

ANNUAL REPORT 2023



CONTENTS

Chairman's Statement

Introducing PPF banka

Corporate Profile

Significant Events in 2023

Key Non-Consolidated Financial Indicators

Board of Directors Report on the Company's Business Activities and Assets

Macroeconomic Developments in the Czech Republic

PPF banka's Financial Performance

PPF banka's Business Activities in 2023

Activity on Financial Markets

Corporate Banking and the Public Sector

Private Banking for Individuals

Information Technology and Information System Security

Our People

Remuneration of Senior Management and Supervisory Board Members

Audit and Non-Audit Services

Good Causes

Other Information

Risk Management Objectives and Methods

Subsequent Events

Proposal for the Distribution of Profit for 2023

Corporate Governance

Organizational Structure as of 31. 12. 2023

Separate Financial Statements for the Year Ended 31 December 2023

Notes to the Separate Financial Statements

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

Consolidated Entities

Key Consolidated Financial Indicators

Consolidated Financial Statements for the Year Ended 31 December 2023

Notes to the Consolidated Financial Statements

Persons Responsible for the Annual Report and the Examination of the Financial Statements

Contacts

CHAIRMAN'S STATEMENT

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.

Petr Jirásko

Chairman of the Board of Directors and Chief Executive Officer

PPF banka a.s.



INTRODUCING PPF BANKA

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. It has long-term partnerships with Czech regions and statutory cities, and supports 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

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

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

| | |
|-----------------------------|--------|
| PPF Financial Holdings a.s. | 92.96% |
| City of Prague | 6.73% |
| Others | 0.31% |

Precise web address containing the Bank's mandatory disclosures:

<https://www.ppfbanka.cz/en/important-documents#document-category-1807>

SIGNIFICANT EVENTS IN 2023

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)

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 |

Total

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.

BOARD OF DIRECTORS REPORT
ON THE COMPANY'S BUSINESS
ACTIVITIES AND ASSETS

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
IN 2023

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 lovers 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

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 Monokrystal 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 a.s. 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

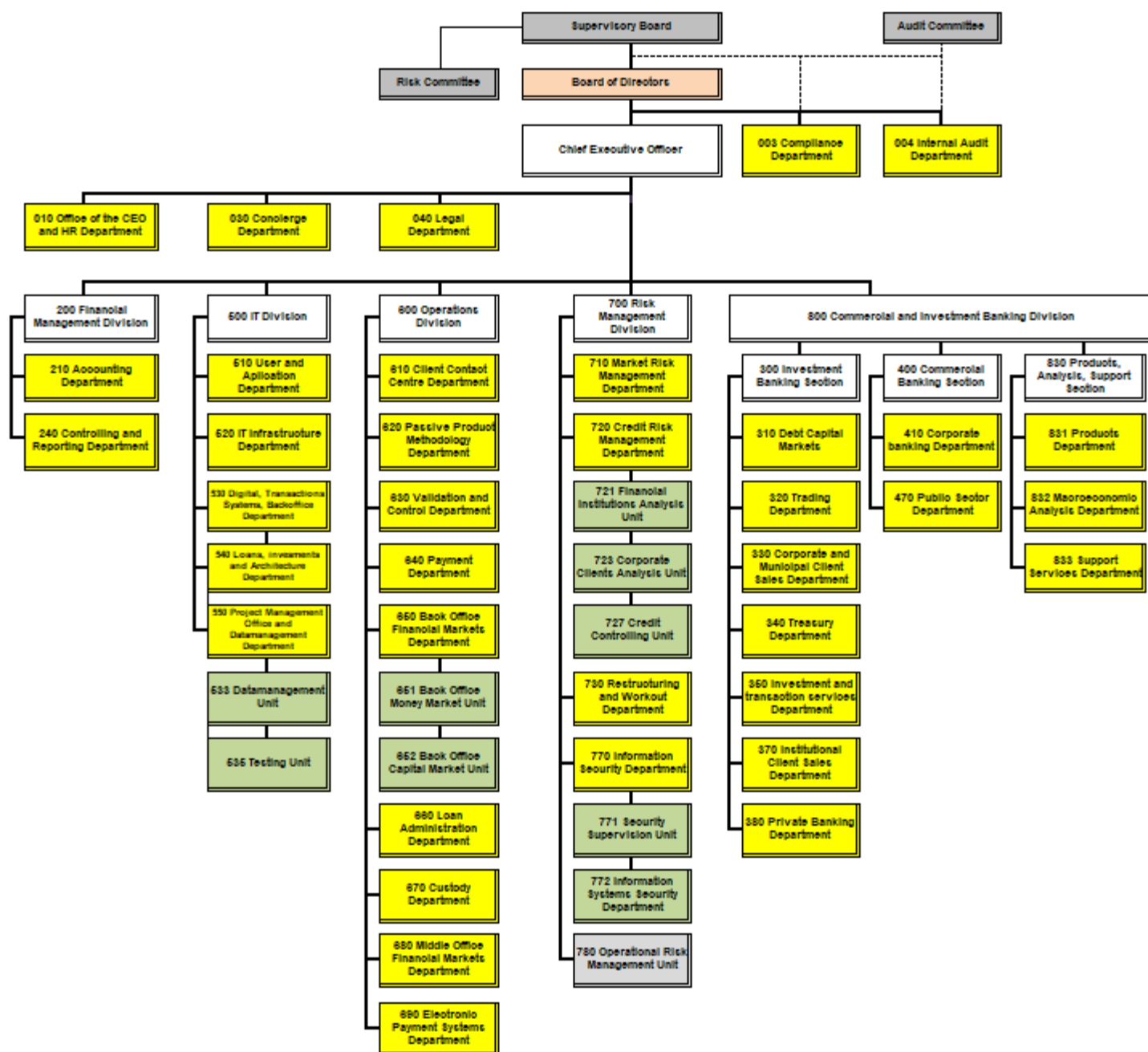
Managing Director of IT since 1 June 2022

ORGANIZATIONAL STRUCTURE

AS OF 31. 12. 2023

ORGANIZATIONAL STRUCTURE OF PPF BANKA A.S.

AS OF 31. 12. 2023



SEPARATE FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2023



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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

A handwritten signature in blue ink, appearing to read 'Veronika Strolená', with a stylized flourish at the end.

Veronika Strolená

Partner

Registration number 2195

PPF banka a.s.
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 | <u>(12,263)</u> | <u>(6,308)</u> |
| Net interest and similar income | | 6,623 | 6,438 |
| Fee and commission income | 8 | 592 | 576 |
| Fee and commission expense | 8 | <u>(334)</u> | <u>(334)</u> |
| Net fee and commission income | | 258 | 242 |
| Net income/expense from financial operations | 9 | 12 | (1,307) |
| Other operating income | | 5 | 6 |
| Operating income | | <u>6,898</u> | <u>5,379</u> |
| Personnel expenses | 10 | (567) | (445) |
| Other general administrative expenses | 10 | <u>(695)</u> | <u>(620)</u> |
| General administrative expenses | | (1,262) | (1,065) |
| Depreciation and amortisation | 11 | (90) | (92) |
| Other operating expenses | 12 | <u>(370)</u> | <u>(256)</u> |
| Operating expenses | | (1,722) | (1,413) |
| Impairment gains/(losses) | 13 | (495) | (785) |
| Profit before income tax | | <u>4,681</u> | <u>3,181</u> |
| Income tax expense | 14 | (797) | (442) |
| Net profit for the year | | <u>3,884</u> | <u>2,739</u> |

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

PPF banka a.s.
 Separate Statement of Comprehensive Income
 for the year ended 31 December 2023

| | 2023 | 2022 |
|--|--------------|--------------|
| Other comprehensive income | | |
| 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

PPF banka a.s.
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.

PPF banka a.s.
Separate Statement of Financial Position
for the year ended 31 December 2023

| In millions of CZK | Note | 2023 | 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 |

*Restated, see note 6 Changes in accounting policies.

PPF banka a.s.
Separate Statement of Cash Flows
for the year ended 31 December 2023

| | 2023 | 2022* (restated) |
|---|----------------|---------------------|
| 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.

PPF banka a.s.
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 |

PPF banka a.s.
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 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 |

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

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

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:

| | 31 December 2022 (as reported) MCZK | Reclassification MCZK | 31 December 2022 (restated)* MCZK |
|-----------------------------|---|--------------------------|---|
| 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:

| | 31 December 2022 (as reported) MCZK | Reclassification MCZK | 31 December 2022 (restated)* MCZK |
|--|---|--------------------------|---|
| 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

| | 2023 MCZK | 2022 MCZK |
|---|-----------------|----------------|
| 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

| | 2023 MCZK | 2022 MCZK |
|---|--------------|--------------|
| 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

| | 2023 MCZK | 2022 MCZK |
|---|--------------|----------------|
| 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

| | 2023 MCZK | 2022 MCZK |
|--|----------------|----------------|
| 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

| | 2023 MCZK | 2022 MCZK |
|---|--------------|--------------|
| 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

| | 2023 MCZK | 2022 MCZK |
|-----------------------------------|--------------|--------------|
| 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

| | 2023 MCZK | 2022 MCZK |
|--|--------------|--------------|
| 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.

| | 2023 MCZK | 2022 MCZK |
|--|--------------|---------------|
| Income tax – current | (658) | (576) |
| Income tax – related to prior years | 32 | 8 |
| Income tax – deferred | (171) | 126 |
| Income tax (expense)/income | (797) | (442) |
| | | |
| | 2023 MCZK | 2022 MCZK |
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---|--------------------|--------------------|
| 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.

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|-------------------------------------|--------------------|--------------------|
| 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

| | 31.12.2023 | 31.12.2022 |
|---|---------------|---------------|
| | MCZK | MCZK |
| 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.

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---------------------------------------|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|-----------------------------------|--------------------|--------------------|
| 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

| | Payable on demand | | Term deposits | | Repo operations | | Cash collateral to derivatives | | Total | |
|----------------------------|-------------------|----------------|----------------|----------------|-----------------|----------------|--------------------------------|----------------|----------------|----------------|
| MCZK | 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.

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--|--------------------|--------------------|
| 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:

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---|--------------------|--------------------|
| 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.

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--------------------------------------|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|-------------------------------|--------------------|--------------------|
| 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:

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|----------------------------|--------------------|--------------------|
| 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:

| | Carrying amounts of receivables | Fair value of assets held as collateral |
|---|------------------------------------|--|
| | MCZK | MCZK |
| 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:

| | Carrying amounts of liabilities | Fair value of assets given as collateral |
|--|------------------------------------|---|
| | MCZK | MCZK |
| 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 |

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

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 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--------------------|--------------------|--------------------|
| 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

| <hr/> | |
|---|-------------------------|
| MCZK | Net profit for the year |
| <hr/> | |
| Net profit for the year 2023 | 3,884 |
| Proposed allocation of profit for 2023: | |
| Dividend payout | (2,384) |
| Transfer to retained earnings | (1,500) |
| | - |
| <hr/> | |

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.

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--------------------------------|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--|--------------------|--------------------|
| 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.

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

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:

| | Up to 3 months | 3 months to 1 year | 1 year to 5 years | Over 5 years | Total |
|----------------------|----------------|--------------------|-------------------|--------------|-------------|
| MCZK | | | | | |
| 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.

As at 31 December 2023

| MCZK | 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 |

As at 31 December 2022

| MCZK | 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:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|---------------|
| MCZK | | | | |
| As at 31 December 2023 | | | | |
| 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 |

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

| MCZK | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|---------------|
| As at 31 December 2022 | | | | |
| 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 |

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

| 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 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)

| | 31.12.2023 | | | 31.12.2022 | | |
|------------------|-----------------------|----------------|-------------------|-----------------------|----------------|-------------------|
| MCZK | 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 |

| 31.12.2023 | | | | | | |
|-----------------------|---------|---------|---------|------|---------------|--|
| MCZK | 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) | |

| 31.12.2022 | | | | | | |
|-----------------------|---------|---------|---------|------|---------------|--|
| MCZK | 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".

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

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

| 31.12.2023 | | | | | |
|--|---------|---------|---------|------|-------|
| MCZK | 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 |

| 31.12.2022 | | | | | |
|--|---------|---------|---------|------|-------|
| MCZK | 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 |

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

Financial assets at amortised cost

| | 31.12.2023 | | | 31.12.2022 | | |
|------------------|-----------------------|----------------|---------------------|-----------------------|----------------|---------------------|
| MCZK | 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 |

| 31.12.2023 | | | | | | |
|-----------------------|---------|---------|---------|------|---------------|--|
| MCZK | 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 | |

| 31.12.2022 | | | | | | |
|-----------------------|---------|---------|---------|------|---------------|--|
| MCZK | 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

| | 31.12.2023 | | | 31.12.2022 | | |
|------------------------------------|-----------------------|----------------|---------------------|-----------------------|----------------|---------------------|
| MCZK | 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 |

| 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 |

| 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.

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

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

| 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 originated 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 |

| 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 |

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

Loans and advances to customers

| | 31.12.2023 | | | 31.12.2022 | | |
|---------------------------------|-----------------------|----------------|---------------------|-----------------------|----------------|---------------------|
| MCZK | Gross carrying amount | Loss allowance | Net carrying amount | 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 |

| 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 |

| 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 |

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

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

| 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 |

| 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

| | 2023 MCZK | 2022 MCZK |
|-----------------------------|---------------|---------------|
| 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

| 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) |
| 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

| 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) |

| 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:

| 31.12.2023 | | | | | |
|--|---------|---------|---------|------|-------|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| | 35 | 1 | - | - | 36 |
| Loss allowance as at 1.1.2023 | | | | | |
| 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 |

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

| 31.12.2022 | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|--|---------|---------|---------|------|-------|
| | 23 | 1 | 2 | - | 26 |
| 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 | 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.

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

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%:

| MCZK 2023 | Loss allowance/provision | Loss allowance/provision | Increase in PD by 10% 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% |

| MCZK 2022 | Loss allowance/provision | Loss allowance/provision | Increase in PD by 10% 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% |

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

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%:

| MCZK 2023 | Loss allowance/provision | Loss allowance/provision | Decrease in PD by 10% 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%) |

| MCZK 2022 | Loss allowance/provision | Loss allowance/provision | Decrease in PD by 10% 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%) |

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

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.

| MCZK 2023 | 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%) |

| MCZK 2023 | 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% |

| MCZK 2022 | 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%) |

| MCZK 2022 | 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% |

PPF banka a.s.

Notes to the Separate Financial Statements
for the year ended 31 December 2023

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:

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|------------------|--------------------|--------------------|
| 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:

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|------------------|--------------------|--------------------|
| 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:

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---|--------------------|--------------------|
| 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 |

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--|--------------------|--------------------|
| 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

| | Loans and advances to banks | | Loans and advances to customers | | Debt securities | |
|---|--------------------------------|---------------|------------------------------------|---------------|-----------------|---------------|
| MCZK | 31.12.2023 | 31.12.2022 | 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

| | Loans and advances to banks | | Loans and advances to customers | | Debt securities | |
|--------------------|--------------------------------|---------------|------------------------------------|---------------|-----------------|---------------|
| MCZK | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| | 7,657 | 8,673 | 33,586 | 26,385 | 56,393 | 45,069 |
| Czech Republic | - | - | 549 | 3,173 | 955 | 579 |
| Slovak Republic | - | - | - | 793 | - | 119 |
| Netherlands | 3,377 | 1,663 | 7,362 | 2,362 | 413 | 662 |
| Other EU countries | - | - | - | - | - | 135 |
| Russian Federation | - | - | 5,435 | 11,034 | 1,472 | 1,338 |
| Asia | - | - | 885 | 1,051 | 1,975 | 1,445 |
| North America | 67 | 132 | 5,135 | 477 | 2,119 | 1,005 |
| Other | | | | | | |
| 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.

| MCZK | Up to 3 months | 3 months to 1 year | 1 year to 5 years | Over 5 years | Unspeci fied | Total |
|---|-------------------|-----------------------|----------------------|-----------------|-----------------|----------------|
| At 31 December 2023 | | | | | | |
| 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 | 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 | 1,940 | 280 | 78 | - | - | 2,298 |
| Shareholders' equity | - | - | - | - | 20,763 | 20,763 |
| Total | 336,488 | 6,467 | 10,016 | 11,221 | 20,763 | 384,955 |

PPF banka a.s.

Notes to the Separate Financial Statements
for the year ended 31 December 2023

| MCZK | Up to 3 months | 3 months to 1 year | 1 year to 5 years | Over 5 years | Unspeci fied | Total |
|---|-------------------|-----------------------|----------------------|-----------------|-----------------|----------------|
| At 31 December 2022 | | | | | | |
| 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 | Unspeci fied | 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 | Unspeci fied | 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) | |
| MCZK | CZK | EUR | USD | INR | Other | Total |
| 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.

| MCZK | Up to 3 months | 3 months to 1 year | 1 year to 5 years | Over 5 years | Unspecifie d | Total |
|---|-------------------|-----------------------|-------------------------|-----------------|-----------------|----------------|
| At 31 December 2023 | | | | | | |
| 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 | 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 | 1,940 | 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 | - | |

PPF banka a.s.

Notes to the Separate Financial Statements
for the year ended 31 December 2023

| MCZK | Up to 3 months | 3 months to 1 year | 1 year to 5 years | Over 5 years | Unspecifie d | Total |
|---|-------------------|-----------------------|-------------------------|-----------------|-----------------|----------------|
| At 31 December 2022 | | | | | | |
| 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:

| 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 |

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:

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

- 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.

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

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 of prudent valuation | (236) | |
| 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 of prudent valuation | (88) | - |
| 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 %).

PPF banka a.s.
Notes to the Separate Financial Statements
for the year ended 31 December 2023

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:

| | 31.12.2023 | 31.12.2022 |
|-------------------------|----------------|-------------|
| | MCZK | MCZK |
| 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:

| | 2023 MCZK | 2022 MCZK |
|--------------------------------------|--------------|--------------|
| 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:

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---------------------------------|--------------------|--------------------|
| 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:

| | 2023 MCZK | 2022 MCZK |
|---|--------------|--------------|
| 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:

| | 31.12.2023 | 31.12.2022 |
|---|-----------------|-----------------|
| | MCZK | MCZK |
| 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:

| | 2023 | 2022 |
|---|------------|----------------|
| | MCZK | MCZK |
| 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 Bank'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

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 Sàrl, 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 re-invoicing 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
 - 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, Sweden, 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 Strawinskyalaan 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 Strawinskyalaan 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, Delaware, 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 SALEMONTA 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 – Doudlevec, 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 Schuberting 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 Magyarország 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.

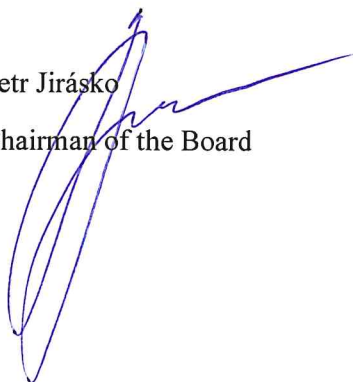
The Company's role vis-a-vis the controlling entity and entities controlled by the same controlling entity has posed no risk to the Company. Stating whether, how and when damage was or will be settled (within the meaning of Sections 71 and 72 of the AoC) is thus not necessary.

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 Mauritius |
| 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 Mauritius |
| Aqua Lodge | 489859827 | Guadeloupe | Entity controlled by the same controlling entity by means of an ownership interest | | Dream Yacht Charter Mauritius |
| 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|--------------------------------------|--|----------------------------|--|-----------------|----------------------------------|
| Argos Yachtcharter & Touristik GmbH | 9313 | Germany | Entity controlled by the same controlling entity by means of an ownership interest | | Lacani |
| Archipels croisières | 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. |
| 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 |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|---|--|--|--|------|---------------------------------------|
| 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 |
| 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|--|--|--|--|--------------------|-------------------------------|
| 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|----------------------------------|--|--|--|------------------|----------------------------------|
| 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 |
| 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 Mauritius |
| 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 |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|---|--|----------------------------|--|------|----------------------------|
| 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 Caribbean | 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 |
| 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 |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|--|--|--|--|--------------------|--|
| Dream Yacht Charter Grenada Limited | 1120F2013-7013 | 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 20.02.2023 | Dream Yacht Charter |
| Dream Yacht Méditerranée | 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 |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|---|--|----------------------------|--|----------------|---------------------------------|
| Dream Yacht Tahiti | 08179B | France | Entity controlled by the same controlling entity by means of an ownership interest | | Dream Yacht Charter |
| 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, turistička 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|--|--|--------------------------------|--|------|--|
| EmbedInfo Technologies India Private Limited | U72200DL2022FTC392740 | 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. |
| 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. (previously 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|-----------------------------|--|-----------------------------|--|----------------|---------------------------------|
| 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|--|--|-------------------------------|--|--------------------|--|
| 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. |
| 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 | U65910HR1997PTC047448 | 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 | U74999HR2017FTC070364 | 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|---|--|----------------------------|--|-------------------|--|
| 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 (previously 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. |
| 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|---|--|--|--|--------------------|---------------------------------------|
| 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|----------------------------|--|----------------------------|--|-----------------|--|
| 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. |
| 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 |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|--|--|--|---|----------------|------------------------------|
| 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 |
| 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|--|--|----------------------------|--|------|-------------------------------------|
| 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|---|--|----------------------------|---|------|--|
| Naneva B.V. | 67400639 | Netherlands | Entity controlled by the same controlling entity by means of an ownership interest | | PPF Group N.V. |
| 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 S rl |
| 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 S rl |
| 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 |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|---|--|-----------------------------|--|--------------------|---|
| 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 |
| 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|---------------------------------|--|----------------------------|--|--------------------|-------------------------------|
| 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 Podkoží 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 31.07.2023 | 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|-------------------------------|--|--|--|------|-----------------------------|
| 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. |
| 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|---|--|----------------------------|--|------|---|
| 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 |
| PPF IM Ltd. (previously Acolendo Limited) | HE 434775 | Cyprus | Entity controlled by the same controlling entity by means of an ownership interest | | PPF a.s. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|------------------------------|--|----------------------------|--|---------------|--|
| 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|--|--|----------------------------|--|-----------------|---|
| 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. (previously 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. |
| 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 28.09.2023 | 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|--|--|-----------------------------|--|--------------------|---|
| 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. |
| Robertson and Caine Inc | 59/3594086 | United States of America | Entity controlled by the same controlling entity by means of an ownership interest | from 01.06.2023 | 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 01.06.2023 | Vox Ventures B.V. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|--|--|-------------------------------|--|--------------------|---|
| 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 01.06.2023 | 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|--|--|-------------------------------|--|--------------------|---------------------------------|
| 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 Xinch 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 | HE 172539 | Cyprus | Entity controlled by the same controlling entity by means of an ownership interest | | Gilbey Holdings Limited |
| 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 14.02.2023 | 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|--|--|-------------------------------|--|-------------------|--|
| 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. |
| 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 |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|---------------------------------------|--|----------------------------|--|-------------------|---------------------------------|
| 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|------------------------------------|--|----------------------------|--|------|---------------------------------------|
| 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. |
| 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 Croisières |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|---|--|--|---|---------------|---|
| 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. |
| 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. |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|---|--|-------------------------------|--|--------------------|--|
| TheSignallingCompany NV | 0724925936 | Belgium | Entity controlled by the same controlling entity by means of an ownership interest | from 20.02.2023 | Škoda a.s. |
| Tianjin Home Credit E- commerce Co., Ltd. | 91120116MA075WF70G | People's Republic of China | Entity controlled by the same controlling entity by means of an ownership interest | | Shenzhen Home Credit Xinch 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 02.11.2023 | 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. (previously 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 |

| Company name | Identification/ registration number | Country of registration | Method and means of control | Note | Controlled via |
|--|--|----------------------------|---|------|--|
| 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. |
| 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 November 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 October 2023 | Petr Kellner |

CONSOLIDATED ENTITIES

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

KEY CONSOLIDATED FINANCIAL INDICATORS

until 2014 under Czech Financial Standards, from 2015 under International Financial Reporting Standards – IFRS

Profit before tax

| (CZK millions) | |
|----------------|-------|
| 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

| (CZK millions) | |
|----------------|---------|
| 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

| (CZK millions) | 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 CZK millions) | 1,482 | 1,208 |
| Administrative expenses per employee (in CZK millions) | 5 | 4 |
| Net profit per employee (in CZK millions) | 16 | 11 |

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 in accordance with International Financial Reporting Standards (IFRS)



KPMG Česká republika Audit, s.r.o.

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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.



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.



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

A handwritten signature in blue ink, appearing to read 'Veronika Strolená', with a stylized flourish at the end.

Veronika Strolená
Partner
Registration number 2195

PPF banka a.s.

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.

PPF banka a.s.
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2023

| | 2023 | 2022 |
|--|--------------|--------------|
| Other comprehensive income | | |
| 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

PPF banka a.s.
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.

PPF banka a.s.
Consolidated Statement of Financial Position
for the year ended 31 December 2023

| In millions of CZK | Note | 2023 | 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 |

*Restated, see note 6 Changes in accounting policies.

PPF banka a.s.
Consolidated Statement of Cash Flows
for the year ended 31 December 2023

| | 2023 | 2022* (restated) |
|---|----------------|---------------------|
| 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.

PPF banka a.s.
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 |

PPF banka a.s.
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 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 |

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:

| | 31 December 2022 (as reported) MCZK | Reclassification MCZK | 31 December 2022 (restated)* MCZK |
|-----------------------------|---|--------------------------|---|
| 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:

| | 31 December 2022 (as reported) MCZK | Reclassification MCZK | 31 December 2022 (restated)* MCZK |
|--|---|--------------------------|---|
| 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

| | 2023 MCZK | 2022 MCZK |
|---|-----------------|----------------|
| 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

| | 2023 MCZK | 2022 MCZK |
|---|--------------|--------------|
| 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

| | 2023 MCZK | 2022 MCZK |
|---|--------------|----------------|
| 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

| | 2023 MCZK | 2022 MCZK |
|--|----------------|----------------|
| 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

| | 2023 MCZK | 2022 MCZK |
|---|--------------|--------------|
| 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

| | 2023 MCZK | 2022 MCZK |
|-----------------------------------|--------------|--------------|
| 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

| | 2023 MCZK | 2022 MCZK |
|--|--------------|--------------|
| 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.

| | 2023 MCZK | 2022 MCZK |
|-------------------------------------|--------------|--------------|
| Income tax – current | (732) | (675) |
| Income tax – related to prior years | 68 | 8 |
| Income tax – deferred | (166) | 140 |
| Income tax (expense)/income | (830) | (527) |

| | 2023 MCZK | 2022 MCZK |
|--|---------------|---------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---|--------------------|--------------------|
| 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.

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|-------------------------------------|--------------------|--------------------|
| 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

| | 31.12.2023 | 31.12.2022 |
|---|---------------|---------------|
| | MCZK | MCZK |
| 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.

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---------------------------------------|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|-----------------------------------|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--------------------------------|--------------------|--------------------|
| 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 |

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|----------------------------|--------------------|--------------------|
| 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

| | 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 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.

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|----------------------|--------------------|--------------------|
| 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:

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--------------------------------------|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|-------------------------------|--------------------|--------------------|
| 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:

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|----------------------------|--------------------|--------------------|
| 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:

| | Carrying amounts of receivables | Fair value of assets held as collateral |
|---|------------------------------------|--|
| | MCZK | MCZK |
| 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:

| | Carrying amounts of liabilities | Fair value of assets given as collateral |
|--|------------------------------------|---|
| | MCZK | MCZK |
| 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 |

PPF banka a.s.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--------------------|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---------------------|--------------------|--------------------|
| 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.

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--------------------------------|--------------------|--------------------|
| 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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--|--------------------|--------------------|
| 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.

PPF banka a.s.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

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:

| | Up to 3 months | 3 months to 1 year | 1 year to 5 years | Over 5 years | Total |
|----------------------|----------------|--------------------|-------------------|--------------|-------------|
| MCZK | | | | | |
| 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.

As at 31 December 2023

| MCZK | 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 |

As at 31 December 2022

| MCZK | 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:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|---------------|
| MCZK | | | | |
| As at 31 December 2023 | | | | |
| 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 |

PPF banka a.s.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

| MCZK | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|---------------|
| As at 31 December 2022 | | | | |
| 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 |

PPF banka a.s.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

| 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 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)

| | 31.12.2023 | | | 31.12.2022 | | |
|------------------|-----------------------|----------------|-------------------|-----------------------|----------------|-------------------|
| MCZK | 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 |

| 31.12.2023 | | | | | | |
|-----------------------|---------|---------|---------|------|---------------|--|
| MCZK | 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) | |

| 31.12.2022 | | | | | | |
|-----------------------|---------|---------|---------|------|---------------|--|
| MCZK | 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".

PPF banka a.s.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

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

| 31.12.2023 | | | | | |
|--|---------|---------|---------|------|-------|
| MCZK | 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 |

| 31.12.2022 | | | | | |
|--|---------|---------|---------|------|-------|
| MCZK | 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 |

PPF banka a.s.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

Financial assets at amortised cost

| | 31.12.2023 | | | 31.12.2022 | | |
|------------------|-----------------------|----------------|---------------------|-----------------------|----------------|---------------------|
| MCZK | 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 |

| 31.12.2023 | | | | | | |
|-----------------------|---------|---------|---------|------|---------------|--|
| MCZK | 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 | |

| 31.12.2022 | | | | | | |
|-----------------------|---------|---------|---------|------|---------------|--|
| MCZK | 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

| | 31.12.2023 | | | 31.12.2022 | | |
|------------------------------------|-----------------------|----------------|---------------------|-----------------------|----------------|---------------------|
| MCZK | 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 |

| 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 |

| 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.

PPF banka a.s.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

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

| 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 |

| 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 |

PPF banka a.s.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

Loans and advances to customers

| | 31.12.2023 | | | 31.12.2022 | | |
|---------------------------------|-----------------------|----------------|---------------------|-----------------------|----------------|---------------------|
| MCZK | 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) | 45,109 |

| 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 |

| 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 |

PPF banka a.s.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

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

| 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 |

| 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

| | 2023 MCZK | 2022 MCZK |
|-----------------------------|---------------|---------------|
| 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

| | 2023 MCZK | 2022 MCZK |
|-----------------------------|--------------|--------------|
| 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

| 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) |

| 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

| 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) |

| 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:

| 31.12.2023 | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|--|---------|---------|---------|------|-------|
| | 35 | 1 | - | - | 36 |
| Loss allowance as at 1.1.2023 | | | | | |
| 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 |
| 31.12.2022 | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| | 23 | 1 | 2 | - | 26 |
| 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 | 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%:

| MCZK 2023 | Loss allowance/provision | Loss allowance/provision | Increase in PD by 10% 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% |

PPF banka a.s.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

| MCZK 2022 | Loss allowance/ provision | Loss allowance/provision | Increase in PD by 10% 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%:

| MCZK 2023 | Loss allowance/ provision | Loss allowance/provision | Decrease in PD by 10% 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%) |

| MCZK 2022 | Loss allowance/ provision | Loss allowance/provision | Decrease in PD by 10% 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%) |

PPF banka a.s.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

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.

| MCZK 2023 | 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 | 1,147 | 969 | (178) | (15%) |
| Loan commitments, financial guarantees and letters of credit | 117 | 104 | (14) | (12%) |

| MCZK 2023 | 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% |

| MCZK 2022 | 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 | 951 | 685 | (266) | (28%) |
| Loan commitments, financial guarantees and letters of credit | 36 | 25 | (11) | (29%) |

| MCZK 2022 | 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% |

PPF banka a.s.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

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:

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|------------------|--------------------|--------------------|
| 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:

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|------------------|--------------------|--------------------|
| 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:

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|---|--------------------|--------------------|
| 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 |

PPF banka a.s.
Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

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

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|--|--------------------|--------------------|
| 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

| | Loans and advances to banks | | Loans and advances to customers | | Debt securities | |
|---|--------------------------------|---------------|------------------------------------|---------------|-----------------|---------------|
| MCZK | 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

| | Loans and advances to banks | | Loans and advances to customers | | Debt securities | |
|-----------------------|--------------------------------|---------------|------------------------------------|---------------|-----------------|---------------|
| MCZK | 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.

| MCZK | Up to 3 months | 3 months to 1 year | 1 year to 5 years | Over 5 years | Unspeci fied | Total |
|---|-------------------|-----------------------|----------------------|-----------------|-----------------|----------------|
| At 31 December 2023 | | | | | | |
| 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 |

| MCZK | Up to 3 months | 3 months to 1 year | 1 year to 5 years | Over 5 years | Unspeci fied | Total |
|---|-------------------|-----------------------|----------------------|-----------------|-----------------|----------------|
| At 31 December 2022 | | | | | | |
| 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' 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 | Unspeci fied | 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 | Unspeci fied | 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 | |
| MCZK | CZK | EUR | USD | INR | Other | Total |
| 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.

| MCZK | Up to 3 months | 3 months to 1 year | 1 year to 5 years | Over 5 years | Unspecifie d | Total |
|---|-------------------|-----------------------|-------------------------|-----------------|-----------------|----------------|
| At 31 December 2023 | | | | | | |
| 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 | - | |

PPF banka a.s.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

| MCZK | Up to 3 months | 3 months to 1 year | 1 year to 5 years | Over 5 years | Unspecifie d | Total |
|---|-------------------|-----------------------|-------------------------|-----------------|-----------------|----------------|
| At 31 December 2022 | | | | | | |
| 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:

| | 31.12.2023 MCZK | 31.12.2022 MCZK |
|-------------------------|--------------------|--------------------|
| 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:

| | 2023 MCZK | 2022 MCZK |
|--------------------------------------|--------------|--------------|
| 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:

| | 31.12.2023 | 31.12.2022 |
|---|-----------------|-----------------|
| | MCZK | MCZK |
| 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:

| | 2023 | 2022 |
|---|------------|----------------|
| | MCZK | MCZK |
| 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

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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CONTACTS

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