Manufacturing & Engineering SAE	3028	Egypt	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
Temsa North America, INC.	83-1118821	United States of America	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
Temsa Skoda Sabanci Ulaşım Araçları A.Ş.	8380046749	Turkey	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Škoda a.s.
Tesco Mobile ČR s.r.o.	29147506	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Czech Republic a.s.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Tesco Mobile Slovakia, s.r.o.	36863521	Slovak Republic	Entity controlled by the same controlling entity by means of an ownership interest		O2 Slovakia, s. r. o., Tesco Store SR a.s.
TFR SAS	FR 27 878443936	France	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
The Culture Trip (USA) Ltd.	5908200	United States of America	Entity controlled by the same controlling entity by means of an ownership interest	till 2. 6. 2023	The Culture Trip Ltd
The Culture Trip Ltd	7539023	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity by means of an ownership interest	till 2. 6. 2023	VV CL Pro-1 S.a r.l.
The Signalling Company NV	0724925936	Belgium	Entity controlled by the same controlling entity by means of an ownership interest	from 20. 2. 2023	Škoda a.s.
Tianjin Home Credit E-commerce Co., Ltd.	91120116MA075 WF70G	People's Republic of China	Entity controlled by the same controlling entity by means of an ownership interest		Shenzhen Home Credit Xinchi Consulting Co., Ltd.
TIMEWORTH HOLDINGS LTD.	HE 187 475	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
TMT Hungary B.V.	75752824	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF TMT Bidco 1 N.V., TMT Hungary Holdco B.V.
TMT Hungary Holdco B.V.	91863899	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest	from 2. 11. 2023	PPF Group N. V.
TMT Hungary Infra B.V.	81357397	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		CETIN Group N.V., TMT Hungary Holdco B.V.
TOLESTO LIMITED	HE 322 834	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Trigon II B.V.	56068948	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
Trilogy Park Holding B.V.	60006609	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest	till 15. 2. 2023	PPF Real Estate Holding B.V.
Trilogy Park Nizhny Novgorod Holding B.V.	67330355	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Real Estate Holding B.V.
TV Holdco B.V.	75983613	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF TMT Bidco 2 B.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
TV Nova s.r.o.	45800456	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		CME Media Enterprises B.V.
VELTHEMIA LIMITED	HE 282 891	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		REPIENO LIMITED
Velvon GmbH	HRB 239796	Germany	Entity controlled by the same controlling entity by means of an ownership interest		AB-X Projekt GmbH
Vents de Mer	432981934	France	Entity controlled by the same controlling entity by means of an ownership interest	till 30. 3. 2023	Lacani
Vox Ventures B.V.	65879554	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		PPF Group N.V.
Vsegda Da N.V.	52695689	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Home Credit N.V.
VÚKV a.s.	45274100	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		Škoda a.s.
VV CL Pro-1 S.à r.l. (dříve The Culture Trip Sarl)	B220626	Luxembourg	Entity controlled by the same controlling entity by means of an ownership interest	till 11. 12. 2023	Vox Ventures B.V.
Wagnerford Holdings Limited	HE 210154	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		MP Holding 2 B.V.
Wagnerford LLC	5087746372819	Russian Federation	Entity controlled by the same controlling entity by means of an ownership interest		Wagnerford Holdings Limited
West Logistics Park LLC	35093235	Ukraine	Entity controlled by the same controlling entity by means of an ownership interest		Izotrem Investments Limited
Westminster JV a.s.	05714354	Czech Republic	Entity controlled by the same controlling entity by acting in concert by means of an ownership interest		PPF Real Estate s.r.o.
Wilhelminaplein (Rotterdam) B.V.	59494034	Netherlands	Entity controlled by the same controlling entity by means of an ownership interest		Seven Assets Holding B.V.
Yettel Bulgaria EAD	130460283	Bulgaria	Entity controlled by the same controlling entity by means of an ownership interest		PPF TMT Bidco 1 N.V.
Yettel d.o.o. Beograd	20147229	Serbia	Entity controlled by the same controlling entity by means of an ownership interest		PPF TMT Bidco 1 N.V.

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Yettel Magyarország Zrt.	13-10-040409	Hungary	Entity controlled by the same controlling entity by means of an ownership interest		TMT Hungary B.V.
Yettel Real Estate Hungary Ztr.	13-10-041060	Hungary	Entity controlled by the same controlling entity by means of an ownership interest		TMT Hungary B.V.
Ziza d.o.o za trgovinu, ugostiteljstvo, turizam i promet	060159616	Croatia	Entity controlled by the same controlling entity by means of an ownership interest		Marina Zaton d.o.o. za nauticki turizam i usluge

Appendix No. 1B

Controlling entity (person):
Renáta Kellnerová, Petr Kellner, Lara Kodl Kellnerová and Marie Isabella Kellnerová

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
ESK Developments Limited	1611159	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Chelton Properties Limited
Chelton Properties Limited	1441835	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová, Petr Kellner, Lara Kodl Kellnerová, Marie Isabella Kellnerová
NBWC Limited	1024143	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		ESK Developments Limited
Selman Resources Limited	1005589	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		SR Development Limited
SR Boats Limited	2016073	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		SR Development Limited
SR Development Limited	1968975	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Chelton Properties Limited
SR-R Limited	708998	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		SR Development Limited
VGBC Limited	700080	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Chelton Properties Limited
VGMC Limited	709492	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		ESK Developments Limited
West Hillside Limited	1582181	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Chelton Properties Limited

Appendix No. 1C

Controlling entity (person): Renáta Kellnerová, Anna Kellnerová, Lara Kodl Kellnerová and Marie Isabella Kellnerová

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
AMALAR a.s.	19696752	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 6. 9. 2023	Renáta Kellnerová, Anna Kellnerová, Lara Kodl Kellnerová
AMALAR HOLDING s.r.o.	19696477	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 6. 9. 2023	Renáta Kellnerová, Anna Kellnerová, Lara Kodl Kellnerová

Appendix No. 1D

Controlling entity (person): Renáta Kellnerová

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Czech Equestrian Team a.s.	01952684	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		SUNDOWN FARMS LIMITED
DRAK INVESTMENT HOLDING LTD	324472	Cayman Islands	Entity controlled by the same controlling entity by means of an ownership interest		GONDRA HOLDINGS LTD
GONDRA HOLDINGS LTD	324452	Cayman Islands	Entity controlled by the same controlling entity by means of an ownership interest		Salonica Holding Limited
Horse Arena s.r.o.	04479823	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest		SUNDOWN FARMS LIMITED
POTLAK LIMITED	HE362788	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová
Raytop Limited	HE415014	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Renata Kellnerová
Salonica Holding Limited	1949492	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová
SUNDOWN FARMS LIMITED	HE 310 721	Cyprus	Entity controlled by the same controlling entity by means of an ownership interest		Vixon Resources Limited; Chelton Properties Limited
Vixon Resources Limited	144 18 84	British Virgin Islands	Entity controlled by the same controlling entity by means of an ownership interest		Renáta Kellnerová

Appendix No. 1E

Controlling entity (person): Anna Kellnerová

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
Classic Sagittarii s.r.o.	19955537	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 23. 11. 2023	Anna Kellnerová

Appendix No. 1F

Controlling entity (person): Petr Kellner

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled via
PLP Holding s.r.o.	19845014	Czech Republic	Entity controlled by the same controlling entity by means of an ownership interest	from 20. 10. 2023	Petr Kellner

Consolidated Entities

As PPF banka holds shares in one subsidiary, it draws up prepares consolidated financial statements. The Bank consolidates the following subsidiary

Share in %	2023	2022
PPF Co3 B.V.	100%	100%

In 2016 Bank purchased 100% shares of PPF Co3 B.V. with the aim of entering the consumer credit segment in Asia. This subsidiary is currently used for the purchase and financing of retail loans from Home Credit companies, the purchase of retail loans from Yettel Bulgaria and Hungary, the depositing of collateral for Yettel Serbia at Mobi Bank, and financing for the factoring of telecommunication service debts.

Key Consolidated Financial Indicators

until 2014 under Czech Financial Standards, from 2015 under International Financial Reporting Standards – IFRS

Profit before Tax

mil. Kč	
2011	761
2012	1,146
2013	757
2014	1,022
2015	1,442
2016	1,630
2017	2,118
2018	2,933
2019	2,917
2020	1,125
2021	2,388
2022	3,263
2023	**4,911**

Total Assets

mil. Kč	
2011	67,064
2012	77,064
2013	105,047
2014	108,884
2015	103,517
2016	136,810
2017	233,055
2018	235,067
2019	226,774
2020	169,490
2021	236,425
2022	288,654
2023	**385,293**

Key Consolidated Financial Information

MCZK	2023	2022
ASSETS		
Cash and cash equivalents	166,137	160,928
Financial assets at fair value through profit or loss	105,642	33,037
Financial assets at fair value through other comprehensive income	29,010	24,844
Financial assets at amortised cost	19,333	15,049
Loans and advances to banks	12,028	8,615
Loans and advances to customers	52,464	45,109
Other assets	679	1,072
TOTAL ASSETS	**385,293**	**288,654**
EQUITY AND LIABILITIES		
Deposits from banks	15,948	23,980
Deposits from customers	241,100	210,337
Debt securities issued	4,436	5,117
Financial liabilities at fair value through profit or loss	100,271	30,420
Other liabilities	2,340	1,243
Issued capital	769	769
Other components of equity	20,429	16,788
TOTAL EQUITY AND LIABILITIES	**385,293**	**288,654**
INCOME STATEMENT		
Net interest income	6,778	6,633
Net fee and commission income	274	270
Net income/expense from financial operations	106	(1,310)
General administrative expenses	(1,291)	(1,070)
Impairment gains/(losses)	(500)	(917)
Other operating profit or loss	(456)	(343)
Income tax expense	(830)	(527)
PROFIT OR LOSS FOR THE YEAR	**4 081**	**2,736**
KEY RATIOS		
Non-performing client loans/total client loans	0.63%	1.05%
ROAA	1.21%	1.04%
ROAE	21.06%	15.94%
Assets per employee (in MCZK)	1,482	1,208
Administrative expenses per employee (in MCZK)	5	4
Net profit per employee (in MCZK)	16	11

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

Independent Auditor's Report

to the Shareholders of PPF banka a.s.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of PPF banka a.s. ("the Company") and its subsidiaries (together "the Group"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information. Information about the Group is set out in Note 1 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

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

KPMG Česká republika Audit, s.r.o., a Czech limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.
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Key Audit Matters

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

Loss allowances for loans to and receivables from customers

Loss allowances for loans and advances to customers amounted to CZK 1,262 million as at 31 December 2023 (31 December 2022: CZK 1,034 million). Gross amount of loans and advances to customers amounted to CZK 53,726 million as at 31 December 2023 (31 December 2022: CZK 46,143 million).

Refer to Note 3 (Material accounting policies), Note 20 (Loans and advances to customers) and Note 44 (Risk management) in the notes to the consolidated financial statements.

The key audit matter

The Group's management makes significant judgments and complex assumptions when estimating expected credit losses ("the Expected Credit Losses", "ECLs") in respect of loans and advances to customers (together "loans"). We consider the area to be associated with a significant risk of material misstatement, which, coupled with the significantly higher estimation uncertainty stemming from the current market conditions, required our increased attention in the audit. As such, we determined it to be a key audit matter.

The loans are assigned to one of three stages in line with the requirements of IFRS 9 Financial instruments for the purposes of estimating the loss allowances. Stage 1 and Stage 2 loans are performing exposures, with Stage 2 being exposures with a significant increase in credit risk since origination. Stage 3 loans are non-performing, i.e. credit-impaired loans.

Impairment allowances for the performing exposures are determined by modelling techniques taking into account historical experience, forward-looking information and management judgment. Key assumptions and judgments relevant to the assessment of performing exposures comprise:

- definition of default and of significant increase in credit risk (SICR);
- probability of default (PD) - estimated by statistical models, based on historical data and forward looking information (FLI) based on macroeconomic scenarios;
- exposure at default (EAD) - decreased by the net realisable value of collateral estimated based on appraisals adjusted for historical data;
- loss given default (LGD) – based on historical data from the collection process;
- management overlays (post-model adjustments).

Loss allowances for all Stage 3 loans are determined on an individual basis by discounting the probability-weighted scenarios of estimated future cash flows from the borrower. The key judgments and assumptions therein are those in respect of the estimated amount and timing of future cash repayments, including the net realisable value of underlying collateral.

How the matter was addressed in our audit

Assisted, where applicable, by our own credit risk, valuation and information technology (IT) specialists, we performed, among others, the procedures outlined below:

We critically assessed the Group's credit and loan accounting policies, and the processes related to estimating ECLs. As part of the procedure, we assessed the process of identifying indicators of default, SICR, and allocating of loans to respective stages. We also inspected the Group's ECL methods and models and assessed their compliance with the relevant requirements of the financial reporting standards.

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We tested the IT control environment for data security and access, and also tested the design, implementation and operating effectiveness of IT-based and manual controls over the identification and timely consideration of SICR and credit-impairment. The controls tested included those over the calculation of the loans' days past due and matching loan repayments to instalments.

We evaluated whether in its loan staging and ECL measurement the Group appropriately considered the effects of the market disruption resulting from the current market conditions.

We obtained the relevant forward-looking information and macroeconomic projections used in the Group's ECL assessment and management overlays (post model adjustments). We independently assessed the information by means of corroborating inquiries of the Management Board and inspecting publicly available information.

We challenged the LGD, net realisable value of collateral and PD parameters, by assessing back-testing of historical defaults and by reference to historical realized losses on those defaults, and also considering any required adjustments to reflect expected changes in circumstances;

For use in the following procedures, we challenged on a sample basis the valuation methods and models applied in estimating the net realizable values of the loan collaterals by the valuation experts engaged by the Group, whose experience, competence and objectivity we also independently assessed.

For a sample of Stage 1 and Stage 2 loans, by reference to respective loan files and inquiries of the credit risk personnel, we:

- determined whether a significant increase in credit risk occurred or whether the loan was credit-impaired;
- traced the net realisable value of related collateral to the appraisals by the valuation experts engaged by the Group;
- assessed whether appropriate PD and LGD parameters were assigned to the loans in the sample;
- checked other characteristics of selected loans relevant for the ECL calculation.

For a sample of Stage 3 loans, we challenged the estimated cash flow scenarios and their probabilities. In performing the procedure, we focused on the key assumptions, such as the realisable value of the underlying collateral, which we traced to the appraisals by the valuation experts engaged by the Group, or other supporting evidence where collateral less relevant in the process of recovery.

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

Other Information

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

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

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the separate and the consolidated financial statements is, in all material respects, consistent with the separate and the consolidated financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

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

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

The statutory body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Group by the General Meeting of Shareholders on 27 April 2023 and our uninterrupted engagement has lasted for 25 years.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 26 March 2024 in accordance with Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

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

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

Statutory Auditor Responsible for the Engagement

Veronika Strolená is the statutory auditor responsible for the audit of the consolidated financial statements of PPF banka a.s. as at 31 December 2023, based on which this independent auditor's report has been prepared.

Prague
4 April 2024

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

Veronika Strolená
Partner
Registration number 2195

Consolidated Financial Statements

for the year ended 31 December 2023 in accordance with International Financial Reporting Standards (IFRS)

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023

In millions of CZK	Note	2023	2022
Interest and similar income*	7	19,037	12,940
Interest expense and similar charges	7	(12,259)	(6,307)
Net interest and similar income		**6,778**	**6,633**
Fee and commission income	8	608	605
Fee and commission expense	8	(334)	(335)
Net fee and commission income		**274**	**270**
Net income/expense from financial operations	9	106	(1,310)
Other operating income		4	5
Operating income		**7,162**	**5,598**
Personnel expenses	10	(570)	(448)
Other general administrative expenses	10	(721)	(622)
General administrative expenses		**(1,291)**	**(1,070)**
Depreciation and amortisation	11	(90)	(92)
Other operating expenses	12	(370)	(256)
Operating expenses		**(1,751)**	**(1,418)**
Impairment gains/(losses)	13	(500)	(917)
Profit before income tax		**4,911**	**3,263**
Income tax expense	14	(830)	(527)
NET PROFIT FOR THE YEAR		**4,081**	**2,736**

* The breakdown of interest and similar income into one calculated using the effective interest rate and others is set out in note 7.

Other comprehensive income	2023	2022
Items that are or may be reclassified to profit or loss		
Foreign operations – currency translation differences	12	(11)
Fair value reserve (debt instruments measured at fair value through other comprehensive income, tax included):	829	(467)
Change in fair value	957	(1,248)
Net amount transferred to profit or loss	74	670
Deferred tax	(202)	111
Items that will not be reclassified to profit or loss		
Fair value reserve (equity instruments designated at fair value through other comprehensive income, tax included):	17	9
Change in fair value	21	12
Deferred tax	(4)	(3)
Other comprehensive income for the period	**858**	**(469)**
Total comprehensive income for the period	**4,939**	**2,267**

The notes on pages 8 to 94 are an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 4 April 2024.

Signed on behalf of the Board of Directors by:

Petr Jirásko
Chairman of the Board of Directors

Miroslav Hudec
Member of the Board of Directors

Consolidated Statement of Financial Position

for the year ended 31 December 2023

In millions of CZK	Note	31. 12. 2023	31. 12. 2022 (restated)*
ASSETS			
Cash and cash equivalents	15	166,137	160,928
Financial assets at fair value through profit or loss	16	105,642	33,037
Financial assets at fair value through other comprehensive income	17	29,010	24,844
Financial assets at amortised cost	18	19,333	15,049
Loans and advances to banks	19	12,028	8,615
Loans and advances to customers	20	52,464	45,109
Property, plant and equipment	22	95	119
Intangible assets	23	162	183
Deferred tax assets	31	–	335
Other assets	24	422	435
TOTAL ASSETS		**385,293**	**288,654**
LIABILITIES			
Deposits from banks	25	15,948	23,980
Deposits from customers	26	241,100	210,337
Debt securities issued	27	4,436	5,117
Financial liabilities at fair value through profit or loss	29	100,271	30,420
Income tax liabilities	30	270	256
Deferred tax liabilities	31	37	–
Provisions	32	215	196
Other liabilities	33	1,818	791
TOTAL LIABILITIES		**364,095**	**271,097**
SHAREHOLDERS' EQUITY			
Issued capital	37	769	769
Share premium	37	412	412
Retained earnings		19,769	16,986
Translation reserve	39	(4)	(16)
Fair value reserve	38	252	(594)
TOTAL SHAREHOLDERS' EQUITY		**21,198**	**17,557**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**385,293**	**288,654**

* Restated, see note 6 Changes in accounting policies.

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

In millions of CZK	Note	31. 12. 2023	31. 12. 2022 (restated)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		4,911	3,263
Adjustments for:			
Depreciation and amortisation	11	90	92
Net impairment loss on investment securities		(90)	887
Net impairment loss on loans and advances and other financial assets		590	36
Net interest income	7	(6,778)	(6,633)
Revaluation of financial assets and liabilities at fair value through profit or loss		(647)	(1,011)
Net gain/loss on the sale of financial assets at fair value through other comprehensive income		74	670
Other non-cash adjustments		(48)	(506)
Operating profit before the change in operating assets and liabilities		**(1,898)**	**(3,202)**
Changes in:			
Financial assets at fair value through profit or loss		(71,958)	4,787
Loans and advances to banks		(3,413)	(3,552)
Loans and advances to customers		(7,132)	(1,289)
Financial assets at amortised cost		(4,239)	(15,049)
Other assets		13	(59)
Financial liabilities at fair value through profit or loss		69,851	2,788
Deposits from banks		(7,738)	(17,353)
Deposits from customers		30,823	65,198
Other liabilities		1,053	(178)
		5,362	**32,091**
Interest received		18,235	12,330
Interest paid		(12,606)	(6,111)
Income taxes paid		(650)	(146)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		**10,341**	**38,164**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(5,062)	(6,972)
Proceeds from sale of financial assets at fair value through other comprehensive income		2,026	2,900
Acquisition of property and equipment		(20)	(16)
Acquisition of intangible assets		(25)	(21)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		**(3,081)**	**(4,109)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of debt securities		436	1,845
Repayment of debt securities issued		(1,117)	(1,139)
Leasing payments		(26)	(21)
Dividends paid		(1,298)	(1,492)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**(2,005)**	**(807)**
Net increase/(decrease) in cash and cash equivalents		5,255	33,248
Cash and cash equivalents at 1 January	15	160,928	127,509
Effect of exchange rate fluctuations on cash and cash equivalents held		(46)	171
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**166,137**	**160,928**

* Restated, see note 6 Changes in accounting policies.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

In millions of CZK	Issued capital	Share premium	Translation reserve	Fair value reserve	Retained earnings	Total equity
BALANCE AT 1 JANUARY 2023	**769**	**412**	**(16)**	**(594)**	**16,986**	**17,557**
Total comprehensive income for the period						
Net profit for 2023	–	–	–	–	4,081	4,081
Other comprehensive income						
Foreign operations – currency translation differences	–	–	12	–	–	12
Changes in fair value of financial assets at fair value through other comprehensive income (tax included)	–	–	–	846	–	846
Total	**769**	**412**	**(4)**	**252**	**21,067**	**22,496**
Transactions with owners, contribution and distribution to owners						
Dividends paid	–	–	–	–	(1,298)	(1,298)
BALANCE AT 31 DECEMBER 2023	**769**	**412**	**(4)**	**252**	**19,769**	**21,198**
BALANCE AT 1 JANUARY 2022	**769**	**412**	**(5)**	**(136)**	**15,742**	**16,782**
Total comprehensive income for the period						
Net profit for 2022	–	–	–	–	2,736	2,736
Other comprehensive income						
Foreign operations – currency translation differences			(11)	–	–	(11)
Changes in fair value of financial assets at fair value through other comprehensive income (tax included)	–	–	–	(458)	–	(458)
Total	**769**	**412**	**(16)**	**(594)**	**18,478**	**19,049**
Transactions with owners, contribution and distribution to owners						
Dividends paid	–	–	–	–	(1,492)	(1,492)
BALANCE AT 31 DECEMBER 2022	**769**	**412**	**(16)**	**(594)**	**16,986**	**17,557**

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023

1 Introduction

PPF banka a.s. ("the Bank") was established on 31 January 1995 as the successor to the former ROYAL BANKA CS,a.s. (operating on the market from 31 December 1992) by a resolution of Prague City Council in order to create a strong financial partner for cities and municipalities. These consolidated financial statements comprised the Bank and its subsidiaries listed in note 21 (further as "Group").

The Bank is registered in the Commercial Register as a joint-stock company, with the following scope of business:

— execution of banking transactions and provision of banking services in the Czech Republic and abroad, to the extent permitted by relevant legislation and the licence granted by the Czech National Bank (CNB). The Bank may acquire an interest in other companies both in the Czech Republic and abroad, including non-financial service companies.

On 23 June 2004, the shareholders of the Bank decided to change the name of První městská banka,a.s. to PPF banka a.s. The change of name to PPF banka a.s. was recorded in the Commercial Register on 1 September 2004.

As at 31 December 2023, the parent company of the Bank is PPF Financial Holdings a.s., with its registered office in the Czech Republic, Prague, Evropská 2690/17, postal code: 16000, registration number: 10907718, the parent company of PPF Financial Holdings a.s. is PPF Group N.V., with its registered office in the Netherlands, Amsterdam, Strawinskylaan 933, postal code: 1077XX, registration number: 33264887.

Registered office of the Bank:
PPF banka a.s.
Evropská 2690/17
160 41 Praha 6
Czech Republic

2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

3 Material accounting policies

3.1 Basis of preparation

The financial statements are presented in Czech Crowns, which is the Bank's functional currency and the Group's presentation currency, rounded to the nearest million. The financial statements are prepared on the historical cost basis, except for financial assets and liabilities at fair value through profit or loss, and assets at fair value through other comprehensive income.

Use of judgements and estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgements concerning the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that may have a significant effect on the financial statements in the year ended 31 December 2023 is included in the following notes:

— impairment of financial instruments, determining inputs into the expected credit loss measurement model, including the incorporation of forward-looking information in note 5;
— sensitivity analysis of loss allowance by relevant categories in note 44.1;
— determination of the fair value of financial instruments with significant unobservable inputs in note 3.4.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the 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 the current and future periods.

Estimates which may have a significant effect on the financial statements in the next year regarding standards that are not yet effective and are relevant to the financial statements are discussed in note 4.

Information about judgements made in the application of accounting policies that may have a significant effect on the consolidated financial statements is included in the following notes.

— classification of financial instruments, especially an assessment of the business model and an assessment of whether contractual cash flows are solely payments of principal and interest on unpaid principal ("SPPI") in note 3.4;
— assessment of whether there has been a significant increase in the credit risk of financial instruments since initial recognition, considering all available and relevant information, including quantitative and qualitative information, an analysis based on historical experience of the Group and forward-looking information in note 5.

Russian-Ukrainian conflict and its impact on the financial statements and the going-concern assessment

The Group realises that the geopolitical situation emerging from the Russian-Ukrainian conflict in February 2022 will have significant repercussions for the economy in the Czech Republic and other countries. The Group's direct exposure to Russia and Ukraine is insignificant. The Group's analysis did not identify any significant indirect effects because the Group has limited business activities in Russia and Ukraine and its clients have limited dependence on these regions. The Group is ready to make the appropriate respond if the situation arises.

The Group is continuously monitoring the situation and, based on its current knowledge and after considering all available information, it does not expect these events to have an impact on its ability to continue as a going concern in the future.

The consolidated financial statements have been prepared on the basis of the going-concern principle.

3.2 Basis of consolidation

3.2.1 Subsidiaries

Subsidiaries are investees controlled by the Bank. The Bank controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Bank reassesses whether it has control if there are changes to one or more of the elements of the control.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

3.2.2 Loss of control

When the Bank loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss.

3.2.3 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in the preparation of the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent to which there is no evidence of impairment.

3.2.4 Business combinations

All business combinations of the Group were business combinations of entities under the control of the Bank, both before and after the business combination itself. It was not a control of a temporary nature. IFRS 3 does not apply to these business combinations. Assets and liabilities are reported at the carrying amounts in which they were reported before the business combination, and no goodwill or negative goodwill was reported.

3.3 Foreign currency

3.3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the presentation currency at the foreign exchange rate ruling at the dates that the values were determined.

3.3.2 Financial statements of consolidated entities with functional currency other than CZK

The assets and liabilities of consolidated entities with functional currency other than CZK are translated to CZK at spot exchange rates at the reporting date. The income and expenses of these consolidated entities are translated to CZK at exchange rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences at translation are recognised directly in “Translation reserve” within equity.

The Translation reserve comprises all foreign currency differences arising from the translation of the financial consolidated statements of consolidated entities with functional currency other than CZK.

3.4 Financial instruments

3.4.1 Classification and measurement of financial assets

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost (“AC”), fair value through other comprehensive income (“FVOCI”), and fair value through profit or loss (“FVTPL”).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is classified under one of these categories on initial recognition.

POCI assets

IFRS 9 also includes so-called POCI assets. POCI assets are purchased or originated financial assets that are credit-impaired on initial recognition.

Business model assessment

The Group made an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated, e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, and the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Group's business models are as follows:

— "held and collect";
— "held, collect and sell";
— "other".

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest ("SPPI")

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

— contingent events that would change the amount and timing of cash flows;
— leverage features;
— prepayment and extension terms;
— terms that limit the Group's claim to cash flows from specified assets, e.g. non-recourse asset arrangements; and
— features that modify consideration for the time value of money, e.g. the periodic reset of interest rates.

3.4.2 Initial recognition of financial assets

On initial recognition, financial assets/liabilities at AC are recognised on the settlement date at fair value adjusted for transaction costs directly attributable to the acquisition/issue or disposal of a financial asset/liability.

Financial assets at FVTPL are recognised on the date the Group commits to purchase the assets. From this date, any gains or losses arising from changes in the fair value of the assets are recognised in the statement of comprehensive income.

Financial assets classified at FVOCI are recognised on the date the Group commits to purchase the assets. From this date, any gains or losses arising from changes in the fair value of the assets are recognised in equity as differences from the revaluation of assets.

3.4.3 Fair value measurement principles

Fair value is the price the Group would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date.

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

Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation framework

The Group has an established control framework with respect to the measurement of fair values. This framework includes Risk Management, which is independent of front office management and which has overall responsibility for independently verifying the results of all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- a review and approval process for new models and changes to models;
- calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- a review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous period.

When third-party information, such as broker quotes or pricing services, is used to measure fair value, Risk Management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, how fair value has been determined using those quotes.

3.4.4 Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial assets and liabilities at fair value through profit or loss are recognised directly in profit or loss as "Net income from financial operations".

Gains and losses arising from a change in the fair value of financial assets measured at fair value through other comprehensive income are recognised directly in other comprehensive income and become the equity item "Fair value reserve".

3.4.5 Specific financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash deposited with banks and central banks (incl. mandatory minimum reserves), short-term reverse repo operations and short-term highly liquid investments, including treasury bills and other bills eligible for refinancing with the central bank (except for those held for trading). The financial assets are measured at amortised cost in line with IFRS 9.

Loans and advances to banks and customers

Loans and advances to banks and customers are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (except for those held for trading). If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, the financial assets are measured at amortised cost in line with IFRS 9. The financial assets are measured at fair value through profit or loss if the contractual terms do not meet the criteria specified above.

Debt securities issued

Own issued debt securities are recognised at amortised cost under "Debt securities issued". Upon initial recognition, own debt securities are measured at cost, which includes direct transaction costs.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss include financial derivatives and non-derivative financial assets and financial liabilities held for trading.

Financial derivatives

Financial derivatives with positive fair value are presented as "Financial assets measured at fair value through profit or loss". Financial derivatives with negative fair value are presented as "Financial liabilities measured at fair value through profit or loss".

For presentation purposes, derivatives are split into

— derivatives held for trading; and
— hedging derivatives.

Derivatives held for trading are those which are not designated as hedging instruments. All kinds of non-hedging derivatives without regard to their internal classification, i.e. both derivatives held in the trading book and banking book, or purpose, i.e. both trading derivatives and derivatives held for risk management, are presented in this line item.

Hedging derivatives are those which are designated as hedging instruments in hedges fulfilling the conditions of IFRS 9. The Group did not apply hedging fulfilling the conditions of IFRS 9 in 2023 or 2022.

Changes in fair value (the clean price) of derivatives are recognised in the income statement in the line item "Net income from financial operations".

3.5 Derecognition and contractual modification

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Group transfers the financial asset, provided that the Group also transfers substantially all the risks and rewards of ownership of the financial asset. This occurs upon sale, termination or giving-up of the rights.

A financial liability is derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. Substantial modification of the terms of an existing financial liability is accounted for as extinguishment of the original financial liability and recognition of a new financial liability.

Financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income that are sold are derecognised and the corresponding receivables from the buyer are recognised on the day they are delivered (settlement date accounting).

In the event of the derecognition of investments in equity instruments designated at fair value through other comprehensive income, the Group does not reclassify the cumulative gain or loss from equity to profit or loss. The cumulative gain or loss is transferred within equity.

Debt instruments measured at amortised cost, loans and advances to banks, and loans and advances to customers are derecognised on the day of maturity or on the day they are transferred by the Group.

Modification

Substantial modification of the contractual cash flows of a financial asset is considered by the Group to be the expiry of contractual rights to the financial asset. The Group uses internally defined quantitative and qualitative criteria to assess the significance of a change. As for the quantitative criteria, the Group considers contractual terms to be significantly changed if the discounted present value of the cash flows under the new terms is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset as of the date of modification. As for the qualitative criteria, the Group considers contractual terms to be significantly changed if the new contractual cash flow would not meet SPPI criteria or there would be a change of the currency of the financial assets, or the addition of a convertible option to the financial asset terms. If the Group considers contractual terms to be significantly changed based on at least one of the qualitative or qualitative criteria, the Group derecognises the modified financial asset. Where the modification of a financial asset results in the derecognition of an existing financial asset and the subsequent recognition of a modified financial asset, the modified asset is treated as a new financial asset for the Group's purposes.

In the event of the modification of a financial instrument not measured at fair value through profit or loss that does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset (the amortised cost of the financial liability) as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's (financial liability's) original effective interest rate and recognises the modification gain or loss in profit or loss.

In the case of modified financial assets, the Group determines whether there was a significant increase in credit risk and estimates impairment losses on these financial assets in accordance with the accounting methods described in note 5.

3.6 Repurchase transaction

The Group enters into purchases (sales) of financial assets under agreements to resell (repurchase) identical financial assets at a certain date in the future at a fixed price. Financial assets purchased subject to commitments to resell them at future dates are not recognised in the statement of financial position. The amounts paid are recognised in loans to either banks or customers or cash and cash equivalents. The receivables are shown as collateralised by the underlying security. Financial assets sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policies as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in “Interest and similar income” or “Interest expense and similar charges”.

3.7 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.

3.8 Impairment gains/(losses)

The Group assesses impairment loss on financial assets based on a forward-looking “expected credit loss” model in line with IFRS 9. The model assumptions and estimates are described in detail in note 5.

When the expected credit loss increases in the period, the amount of the corresponding impairment loss on the financial asset is recognised in the statement of comprehensive income line item “Impairment gains/losses”.

If the expected credit loss decreases in the subsequent period, the amount of corresponding impairment loss reversal is recognised in the statement of comprehensive income line item “Impairment gains/losses”.

If the Group has no reasonable expectations of recovering the financial asset (in either its entirety or a portion of it), the financial assets are written off. This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may still apply enforcement activities to financial assets being written off. Recoveries resulting from the Group’s enforcement activities are recognised in the statement of comprehensive income in the line item “Impairment gains/losses“.

Loss allowances based on the “expected credit loss” model are recognised as follows:

- for financial assets measured at amortised cost: as a decrease of the assets’ gross carrying amount;
- for loan commitments and financial guarantee contracts: generally as a provision;
- for financial instruments that include both the drawn and undrawn portion, the Group recognises a combined loss allowance for both parts – one is recognised as a decrease in the gross carrying amount of the drawn portion, and the other one exceeding the gross carrying amount of the drawn portion is recognised as a provision; and
- for debt instruments measured at FVOCI: an adjustment relating to the expected credit losses is recognised in profit or loss against the equity line “Fair value reserve”.

3.9 Net interest and similar income

Interest income or expense from all interest-bearing financial instruments except financial instruments measured at fair value through profit or loss is recognised using the effective interest rate ("EIR") and reported in profit or loss in the line items "Interest and similar income" or "Interest expense and similar charges" as part of revenue/expenses from continuing operations.

The effective interest method calculates the gross carrying amount of a financial asset or amortised cost of a financial liability that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument to its net carrying amount. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument (but not future credit losses). In respect of POCI financial assets, the Group uses the effective interest rate that is calculated as an estimate of future cash flows including expected credit losses. The calculation of an effective interest rate also includes transaction costs and paid and received fees that are an integral part of the effective interest rate.

Amortised cost and gross carrying amount of a financial asset

The amortised cost of a financial asset or a financial liability is the amount at which the financial asset or liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses. The gross carrying amount of financial assets is the amortised cost of a financial asset, before adjustment for any credit loss.

Calculation of interest income and expense

In the calculation of interest income or interest expense, the effective interest rate is applied to the gross carrying amount of assets that are not credit-impaired or to the amortised cost of a liability.

Interest income in respect of financial assets that become credit-impaired after initial recognition is calculated using the effective interest rate method from the amortised cost of an asset. Interest income in respect of POCI financial assets is calculated using the credit-adjusted effective interest rate method from the amortised cost of an asset.

3.10 Dividend income

Dividend income is recognised in the statement of comprehensive income on the date that the dividend is declared.

3.11 Net fee and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate, and therefore included in "Interest and similar income" or "Interest expense and similar charges".

Fee and commission income from contracts with customers, under IFRS 15, is measured based on the consideration specified in the contract with a customer. The fee and commission income arises from financial services provided by the Group, including cash management services, the central clearing of toll payments, brokerage services, investment advice and financial planning, investment banking services, and project and structured finance transactions. Fee and commission income is recognised when the corresponding service is provided. Penalty fees that have not been claimed or that have been waived are excluded from profit or loss.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, account maintenance and brokerage fees which are expensed as the services are received.

3.12 Net income from financial operations

Net income from financial operations comprises gains less losses related to financial assets and liabilities at fair value through profit and loss and includes all fair value changes. Net income from financial operations also includes realised gains or losses on financial assets at fair value through other comprehensive income (equity instruments excluded) and all foreign exchange differences.

3.13 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives as follows:

Buildings	50 years
Other	1-10 years

Low value tangible assets with a purchase price of less than TCZK 40 and an estimated useful life shorter than 1 year are recognised as expenses in the period in which they are purchased.

3.14 Intangible assets

Software and other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets.

3.15 Leases

From a lessee perspective:

The Group treats a contract as a lease if it conveys the right to control the use of a given asset for a period of time in exchange for consideration.

A right-of-use asset and a lease liability are recognised at the lease commencement date.

A right-of-use asset is initially measured at cost. The cost of a right-of-use asset comprises: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs; and an estimate of costs to be incurred in restoring the underlying asset. The asset is subsequently depreciated on a straight-line basis over the estimated useful life of the right-of-use asset, or until the end of the lease term, if earlier.

A right-of-use tangible asset is recognised as a tangible asset in the statement of financial position.

A lease liability recognised in other liabilities is measured at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, variable lease payments that depend on an index, amounts expected to be payable by the lessee under residual value guarantees, and the exercise price of a purchase option or an option to extend or terminate a lease if the Group is reasonably certain to exercise that option. Lease payments are discounted using the Group’s incremental borrowing rate.

After the commencement date, the Group revises the remeasurement of lease liabilities to reflect changes to the lease payments. The Group also makes the corresponding adjustment to the value of the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises it in profit or loss.

Interest on the lease liability is recognised in interest expense.

From a lessor perspective:

The Group does not provide leasing services in the capacity of a lessor.

3.16 Provisions

Provision means a probable outflow of an uncertain amount and in an uncertain period of time.

Provisions are recognised when:

— there is a legal or constructive obligation as a result of past events;
— it is probable, and the probability exceeds 50%, that an outflow of resources will be required to settle the obligation;
— a reliable estimate of the amount of the obligation can be made.

In the statement of financial position, provisions are reported under the line item "Provisions". They include credit risk loss provisions for contingent liabilities (particularly financial guarantees and loan commitments) as well as legal provisions and other provisions. Expenses or income related to provisions for loan commitments and financial guarantees are reported in the statement of income under the line item "Impairment gains/losses". Expenses or income related to other provisions are reported in the statement of income under "Operating expenses".

3.17 Income taxes

The income tax base is calculated from the current year profit. Expenses considered non-taxable expenses are added and income considered non-taxable income is deducted. The income tax base is modified by tax allowances and tax benefits.

Deferred income tax arises from temporary differences between the accounting values of assets and liabilities and their carrying amounts in the financial statements. The deferred tax is calculated using the tax rates applicable in the periods in which the timing difference is expected to reverse. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

3.18 Financial guarantees

Financial guarantees are contracts that require the Group to make a specified payment to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of the debt instrument.

Liabilities under financial guarantee contracts are recorded initially at their fair value, which is generally the fee received or the present value of the fee receivable. Financial guarantee liabilities are subsequently measured at the higher of the initial fair value, less cumulative amortisation, and an amount equalling the expected credit loss determined in accordance with IFRS 9.

The fee received is recognised in the income statement under "Fee and commission income" and is amortised on a straight-line basis over the life of the guarantee.

4 Standards, interpretations and amendments to published standards that are not yet effective and may be relevant for the Group's financial statements

A number of new Standards, amendments to Standards, and Interpretations are not yet effective as at 31 December 2023, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Groups's operations.

Amendments to IAS 1 Presentation of Financial Statements

Non-Current Liabilities with Covenants
Classification of Liabilities as Current or Non-current

Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively; early application is permitted. Specific transition requirements apply for companies that have early-adopted the previously issued but not yet effective 2020 amendments.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments, as issued in 2020, has removed the requirement for a right to be unconditional and instead requires that a right to defer settlement must exist at the reporting date and have substance (the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early).

The amendments, as issued in 2022, further clarify that when the right to defer settlement is subject to a company complying with conditions (covenants) specified in a loan arrangement, only covenants with which the company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability's classification at that date. However, the amendments require companies to disclose information about these future covenants to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt).

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IFRS 16 Leases

Lease Liability in a Sale and Leaseback

Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Early application is permitted.

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

The amendments confirm the following:

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

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

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

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures:

Supplier Finance Arrangements

Effective for annual periods beginning on or after 1 January 2024. Disclosure of comparative information for any reporting periods presented before, and information as at the beginning of, the annual reporting period in which the entity first applies those amendments is not required. Also, an entity is not required to disclose the information otherwise required by the amendments for any interim period presented within the annual reporting period in which the entity first applies those amendments. Early application is permitted.

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

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

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

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates:

Lack of exchangeability

Effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. In some jurisdictions, no spot rate is available because a currency cannot be exchanged into another currency.

IAS 21 was amended to clarify:

— when a currency is exchangeable into another currency; and
— how a company estimates a spot rate when a currency lacks exchangeability.

The amendments also include additional disclosure requirements to help users to assess the impact of using an estimated exchange rate on the financial statements.

The Group assessed the new amendments to standards to have no major impact on its financial statements.

Amendments to IFRS 10 and IAS 28

Sale or contribution of assets between an investor and its associate or joint venture

Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission decided to defer the endorsement indefinitely, it is unlikely that it will be endorsed by the EU in the foreseeable future.

The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

— a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
— a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Group assessed the new amendments to standards to have no major impact on its financial statements.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning future economic developments. The resulting accounting estimates will, by definition, seldom be equal to the actual results. The estimates and assumptions that carry the most significant risk of a material adjustment being required to the carrying amounts of assets and liabilities in the next financial year are discussed below.

5.1 Impairment of financial assets

The Group assesses impairment loss on financial assets based on a forward-looking "expected credit loss" ("ECL") model in line with IFRS 9.

IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

Financial assets for which the provision is reported at 12-month expected credit losses are referred to as stage 1 financial assets. Financial assets are classified under stage 1 if they are assigned a low credit risk or if their credit risk has not significantly increased since the initial recognition.

Financial assets for which the provision is reported at the level of lifetime expected credit losses are referred to as stage 2 financial assets. Financial assets are reclassified under stage 2 if their credit risk has significantly increased since initial recognition and they are not currently assigned a low credit risk.

Financial assets in default are classified as stage 3 financial assets.

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls, i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive from this commitment; and
- financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Definition of default

Under IFRS 9, the Group considers a financial asset to be in default when there is information available that:

- the borrower is unlikely to pay its credit obligations to the Group in full, without realising collateral; or
- the borrower is more than 90 days past due. Overdrafts are considered past due once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Group mainly considers the following indicators:

- approval of the forced restructuring of the receivable, with the effect of a reduction in the borrower's financial liabilities;
- active insolvency proceedings against the borrower in the insolvency register;
- the removal of the borrower's licence for activity for which licensing is required;
- the declaration of a moratorium on payments to international creditors (valid only for central and local government exposures);
- the initiation of steps by the Group to activate guarantees provided by guarantors for the borrower's commitments;
- a performing exposure with relief in the probationary period is more than 30 days past due during the probationary period;
- the borrower is unlikely (according to an assessment by the Group) to fully repay liabilities to the Group, the parent company or subsidiaries without the realisation of collateral;
- loss of the borrower's regular income intended for the repayment of liabilities to the Group;
- there are reasonable concerns about the borrower's future ability to generate stable and sufficient cash flows;
- a significant increase in the borrower's level of debt, or a reasonable expectation of such an increase;
- breach of covenants laid down in the contract with the borrower;
- a significant delay in the borrower's payments to other creditors is recorded in the Central Credit Register (or in another credit register);
- a crisis in the borrower's sector, accompanied by the borrower's weak position in that sector;
- the disappearance of an active market for a financial asset because of the borrower's financial difficulties;
- the default of another member in an economically linked group;
- a borrower facing financial difficulties receives material financial assistance (for more than 12 months) from the parent company, shareholders or another member of an economically linked group in order to meet liabilities, unless this is financial assistance pre-planned or expected during the lending approval procedure.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The Group considers financial assets recovered if the above-mentioned conditions or indicators are no longer met and reclassifies them from stage 3 to stage 1, or stage 2 if the criteria of increased credit risk are met. All of the following conditions must be met for reclassification from stage 3:

— none of the above indicators for default has been met for at least 3 months;
— the receivable or part thereof has been less than 30 days past due for at least 3 months;
— the debtor‘s behaviour and financial situation indicate that the debtor will be able to repay its obligations;
— if the reason for default was restructuring, a change in classification is possible at least 1 year from the latest of: a) the moment of extending the restructuring measures, b) the moment when the exposure was classified as defaulted or c) the end of any grace period included in the restructuring arrangements. In addition, the following conditions must be met:
— the client has made a significant payment/repayment with respect to the original repayment plan;
— payments are paid regularly according to the repayment schedule.

Determining whether credit risk has increased significantly

Under IFRS 9, when determining whether the credit risk (i.e. risk of default) of a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis consisting – based on availability and complexity – of the Group’s historical experience, expert credit assessment and forward-looking information.

In line with IFRS 9, the Group applies the rebuttable presumption that the credit risk increases significantly when an asset is more than 30 days past due. The Group determines days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

The Group monitors the suitability of the criteria used to identify significant increases in credit risk by regular reviews to confirm that the results of assessment are compliant with IFRS 9 and internal guidelines and settings.

Individual level

For individually significant financial assets, the Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

— the credit risk as at the reporting date; with
— the credit risk that was estimated on initial recognition of the exposure.

As for the corporate loan portfolio, the Group considers there to have been a significant increase in credit risk since initial recognition if:

— the credit internal rating has deteriorated by two or more notches since initial recognition and the current credit rating is outside the range A1 to A4 (for credit ratings see note 44.1);
— the receivable or part thereof has been more than 30 days past due;
— the current credit rating has deteriorated by at least one notch since initial recognition and the client has been assigned a credit rating of C2-C4;
— the exposure has been designated as a exposure with forbearance;
— the exposure has been in the regime of increased monitoring (the so-called “pre-workout”)
— an individual assessment has been performed by the Head of the Credit Risk Management Department, who, on the basis of available information, has determined that the receivable exhibits signs of an increased credit risk.

As for the debt securities and other assets, the Group considers there to have been a significant increase in credit risk since initial recognition if:

- the credit internal rating has deteriorated by two or more notches since initial recognition and the current credit rating is outside the range A1 to A4 (for credit ratings see note 44.1);
- the receivable or part thereof has been more than 30 days past due;
- the current credit rating has deteriorated by at least one notch since initial recognition and the client has been assigned a credit rating of C2-C4;
- an individual assessment has been performed by the Head of the Credit Risk Management Department, who, on the basis of available information, has determined that the receivable exhibits signs of an increased credit risk.

Portfolio level

As for the consumer loan portfolio, the expected credit losses are calculated on a portfolio basis. The receivables are grouped into monthly buckets based on days past due. It is considered that a significant increase in credit risk occurs when receivable or its part is more than 30 days past due.

If the Bank considers that the above-mentioned indicators of significant increased credit risk are no longer met, the Bank reclassifies these financial assets from stage 2 to stage 1, and recognises 12-month expected credit losses.

Inputs in the measurement of ECLs

The key inputs in the measurement of ECLs are – in general – the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

EAD represents the exposure in the event of default. The Group derives the EAD from the current exposure to the counterparty. As for stage 1 and 2 exposures, the EAD of a financial asset is the gross carrying amount at default reduced by the net realisable value of collateral received.

Individual level

For individually significant financial assets, these parameters are – separately or collectively – derived from statistical models created on the basis of available market data. Failure probability estimates are estimates at a certain date that are calculated on the basis of statistical rating models and assessed using the rating tools established for different categories of counterparties and exposures. Models created on the basis of available market data are periodically back-tested on internal historical data.

The migration of a counterparty or exposure between credit ratings results in a change in the estimate of the associated PD.

Loss given default (LGD) is the amount of probable loss in the event of a default. For stage 1 and 2 exposures, the Group uses external comparative information to assess LGDs as it has insufficient observations and data to derive its own statistically significant LGDs based on an analysis of the Group's portfolio. For this reason, the Group bases its determination of LGD on the regulatory loss given default, which is back-tested on the number of observations available. The Group uses a 0% LGD for the secured part of the exposure. For LGDs assigned to the whole exposure (secured and unsecured), the Group applies a minimum LGD of 15%, i.e. for every receivable the Group tests whether the overall LGD ratio for every receivable is at least 15%, and, where this is not the case, the Group adjusts the calculation and recalculates the expected credit losses with 15% LGD assigned to the whole exposure. This way, the Group estimates non-zero expected losses even for fully secured loans. These expected losses translate risks related to collateral realisation, which cannot be recognised by other methods.

For stage 3 exposures, the Group uses the difference between the gross carrying amount of an asset and the present value of estimated future cash flows applying scenario probability weights to measure expected credit losses.

Portfolio level

As for the consumer loan portfolio, the Group uses statistical methods based on the Markov chain model and statistical analysis of historical data on unpaid loans to estimate the amount of loss when measuring expected credit losses.

Forward-looking information

Under IFRS 9, the Group defines three economic scenarios: (i) the baseline economic scenario, which is the Group's main scenario and is assigned the highest weight. This scenario is defined internally according to publicly available estimates of trends in key macroeconomic variables by relevant institutions, such as Oxford Economics, the Czech National Bank, the International Monetary Fund, the Organisation for Economic Cooperation and Development, and consensus analyst estimates published by Bloomberg and Reuters; and (ii) two less likely scenarios – optimistic and pessimistic. The Group monitors the up-to-dateness of macroeconomic scenarios at least on a quarterly basis. The scenarios and their weights applicable as at 31 December 2023 (and as at 31 December 2022) are shown in the table below:

Czech Republic – GDP growth	Weight as at 31 December			
	2023	2024	2025	2026
Baseline scenario	50%	1.2%	2.8%	2.5%
Optimistic scenario	1%	3.6%	4.5%	4.4%
Pessimistic scenario	49%	(3.8%)	2.3%	1.4%

World – GDP growth	Weight as at 31 December			
	2023	2024	2025	2026
Baseline scenario	50%	3.0%	3.0%	3.0%
Optimistic scenario	1%	4.2%	4.5%	4.5%
Pessimistic scenario	49%	(1.3%)	2.8%	2.0%

Czech Republic – GDP growth	Weight as at 31 December			
	2023	2023	2024	2025
Baseline scenario	50%	(0.7%)	2.5%	2.5%
Optimistic scenario	1%	1.3%	4.5%	4.5%
Pessimistic scenario	49%	(4.2%)	(2.3%)	(0.2%)

World – GDP growth	Weight as at 31 December			
	2023	2023	2024	2025
Baseline scenario	50%	1.7%	3.2%	3.5%
Optimistic scenario	1%	2.7%	4.2%	4.5%
Pessimistic scenario	49%	(1.3%)	1.2%	1.5%

The resulting estimated credit losses then reflect the expected development of gross domestic product in the three scenarios above.

On the strength of data availability and resource credibility, the Group uses historical data analysis to estimate the relationships between macroeconomic variables and probabilities of default that are used to measure expected credit losses.

The Group considers the change in the GDP of the Czech Republic and the change in world GDP as key variables explaining the changes in the historical probability of default. For exposures of clients whose business risk lies in the Czech Republic, the Group uses the change in the GDP of the Czech Republic for PD estimates. For other clients' exposures, the Group uses the change in the world GDP as an explanatory variable.

An analysis of relevant assets' loss allowances to the development of GDP is presented in note 44.1., Sensitivity Analysis of loss allowance by relevant categories – individual level,

For risks that were not factored into the macroeconomic model, the Group recognised additional allowances ("management overlay") equal to MCZK 350 as at 31.12.2023 (31.12.2022: MCZK 251). In making management overlays, the Group relies on the regular quarterly stress testing of its loan portfolio, the management overlay amount being based on the expected additional loss on the loan portfolio under a slight stress scenario, defined mainly by the expected change in the GDP, see table below. Management overlay is then technically allocated to selected clients according to their risk level. Management overlays are remeasured on a quarterly basis.

Czech Republic – GDP growth	2024	2025	2026
Stress scenario	(2,33%)	2,61%	1,99%

World – GDP growth	2024	2025	2026
Stress scenario	0,25%	2,89%	2,48%

As at 31. 12. 2022:

Czech Republic – GDP growth	2023	2024	2025
Stress scenario	(3,5%)	(1,58%)	0,2%

World – GDP growth	2023	2024	2025
Stress scenario	(0,76%)	1,73%	2,03%

6 Changes in accounting policies

There were no changes in accounting policies during the period from 1 January 2023 to 31 December 2023, except for below:

Change in presentation of mandatory minimum reserves

As at 31 December 2022, the Group presented mandatory minimum reserves amounting to MCZK 2,221 as Loans and advances to banks in the statement of financial position. In 2023, the Group decided to correct the presentation of mandatory minimum reserves deposited with the central bank from Loans and advances to banks to Cash and cash equivalents, as this presentation better reflects the characteristics of the mandatory minimum reserves. The comparative figures as at 31 December 2022 in the statement of financial position and in the statement of cash-flows were restated accordingly. This restatement had no impact on the Group financial performance, liquidity, or the statement of changes in equity.

Impact of the change in presentation on the statement of financial position:

MCZK	31 December 2022 (as reported)	Reclassification	31 December 2022 (restated)*
Cash and cash equivalents	158,707	2,221	160,928
Loans and advances to banks	10,836	(2,221)	8,615
Total assets	**288,654**	–	**288,654**

* Restated comparative numbers as at 31 December 2022, as presented in the Annual Report

The impact of the change in presentation on the statement of cash - flows:

MCZK	31 December 2022 (as reported)	Reclassification	31 December 2022 (restated)*
Changes in loans and advances to banks	(5,314)	1,762	(3,552)
Net cash from / (used in) operating activities	36,402	1,762	38,164
Net increase / (decrease) in cash and cash equivalents	31,486	1,762	33,248
Cash and cash equivalents as at 1 January	127,050	459	127,509
Effect of exchange rate movements on cash and cash equivalents	171	–	171
Cash and cash equivalents as at 31 December	158,707	2,221	160,928

* Restated comparative numbers as at 31 December 2022, as presented in the Annual Report

7 Net interest income and similar income

MCZK	2023	2022
Interest and similar income		
Cash and cash equivalents	7,732	6,708
Loans and advances to banks	505	511
Loans and advances to customers	5,095	2,825
Of which:		
Unpaid interest income from impaired loans	5	4
Unpaid interest income from loans with forbearance	2	–
Financial assets at fair value through other comprehensive income	2,042	1,768
Financial assets at fair value through profit or loss	2,845	847
Financial assets at amortised cost	818	281
Of which:		
Interest and similar income – EIR	16,192	12,093
Interest and similar income – other	2,845	847
	19,037	**12,940**
Interest expense and similar charges		
Deposits from banks	(580)	(819)
Deposits from customers	(9,773)	(5,094)
Debt securities issued	(314)	(224)
Financial liabilities at fair value through profit or loss	(1,588)	(166)
Lease liabilities	(4)	(4)
	(12,259)	**(6,307)**
NET INTEREST INCOME AND SIMILAR INCOME	**6,778**	**6,633**

The Group did not waive any interest past due during the years 2023 and 2022.

8 Net fee and commission income

MCZK	2023	2022
Fee and commission income		
Toll administration fee income*	349	358
Transaction fee with clients	126	128
Custody fees	34	35
Penalty fees	16	29
Fees from guarantees provided	26	16
Fees from administration of shares/bonds issue	22	17
Transaction fee with banks	8	6
Other	27	16
Of which:		
Fee income – contracts with customers – under IFRS 15	582	589
Fee income – other – under IFRS9	26	16
	608	**605**
Fee and commission expense		
Toll administration fee expense*	(257)	(264)
Transaction fee with other counterparties	(57)	(50)
Transaction fee with banks	(16)	(17)
Other	(4)	(4)
	(334)	**(335)**
NET FEE AND COMMISSION INCOME	**274**	**270**

* Based on contracts concluded between the Bank and CzechToll a.s. and between the Bank and the issuer of fuel cards or the intermediary for card payments, respectively, the Bank has been providing services as a clearing centre for toll payments in the Czech Republic since 1 December 2019. The service also includes the operation of the authorisation centre, which is provided to the Bank by an external company. The Bank collects and pays fees for the services provided and received.

9 Net income/expense from financial operations

MCZK	2023	2022
Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss	(62)	(982)
Of which:		
Net gains/(losses) from trading derivatives	(229)	(585)
Trading securities	167	(397)
Net realised gains/(losses) on financial assets at fair value through other comprehensive income	(74)	(670)
Of which:		
Debt instruments	(74)	(670)
Net realized profit/(losses) on loans and advances to customers	94	–
Dividends	25	4
Foreign exchange gains/(losses)	123	338
TOTAL	**106**	**(1,310)**

All derivatives without regard to their internal classification, i.e. both derivatives held in the trading book and banking book, or purpose, i.e. both trading derivatives and derivatives held for risk management, are presented as Trading derivatives, as hedge accounting is not applied.

However, the Group uses derivatives for economic hedging, therefore, the net gain (loss) on derivatives is partially offset by foreign exchange gains (losses) or interest income (expenses).

10 General administrative expenses

MCZK	2023	2022
Personnel expenses		
Wages and salaries	(389)	(294)
Social expenses	(117)	(99)
Liability insurance, pension insurance	(6)	(6)
Remuneration paid to key management personnel*		
Short-term benefits	(43)	(40)
Long-term benefits	(15)	(9)
	(570)	**(448)**
Other general operating expenses		
Donations	(352)	(232)
Consultancy services	(190)	(151)
IT	(169)	(129)
Other	(10)	(110)
	(721)	**(622)**
TOTAL	**(1,291)**	**(1,070)**

The average number of employees, members of the Board of Directors, Supervisory Board and executives of the Group in the years 2023 and 2022 was as follows:

	2023	2022
Board of Directors	5	5
Supervisory Board**	5	6
Executives	1	1
Employees**	260	239

* Remuneration paid to key management personnel includes wages and salaries paid to the Board of Directors, Supervisory Board and other executives for the service rendered.

** Two employees are also members of the Supervisory Board and are therefore included in the number both of employees and of members of the Supervisory Board.

Other general operating expenses includes fees paid to the external auditor, or member firms of the external auditor for services provided, such as audit services MCZK 9 (2022: MCZK 7), other assurance services MCZK 3 (2022: MCZK 2) and tax advisory services MCZK 0 (2022: MCZK 1).

11 Depreciation and amortisation

MCZK	2023	2022
Depreciation on property, plant and equipment	(18)	(22)
Depreciation on property, plant and equipment – ROU	(26)	(22)
Amortisation of intangible assets	(46)	(48)
TOTAL	**(90)**	**(92)**

12 Other operating expenses

MCZK	2023	2022
Payment to Resolution Fund	(367)	(253)
Payment to Deposit Insurance Fund	(1)	(1)
Payment to Guarantee Fund	(2)	(2)
TOTAL	(370)	(256)

Payment to Guarantee Fund is set by law in the amount of 2% of fee and commission income for investments services provided for the last calendar year. The basis for the calculation of the payment to the Guarantee Fund for 2023 amounted to MCZK 99 (2022: MCZK 102).

13 Impairment gains/losses

MCZK	2023	2022
Gains/(Losses) from change in loss allowances:		
Cash and cash equivalents, Loans and advances to banks	(110)	(83)
Financial assets at fair value through other comprehensive income	90	(887)
Financial assets at amortised costs	(1)	–
Loans and advances to customers – individual	(174)	132
Loans and advances to customers – portfolio	(33)	(14)
Other assets	2	–
Write-offs – loans and advances to customers – individual*	–	(31)
Write-offs – loans and advances to customers – portfolio*	(28)	(30)
Write-offs – loans and advances to banks*	(186)	–
Revenues from previously written-off loans and advances to customers – portfolio	20	6
Gains/(Losses) from change in provisions – off-balance sheet assets	(80)	(10)
TOTAL	(500)	(917)

* The loans and advances to customers that were written-off were fully covered by loss allowances as at the date of write-off.

In 2022, new risks for the economic activity and the pricing and financial stability of both the national and global economies arose due to the war in Ukraine, the extreme hike in energy and commodity prices and the ensuing inflation, as well as the resulting political debate on the mitigation of the impacts of rising energy prices, including the capping of selected energy prices and the imposition of a windfall tax on some types of entities. Accordingly, the Group recognised additional allowances in the amount of MCZK 251 as management overlay in the course of 2022. Higher losses from change in loss allowances to the financial assets at fair value through other comprehensive income in 2022 were mostly caused by recognition of loss allowances to corporate bonds bearing the risk of the Russian Federation.

While the GDP in the Czech Republic increased in 2022 despite the above-mentioned risks, the year 2023 was characterized by a significant decrease in economic activity. There was a gradual lowering of GDP growth estimates for 2023 by all major agencies, and for the entire year 2023 a decline in GDP occurred. This development led to an increase in loss allowances and provisions to the loans and advances to customers. However, the increase in the loss allowances to the loans and advances to customers in 2023 was mainly caused by the growth of the loan portfolio itself. The write-off of loans and advances to banks was caused by the write-off of receivable frozen on a special type of account at a Russian bank, which is subject to Russian counter-sanctions.

14 Income tax expense

Taxes on income consist of current tax on income calculated based on the results reported for tax purposes and the change in deferred taxes.

MCZK	2023	2022
Income tax – current	(732)	(675)
Income tax – related to prior years	68	8
Income tax – deferred	(166)	140
INCOME TAX (EXPENSE)/INCOME	**(830)**	**(527)**

MCZK	2023	2022
Tax rate in Czech Republic	19.0%	19.0%
Profit from operations (before taxation)	4,911	3,263
Computed taxation using applicable tax rate	(933)	(620)
Tax non-deductible expenses	(277)	(117)
Non-taxable income	296	204
Dividends	5	–
Tax related to prior years	68	8
Effect of tax rates in foreign jurisdictions and other items	11	(2)
INCOME TAX (EXPENSE)/INCOME – CURRENT	**(830)**	**(527)**
Effective tax rate	**16.9%**	**16.2 %**

The increase in the effective tax rate in a year-over-year comparison is mainly due to a higher share of non deductible expenses related to the non-taxable income from bonds issued by member states of the European Union.

Amendments to IAS 12 Income Taxes:

International Tax Reform – Pillar Two Model Rules (effective from 1 January 2023)

These amendments (already adopted by the EU) were issued on 23 May 2023 with the immediate effectiveness to clarify the application of IAS 12 Income Taxes to income taxes arising from tax laws enacted or substantively enacted to implement the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules. The amendments introduce:

- a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules;
- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

As the PPF Group (the Group is a member of PPF Group) has applied the temporary mandatory relief from deferred tax accounting for the future impacts of the top-up tax, neither current nor deferred tax impact was recognised for the year ended 31 December 2023.

Not only is the PPF Group itself in the scope of Pillar Two legislation, but this legislation has also been enacted or substantively enacted in some of the jurisdictions in which the PPF Group operates. As the legislation was enacted quite recently and the PPF Group's portfolio is dynamic, the PPF Group is still in the process of assessing the potential exposure to Pillar Two income taxes as at 31 December 2023. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable.

15 Cash and cash equivalents

MCZK	31. 12. 2023	31. 12. 2022
Cash on hand	63	63
Nostro account balances	947	3,444
Balances with the central bank	5,332	7,418
Reverse repo operations with the central bank	159,795	150,008
Loss allowance	–	(5)
NET CASH AND CASH EQUIVALENTS	**166,137**	**160,928**

At 31 December 2023, the balances with the central bank included the balance of MCZK 3,353 (31.12.2022: MCZK 2,221) representing the mandatory minimum reserves. Compliance with the requirement to hold a certain level of mandatory minimum reserves is measured using the monthly average of daily closing balances.

The technical parameters of a reverse repo operation with the central bank are as follows: maturity of two weeks, interest rate set by the CNB for two-week repo operations (the "2W repo rate").

16 Financial assets at fair value through profit or loss

All financial assets at fair value through profit or loss are classified as measured at fair value through profit or loss in accordance with IFRS 9. All financial assets listed below are held within the held-for-trading business model.

MCZK	31. 12. 2023	31. 12. 2022
Bonds and notes issued by:		
Government	15,050	10,581
Corporate	178	100
Shares	484	266
Reverse repo operations	77,382	2,508
Positive fair value of derivatives:		
Interest rate contracts	10,155	16,539
Currency contracts	2,393	3,043
Of which:		
Listed instruments	15,712	10,925
Unlisted instruments	89,930	22,112
TOTAL	**105,642**	**33,037**

Interest income from trading assets and financial assets at fair value through profit or loss is recognised in interest and similar income. The fair value of unlisted instruments was estimated using discounted cash-flow techniques.

17 Financial assets at fair value through other comprehensive income

MCZK	31. 12. 2023	31. 12. 2022
Debt instruments at fair value through other comprehensive income		
Bonds issued by:		
Government	20,118	17,516
Corporate bonds	8,648	7,106
Equity instruments at fair value through other comprehensive income		
Shares issued by:		
Other issuers	244	222
Of which:		
Listed instruments	25,639	22,155
Unlisted instruments	3,371	2,689
TOTAL	29,010	24,844

Debt instruments at fair value through other comprehensive income

Debt instruments at fair value through other comprehensive income were classified under this category on the basis of the Group's business model for managing financial assets.

Interest income from debt instruments at fair value through other comprehensive income is recognised in interest and similar income.

The fair value of unlisted bonds was estimated using discounted cash-flow techniques.

The loss allowance for the expected credit loss on debt instruments at fair value through other comprehensive income was MCZK 195 as at 31 December 2023 (2022: MCZK 937). The loss allowance for expected credit loss is recognised in the statement of comprehensive income in the line "Impairment gains/losses" against the equity line "Fair value reserve".

A credit risk analysis and a detailed overview of the impairment loss on debt instruments at fair value through other comprehensive income are disclosed in notes 44.1 and 13.

Equity instruments at fair value through other comprehensive income

The Group designated certain investments shown in the following table as equity securities at FVOCI. The FVOCI designation was made because the investments are not considered trading instruments and are expected to be held in the long term.

MCZK	31. 12. 2023	31. 12. 2022
Swift S.C. (ISIN: BE0016790090)	2	2
CREDITAS ASSETS SICAV a.s. (ISIN: CZ0008047214)	242	220
TOTAL	244	222

The Group recognised a gain (loss) due to changes in the fair value of these investments in other comprehensive income. In 2023 or 2022, the Group did not dispose of any equity instruments from the portfolio. The Group did not receive any dividends from the instruments in 2023 or 2022.

18 Financial assets at amortised cost

MCZK	31. 12. 2023	31. 12. 2022
Debt instruments at amortised cost		
Bonds issued by:		
Government	18,930	14,899
Corporate bonds	404	150
Loss allowance	(1)	–
NET FINANCIAL ASSETS AT AMORTISED COST	**19,333**	**15,049**

A credit risk analysis and a detailed overview of loss allowances on financial assets at amortised cost are disclosed in note 44.1.

19 Loans and advances to banks

MCZK	31. 12. 2023	31. 12. 2022
Cash collateral for derivative instruments	4,641	5,249
Loans to banks	6,305	3,001
Reverse repo operations with banks	178	–
Deposits to banks	272	373
Other	674	73
Loss allowance	(42)	(81)
NET LOANS AND ADVANCES TO BANKS	**12,028**	**8,615**

A credit risk analysis and a detailed overview of loss allowances on loans and advances are disclosed in note 44.1

20 Loans and advances to customers

MCZK	31. 12. 2023	31. 12. 2022
Total loans and advances to customers	53,726	46,143
Loss allowance	(1,262)	(1,034)
NET LOANS AND ADVANCES TO CUSTOMERS	**52,464**	**45,109**

A credit risk analysis and a detailed overview of loss allowances on loans and advances are disclosed in note 44.1.

21 Consolidated entities

The Bank consolidates the following subsidiaries:

	Principal place of business	Registered office	31. 12. 2023 Share (%)	31. 12. 2022 Share (%)
PPF Co3 B.V.	IN, PH, RS, VN, EU*	NL**	100%	100%

* India, Philippines, Serbia, Vietnam, European Union
** Netherlands

In 2016, the Bank purchased 100% of shares in PPF Co3 B.V. with the aim of entering the consumer credit segment in Asia. It is currently used for the purchase and financing of retail loans from companies under Home Credit, the purchase of retail loans from Yettel Bulgaria and Hungary, the depositing of collateral for Yettel Serbia at Mobi Bank, and the financing of the factoring of receivables from telecommunication services.

The Group held no interest participation with significant influence as at 31 December 2023 and 31 December 2022.

Information on consolidated entities by country of registered office

MCZK	Entities with registered office in NL
As at 31 December 2023	
Turnover	853
Employees	2
Profit/(loss) before income tax	258
Corporate income tax	25
Governmental support granted	–
As at 31 December 2022	
Turnover	844
Employees	2
Profit/(loss) before income tax	93
Corporate income tax	43
Governmental support granted	–

22 Property, plant and equipment

MCZK	Low value fixed assets	Building	Furniture and fittings	Equipment	Fixed assets not in use yet	Total
Cost						
At 1 January 2022	4	188	15	129	4	340
Additions	–	5	–	11	11	27
Disposals/Transfer	–	–	–	(5)	(11)	(16)
At 31 December 2022	4	193	15	135	4	351
At 1 January 2023	4	193	15	135	4	351
Additions	–	17	2	5	3	27
Disposals/Transfer	–	–	–	(1)	(7)	(8)
At 31 December 2023	4	210	17	139	–	370
Depreciation						
At 1 January 2022	4	85	11	93	–	193
Additions	–	22	1	21	–	44
Disposals	–	–	–	(5)	–	(5)
At 31 December 2022	4	107	12	109	–	232
At 1 January 2023	4	107	12	109	–	232
Additions	–	26	1	17	–	44
Disposals	–	–	–	(1)	–	(1)
At 31 December 2023	4	133	13	125	–	275
Net book value						
AT 31 DECEMBER 2022	–	86	3	26	4	119
AT 31 DECEMBER 2023	–	77	4	14	–	95

At 31 December 2023, the Group recorded right-of-use assets in the amount of MCZK 72 (2022: MCZK 81).

23 Intangible assets

MCZK	Software	Software not in use yet	Total
Cost			
At 1 January 2022	629	27	656
Additions	40	24	64
Disposals/Transfer	–	(43)	(43)
At 31 December 2022	669	8	677
At 1 January 2023	669	8	677
Additions	10	25	35
Disposals/Transfer	–	(10)	(10)
At 31 December 2023	679	23	702
Amortisation			
At 1 January 2022	446	–	446
Additions	48	–	48
Disposals	–	–	–
At 31 December 2022	494	–	494
At 1 January 2023	494	–	494
Additions	46	–	46
Disposals	–	–	–
At 31 December 2023	540	–	540
Net book value			
AT 31 DECEMBER 2022	175	8	183
AT 31 DECEMBER 2023	**139**	**23**	**162**

24 Other assets

MCZK	31. 12. 2023	31. 12. 2022
Cash collateral to payment cards	164	166
Trade receivables	160	143
Clearing with securities market	8	28
Prepaid expenses and accrued revenues	98	102
Other	2	5
Loss allowance	(10)	(9)
TOTAL	**422**	**435**

25 Deposits from banks

MCZK	31. 12. 2023	31. 12. 2022
Payable on demand (loro accounts)	2	523
Cash collateral to derivatives	3,723	6,974
Repo operations	12,223	16,483
TOTAL	**15,948**	**23,980**

26 Deposits from customers

MCZK	31. 12. 2023	31. 12. 2022
Payable on demands	82,673	88,394
Term deposits	38,836	45,198
Repo operations	119,131	76,541
Cash collateral to derivatives	460	204
TOTAL	**241,100**	**210,337**

MCZK	31. 12. 2023	31. 12. 2022
Financial institutions*	61,469	83,532
Public sector	100,561	40,173
Non-financial institutions	30,986	46,773
Households/Individuals	9,327	8,220
Holding companies	38,757	31,639
TOTAL	**241,100**	**210,337**

* Holding companies excluded

27 Debt securities issued

MCZK	Interest	Maturity	31. 12. 2023	31. 12. 2022
Investment certificates	fixed	2024–2026	4,436	5,117
TOTAL			**4,436**	**5,117**

The Group has not had any defaults of principal or interest or other breaches with respect to its debt securities issued during the years ended 31 December 2023 and 2022.

28 Reconciliation of movements of liabilities to cash flows arising from financing activities

MCZK	Debt securities issued	Lease liabilities	Total
At 1 January 2023	**5,117**	**83**	**5,200**
Net increase/(decrease) in cash and cash equivalents			–
Lease payments	–	(26)	(26)
Changes in lease liabilities	–	17	17
Proceeds from issue of debt securities	436	–	436
Repayment of debt securities issued	(1,117)	–	(1,117)
Other	(7)	–	(7)
Net cash from financing activities	**(688)**	**(9)**	**(697)**
Interest expense	314	4	318
Interest paid	(307)	(4)	(311)
AT 31 DECEMBER 2023	**4,436**	**74**	**4,510**

MCZK	Debt securities issued	Lease liabilities	Total
At 1 January 2022	**4,411**	**100**	**4,511**
Net increase/(decrease) in cash and cash equivalents			–
Lease payments	–	(21)	(21)
Changes in lease liabilities	–	4	4
Proceeds from issue of debt securities	1,845	–	1,845
Repayment of debt securities issued	(1,139)	–	(1,139)
Other	10	–	10
Net cash from financing activities	**716**	**(17)**	**699**
Interest expense	225	3	228
Interest paid	(235)	(3)	(238)
AT 31 DECEMBER 2022	**5,117**	**83**	**5,200**

29 Financial liabilities at fair value through profit or loss

All financial liabilities at fair value through profit or loss are classified as held for trading.

MCZK	31. 12. 2023	31. 12. 2022
Negative fair value of derivatives:		
Interest rate contracts	10,267	16,579
Currency contracts	1,848	3,065
Repo operations	76,603	2,413
Liabilities from short sales of securities	11,553	8,363
TOTAL	**100,271**	**30,420**

30 Income tax assets/liabilities

MCZK	31. 12. 2023	31. 12. 2022
Income tax liability	270	256

As at 31 December 2023, the tax liabilities of the Group totalled MCZK 735 (31.12.2022: MCZK 675), the Group paid income tax advances totalling MCZK 405 (31.12.2022: MCZK 356) and tax paid abroad amounts to MCZK 60 (31.12.2022: MCZK 63).

31 Deferred tax liability/asset

Deferred taxes are calculated from all temporary differences between the tax and accounting value of assets and liabilities. To determine the recognised deferred taxes the Group uses the income tax rate applicable in the periods in which deferred taxes are expected to be utilised, i.e. 21% tax rate in 2023 for the following years in the Czech Republic (2022: 19%). The income tax rate in the country of the subsidiary, the Netherlands, is 25.8% (2022: 25.8%).

The recognised deferred tax assets and liabilities consist of the following items:

MCZK	31. 12. 2023	31. 12. 2022
Deferred tax assets		
Deferred tax asset from wages and unpaid social and health insurance	36	21
Deferred tax asset from financial assets at fair value through other comprehensive income	–	317
Deferred tax asset from lease liabilities*	15	15
Deferred tax asset from loans and advances to customers	–	11
Deferred tax assets	**51**	**364**
Deferred tax liabilities		
Deferred tax liability from loans and advances to customers	(44)	(10)
Deferred tax liability from financial assets at fair value through other comprehensive income	(26)	–
Deferred tax liability from tangible assets – ROU assets*	(15)	(15)
Deferred tax liability from intangible assets	(3)	(4)
Deferred tax liabilities	**(88)**	**(29)**
NET DEFERRED TAX ASSETS (LIABILITIES)	**(37)**	**335**

* The Group applied Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transactions from 1 January 2023. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets.

There was no unrecognised item related to deferred tax.

The analysis of the movements of Deferred tax is as follows:

MCZK	Total
At 1 January 2023	335
Deferred tax income/(expense) recognised in Profit or Loss	(166)
Deferred tax income/(expense) recognised in Other comprehensive income	(206)
AT 31 DECEMBER 2023	**(37)**
At 1 January 2022	87
Deferred tax income/(expense) recognised in Profit or Loss	140
Deferred tax income/(expense) recognised in Other comprehensive income	108
AT 31 DECEMBER 2022	**335**

The difference between the deferred tax income/expense recognized in other comprehensive income and the year-over-year change in the balance of deferred tax assets/liabilities from financial assets at fair value through other comprehensive income relates to the recognition of the expected credit losses to debt instruments measured at FVOCI in Profit or loss against Fair values reserve in equity, see note 3.8.

32 Provisions

The development of provisions is disclosed in the following table:

MCZK	Provisions for guarantees provided	Legal provisions	Other provisions	Total
Provisions at 1 January 2023	36	141	19	196
Creation	209	26	36	271
Use	–	(6)	–	(6)
Release	(128)	(118)	–	(246)
PROVISIONS AT 31 DECEMBER 2023	**117**	**43**	**55**	**215**
Provisions at 1 January 2022	26	129	18	173
Creation	96	14	1	111
Use	–	(2)	–	(2)
Release	(86)	–	–	(86)
PROVISIONS AT 31 DECEMBER 2022	**36**	**141**	**19**	**196**

In 2023, the Group released provisions of MCZK 118 due to the termination of the court case by the decision of the Court of Appeal in favor of the Group. The Group created new legal provisions of MCZK 26 based on a call from a third party to pay a claim, the existence of which has not yet been sufficiently proven.

33 Other liabilities

MCZK	31. 12. 2023	31. 12. 2022
Liabilities from clearing	874	193
Payables to suppliers	256	251
Lease liabilities	74	83
Accrued expenses and deferred income	151	73
Blocked and escrow accounts	72	72
Other liabilities to employees	27	24
Social and health insurance	10	9
Other payables	354	86
TOTAL	**1,818**	**791**

34 Lease liabilities

MCZK	31. 12. 2023	31. 12. 2022
Lease liabilities	74	83
Current	23	20
Non-current	51	63
Interest on lease liabilities	4	4

The Group leases branch and office premises under operating leases.

Variable lease payments depend on the consumer price index set by the Czech Statistical Office, payments are updated annually as at 1 January.

The lease liabilities are recognised under the item “Other liabilities” in the statement of financial position, for details see note 33. Interest on lease liabilities are recognised in the income statement in the line item “Interest and similar income”, for details see note 7.

Maturity analysis – contractual undiscounted cash flows:

MCZK	31. 12. 2023	31. 12. 2022
Less than one year	26	23
Between one and five years	53	67
More than five years	–	–
TOTAL	79	90

35 Repurchase and reverse repurchase agreements

The Group purchases financial instruments under reverse repurchase agreements. The seller commits to repurchase the same or similar instruments at an agreed future date. Reverse repurchases are entered into as a facility to provide funds to customers.

Assets purchased under reverse repurchase agreements were as follows:

MCZK	Carrying amounts of receivables	Fair value of assets held as collateral
Assets at 31 December 2023:		
Cash and cash equivalents	159,795	156,841
Financial assets at fair value through profit or loss	77,382	75,992
Loans and advances to banks	178	1,428
Loans and advances to customers	6,633	10,674
Assets at 31 December 2022:		
Cash and cash equivalents	150,008	147,497
Financial assets at fair value through profit or loss	2,508	4,304

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. Repurchase agreements are commonly used as a tool for short-term financing.

Assets sold under repurchase agreements were as follows:

MCZK	Carrying amounts of liabilities	Fair value of assets given as collateral
Liabilities at 31 December 2023:		
Deposits from customers	119,131	116,595
Deposits from banks	12,223	14,162
Financial liabilities at fair value through profit or loss	76,603	77,073
Liabilities at 31 December 2022:		
Deposits from customers	76,541	73,470
Deposits from banks	16,483	17,405
Financial liabilities at fair value through profit or loss	2,413	4,310

36 Offsetting financial instruments

Financial assets subject to offsetting and potential offsetting agreements as at 31 December 2023

MCZK	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts presented in the statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting		Net amount after potential offsetting
				Financial instruments (incl. non-cash collateral)	Cash collateral received	
Derivatives held for trading	10,588	–	10,588	(8,224)	(4,183)	–
Reverse repurchase agreements	245,259	(1,271)	243,988	(244,935)	–	–
TOTAL	**255,847**	**(1,271)**	**254,576**	**(253,159)**	**(4,183)**	**–**

Financial liabilities subject to offsetting and potential offsetting agreements as at 31 December 2023

MCZK	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the statement of financial position	Net amounts presented in the statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting		Net amount after potential offsetting
				Financial instruments	Cash collateral provided	
Derivatives held for trading	(8,426)	–	(8,426)	5,440	4,875	–
Repurchase agreements	(209,228)	1,271	(207,957)	207,830	–	(127)
TOTAL	**(217,654)**	**1,271**	**(216,383)**	**213,270**	**4,875**	**(127)**

Financial assets subject to offsetting and potential offsetting agreements as at 31 December 2022

MCZK	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts presented in the statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting		Net amount after potential offsetting
				Financial instruments (incl. non-cash collateral)	Cash collateral received	
Derivatives held for trading	17,871	–	17,871	(11,934)	(7,069)	–
Reverse repurchase agreements	152,516	–	152,516	(151,801)	–	715
TOTAL	**170,387**	**–**	**170,387**	**(163,735)**	**(7,069)**	**715**

Financial liabilities subject to offsetting and potential offsetting agreements as at 31 December 2022

MCZK	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the statement of financial position	Net amounts presented in the statement of financial position	Potential effects of netting agreements not qualifying for balance sheet offsetting		Net amount after potential offsetting
				Financial instruments	Cash collateral provided	
Derivatives held for trading	(12,727)	–	(12,727)	7,559	5,851	–
Repurchase agreements	(95,437)	–	(95,437)	95,184	–	253
TOTAL	**(108,164)**	**–**	**(108,164)**	**102,743**	**5,851**	**253**

The Group uses repurchase agreements and master netting agreements as a means of reducing the credit risk of derivative and financing transactions. They qualify as potential offsetting agreements.

The Group accepts and provides collateral in the form of cash and marketable securities for the following transactions:

— derivatives;
— repurchase agreements, reverse repurchase agreements.

This collateral is subject to standard market conditions, including the ISDA credit support annex. This means that securities accepted/provided as collateral may be pledged or sold during the transaction period, but must be returned upon maturity of the transaction.

Derivative transactions under the ISDA and similar framework agreements do not meet the criteria for compensation in the statement of financial position as, for both counterparties, they create a right to set off recognised amounts that is enforceable only in the event of default, insolvency or bankruptcy of the Group or counterparties or further to other predetermined events. In addition, the Group and its counterparties do not intend to settle on a net basis or settle assets and liabilities simultaneously.

Repurchase agreements are primarily financing transactions. They are structured as a sale and subsequent repurchase of securities at a pre-agreed price and time. This ensures that the securities stay in the hands of the lender as collateral in case the borrower defaults in any obligations. Offsetting effects from repurchase agreements are disclosed in the column Non-cash financial collateral received/pledged. Collateral is presented at the fair value of the transferred securities. However, if the fair value of collateral exceeds the carrying amount of the receivable/liability from the repo transaction, the value is capped at the level of the carrying amount. The remaining position may be secured by cash collateral.

37 Issued capital

	Number of shares	Nominal value CZK	Registered capital MCZK
As at 31 December 2023:			
	192,131	2,602.5	500
	384,262	700.0	269
	576,393		769
As at 31 December 2022:			
	192,131	2,602.5	500
	384,262	700.0	269
	576,393		769

Holders of ordinary shares are entitled to declared dividends and have the right to vote at the General Meeting of the Bank in the amount of 26,025 votes, or 7,000 votes per share, respectively. All ordinary shares have the same rights to the Bank's residual assets.

The shareholder structure as at 31 December 2023 and as at 31 December 2022 was as follows:

Name	Residence	Number of shares	Share MCZK	Share %
PPF Financial Holdings a.s.	Czech Republic	554,711	715	92.96%
Hlavní město Praha	Czech Republic	19,882	52	6.73%
Other (less than 1%)		1,800	2	0.31%
TOTAL		**576,393**	**769**	**100.00%**

No members of the management, the Board of Directors or the Supervisory Board held any shares of the Bank as at 31 December 2023 or 31 December 2022.

The Bank has not introduced any scheme for the purchase of its own shares or provided any remuneration in the form of options to purchase its shares. All shares of the Bank were fully paid. The share premium amounts to MCZK 412 (31.12.2022: MCZK 412).

38 Fair value reserve

MCZK	31. 12. 2023	31. 12. 2022
Fair value reserve	252	(594)
TOTAL	**252**	**(594)**

The fair value reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income and a loss allowance for expected credit losses on debt instruments at fair value through other comprehensive income, until the assets are derecognised.

39 Translation reserve

MCZK	31. 12. 2023	31. 12. 2022
Translation reserve	(4)	(16)
TOTAL	**(4)**	**(16)**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of PPF Co3 B.V.

40 Dividends paid

The following dividends were paid by the Bank in 2023.

MCZK	2023
CZK 4,393.02 per registered share with a nominal value of CZK 2,602.5 per share	844
CZK 1,181.60 per registered share with a nominal value of CZK 700 per share	454
TOTAL	**1,298**

The following dividends were paid by the Bank in 2022.

MCZK	2022
CZK 5,048.85 per registered share with a nominal value of CZK 2,602.5 per share	970
CZK 1,358.00 per registered share with a nominal value of CZK 700 per share	522
TOTAL	**1,492**

41 Proposed allocation of net profit for the year

The Group proposes to allocate its profit as follows

MCZK	Net profit for the year
Net profit for the year 2023	4,081
Proposed allocation of profit for 2023:	
Dividend payout	(2,384)
TRANSFER TO RETAINED EARNINGS	(1,697)

42 Off-balance sheet items

Commitments and contingent liabilities

Guarantees and credit commitments are subject to the same procedures within the standard lending process, in terms of credit risk monitoring and regulation of the Group's credit activity.

MCZK	31. 12. 2023	31. 12. 2022
Guarantees issued	1,880	1,612
Undrawn credit commitments	11,210	14,965
Irrevocable credit commitments	4,290	4,328
Revocable credit commitments	6,920	10,637
TOTAL	**13,090**	**16,577**

The total outstanding contractual commitments to extend the credits indicated above do not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

A credit risk analysis and a detailed overview of provisions are disclosed in note 44.1.

Values under custody or administration

MCZK	31. 12. 2023	31. 12. 2022
Values under custody or administration	127,499	123,620
TOTAL	**127,499**	**123,620**

The values represent debt and equity securities accepted by the Group to provide custody or administration services.

Derivatives

MCZK	Notional value		Positive fair value		Negative fair value	
	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022
Derivatives						
Interest rate swaps	287,390	287,803	10,116	16,526	(10,243)	(16,551)
Interest rate forwards	70,310	–	39	–	(25)	–
Interest rate futures	443	28	1	13	–	(28)
FX/Cross-currency swap	177,727	139,524	2,084	2,800	(1,648)	(2,223)
FX forwards	16,829	19,569	304	238	(195)	(837)
FX options purchase	123	122	4	5	–	–
FX options sale	123	122	–	–	(4)	(5)
			12,548	**19,582**	**(12,115)**	**(19,644)**

Residual maturity of derivatives

The following table represents expected cash outflows and inflows related to derivatives:

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
At 31 December 2023					
Outflow					
Interest derivatives	(5,863)	(81,125)	(150,157)	(121,205)	(358,350)
Currency derivatives	(107,807)	(63,865)	(22,553)	–	(194,225)
Inflow					
Interest derivatives	5,839	81,122	149,957	121,225	358,143
Currency derivatives	108,002	64,182	22,617	–	194,801
NET POSITION	**171**	**314**	**(136)**	**20**	**369**
At 31 December 2022					
Outflow					
Interest derivatives	(12,302)	(105,382)	(130,180)	(106,034)	(353,898)
Currency derivatives	(81,700)	(43,765)	(33,675)	–	(159,140)
Inflow					
Interest derivatives	12,386	105,496	129,998	106,017	353,897
Currency derivatives	81,357	43,808	33,928	–	159,093
NET POSITION	**(259)**	**157**	**71**	**(17)**	**(48)**

43 Fair value disclosures

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy in which each fair value measurement is categorised.

MCZK	As at 31 December 2023				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	–	166,137	–	166,137	166,137
Financial assets at amortised cost	19,655	409	–	20,064	19,333
Loans and advances to banks	–	4,448	7,597	12,045	12,028
Loans and advances to customers	–	277	52,564	52,674	52,464
Financial liabilities					
Deposits from banks	–	15,948	–	15,948	15,948
Deposits from customers	–	240,937	–	240,937	241,100
DEBT SECURITIES ISSUED	**–**	**4,441**	**–**	**4,441**	**4,436**

MCZK	As at 31 December 2022				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	–	160,928	–	160,928	160,928
Financial assets at amortised cost	14,575	147	–	14,722	15,049
Loans and advances to banks	–	2,750	5,870	8,620	8,615
Loans and advances to customers	–	602	44,257	44,859	45,109
Financial liabilities					
Deposits from banks	–	23,980	–	23,980	23,980
Deposits from customers	–	210,000	–	210,000	210,337
DEBT SECURITIES ISSUED	–	5,049	–	5,049	5,117

The major methods and assumptions used in estimating the fair values of financial instruments shown in the table are summarised below.

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. To improve the accuracy of the valuation estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics such as vintage, LTV ratios, product and borrower type, prepayment and delinquency rates, and default probability.

Cash and cash equivalents

For cash and cash equivalents the carrying value is deemed to be equal to the fair value.

Loans and advances to banks

Loans and advances with banks will mature in less than twelve months and their fair value has therefore been deemed to be equal to their carrying value.

Loans and advances to customers

Loans and advances are net of loss allowances. The estimated fair value of loans and advances represents the discounted amount of the estimated future cash flows expected to be received. The expected cash flows are discounted at current market rates to determine the fair value. For loans and advances that will mature or be renewed within twelve months, the fair value was deemed to be equal to the carrying value.

Deposits from banks

Deposits from banks will mature in less than twelve months and their fair value has therefore been deemed to be equal to their carrying value.

Deposits from customers

The estimated fair value of deposits is the discounted amount of estimated future cash flows. Expected cash flows are discounted at current market rates to determine their fair value.

Debt securities issued

For issued debt securities, the fair value is calculated based on market inputs.

The following table analyses financial assets and liabilities recognised at fair value based on the quality of entry data used for valuation. The fair value levels are defined in note 3.4:

MCZK	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Securities held for trading	15,711	–	–	15,711
Reverse repo operations	–	77,383	–	77,383
Derivatives held for trading	–	12,548	–	12,548
Financial assets at fair value through other comprehensive income	25,639	3,127	244	29,010
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Securities held for trading	11,553	–	–	11,553
Repo operations	–	76,603	–	76,603
Derivatives held for trading	–	12,115	–	12,115

MCZK	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Securities held for trading	10,925	11	11	10,947
Reverse repo operations	–	2,508	–	2,508
Derivatives held for trading	–	19,582	–	19,582
Financial assets at fair value through other comprehensive income	22,155	2,565	124	24,844
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Securities held for trading	8,363	–	–	8,363
Repo operations		2,413	–	2,413
Derivatives held for trading	–	19,644	–	19,644

The following table states the transfers of financial assets recognised at fair value to and from Level 3:

MCZK	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance as at 1 January 2023	11	124	135
Profit and loss from revaluation	–	–	–
In profit or loss	(11)	–	(11)
In other comprehensive income	–	22	22
Purchases	–	–	–
Sales	–	(124)	(124)
Transfers into Level 3	–	222	222
Transfers out of Level 3	–	–	–
Transfers between portfolios	–	–	–
BALANCE AS AT 31 DECEMBER 2023	**–**	**244**	**244**
Balance as at 1 January 2022	–	–	–
Profit and loss from revaluation	–	–	–
In profit or loss	–	–	–
In other comprehensive income	–	–	–
Purchases	–	–	–
Sales	–	–	–
Transfers into Level 3	11	124	135
Transfers out of Level 3	–	–	–
Transfers between portfolios	–	–	–
BALANCE AS AT 31 DECEMBER 2022	11	124	135

In 2023, there was a transfer of equity instruments within financial assets at fair value through other comprehensive income in the amount of MCZK 222 into Level 3 due to non-existence of markets for these instruments.

In 2022, there was a transfer of financial assets at fair value through profit or loss in the amount of MCZK 11 and financial assets at fair value through other comprehensive income in the amount of MCZK 124 into Level 3 due to non-existence of markets for these bonds.

44 Risk management disclosure

This section provides details of the Group's exposure to risk and describes the methods used by the management to control risk. The most important types of financial risk to which the Group is exposed are:

— credit risk;
— liquidity risk;
— market risk;
— operational risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

44.1 Credit risk

Credit risk management

The Group is exposed to credit risks in relation to its business activities. Credit risks are managed at the individual business case, client and entire portfolio level. The Credit Risk Management department, part of the Risk Management division, is primarily responsible for the management of credit risks. The Credit Risk Management department is independent of the Sales division in terms of organisation and reports directly to the member of the Board of Directors in charge of the Risk Management division.

The Groups's risk management strategy, risk appetite and other internal standards define the general principles, objectives and methods of its credit risk management. In its internal norms, the Group also defines competences for the approval of credit exposures and for the Credit Committee.

Managing credit risk at individual business case or client level

At the individual business case or client level, credit risk is managed by assessing and evaluating such risk through credit analysis and the determination of a client's creditworthiness. To assess a client's risk and credit status, the Group applies a comprehensive set of tools, models and methods, which make up the Group's rating scheme. When determining the rating of individual clients, the Group assesses financial and non-financial aspects as well as its economic position. An entity's rating is defined as its ability and will to meet its short-term and long-term liabilities.

The aim of the analysis is to prevent any losses the Group may incur as a result of the client's failure. In practice, this means estimating the risk arising from the ability to meet short-term and long-term liabilities and assessing the long-term financial stability of the client.

When determining a rating, the Group also specifies the likelihood of a client's default and what the expected loss relating to the Group's potential engagement in respect to the client may be.

An internal rating is assigned to each client constituting a credit risk to the Group, i.e. representing an exposure in both the investment and the trading portfolios. The exposures evaluated include both balance sheet and off-balance sheet exposures. The internal rating system comprises 15 ratings (A1-A4, B1-B6, C1-C4, D). Clients with default receivables must always be assigned D rating. The Group has plotted this internal scale to reflect the rating scales of prominent external rating agencies. Below is a table showing the indicative pairing of the risk level with external ratings.

	Internal rating	External rating
Very low risk	A1	AAA – AA
Low to fair risk	A1 – A3	A – BBB
Medium risk	A4 – B5	BB – B
High risk	B6 – C4	CCC
Default	D	CC and lower

Credit risk management at the entire portfolio level

This credit risk management level primarily comprises credit portfolio reporting, including analyses and monitoring of trends in individual credit portfolios. The Group closely monitors its overall credit risk exposure and thus considers all its balance sheet and off-balance sheet exposures. The Group regularly monitors its credit exposure in individual industries, segments, countries and economically connected groups of debtors. The Group regularly measures the credit portfolio concentration risk and, where necessary, sets concentration limits for individual segments, countries and economically connected groups of debtors.

Credit risk management of the consumer loan portfolio

As for consumer loans, credit risk is managed by setting qualitative and quantitative criteria that receivables must meet upon purchase for the portfolio. The criteria used in particular include qualitative criteria applied to the debtor (the debtor is not in insolvency, meets all qualitative criteria of the original creditor, number of instalments paid, maximum number of days past due, interest calculation method, minimum applicable interest rate, number of remaining instalments or maximum concentration per debtor). Subsequently, the migration of the receivables portfolio between the delinquency bands is regularly monitored. Findings regarding credit risk developments may be taken into account when adjusting the criteria for further purchases.

Classification of receivables, assessment of impairment losses

The Group classifies receivables into the following categories:

— performing receivables (without the default of the debtor);
— non-performing receivables (debtor in default).

The Group assesses the impairment loss on performing receivables at an amount equal to the 12-month expected credit losses (stage 1 under IFRS9) or to the lifetime expected credit losses (stage 2 under IFRS9).

The Group assesses the impairment loss on non-performing receivables at an amount equal to the lifetime expected credit losses (stage 3 under IFRS). To determine the impairment loss, the Group applies the method of discounting estimated future cash flows. The loss is determined as the difference between the asset's gross carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate of the financial asset. The original effective interest rate is the effective interest rate ascertained upon the establishment of the receivable or on the last date the modification of the contractual cash flow or interest income was made. The Group writes off a receivable when it does not expect any cash inflows from the receivable or from received collateral related to such a receivable.

Loans in the PPF Co3 B.V. portfolio of consumer loans provided in Hungary are written off by the Group when any amount of the receivable is more than 360 days past due.

The Group partially writes off loans in the PPF Co3 B.V. portfolio of consumer loans provided in Bulgaria, at the amount of the expected credit loss, when any amount of a receivable is more than 360 days past due. The Group writes off loans in this portfolio completely when they are more than 1,080 days past due.

PPF Co3 B.V. is not the original provider of the consumer loans. Either the consumer loans were purchased from the original provider or PPF Co3 B.V. participates in the consumer loans via investment certificates issued by the original provider.

Set out below is an analysis of the gross and net (of loss allowances for impairment) carrying amounts of financial assets as at year end. The amounts represent the Group's maximum exposure to credit risk.

The tables analysing changes in loss allowance/provision in the respective categories present the development of loss allowance/provision during the year. These were affected by various factors during the year, such as:

- a change in the stage of a financial asset (see below – an increase or decrease in a loss allowance/provision within the scope of a transfer, as reported in the values of a loss allowance/provision corresponding to the appropriate stage);
- the emergence of new assets (i.e. the recognition of a new loss allowance/provision reported at the stage under which a financial asset was classified at the end of the accounting period);
- the derecognition or write-off of financial assets (i.e. the derecognition of the corresponding loss allowance/provision);
- a change in the PD/EAD/LGD of individual financial assets (i.e. an increase or decrease in the loss allowance/provision);
- a change in the calculation methodology,
- a modification of the cash flows of financial assets,
- or a change in the exchange rates of financial assets (and loss allowance/provision) in foreign currencies during the year.

The Group did not recognise any financial asset in 2023 or 2022 that has been modified since initial recognition and transferred from stage 2 or 3 (the loss allowance measured at an amount equal to lifetime expected credit losses) to stage 1 (the loss allowance measured at an amount equal to 12-month expected credit losses).

In 2023 and 2022, the Group accounted for modifications; the profit (loss) from the modification was immaterial, both individually and on aggregate.

Financial assets at fair value through other comprehensive income (excluding equity instruments designated at fair value through other comprehensive income)

MCZK	31. 12. 2023			31. 12. 2022		
	Gross carrying amount	Loss allowance	Fair value amount	Gross carrying amount	Loss allowance	Fair value amount
Debt instruments	28,434	(195)	28,766	25,370	(937)	24,622
TOTAL	**28,434**	**(195)**	**28,766**	**25,370**	**(937)**	**24,622**

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	19,604	–	–	–	19,604
Low to fair risk	2,275	–	–	–	2,275
Medium risk	5,050	1,360	–	–	6,410
High risk	30	165	–	–	195
Default	–	–	–	–	–
GROSS CARRYING AMOUNT	**26,959**	**1,525**	**–**	**–**	**28,434**
Loss allowance	(46)	(149)	–	–	(195)

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	17,699	–	–	–	17,699
Low to fair risk	1,792	–	–	–	1,792
Medium risk	5,023	734	–	–	5,757
High risk	–	122	–	–	122
Default	–	–	–	–	–
GROSS CARRYING AMOUNT	**24,514**	**856**	**–**	**–**	**25,370**
Loss allowance	(45)	(892)	–	–	(937)

The loss allowance for the expected credit loss on debt instruments at fair value through other comprehensive income is presented in the equity line item “Fair value reserve”.

Set out below is an analysis of changes in loss allowances by relevant categories:

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2023	45	892	–	–	937
Transfers between stages:	–	–	–	–	–
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	(13)	131	–	–	118
Transfer to stage 3	–	–	–	–	–
New financial assets originated or purchased	13	4	–	–	17
Changes in PD/LGD/EADs, unwind of discount	4	3	–	–	7
Derecognition of financial asset	(3)	(229)	–	–	(232)
Sale of financial assets	–	(632)	–	–	(632)
Write-offs	–	–	–	–	–
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	–	(20)	–	–	(20)
NET CHANGE IN 2023	**1**	**(743)**	**–**	**–**	**(742)**
Loss allowance as at 31. 12. 2023	46	149	–	–	195

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2022	53	31	–	–	84
Transfers between stages:	–	–	–	–	–
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	(7)	465	–	–	458
Transfer to stage 3	–	–	–	–	–
New financial assets originated or purchased	5	–	–	–	5
Changes in PD/LGD/EADs, unwind of discount	–	435	–	–	435
Derecognition of financial asset	(6)	(5)	–	–	(11)
Sale of financial assets	–	–	–	–	–
Write-offs	–	–	–	–	–
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	–	(34)	–	–	(34)
NET CHANGE IN 2022	**(8)**	**861**	**–**	**–**	**853**
Loss allowance as at 31. 12. 2022	45	892	–	–	937

Financial assets at amortised cost

MCZK	31. 12. 2023			31. 12. 2022		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Debt instruments	19,334	(1)	19,333	15,049	–	15,049
TOTAL	**19,334**	**(1)**	**19,333**	**15,049**	**–**	**15,049**

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	18,930	–	–	–	18,930
Low to fair risk	251	–	–	–	251
Medium risk	153	–	–	–	153
High risk	–	–	–	–	–
Default	–	–	–	–	–
GROSS CARRYING AMOUNT	**19,334**	**–**	**–**	**–**	**19,334**
Loss allowance	(1)	–	–	–	(1)
NET CARRYING AMOUNT	**19,333**	**–**	**–**	**–**	**19,333**

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	14,899	–	–	–	14,899
Low to fair risk	150	–	–	–	150
Medium risk	–	–	–	–	–
High risk	–	–	–	–	–
Default	–	–	–	–	–
GROSS CARRYING AMOUNT	**15,049**	**–**	**–**	**–**	**15,049**
Loss allowance	–	–	–	–	–
NET CARRYING AMOUNT	**15,049**	**–**	**–**	**–**	**15,049**

Cash and cash equivalents (excl. cash on hand) and loans and advances to banks

MCZK	31. 12. 2023			31. 12. 2022		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Nostro account balances	947	–	947	3,444	(5)	3,439
Balances with the central bank	5,332	–	5,332	7,418	–	7,418
Reverse repo with the central bank	159,795	–	159,795	150,008	–	150,008
Loans and advances to banks	12,070	(42)	12,028	8,696	(81)	8,615
TOTAL	**178,144**	**(42)**	**178,102**	**169,566**	**(86)**	**169,480**

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	163,634	–	–	–	163,634
Low to fair risk	5,686	–	–	–	5,686
Medium risk	8,575	242	–	–	8,817
High risk	–	7	–	–	7
Default	–	–	–	–	–
GROSS CARRYING AMOUNT	**177,895**	**249**	**–**	**–**	**178,144**
Loss allowance	(42)	–	–	–	(42)
NET CARRYING AMOUNT	**177,853**	**249**	**–**	**–**	**178,102**

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	154,514	–	–	–	154,514
Low to fair risk	14,200	–	–	–	14,200
Medium risk	518	252	–	–	770
High risk	–	9	–	–	9
Default	–	–	73	–	73
GROSS CARRYING AMOUNT	**169,232**	**261**	**73**	**–**	**169,566**
Loss allowance	(8)	(5)	(73)	–	(86)
NET CARRYING AMOUNT	**169,224**	**256**	**–**	**–**	**169,480**

The Group did not report any accrued interest to individually credit-impaired loans and advances to banks as at 31 December 2023 and 2022.

Set out below is an analysis of changes in loss allowances by relevant categories:

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2023	8	5	73	–	86
Transfers between stages:	–	–	–	–	–
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	–	–	–	–	–
Transfer to stage 3	–	–	–	–	–
New financial assets originated or purchased	42	–	–	–	42
Changes in PD/LGD/EADs, unwind of discount	–	232	35	–	267
Derecognition of financial asset	(8)	(5)	–	–	(13)
Sale of financial assets	–	–	(77)	–	(77)
Write-offs	–	(186)	–	–	(186)
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	–	(46)	(31)	–	(77)
NET CHANGE IN 2023	**34**	**(5)**	**(73)**	**–**	**(44)**
Loss allowance as at 31. 12. 2023	42	–	–	–	42

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2022	4	–	–	–	4
Transfers between stages:					
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	–	–	–	–	–
Transfer to stage 3	–	–	–	–	–
New financial assets originated or purchased	4	6	–	–	10
Changes in PD/LGD/EADs, unwind of discount	(2)	–	75	–	73
Derecognition of financial asset	–	–	–	–	–
Sale of financial assets	–	–	–	–	–
Write-offs	–	–	–	–	–
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	2	(1)	(2)	–	(1)
NET CHANGE IN 2022	**4**	**5**	**73**	**–**	**82**
Loss allowance as at 31. 12. 2022	8	5	73	–	86

Loans and advances to customers

MCZK	31. 12. 2023			31. 12. 2022		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
Loans and advances to customers	53,726	(1,262)	52,464	46,143	(1,034)	45,109
TOTAL	**53,726**	**(1,262)**	**52,464**	**46,143**	**(1,034)**	

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Individual					
Very low risk	–	–	–	–	–
Low to fair risk	2,584	–	–	–	2,584
Medium risk	35,729	4,312	–	–	40,041
High risk	8,626	274	–	–	8,900
Default	–	–	305	–	305
Portfolio					
Consumer loans	1,838	22	36	–	1,896
GROSS CARRYING AMOUNT	**48,777**	**4,608**	**341**	**–**	**53,726**
Loss allowance	(906)	(101)	(255)	–	(1,262)
NET CARRYING AMOUNT	**47,871**	**4,507**	**86**	**–**	**52,464**

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Individual					
Very low risk	1, 211	–	–	–	1,211
Low to fair risk	685	–	–	–	685
Medium risk	36,914	4,153	–	–	41,067
High risk	464	833	–	–	1,297
Default	–	–	456	–	456
Portfolio					
Consumer loans	1,383	14	30		1,427
GROSS CARRYING AMOUNT	**40,657**	**5,000**	**486**	**–**	**46,143**
Loss allowance	(661)	(135)	(238)	–	(1,034)
NET CARRYING AMOUNT	**39,996**	**4,865**	**248**	**–**	**45,109**

Set out below is an analysis of changes in loss allowances by relevant categories:

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2023	661	135	238	–	1,034
Transfers between stages:					
Transfer to stage 1	10	(6)	–	–	4
Transfer to stage 2	(2)	6	–	–	4
Transfer to stage 3	(3)	(3)	35	–	29
New financial assets originated or purchased	756	7	–	–	763
Changes in PD/LGD/EADs, unwind of discount	(421)	(12)	19	–	(414)
Derecognition of financial asset	(118)	(27)	(6)	–	(151)
Sale of financial assets	–	–	(5)	–	(5)
Write-offs	–	–	(28)	–	(28)
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	23	1	2	–	26
NET CHANGE IN 2023	**245**	**(34)**	**17**	**–**	**228**
Loss allowance as at 31. 12. 2023	906	101	255	–	1,262

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2022	250	282	648	–	1,180
Transfers between stages:					
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	(1)	6	–	–	5
Transfer to stage 3	(2)	(2)	26	–	22
New financial assets originated or purchased	311	–	–	–	311
Changes in PD/LGD/EADs, unwind of discount	24	(25)	26	–	25
Derecognition of financial asset	(121)	(126)	(388)	–	(635)
Sale of financial assets	–	–	(6)	–	(6)
Write-offs	–	–	(61)	–	(61)
Changes to methodologies	209	6	–	–	215
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	(9)	(6)	(7)	–	(22)
NET CHANGE IN 2022	**411**	**(147)**	**(410)**		**(146)**
Loss allowance as at 31. 12. 2022	661	135	238	–	1,034

Accrued interest to credit-impaired loans and advances to customers was reported in the amount of MCZK 58 as at 31 December 2023 (31.12.2022: MCZK 54).

Financial assets that are written off but still subject to enforcement activities amounted to MCZK 580 as at December 2023 (31.12.2022: MCZK 399).

Analysis of Loans and advances to customers by days past due – individual

MCZK	2023	2022
Gross	51,830	44,716
Performing	51,525	44,260
Due	51,030	44,260
Past due 1–30 days	495	–
Past due 31–90 days	–	–
Past due 91–360 days	–	–
Past due more than 360 days	–	–
Non-performing	305	456
Loss allowance	(1,147)	(951)
TOTAL	**50,683**	**43,765**

Analysis of Loans and advances to customers by days past due - portfolio

MCZK	2023	2022
Gross	1,896	1,427
Due	1,600	1,211
Past due 1–30 days	238	172
Past due 31–90 days	22	14
Past due 91–360 days	34	28
Past due more than 360 days	2	2
Loss allowance	(115)	(83)
TOTAL	**1,781**	**1,344**

Loan commitments

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	–	–	–	–	–
Low to fair risk	1,731	–	–	–	1,731
Medium risk	3,613	4,309	–	–	7,922
High risk	1,470	87	–	–	1,557
Default	–	–	–	–	–
GROSS AMOUNT	**6,814**	**4,396**	**–**	**–**	**11,210**
Loss allowance	(47)	(43)	–	–	(90)

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	–	–	–	–	–
Low to fair risk	600	–	–	–	600
Medium risk	14,233	97	–	–	14,330
High risk	26	–	–	–	26
Default	–	–	9	–	9
GROSS AMOUNT	**14,859**	**97**	**9**	**–**	**14,965**
Loss allowance	(32)	–	–	–	(32)

Financial guarantees, letters of credit

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	–	–	–	–	–
Low to fair risk	–	–	–	–	–
Medium risk	1,357	87	–	–	1,444
High risk	30	406	–	–	436
Default	–	–	–	–	–
GROSS AMOUNT	**1,387**	**493**	**–**	**–**	**1,880**
Loss allowance	(4)	(23)	–	–	(27)

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	–	–	–	–	–
Low to fair risk	–	–	–	–	–
Medium risk	1,540	27	–	–	1,567
High risk	–	45	–	–	45
Default	–	–	–	–	–
GROSS AMOUNT	**1,540**	**72**	**–**	**–**	**1,612**
Loss allowance	(3)	(1)	–	–	(4)

Set out below is an analysis of changes in provisions to loan commitments, financial guarantees and letters of credit by relevant categories:

MCZK	31. 12. 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2023	35	1	–	–	36
Transfers between stages:	–	–	–	–	–
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	–	1	–	–	1
Transfer to stage 3	–	–	–	–	–
New financial assets originated or purchased	91	2	–	–	93
Changes in PD/LGD/EADs, unwind of discount	(67)	62	–	–	(5)
Derecognition of financial asset	(9)	–	–	–	(9)
Write-offs	–	–	–	–	–
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	1	–	–	–	1
NET CHANGE IN 2023	**16**	**65**	**–**	**–**	**81**
Loss allowance as at 31. 12. 2023	51	66	–	–	117

MCZK	31. 12. 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1. 1. 2022	23	1	2	–	26
Transfers between stages:	–	–	–	–	–
Transfer to stage 1	–	–	–	–	–
Transfer to stage 2	–	–	–	–	–
Transfer to stage 3	–	–	–	–	–
New financial assets originated or purchased	55	–	–	–	55
Changes in PD/LGD/EADs, unwind of discount	(32)	–	–	–	(32)
Derecognition of financial asset	(11)	–	(2)	–	(13)
Write-offs	–	–	–	–	–
Changes to methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
FX differences and other changes	–	–	–	–	–
NET CHANGE IN 2022	**12**	**–**	**(2)**	**–**	**10**
Loss allowance as at 31. 12. 2022	35	1	–	–	36

Other assets – Past due, but not impaired

As at 31 December 2023 the Group reported MCZK 0 of other assets as "Past due, but not impaired" (31.12.2022: MCZK: 0).

Sensitivity analysis of loss allowance by relevant categories - individual

The sensitivity analyses of loss allowance/provision in the relevant categories in the following scenarios are presented below:

— Change (increase/decrease) in the probability of default by 10%;
— Change (improvement/deterioration) in credit rating by one notch according to the Group's internal scale;
— Change (increase/decrease) in the expected development of GDP by 3 percentage points.

Set out below is the analysis of changes in loss allowance/provision which would occur in the event of an increase in PD by 10%:

2023 MCZK	Loss allowance/ provision	Increase in PD by 10%		
		Loss allowance/ provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	195	203	8	4%
Financial assets at amortised cost	1	1	–	10%
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	42	47	4	10%
Loans and advances to customers	1,147	1,207	60	5%
Loan commitments, financial guarantees and letters of credit	117	122	5	4%

2022 MCZK	Loss allowance/ provision	Increase in PD by 10%		
		Loss allowance/ provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	937	944	7	1%
Financial assets at amortised cost	–	–	–	–
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	86	86	–	1%
Loans and advances to customers	951	1,003	52	5%
Loan commitments, financial guarantees and letters of credit	36	39	3	10%

Set out below is the analysis of changes in loss allowance/provision which would occur in the event of a decrease in PD by 10%:

2023 MCZK	Loss allowance/ provision	Decrease in PD by 10%		
		Loss allowance/ provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	195	187	(8)	(4%)
Financial assets at amortised cost	1	1	–	(10%)
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	42	38	(4)	(10%)
Loans and advances to customers	1,147	1,087	(60)	(5%)
Loan commitments, financial guarantees and letters of credit	117	113	(5)	(4%)

2022 MCZK	Loss allowance/ provision	Decrease in PD by 10%		
		Loss allowance/ provision	Absolute difference	Relative difference
Financial assets at fair value through other comprehensive income (excluding equity instruments)	937	930	(7)	(1%)
Financial assets at amortised cost	–	–	–	–
Cash and cash equivalents (excl. cash on hand) and loans and advances to banks	86	85	(1)	(1%)
Loans and advances to customers	951	933	(18)	(2%)
Loan commitments, financial guarantees and letters of credit	36	32	(4)	(10%)

For loans and advances to customers, loan commitments, financial guarantees and letters of credit, the Group also discloses an analysis of the sensitivity of a loss allowance/provision to changes in credit rating.

2023 MCZK	Loss allowance/ provision	Improvement of rating by 1 notch on internal rating scal		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	1,147	969	(178)	(15%)
Loan commitments, financial guarantees and letters of credit	117	104	(14)	(12%)

2023 MCZK	Loss allowance/ provision	Deterioration of rating by 1 notch on internal rating scale		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	1,147	1,381	234	20%
Loan commitments, financial guarantees and letters of credit	117	138	21	18%

2022 MCZK	Loss allowance/ provision	Improvement of rating by 1 notch on internal rating scal		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	951	685	(266)	(28%)
Loan commitments, financial guarantees and letters of credit	36	25	(11)	(29%)

2022 MCZK	Loss allowance/ provision	Deterioration of rating by 1 notch on internal rating scale		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	951	1,112	161	17%
Loan commitments, financial guarantees and letters of credit	36	82	46	128%

For loans and advances to customers, loan commitments, financial guarantees and letters of credit, the Group also discloses an analysis of the sensitivity of a loss allowance/provision to changes in forward-looking information, specifically to the change in the expected development of GDP.

2023 MCZK	Loss allowance/ provision	Increase in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	1,147	971	(176)	(15%)
Loan commitments, financial guarantees and letters of credit	117	105	(12)	(10%)

2023 MCZK	Loss allowance/ provision	Decrease in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	1,147	1,430	283	25%
Loan commitments, financial guarantees and letters of credit	117	139	22	19%

2022 MCZK	Loss allowance/ provision	Increase in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	951	737	(214)	(22%)
Loan commitments, financial guarantees and letters of credit	36	32	(4)	(12%)

2022 MCZK	Loss allowance/ provision	Decrease in GDP by 3 p.p. compared to baseline scenario		
		Loss allowance/ provision	Absolute difference	Relative difference
Loans and advances to customers	951	1,204	253	27%
Loan commitments, financial guarantees and letters of credit	36	41	5	14%

Sensitivity analysis of loss allowance by relevant categories – Portfolio

The consumer loans portfolio is subject to estimation uncertainty as identification on an individual contract level is not practical due to the large quantity of such exposures. The Group has estimated the impairment on loans to customers in accordance with the accounting policy described in Note 5. Changes in collection estimates could significantly affect the impairment losses recognised. The Group creates collective impairment losses based on the probability of default ("PD") and loss given default ("LGD"). A change in the LGD parameter by +/- 10%, would result in a change in the allowance for impairment as at 31 December 2023 by +/- MCZK 12 (2022: +/- MCZK 8). A change in the PD parameter by +/- 10%, would result in a change in the allowance for impairment as at 31 December 2022 by +/- MCZK 12 (2022: +/- MCZK 8).

Evaluation of collateral

The Group generally requires collateral before providing loans to certain debtors. However, the Group does not usually require collateral for consumer loans. To reduce gross credit exposure, the Group considers the following to be acceptable types of collateral:

— guarantee;
— pledge on the pledgor's bank account;
— mortgage on an immovable;
— pledge on receivables arising from supplier-customer relations;
— pledge on securities and ownership interest in a corporation;
— pledge on trademarks and other industrial property concepts;
— pledge on an establishment;
— pledge on movables.

The net realisable value of the collateral assessed by the Group is usually based on an opinion prepared by an expert acceptable to the Group. The net realisable value of the collateral is determined using this value and a coefficient reflecting the Group's ability to realise the collateral when necessary including the time factor of the realisation.

The following table shows gross carrying amounts of loans and advances to customers, loan commitments, financial guarantees and letters of credit split according to type of collateral:

MCZK	31. 12. 2023	31. 12. 2022
Guarantees	1,132	1,563
Property	10,603	9,682
Cash collateral	549	306
Other collateral	14,598	9,371
Unsecured	39,934	41,798
TOTAL	**66,816**	**62,720**

The following table shows gross carrying amounts of loans and advances to customers, loan commitments, financial guarantees and letters of credit classified as non-performing according to type of collateral:

MCZK	31. 12. 2023	31. 12. 2022
Guarantees	81	83
Property	–	164
Cash collateral	–	–
Other collateral	–	–
Unsecured	260	248
TOTAL	**341**	**495**

The "Unsecured" category also includes loans and advances to customers, loan commitments, financial guarantees and letters of credit that are secured by collateral, but the Group assigns zero accounting value to the collateral.

Loans with renegotiated terms and the Group's forbearance policy

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to the current or potential credit deterioration of the customer. An existing loan whose terms have been significantly modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

Exposures with forbearance are exposures where the debtor is considered unable to comply with the contract due to financial difficulties and the Group has decided to grant a concession to a debtor. A forbearance measure can be either a modification of terms and conditions or the refinancing of the contract. The modification of terms includes payment schedule changes (deferrals or reductions of regular payments, extended maturities, etc.), interest rate reductions or penalty interest waivers.

The Group renegotiates loans to customers in financial difficulties (referred to as "forbearance activities") to maximise collection opportunities and minimise the risk of default. Loan forbearance is granted on a selective basis if the debtor is currently in default on debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The following table shows loans and advances to customers with forbearance:

MCZK	31. 12. 2023	31. 12. 2022
Performing	52,378	44,861
Of which:		
Loans and advances to customers with forbearance:	–	–
Non-performing	86	248
Of which:		
Loans and advances to customers with forbearance:	25	–
TOTAL	**52,464**	**45,109**

The following table shows loans and advances to customers with forbearance and without forbearance split by sectors:

MCZK	31. 12. 2023	31. 12. 2022
Loans and advances to customers without forbearance:	**52,439**	**45,109**
Residents:		
Financial institutions*	3,686	1,982
Non-financial institutions	21,288	17,869
Households/individuals	102	100
Public sector	–	1,211
Holding companies	85	2,948
Non-residents	27,278	20,999
Loans and advances to customers with forbearance:	**–**	**–**
Residents:		
Financial institutions*	–	–
Non-financial institutions	25	–
Households/individuals	–	–
Public sector	–	–
Holding companies	–	–
Non-residents	–	–
TOTAL	**52,464**	**45,109**

* Holding companies excluded

Concentration of credit risks

The concentration of credit risks arises as a result of the existence of loans with similar economic characteristics affecting the debtor's ability to meet its obligations.

The Group manages the exposure limits in line with the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR) so that the Group does not incur an exposure, after taking into account the effect of the credit risk to a client or group of connected clients the value of which exceeds 25% of its eligible capital. Where that client is an institution or where a group of connected clients includes one or more institutions, that value must not exceed 25% of the institution's eligible capital or EUR 150 million, whichever is higher, provided that the sum of exposure values, after taking into account the effect of the credit risk mitigation in relation to all connected clients that are not institutions, does not exceed 25% of the institution's eligible capital.

The Group calculates the capital requirement for the credit risk of the investment portfolio using a standardised approach in accordance with the Basel III standard under the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR).

Concentration of credit risks according to economic sector/industry

MCZK	Loans and advances to banks		Loans and advances to customers		Debt securities	
	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022
Financial institutions*	12,028	10,836	18,889	8,419	3,432	2,589
Public sector	–	–	–	1,211	54,098	42,996
Non-financial institutions	–	–	26,593	22,397	4,972	3,983
Real estate	–	–	15,170	8,707	402	372
Production and distribution of electricity, gas and heat	–	–	518	3,481	709	605
Wholesale and retail	–	–	1,279	1,464	621	440
Accommodation	–	–	1,139	1,278	–	–
Other	–	–	8,487	7,467	3,240	2,566
Households/Individuals	–	–	1,890	1,452	–	–
Holding entities	–	–	5,092	11,630	825	784
TOTAL	**12,028**	**10,836**	**52,464**	**45,109**	**63,327**	**50,352**

* Holding entities excluded.

Concentration of credit risk according to geographical areas by country of risk

MCZK	Loans and advances to banks		Loans and advances to customers		Debt securities	
	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022	31. 12. 2023	31. 12. 2022
Czech Republic	7,657	8,673	33,592	26,388	56,393	45,069
Slovak Republic	–	–	549	3,173	955	579
Netherlands	–	–	–	793	–	119
Other EU countries	3,377	1,663	7,764	2,614	413	662
Russian Federation	–	–	–	–	–	135
Asia	–	–	5,457	10,974	1,472	1,338
North America	–	–	885	1,051	1,975	1,445
Other	994	500	4,217	116	2,119	1,005
TOTAL	**12,028**	**10,836**	**52,464**	**45,109**	**63,327**	**50,352**

44.2 Liquidity risk

The liquidity risk represents the Group's risk of incurring losses due to momentary insolvency. The Group may also suffer a loss as a result of low liquidity in the market for the financial instruments included in the Group's portfolios. The liquidity risk threatens the Group's funding and investment needs. Market liquidity risk represents the risk of not being able to liquidate financial instruments quickly enough, or in sufficient volume and for reasonable prices. If the conditions are not favourable, this risk may substantially worsen the Group's position.

The Group has access to diverse sources of funds, which comprise deposits and other savings, loans accepted and equity. This diversification makes the Group flexible and limits its dependency on any one financing source. The Group regularly evaluates the liquidity risk, in particular by monitoring changes in the structure of financing and comparing these changes with the Group's liquidity risk management strategy, which is approved by the Board of Directors. The Group also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid funds, such as state treasury bills and similar bonds.

Residual maturity of the Group's assets and liabilities

The following table shows the carrying amounts of the Group's assets and liabilities on the basis of their earliest possible contractual maturity.

At 31 December 2023 MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Cash and cash equivalents	166,137	–	–	–	–	166,137
Financial assets at fair value through profit or loss	78,382	1,717	5,812	19,248	483	105,642
Financial assets at fair value through other comprehensive income	218	4,599	13,211	10,738	244	29,010
Financial assets at amortised cost	209	159	10,980	7,985	–	19,333
Loans and advances to banks	4,824	–	7,204	–	–	12,028
Loans and advances to customers	12,698	9,705	26,555	3,506	–	52,464
Other assets	85	–	–	–	594	679
TOTAL	**262,553**	**16,180**	**63,762**	**41,477**	**1,321**	**385,293**
Deposits from banks	15,948	–	–	–	–	15,948
Deposits from customers	239,830	1,270	–	–	–	241,100
Debt securities issued	1,074	1,849	1,513	–	–	4,436
Financial liabilities at fair value through profit or loss	77,557	3,068	8,425	11,221	–	100,271
Other liabilities and provisions	1,950	280	110	–	–	2,340
Shareholders' equity	–	–	–	–	21,198	21,198
TOTAL	**336,359**	**6,467**	**10,048**	**11,221**	**21,198**	**385,293**

At 31 December 2022 MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Cash and cash equivalents	160,928	–	–	–	–	160,928
Financial assets at fair value through profit or loss	3,724	2,367	11,419	15,261	266	33,037
Financial assets at fair value through other comprehensive income	13	4,475	14,593	5,541	222	24,844
Financial assets at amortised cost	150	173	5,063	9,663	–	15,049
Loans and advances to banks	5,247	–	3,368	–	–	8,615
Loans and advances to customers	12,455	8,400	23,734	520	–	45,109
Other assets	52	–	–	–	1,020	1,072
TOTAL	**182,569**	**15,415**	**58,177**	**30,985**	**1,508**	**288,654**
Deposits from banks	22,963	1,017	–	–	–	23,980
Deposits from customers	203,437	6,895	5	–	–	210,337
Debt securities issued	676	1,201	3,240	–	–	5,117
Financial liabilities at fair value through profit or loss	3,657	1,980	11,452	13,331	–	30,420
Other liabilities and provisions	907	255	81	–	–	1,243
Shareholders' equity	–	–	–	–	17,557	17,557
TOTAL	**231,640**	**11,348**	**14,778**	**13,331**	**17,557**	**288,654**

The negative position of the liquidity gap up to 3 months is mainly caused by current accounts and customer deposits. Based on the historical data analysis these deposits are expected to be extended.

Residual maturity of the Groups's off-balance-sheet items

The following table shows the maturity of the Group's off-balance sheet assets based on the date on which the commitments provided can be drawn or the guarantees provided can be claimed.

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
At 31 December 2023						
Commitments provided	11,210	–	–	–	–	11,210
Guarantees provided	500	–	–	–	–	500
TOTAL	**11,710**	**–**	**–**	**–**	**–**	**11,710**
At 31 December 2022						
Commitments provided	14,965	–	–	–	–	14,965
Guarantees provided	480	–	–	–	–	480
TOTAL	**15,445**	**–**	**–**	**–**	**–**	**15,445**

The following table shows undiscounted cash flows on the Group's financial liabilities on the basis of their earliest possible contractual maturity.

MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
At 31 December 2023						
Deposits from banks	15,977	–	–	–	–	15,977
Deposits from customers	240,054	1,311	–	–	–	241,365
Debt securities issued	1,079	1,923	1,761	–	–	4,763
Financial liabilities at fair value through profit or loss	76,802	2,066	4,786	7,601	–	91,255
Derivatives	886	1,053	4,279	5,897		12,115
TOTAL	**334,798**	**6,353**	**10,826**	**13,498**	**–**	**365,475**
At 31 December 2022						
Deposits from banks	23,074	1,044	–	–	–	24,118
Deposits from customers	203,625	6,968	5	–	–	210,598
Debt securities issued	678	1,230	3,672	–	–	5,580
Financial liabilities at fair value through profit or loss	2,452	56	4,722	5,283	–	12,513
Derivatives	1,209	1,924	7,048	9,463		19,644
TOTAL	**231,038**	**11,222**	**15,447**	**14,746**	**–**	**272,453**

44.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, 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.

The Group buys and sells derivatives, and also incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Department.

Trading

The Group holds trading positions in certain financial instruments. The majority of the Group's business activities are based on the requirements of its customers. These positions are also held for the purpose of speculation on the future development of financial markets. The Group's business strategy is thus affected by speculative expectation and market creation and its goal is to maximise net income from trading.

The Group manages the risks associated with its trading activities at the level of individual risks and individual types of financial instruments. The basic instruments used for risk management are volume limits for individual transactions and risk position limits.

Stress testing

The Group carries out daily stress testing of interest rates, currency risks and changes in prices of equity instruments by applying internally defined improbable scenarios and simulating their impact on the net present value of the Group's portfolio.

44.3.1 Currency risk

Currency risk is the risk of a change in the value of a financial instrument due to a change in the exchange rates.

Assets and liabilities denominated in foreign currencies including off-balance sheet instruments represent the Group's exposure to exchange rate risk. Realised and non-realised exchange rate gains and losses are stated directly in the profit and loss statement.

The Group has set currency risk limits based on its net currency exposure in individual currencies according to their significance. The Group also sets a limit with respect to the total net currency exposure.

Currency risk exposure

MCZK	CZK	EUR	USD	INR	Other	Total
At 31 December 2023						
Financial assets	328,202	41,845	8,979	3,516	2,294	384,836
Financial liabilities	292,511	59,853	9,048	87	1,356	362,855
FX derivatives	(13,499)	18,174	84	(3,499)	(682)	578
NET EXPOSURE	**22,192**	**166**	**15**	**(70)**	**256**	
At 31 December 2022						
Financial assets	239,816	32,345	10,366	3,527	1,752	287,806
Financial liabilities	200,030	51,892	14,141	102	4,245	270,410
FX derivatives	(22,582)	19,954	3,087	(3,677)	3,172	(46)
NET EXPOSURE	**17,204**	**407**	**(688)**	**(252)**	**679**	

The table below shows the sensitivity of the (pre-tax) income statement to currency risk for foreign currencies significantly represented in the Group's balance sheet as at 31 December 2023 and 2022:

MCZK	2023			2022		
	Net position in foreign currency	5% exchange rate increase	5% exchange rate decrease	Net position in foreign currency	5% exchange rate increase	5% exchange rate decrease
EUR	166	8	(8)	407	20	(20)
USD	15	1	(1)	(688)	(34)	34
INR	(70)	(4)	4	(252)	(13)	13
GBP	1	–	–	667	33	(33)

The change in the exchange rate of the CZK to foreign currencies had no effect on the Group's equity components other than the annual profit.

44.3.2 Interest rate risk

The interest rate risk is the risk of a change in the value of a financial instrument due to a change in market interest rates.

The Group is exposed to interest rate risks resulting from the different maturity or renewal period of interest rates and the different amounts of interest bearing assets and liabilities in these periods. Interest rate management activities are intended to optimise the net interest income of the Group in accordance with the strategy approved by its Board of Directors.

Part of the Group's income is generated by the difference between interest rate sensitive assets and liabilities, which is summarised in the table below.

Interest sensitivity of the Group’s assets and liabilities

The following table shows the carrying amounts of the Group’s financial assets and liabilities on the basis of their earliest possible repricing.

At 31 December 2023 MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Cash and cash equivalents	166,137	–	–	–	–	166,137
Financial assets at fair value through profit or loss	78,506	1,717	5,812	19,124	483	105,642
Financial assets at fair value through other comprehensive income	3,510	13,633	8,004	3,619	244	29,010
Financial assets at amortised cost	211	407	10,829	7,886	–	19,333
Loans and advances to banks	5,475	253	6 300	–	–	12,028
Loans and advances to customers	30,993	10,559	10,907	5	–	52,464
Other assets	85	–	–	–	594	679
TOTAL	**284,917**	**26,569**	**41,852**	**30,634**	**1,321**	**385,293**
Deposits from banks	15,948	–	–	–	–	15,948
Deposits from customers	239,830	1,270	–	–	–	241,100
Debt securities issued	1,074	1,849	1,513	–	–	4,436
Financial liabilities at fair value through profit or loss	77,557	3,068	8,425	11,221	–	100,271
Other liabilities and provisions	1,950	280	110	–	–	2,340
Shareholders’ equity	–	–	–	–	21,198	21,198
TOTAL	**336,359**	**6,467**	**10,048**	**11,221**	**21,198**	**385,293**
Gap	(51,442)	20,102	31,804	19,413	(19,877)	
Cumulative gap	(51,442)	(31,340)	464	19,877	–	

At 31 December 2022 MCZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Cash and cash equivalents	160,928	–	–	–	–	160,928
Financial assets at fair value through profit or loss	3,724	2,367	11,419	15,261	266	33,037
Financial assets at fair value through other comprehensive income	744	15,609	6,433	1,836	222	24,844
Financial assets at amortised cost	150	173	5,063	9,663	–	15,049
Loans and advances to banks	5,615	–	3,000	–	–	8,615
Loans and advances to customers	23,203	11,278	10,628	–	–	45,109
Other assets	52	–	–	–	1,020	1,072
TOTAL	**194,416**	**29,427**	**36,543**	**26,760**	**1 508**	**288,654**
Deposits from banks	22,963	1,017	–	–	–	23,980
Deposits from customers	203,437	6,895	5	–	–	210,337
Debt securities issued	676	1,201	3,240	–	–	5,117
Financial liabilities at fair value through profit or loss	3,657	1,980	11,452	13,331	–	30,420
Other liabilities and provisions	907	255	81	–	–	1,243
Shareholders’ equity	–	–	–	–	17,557	17,557
TOTAL	**231,640**	**11,348**	**14,778**	**13,331**	**17,557**	**288,654**
Gap	(37,224)	18,079	21,765	13,429	(16,049)	
Cumulative gap	(37,224)	(19,145)	2,620	16,049	–	

The carrying amounts of assets and liabilities are recorded either in the period in which they are due or in the period in which the interest rate changes, whichever occurs earlier.

Expected maturities differ from contracted ones as historical evidence shows that most short-term loans and deposits are prolonged.

Effective interest rate

The effective interest rate on significant categories of financial assets and liabilities of the Group as at 31 December 2023 and 2022 were as follows:

In % p.a.	2023	2022
Financial assets		
Cash and cash equivalents	6.61	6.62
Financial assets at fair value through profit or loss	6.51	4.46
Financial assets at fair value through other comprehensive income*	5.77	5.41
Financial assets at amortised cost	4.82	1.88
Loans and advances to banks	8.43	4.95
Loans and advances to customers	8.74	7.43
Financial liabilities		
Deposits from banks	5.7	5.00
Deposits from customers	4.62	3.06
Debt securities issued	7.45	6.61
Financial liabilities at fair value through profit or loss*	4.96	2.61

* The effective interest rate is calculated from debt securities, repo and reverse repo operations only.

Apart from the gap analysis as indicated above, the Group monitors its exposure to interest rate risk by Basis Point Value (BPV) and stress testing. Both of these methods measure the potential impact on the Group's overall position or shift of interest rate yield curves.

Basis point value

Basis point value measures how much monetary positions of the Group will gain or lose for a 100 basis point (1.00 %) movement in the yield curve in terms of fair value changes. Therefore, it quantifies the Group's interest rate risk for changes in interest rates.

"Trading book" means the portfolio of all positions in financial instruments held by the Group with trading intent, in accordance with the definition of a trading book under Article 4(1)(86) of Regulation (EU) No 575/2013. A banking book contains all positions that are not included in the trading book.

As at 31 December 2023, BPVs for individual currencies were as follows:

MCZK Currency	Banking book BPV	Trading book BPV
CZK	(587)	86
EUR	58	2
USD	(148)	(26)
GBP	(4)	(1)
HUF	4	–
INR	(1)	–
TOTAL BPV (ABSOLUTE)	802	115

As at 31 December 2022, BPVs for individual currencies were as follows:

MCZK Currency	Banking book BPV	Trading book BPV
CZK	(454)	21
EUR	261	(25)
USD	(118)	1
GBP	(4)	–
HUF	2	–
INR	(2)	–
TOTAL BPV (ABSOLUTE)	**841**	**47**

The data in the table above is assessed primarily on an individual basis, taking into account the data of the subsidiary.

Stress testing

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in significant currencies with respect to the Group in related yield curves. The analysis of the Group's trading book sensitivity to an increase or decrease in market interest rates in terms of fair value changes (assuming no asymmetrical movement in yield curves and a constant balance sheet position) is as follows:

MCZK	2023		2022	
	100 bp parallel increase	100 bp parallel decrease	100 bp parallel increase	100 bp parallel decrease
Impact on profit or loss as at 31 December	**62**	**(62)**	**(3)**	**3**
Average for the period	(2)	2	(26)	26
Maximum for the period	98	113	88	173
Minimum for the period	(113)	(98)	(173)	(88)

The data in the table above is assessed primarily on an individual basis, taking into account the data of the subsidiary.

The Group uses yield curve shifts to monitor and measure interest rate risk in the banking book in order to track the potential impact of changes in market interest rates. The baseline analysis addresses the sensitivity of net interest income and the economic value of equity and is based on stress scenarios for investment portfolio interest rate risk management in accordance with European Banking Authority Guidelines EBA/GL/2022/14, which anticipate shifts and changes in the shape of the yield curve. The Group also performs stress testing based on a parallel 200 basis point shift in the yield curve.

The table below shows the sensitivity of the banking book to changes in interest rates:

MCZK	31 December 2023	31 December 2022
Change in annual net interest income		
Impact of +200 bp interest rate movement	(269)	(423)
Impact of -200 bp interest rate movement	(185)	411
Change in the economic value of equity		
Impact of +200 bp interest rate movement	(2,312)	(1,404)
Impact of -200 bp interest rate movement	1,061	624

The data in the table above is assessed primarily on an individual basis, taking into account the data of the subsidiary.

The change in the annual net interest income shows the impact of interest rate movements on net interest income over a 12-month horizon. The change in the economic value of equity shows the impact of interest rate movements on the difference between the present value of assets and liabilities. The results presented are in line with the methodology described in the EBA/GL/2022/14 Guidelines.

44.3.3 Equity risk

The equity risk is the risk of a change in the value of a financial instrument due to a change in market prices of equities or equity-related instruments.

The Group is exposed to equity risk resulting from open positions in equities or equity-related instruments in accordance with the strategy approved by its Board of Directors.

44.3.4 Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

The Group is only exposed to immaterial settlement risk as most of its transactions are settled in a delivery-versus-payment manner.

44.4 Operational risk

44.4.1 Operational risks

The Operational Risk Management department is responsible for managing operational risks, i.e. the risks of losses caused by deficiencies in or failures of internal processes, the human factor or systems, or from losses caused by external factors, including legal risk. Operational risk excludes strategic and reputational risk.

Operational risks are usually the cause of an increase in the Group's expenses, a decrease in the Group's income, fines, penalties, damage, loss of the Group's tangible and intangible assets and the failure of information systems.

The Operational Risk Management department prepares the operational risk management methodology, identifies, monitors, measures and assesses the operational risks, and proposes measures to mitigate the operational risks. As part of operational risk management, it is further responsible for physical security. The Information Security Management department ensures the management of the security management system of information systems. Both units thus jointly identify and monitor, measure and assess physical and information security, and prepare the methodology for the management and mitigation of the risks.

The Operational Risk Management department manages the access of employees, clients and other authorised persons to tangible and intangible assets, and manages the risk in terms of arranging supplies of banking services, the launch of new products, and the utilisation of outsourcing by the Group. It also manages models, frauds, insurance and legal risk. The Operational Risk Management department also regularly informs the management and relevant employees about operational risks and significant events that have arisen. Furthermore, it secures training for employees on the identification, reporting and handling of operational risks.

The management and employees in charge of managing operational risks within a division or department are also involved in the management of operational risks. After an operational risk is identified, they propose and arrange the implementation of operational, controlling or organisational measures to mitigate or eliminate the operational risk. In proposing the measures to mitigate operational risk, they also assess the impact on Group's expenses and income.

44.4.2 Other risks

Legal risk management consists of minimising the uncertainties relating to the enforceability of contracts, insufficient documentation, and changes in the regulatory environment, including accepted case-law and uncertainties in counterparties' acts. The aim is to reduce the risk of loss, the risk of possible or questionable claims against the Group, or penalties, including damage to the Group's reputation.

The Compliance department performs activities aimed at harmonising the Group's internal policies and processes with external regulations. The main compliance activities are to ensure the compliance of internal guidelines with external standards, the mutual compliance of internal guidelines, the compliance of the Group's activities with internal guidelines and external standards, and the ongoing monitoring of compliance with legal obligations and responsibilities arising from the internal regulations of the Group, to establish preconditions for achieving this harmonisation, to establish preconditions for the fair provision of services to customers and to refrain from giving preferential treatment to the Group and its employees compared to customers, to prevent conflicts of interest, and to mitigate acts which would result in market abuse. It also engages in anti-money laundering activities and activities combating the financing of terrorism (AML-CFT), and runs checks on these activities and handles claims and complaints.

If compliance activities are not performed directly by the Compliance department, they are delegated to another department of the Group, the Group's managers or the Group's employees, with the Compliance department acting as coordinator.

The Group's managers are responsible for creating conditions for the internal and external regulations to be adhered to. They are also responsible for issuing internal policies governing the activities they are in charge of and they are also obliged to check whether the external regulations and internal policies are observed by subordinates.

44.5 Climate change risks

Group increasingly faces climate-related risks and opportunities related to the transition to a low-carbon economy. During 2023 Group has spent considerable time to collect data to assess the risks associated with climate change which can impact portfolio differently depending on factors such as sector, geographic location and duration.

Climate change risks impact key risk categories such as credit, liquidity, market and operational risk. The Group classifies climate change risks into two main categories:

— physical risks and
— transition-related risks.

Physical risks arise from acute climate events (windstorms, tornadoes, floods and fires) and long-term changes in climate phenomena (sustained warmer temperatures, heat waves, droughts and rising sea levels).

Transition risks arise as a result of measures taken to mitigate the impacts of climate change and the transition to a low-carbon economy (changes in laws and regulations, litigation due to failure to mitigate or adapt, or changes in supply and demand for certain commodities, products and services).

The impact of physical and transition risks on the broader macroeconomic environment, including macroeconomic variables such as GDP and unemployment rates, is currently difficult to predict. We expect the most significant impacts of climate change to occur in the medium to long term. However, it is important to monitor the speed and scale of these issues and consider their potential impacts.

By the nature of its business model, Group assesses climate-related risk factors on a case-by-case basis as part of its regular monitoring of borrower performance and regular collateral valuation and eligibility.

44.6 Capital management

Regulatory capital

The reporting of the Group's regulatory capital on a consolidated basis (for the Bank and its subsidiaries) is not required because, since 2015, reporting and capital management has been carried out at the regulated consolidated group of PPF Financial Holdings B.V. The reporting of the Bank's regulatory capital on an individual basis is stated in the Bank's individual financial statements.

45 Related-party transactions

As at 31 December 2023, the parent company of the Bank is PPF Financial Holdings a.s., with its registered office in the Czech Republic, Prague, Evropská 2690/17, postal code: 16000, registration number: 10907718, the parent company of PPF Financial Holdings a.s. is PPF Group N.V., with its registered office in the Netherlands, Amsterdam, Strawinskylaan 933, postal code: 1077XX, registration number: 33264887.

The Bank considered the transactions with its parent company, PPF Financial Holdings a.s. and its parent company PPF Group N.V., and with all their subsidiaries and associates to be related-party transactions.

The related-party transactions also include transactions with its key management personnel, and enterprises with which it has key management personnel in common.

45.1 Transactions with the parent company

The balances stated below are included in the statement of financial position and represented transactions with the parent company:

MCZK	31. 12. 2023	31. 12. 2022
Deposits from customers	(5,003)	(82)
TOTAL	**(5,003)**	(82)

The Group neither accepted nor provided guarantees related to the above-mentioned transactions.

The figures stated below are included in the statement of comprehensive income and represented transactions with the parent company:

MCZK	2023	2022
Interest and similar income	–	2
Interest expense and similar charges	(114)	(43)
Fee and commission income	2	2
Net income from financial operations	–	1
Other operating income	–	1
TOTAL	**(112)**	(37)

45.2 Transactions with other related parties

The balances stated below are included in the statement of financial position and represented transactions with other related parties:

MCZK	31. 12. 2023	31. 12. 2022
Cash and cash equivalents	–	7
Financial assets at fair value through profit or loss	1,103	563
Financial assets at fair value through other comprehensive income	30	30
Loans and advances to banks	8,531	6,234
Loans and advances to customers	10,072	12,812
Other assets	32	21
Deposits from customers	(36,690)	(38,208)
Deposits from banks	(10)	(638)
Financial liabilities at fair value through profit or loss	(2,476)	(4,407)
Provisions	(1)	(1)
Other liabilities	(165)	(123)
TOTAL	**(19,574)**	**(23,710)**

The figures stated below are included in the statement of comprehensive income and represented transactions with other related parties:

MCZK	2023	2022
Interest and similar income	1,586	1,288
Interest expense and similar charges	(844)	(271)
Fee and commission income	88	309
Fee and commission expense	(5)	(1)
Net income from financial operations	342	(2,493)
Net impairment losses on financial assets	16	(57)
Other operating income	2	2
Other general administrative expenses	(197)	(387)
TOTAL	**988**	**(1,610)**

45.3 Key management personnel

The balances stated below are included in the statement of financial position and represented transactions with key management personnel:

MCZK	31. 12. 2023	31. 12. 2022
Financial liabilities at fair value through profit or loss	(1)	–
Deposits from customers	(160)	(146)
TOTAL	**(161)**	**(146)**

The above payables consist mainly of term deposits and balances of current accounts.

The balances stated below are included in the statement of other comprehensive income and represented transactions with key management personnel:

MCZK	2023	2022
Interest expense and similar charges	(7)	(3)
Fee and commission income	–	1
Net income from financial operations	(1)	(2)
General administrative expenses	(58)	(49)
TOTAL	**(66)**	**(53)**

General administrative expenses consist of salaries and remuneration of the Group ,s key management personnel, described in detail in note 10.

45.4 Credit commitments and guarantees provided

As at 31 December 2023 the Group provided a credit commitment to related parties of MCZK 6,417 (31.12.2022: MCZK 9,704).

46 Subsequent events

There have been no events subsequent to the balance sheet date that are material or require adjustment or disclosure in the financial statements or notes.

Persons Responsible for the Annual Report and the Examination of the Financial Statements

Affirmation

I declare that the disclosures in the Presentation section of the Annual Report of PPF banka a.s. for 2023 are accurate and that no material circumstances have been neglected or distorted.

Prague 4 April 2024

Petr Jirásko
Chairman of the Board of Directors and CEO

I declare that the disclosures in the Financial section of the Annual Report of PPF banka a.s. for 2023 are accurate and that no material circumstances have been neglected or distorted.

Prague 4 April 2024

Miroslav Hudec
Member of the Board of Directors and Managing Director of Financial Management

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